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September 24, 2024

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

VIA ELECTRONIC FILING

**RE: Joint Default Service Plan for Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company For the Period June 1, 2025 through May 31, 2029
Docket Nos. P-2024-3049357 and P-2024-3049359**

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Joint Petition for Settlement of Citizens' Electric Company of Lewisburg, PA's ("Citizens") and Wellsboro Electric Company's ("Wellsboro") (together, the "Companies") Joint Default Service Plan. Please note that Attachment E – OSBA Statement in Support will be filed separately.

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.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare'.

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

c: Administrative Law Judge Conrad A. Johnson (via email)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL OR FIRST-CLASS MAIL

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Counsel to Citizens' Electric Company of
Lewisburg, PA and Wellsboro Electric Company

Dated this 24th day of September, 2024, at Harrisburg, Pennsylvania

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**JOINT PETITION FOR SETTLEMENT
OF CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA'S AND
WELLSBORO ELECTRIC COMPANY'S JOINT DEFAULT SERVICE PLAN**

I. INTRODUCTION

Citizens' Electric Company of Lewisburg, PA ("Citizens"), Wellsboro Electric Company ("Wellsboro") (collectively, "Companies"), the Office of Consumer Advocate ("OCA") and the Office of Small Business Advocate ("OSBA") (individually, "Party," and collectively, "Parties") submit this Joint Petition for Settlement ("Joint Petition" or "Settlement") regarding the Companies' Seventh Joint Default Service Plan ("DSP VII"). The Parties respectfully request that Administrative Law Judge ("ALJ") Conrad A. Johnson and the Pennsylvania Public Utility Commission ("PUC" or "Commission") approve all of the terms and conditions set forth in this Settlement.

II. BACKGROUND

1. On May 31, 2024, the Companies filed with the Commission a Joint Petition for Approval of their DSP VII ("DSP Petition") with the Commission. The filing included numerous supporting exhibits, such as the Direct Testimony and Exhibits of Company witnesses Byron Farnsworth, Nathan Johnson, and Melissa Sullivan. Through the DSP Petition, Citizens' and Wellsboro requested that the Commission approve the Companies' proposal to generally adopt the terms and conditions of the current Default Service Program ("DSP VI") for the period June 1, 2025, through May 31, 2029.

2. The OSBA filed a Notice of Appearance on June 13, 2024.
3. On June 20, 2024, the OSBA filed a Notice of Intervention, and the OCA filed an Answer and a Notice of Appearance.
4. A Prehearing Conference was held on July 9, 2024, at which time the Parties developed a litigation schedule.
5. On July 18, 2024, the Companies, OCA, and OSBA conducted an informal Technical Conference, where the Companies made witnesses available to the OCA and OSBA expert witnesses to answer questions on the DSP Petition.
6. Following the Technical Conference, the parties engaged in settlement discussions.
7. As a result of settlement discussions, a settlement-in-principle was reached among the Parties. The Companies provided notice of the settlement-in-principle to ALJ Johnson on August 9, 2024. Upon receiving notice of the proposed settlement-in-principle, ALJ Johnson suspended the litigation schedule.
8. The agreement of the Parties is embodied in this Settlement. In addition, all prepared Statements and Exhibits, as well as a stipulation of facts, will be offered for admission into the record by stipulation. In addition to the pre-filed testimony submitted by the Companies, the OCA has supplied a verified statement from its witness Dr. Serhan Ogur that discusses what he would have testified to had OCA submitted pre-filed written testimony in this proceeding.

III. TERMS OF SETTLEMENT

The terms of the Settlement are as follows:

9. The Companies will implement a GSSR-2 E-factor on a pilot basis effective as of the June 1, 2025, commencement of DSP VII and continuing for the duration of DSP VII, as follows:
 - a. If at any time during DSP VII, the movement of customers to or from the GSSR-2 would result in a significant over or under collection, the

Companies may file an interim rate adjustment to update the GSSR-2 E-factor upon five-day notice.

If there are no GSSR-2 default service customers for six consecutive months, or if the adjustment of the GSSR-2 E-factor would exceed 0.01 cents per kWh for either Company due to customer migration, such affected Company is authorized to use the Customer Choice Support (CCS) Rider in lieu of the GSSR-2 E-factor to collect or credit the current amount in the GSSR-2 E-factor account (plus carrying charges) from all GSSR-2 eligible customers over a six-month period. The GSSR-2 E-factor will reset to zero concurrent with the effective date of the CCS rate change.

The Companies will revise the existing CCS Rider as necessary to include this pilot program, including revisions to the eligible cost categories and reflecting different potential surcharges (set at 0.00) for GSSR-1 and GSSR-2 eligible customers.

10. The Companies shall file tariff supplements, in the forms set forth in Attachment A to this Joint Petition, to implement the GSSR-2-E Factor effective June 1, 2025.

11. The Companies withdraw CW Statement No. 2-SD.

12. The Companies will establish laddered pricing for the energy price to be paid to the supplier, as shown in Attachment B. The laddered pricing will be for two-year forward price strips that are determined each six months (other than the phase-in and phase-out periods, as shown in the table below), where one-quarter of the pricing is adjusted every six months while avoiding sharp pricing swings by relying on a 24-month average.

13. Each Company will provide the wholesale supplier for the applicable territory with notice no later than 1:30 pm on the day of its desire to trigger pricing for the territory.

14. The Companies' RFP process will entail a two-bid minimum; however, if either Company receives a single bid in the RFP, that Company can request a waiver of the two-bid minimum requirement in its Confidential Summary of Bid Results submittal to the Commission by demonstrating to the Commission that the single bid received is reasonable and in line with the Company's prior bid results and historic PJM data. Where applicable, prior bid results shall be

provided with a narrative explaining relevant changed market conditions relative to the current RFP period.

15. The Settling Parties agree that, except as modified by this Settlement Term Sheet, the Companies' DSP VII, as filed on May 31, 2024, shall be stipulated to the record in this proceeding.

16. The Settling Parties agree that the Settlement terms, as modified by the Settlement, include and/or address all the required elements of Section 2807 of the Public Utility Code; the Commission's regulations, and the Commission's policies for a Default Service Plan.

17. In light of the unopposed Settlement and the parties' waiver of Exception and Reply Exceptions to a Recommended Decision adopting the Settlement, the Parties request that the Commission approve this Settlement on an expedited basis and enter such Order on or before the Public Meeting scheduled for December 19, 2024.

IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST

18. This Settlement was achieved by the Parties after investigation of the Companies' proposed DSP VII, including review of the Direct Testimony from the Companies, participation of each Party in the Technical Conference, and the submission of OCA witness Dr. Serhan Ogur's Verified Statement. The Settlement is lawful and supported by the record in this proceeding.

19. With the approval of the Settlement, the Parties and the Commission avoid the time, expense and uncertainty that would occur if the Parties were required to litigate the issues in this proceeding.

20. The Parties are providing support for the Settlement via Statements in Support, which are attached to the Settlement as Attachments C through E. These Statements will set forth additional arguments and reasons as to why approval of this Settlement without modification is appropriate and in the public interest.

V. CONDITIONS OF SETTLEMENT

21. This Settlement is conditioned upon the Commission's approval of terms and conditions contained herein without modification. If the Commission modifies the Settlement, any Party may elect to withdraw from this Settlement and may proceed with litigation, and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon the other Parties within five (5) business days after the entry of an order modifying the Settlement.

22. The Settlement is proposed by the Parties to resolve all issues in the instant proceeding and is made without any admission against, or prejudice to, any position that any Party may adopt during any subsequent litigation of this proceeding or any other proceeding.

23. As previously referenced, the Parties waive their rights to file Exceptions and Reply Exceptions if the ALJ adopts the Settlement without modification.

24. If the Commission does not approve the Settlement unmodified and in full, and the proceeding continues to further hearing, the Parties reserve their respective rights to present testimony and to conduct full cross-examination, briefing and argument.

25. The Commission's approval of this Settlement shall not be construed to represent approval of any Party's position on any issue.

26. It is understood and agreed among the Parties that this Settlement is the result of compromises and does not necessarily represent the position(s) that would be advanced by any Party if this proceeding were fully litigated.

VI. CONCLUSION

WHEREFORE, the Parties respectfully request as follows:

1. That the ALJ and the Commission make the following findings (and any other findings and conclusions as may be required or appropriate):
 - a. The Companies' proposed DSP VII for the period June 1, 2025, through May 31, 2029, as amended by the terms of this Settlement, is compliant with the requirements of Section 2807 of the Public Utility Code, the Commission's regulations, and the Commission's policies for a Default Service Plan;
 - b. The Companies shall file tariff supplements, consistent with Attachment A to this Joint Petition, to implement a GSSR-2 E-factor on a pilot basis effective as of the June 1, 2025, commencement of DSP VII and continuing for the duration of DSP VII;
 - c. The Companies shall establish laddered pricing for the energy price to be paid to the supplier for two-year forward price strips that are determined each six months, consistent with Attachment B to this Joint Petition;
 - d. Each Company shall provide the wholesale supplier for the applicable territory with notice no later than 1:30 pm on the day of its desire to trigger pricing for the territory;
 - e. The DSP VII includes a two-bid minimum requirement for the Request for Proposals for default service supply, subject to the exception set forth in the Paragraph 14 of this Joint Petition and;
 - f. Approval of this Settlement is in the public interest.
2. That the Commission enter an Order approving the Companies' proposed DSP VII, as amended by the terms of this Settlement, on or before the Public Meeting on December 19, 2024.

Respectfully submitted,



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Dated: September 24, 2024

ATTACHMENT A
Pro Forma Tariff Supplements

Supplement No. XX
to
Electric-Pa. P.U.C. No. 14

CITIZENS' ELECTRIC COMPANY OF LEWISBURG

RULES AND REGULATIONS AND RATE SCHEDULES FOR ELECTRIC SERVICE

IN

**LEWISBURG BOROUGH; BUFFALO, EAST BUFFALO AND KELLY
TOWNSHIPS, UNION COUNTY, PENNSYLVANIA**

Issued XXXXX

Effective June 1, 2025

Issued by
NATHAN JOHNSON, PRESIDENT & CEO
1775 Industrial Boulevard
Lewisburg, PA 17837

N O T I C E !

**THIS SUPPLEMENT MAKES $\{\}$ CHANGES $\}$ TO EXISTING RATES
See Page No. 2**

LIST OF CHANGES MADE IN THIS SUPPLEMENT

Supplement No. XX makes the following changes:

- Page No. 39: For the "Generation Supply Service Rate - 2 ("GSSR-2") Rider," adds language regarding the "GSSR-2 E-Factor (*Pilot Program effective June 1, 2025 through May 31, 2029*)."
- Page No. 39A: For the "Generation Supply Service Rate - 2 ("GSSR-2") Rider," deletes language indicating that the GSSR-2 shall be reconciled through the GSSR-1.
- Page No. 39B: For the "Generation Supply Service Rate - 2 ("GSSR-2") Rider," adds language regarding the E-Factor Interim Adjustment.
- Page No. 72A: For "Rider D - Customer Choice Support Charge," adds language regarding the "GSSR-2 CCS Rate (*Pilot Program effective June 1, 2025 through May 31, 2029*)."

Pages 41, 43, 45, 47, 49, 53:

In addition, Supplement No. XX revises the GSSR-1 rate and GSSR-2 Administrative Charge effective June 1, 2025.

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GENERATION SUPPLY SERVICE RATE - 2 ("GSSR-2") RIDER

The Generation Supply Service Rate - 2 ("GSSR-2") shall be charged to each customer who takes Default Service from the Company under Rate Schedules GLP-1 or GLP-3 and who experienced a monthly billing demand of 400 kW or more during any month in the last 12 months.

All of the following charges apply to this rate option:

- GSSR-2 Energy Charge per kWh: The product of the actual real-time PJM West Hub Locational Marginal Prices ("LMPs") for each hour of the billing month expressed in cents per kWh (including the Distribution Loss Adjustment), times the customer's actual energy use during each hour of the billing month.
- GSSR-2 Capacity Charge: The product of the PJM Reliability Pricing Model price of capacity expressed in dollars per kW-Day, as reported by PJM for the PL Zone, for the applicable billing month, times the customer's fixed peak load capacity obligation, as determined by the Company in accordance with the applicable PJM Agreements, times the number of days in the billing month.
- GSSR-2 Transmission Charge: The product of the PL Zonal Network Integrated Transmission Service ("NITS") price expressed in dollars per kW-Day for the applicable billing month, times the customer's fixed network peak service load obligation, as determined by the Company in accordance with applicable PJM Agreements, times the number of days in the billing month.
- GSSR-2 Regional Transmission Expansion Plan/Transmission Enhancement Charge: The product of the PL Zonal Regional Transmission Expansion Plan/Transmission Enhancement Service ("RTEP") price expressed in dollars per kW-Day for the applicable billing month, times the customer's fixed network peak service load obligation, as determined by the Company in accordance with applicable PJM Agreements, times the number of days in the billing month.
- GSSR-2 E-Factor (*Pilot Program effective June 1, 2025 through May 31, 2029*): Experienced net overcollections or undercollections of the GSSR-2 costs as of the end of the GSSR-2 reconciliation period including interest. Interest shall be computed monthly at the appropriate rate as provided in 52 Pa. Code § 54.187(f) and other applicable PUC regulations for the month the over or undercollection occurs to the effective month such overcollection is refunded, or such undercollection is recouped. The GSSR-2 reconciliation periods shall be April 1 - September 30 and October 1 - March 31.

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GSSR-2 RIDER (cont'd)

- GSSR-2 Administrative Charge per kWh: The sum of all administrative charges (both the wholesale supplier's administrative charges (including the Distribution Loss Adjustment) and the Company's charges) expressed in cents per kWh, times the customer's actual energy use during each hour of the billing month. The wholesale supplier's charges shall be the supplier's winning bid in the Company's most recent solicitation for supply of default service. The supplier's charges may include, but are not limited to, the costs of transmission service (other than NITS and RTEP), ancillary services, congestion marginal losses, congestion management costs, and such other services or products that are required to supply default service to customers in the Company's territory, including alternative energy portfolio standards compliance. The Company's charges shall include administrative costs related to Default Service, including costs for RTO membership, credit support, education, regulatory, litigation, tariff filings, working capital, information systems, and similar costs.

The following rate components of the GSSR-2 shall be filed with the Commission 45 days prior to each computation period year (June 1 through November 30 and December 1 through May 31). The rate components subject to this filing requirement are: (1) the supplier's charges to be included in the GSSR-2 Administrative Charge; and (2) the Company's charges to be included in the GSSR-2 Administrative Charge.

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The Pennsylvania gross receipts tax rate in effect during the billing month shall apply to charges under the GSSR-2.

Minimum bills shall not be reduced by reason of the GSSR-2, nor shall GSSR-2 charges be a part of the monthly rate schedule minimum.

Application of the GSSR-2 shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSSR-2 and the costs included therein.

The Distribution Loss Adjustment applicable to wholesale energy and wholesale supplier administrative charges reflects the losses that occur between the Company's PJM delivery point(s) at the substation(s) and the customers' meters. The Distribution Loss Adjustment shall be recalculated each June 1st using the rolling average of distribution losses experienced during the prior three calendar years (January through December). The Distribution Loss Adjustment calculation will be included in the preliminary filing submitted at least 45 days prior to June 1st.

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GSSR-2 RIDER (cont'd)

The GSSR-2 E-Factor may be updated on five-day's notice if the movement of customers to or from default service may result in a significant over or undercollection. If there are no GSSR-2 default service customers for six consecutive months, or if the adjustment to the GSSR-2 E-Factor would exceed 0.01 cents per kWh, then the Company is authorized to use the Customer Choice Support Rider in lieu of the GSSR-2 E-Factor to collect or credit the current amount of the GSSR-2 E-Factor account (plus carrying charges) from all GSSR-2 eligible customers over a six-month period. The GSSR-2 E-Factor will reset to zero concurrent with the effective date of the CCS rate change.

**SCHEDULE RS
RESIDENTIAL SERVICE**

APPLICATION OF SCHEDULE

Service supplied in accordance with Company's Residential Service Requirements contained in Rule 31, in Company's Rules and Regulations.

NET MONTHLY DISTRIBUTION RATE

\$13.10 Customer Charge
3.368 cents per kWh for all kWh

GENERATION SUPPLY RATES

For customers purchasing generation supply service from Citizens' Electric Company's Default Service, the generation charge is the GSSR-1 determined under this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges.

GSSR-1 = XXXXX cents per kWh (X)

(X) Indicates XXXXX

**SCHEDULE GLP-1
GENERAL LIGHT AND POWER SERVICE**

APPLICATION OF SCHEDULE

This rate schedule is for small general light and power service at secondary voltage or at a higher available voltage at the option of the Customer.

NET MONTHLY DISTRIBUTION RATE

\$16.00 Customer Charge
\$3.74 per kilowatt for all kilowatts of the Billing Demand
0.963 cents per kWh for all kWh

GENERATION SUPPLY RATES

For customers purchasing generation supply service from Citizens' Electric Company's Default Service, the generation charge is the GSSR-1 or the GSSR-2, and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in the GSSR-1 Rider, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges.

GSSR-1 = XXXXX cents per kWh (X)

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. As set forth in the GSSR-2 Rider, the GSSR-2 rate includes the Administrative Charges defined in Rider GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in the GSSR-2 Rider.

GSSR-2 Administrative Charge = XXXXX cents per kWh (X)

(X) Indicates XXXXX

**SCHEDULE GLP-3
GENERAL LIGHT AND POWER SERVICE
50 KILOWATTS MINIMUM**

APPLICATION OF SCHEDULE

General light and power service for not less than 50 kilowatts from available lines of three phase 230 volts or at a higher available voltage at the option of the Customer.

NET MONTHLY DISTRIBUTION RATE

\$55.00 Customer Charge
\$5.37 per kilowatt for all kilowatts of the Billing Demand
0.949 cents per kWh for 30 kWh per kilowatt of the Billing Demand
0.103 cents per kWh for all additional kWh

GENERATION SUPPLY RATES

For customers purchasing generation supply service from Citizens' Electric Company's Default Service, the generation charge is the GSSR-1 or the GSSR-2, and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in the GSSR-1 Rider, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges.

GSSR-1 = XXXXX cents per kWh (X)

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. As set forth in the GSSR-2 Rider, the GSSR-2 rate includes the Administrative Charges defined in Rider GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in the GSSR-2 Rider.

GSSR-2 Administrative Charge = XXXXX cents per kWh (X)

(X) Indicates XXXXX

**SCHEDULE MBL
MUNICIPAL BOULEVARD STREET LIGHTING SERVICE BY CONTRACT
WITH MUNICIPAL AUTHORITIES**

AVAILABILITY

This schedule applies to street lighting controlled by Company when proper underground cables and lighting standards are available in the Borough of Lewisburg, Pennsylvania.

NET MONTHLY DISTRIBUTION RATE

\$3.84 for each meter

\$3.98 for each light post connected to the meter

GENERATION SUPPLY RATES

For customers purchasing generation supply service from Citizens' Electric Company's Default Service, the generation charge is the GSSR-1 determined under this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges.

GSSR-1 = XXXXX cents per kWh

(X)

(X) Indicates XXXXX

**SCHEDULE OL
 OUTDOOR LIGHTING SERVICE BY CONTRACT
 HIGH PRESSURE SODIUM (HPS), MERCURY VAPOR (MV) &
 LIGHT EMITTING DIODE (LED)**

APPLICATION OF SCHEDULE

Outdoor dusk to dawn lighting service to any customer when such service can be supplied from existing overhead or underground secondary supply lines.

NET MONTHLY RATES

FIXTURES INSTALLED PRIOR TO MARCH 13, 2018

Watts	Lamp	Nominal Lumens	Supply OH/UG	Fixture Type	Distribution	Generation***	Total Cost
100	HPS*	8,500	OH	Open	\$9.09	\$XXXXXX	\$XXXXXX
100	HPS*	8,500	UG	Open	\$14.77	\$XXXXXX	\$XXXXXX
100	HPS*	8,500	UG	Colonial**	\$21.88	\$XXXXXX	\$XXXXXX
400	HPS*	45,000	OH	Cobra	\$14.20	\$XXXXXX	\$XXXXXX
175	MV*	6,650	UG	Cobra	\$14.77	\$XXXXXX	\$XXXXXX
175	MV*	6,650	OH	Open	\$7.27	\$XXXXXX	\$XXXXXX

(X)
 |
 (X)

LED FIXTURES

Watts	Lamp	Nominal Lumens	Supply OH/UG	Fixture Type	Distribution	Generation***	Total Cost
45	LED	5,000	OH	Cobra	\$12.92	\$XXXXXX	\$XXXXXX
45	LED	5,000	UG	Cobra	\$18.84	\$XXXXXX	\$XXXXXX
50	LED	5,000	UG	Colonial	\$26.60	\$XXXXXX	\$XXXXXX
140	LED	15,000	OH	Cobra	\$16.25	\$XXXXXX	\$XXXXXX
140	LED	15,000	UG	Cobra	\$22.14	\$XXXXXX	\$XXXXXX
280	LED	20,000	OH	Cobra	\$20.51	\$XXXXXX	\$XXXXXX
280	LED	20,000	UG	Cobra	\$26.40	\$XXXXXX	\$XXXXXX

(X)
 |
 (X)

*MV and HPS lamps are no longer being offered for new installations. The Company reserves the right to replace any existing MV or HPS installation with a comparable LED alternative.

**Colonial HPS and MV fixtures installed prior to March 1, 2008 will be billed at the 100W HPS UG open-type fixture rate.

***Customers' monthly generation charge will be adjusted periodically to reflect changes in the Company's GSSR-1.

Alternative EGS supply is not available under this tariff.

(X) Indicates XXXXX

**SCHEDULE SH
SPACE HEATING**

APPLICATION OF SCHEDULE

This rate schedule is in the process of elimination and is available only to customers and service locations supplied hereunder continuously on and after August 8, 1981. For Space Heating through a separate meter for single phase service or three phase service, if available. Use of service for air conditioning and water heating equipment may be supplied hereunder in connection with the space heating equipment, all in accordance with the requirements specified herein.

NET MONTHLY DISTRIBUTION RATE

\$20.19 Customer Charge
4.413 cents per kWh

GENERATION SUPPLY RATES

For customers purchasing generation supply service from Citizens' Electric Company's Default Service, the generation charge is the GSSR-1 determined under this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges.

GSSR-1 = XXXXX cents per kWh (X)

(X) Indicates XXXXX

RIDER D - CUSTOMER CHOICE SUPPORT CHARGE (cont'd)**GSSR-2 CCS Rate (*Pilot Program effective June 1, 2025 through May 31, 2029*)**

When the conditions regarding the E-Factor in the GSSR-2 Rider are met, the Company may institute a non-bypassable GSSR-2 CCS surcharge or credit on five-day's notice. The GSSR-2 CCS surcharge or credit shall apply to all GSSR-2 eligible customers regardless of whether the customer purchases default service supply or EGS supply. The GSSR-2 CCS rate shall be calculated to collect or credit to the GSSR-2 eligible customers the accumulated amount in the GSSR-2 E-Factor account (plus carrying charges) over a six-month period.

GSSR-2 CCS rate: \$0.0000 per kWh

WELLSBORO ELECTRIC COMPANY

General Tariff of
Rates, Rules and Regulations Governing
the Provision of Electric Service
in
The Borough of Wellsboro
and the Townships of Charleston,
Delmar and Middlebury, Tioga County, Commonwealth of Pennsylvania

Issued XXXXX

Effective June 1, 2025

Issued by: Byron Farnsworth, Jr., President and Chief Executive Officer
Wellsboro Electric Company
33 Austin Street
Wellsboro, PA 16901

NOTICE

THIS TARIFF MAKES **{} CHANGES {}** TO EXISTING RATES
See Page

LIST OF CHANGES

Supplement No. XX makes the following changes:

- Page No. 50: For “Rider C – Generation Supply Service Rate – 2 (“GSSR-2”),” adds language regarding the “GSSR-2 E-Factor (*Pilot Program effective June 1, 2025 through May 31, 2029*).”
- Page No. 50A: For “Rider C – Generation Supply Service Rate – 2 (“GSSR-2”),” deletes language indicating that the GSSR-2 shall be reconciled through the GSSR-1 and adds language regarding the E-Factor Interim Adjustment.
- Page No. 58A: For “Rider F – Customer Choice Support Charge,” adds language regarding the “GSSR-2 CCS Rate (*Pilot Program effective June 1, 2025 through May 31, 2029*).”

Pages 35, 37, 38, 39A, 40, 41, 42, 43, 44, 45:

In addition, Supplement No. XX revises the GSSR-1 rate and GSSR-2 Administrative Charge effective June 1, 2025.

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(C) Indicates Change

SERVICE SCHEDULE NO. 1

RESIDENTIAL SERVICE (RS)

Application of Schedule

Service under Rate RS is available to: (1) An individual dwelling unit, either a house, a mobile home or an individually metered apartment, where there is no more than 2,000 watts connected load associated with any commercial enterprise served as part of the dwelling unit; (2) A residential farm where the metered service includes service to an occupied dwelling unit; and (3) A camp or cottage served in the name of an individual and intended for part-time occupancy as a dwelling by a family or an individual.

Specifically excluded is service to: (1) Any facility not including an occupied dwelling unit, such as a separately metered garage, barn, water pump, etc., and (2) Any camp, cottage or other facility served in the name of, or for the use of, a corporation, partnership, association, society, club, etc.

Motors whose individual rating is in excess of 5 H.P. will not be served under this rate.

Character of Service

Continuous alternating current, approximately 60 cycles; 120 or 120/240 volts, single phase.

Net Monthly Rate

Fixed Distribution Service Charge: \$12.00

Variable Distribution Service Charge:

All kWh 5.8640 cents per kWh

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is XXXXX cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges. (X)

Net Monthly Minimum Charge

\$12.00 per month unless a higher minimum charge applies in accordance with the line extension rule of the Rules and Regulations.

(X) Indicates XXXX

SERVICE SCHEDULE NO. 2

RESIDENTIAL SERVICE - ALL ELECTRIC (RSAE)

Restrictions:

This rate is in the process of elimination and is restricted solely to existing loads of customers at present locations who were receiving service hereunder on May 31, 1980.

Application of Schedule

Available to residential customers using the company's standard single phase service at secondary voltage through one meter for general lighting, appliance operation, and as the sole primary method of space heating and water heating.

Character of Service

Continuous alternating current, approximately 60 cycles: 120 or 120/240 volts, single phase.

Net Monthly Rate

Fixed Distribution Service Charge	\$12.00
Variable Distribution Service Charge	

All kWh	5.1270 cents per kWh
---------	----------------------

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is XXXXX cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges. (X)

(X) Indicates XXXXX

SERVICE SCHEDULE NO. 3

**GENERAL SERVICE - (NRS) – Non-residential Service
(NRH) – Non-residential Service Space Heating**

Application of Schedule

Applies to the supply from available facilities of single or three phase general light, heat or power service at secondary voltage for usages that do not qualify under Rate RS and only when all such service is supplied through one meter and the demand is 7 kilowatts or less.

Character of Service

Continuous, alternating current, approximately 60 cycles; 120 or 120/240 volts.

Net Monthly Rate

Fixed Distribution Service Charge \$12.22
Variable Distribution Service Charge

All kWh 7.6300 cents per kWh

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is XXXXX cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges. (X)

(X) Indicates XXXXX

SERVICE SCHEDULE NO. 3 (continued)

**GENERAL SERVICE - (NRS) – Non-residential Service
(NRH) – Non-residential Service Space Heating**

SPACE HEATING SERVICE (continued)

Net Monthly Rate

Fixed Distribution Service Charge \$12.22
Variable Distribution Service Charge

All kWh 8.4690 cents per kWh

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is XXXXX cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges. (X)

**GENERAL SERVICE - (NRS) – Non-residential Service
(NRH) – Non-residential Service Space Heating**

Net Monthly Minimum Charge

\$12.22 per month, unless a higher minimum charge applies in accordance with the line extension rule of the Rules and Regulations.

(X) Indicates XXXXX

SERVICE SCHEDULE NO. 4

GENERAL SERVICE - 7 Kilowatts Minimum

- (CS) -- Commercial Service
- (CSH) - Commercial Service - Space Heaters

Application of Schedule

Applies to the supply from available facilities of single or three phase general light, heat or power service for a demand of not less than 7 kilowatts, at secondary voltage, only when all such service is supplied through one meter.

For existing customers that are served on other Service Schedules, this rate shall apply when the customer's monthly metered demand is 7 kW or greater for two (2) consecutive months. This Schedule shall apply beginning in the second consecutive month that the 7 kW metered demand is established, and all subsequent months. If the customer's kW remains below 7 kW for twelve (12) consecutive months, the Company, upon request, will evaluate the account and determine the rate schedule most advantageous to the customer.

Net Monthly Rate

Fixed Distribution Service Charge	\$32.03
Variable Distribution Service Charge	
All Billing KW	\$6.60 per KW
All kWh	2.2680 cents per kWh

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company, the generation charge is the GSSR-1 or the GSSR-2, determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in Rider C-GSSR-1, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges. The current GSSR-1 is XXXXX (X)
 cents per kWh.

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. The GSSR-2 includes the Administrative Charges defined in Rider C – GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in Rider C – GSSR-2. The current GSSR-2 Administrative Charge is XXXXX cents per kWh. (X)

Net Monthly Minimum Charge

\$32.03 plus \$6.60 per Kilowatt of the Billing KW

Determination of Billing KW

The Billing KW shall be the average kilowatts supplied during the 15 minute period of maximum use during the current month but not less than 50% of the highest during any of the preceding 11 months, nor less than 7 kilowatts. For billing purposes the Billing KW shall be rounded to the nearest kilowatt.

The Billing KW may be determined by measurement by means of a demand meter installed by the Company whenever it deems it necessary.

(X) Indicates XXXXX

SERVICE SCHEDULE NO. 4 (continued)

Terms of Payment

Bills will be calculated on the rates stated herein and this is the net amount due and payable on or before 15 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 15 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

Contract Period

Not less than one year.

SPACE HEATING SERVICE

Restrictions:

This rate is in the process of elimination and is restricted solely to existing loads of Customers at present locations who were receiving service hereunder on May 31, 1980.

Upon request, space heating service may be supplied through a separate metered circuit for customers utilizing electricity as the primary method of space heating. Air conditioning and cooking equipment may also be connected to the heating circuit.

Net Monthly Rate

Fixed Distribution Service Charge \$45.81

Variable Distribution Service Charge

All kWh 6.6280 cents per kWh

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company, the generation charge is the GSSR-1 or the GSSR-2, determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in Rider C-GSSR-1, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges. The current GSSR-1 is XXXXX (X)
 cents per kWh.

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. The GSSR-2 includes the Administrative Charges defined in Rider C – GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in Rider C – GSSR-2. The current GSSR-2 Administrative Charge is XXXXX cents per kWh. (X)

Net Monthly Minimum Charge

\$45.81 per month, unless a higher minimum charge applies in accordance with the line extension rule of the Rules and Regulations.

(X) Indicates XXXXX

SERVICE SCHEDULE NO. 5

**GENERAL SERVICE - 2300 Volts or Higher - 50 Kilowatt Minimum
 - (IS) -- Industrial Services**

Application of Schedule

Applies to the supply from available facilities of three phase general light and power service at primary voltage, for not less than 50 kilowatts at primary voltage when Customer furnishes and maintains all equipment necessary to transform the energy from line voltage.

Net Monthly Rate

Fixed Distribution Service Charge	\$85.00
Variable Distribution Service Charge	
All KW	\$10.00 per KW
First 130 kWh times Billed Demand kW	2.0780 cents per kWh
Additional kWh	0.1300 cents per kWh

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company, the generation charge is the GSSR-1 or the GSSR-2, determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in Rider C-GSSR-1, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges. The current GSSR-1 is XXXXX (X)
 cents per kWh.

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. The GSSR-2 includes the Administrative Charges defined in Rider C – GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in Rider C – GSSR-2. The current GSSR-2 Administrative Charge is XXXXX cents per kWh. (X)

(X) Indicates XXXXX

**SERVICE SCHEDULE NO. 6
 MUNICIPAL STREET LIGHTING
 HIGH PRESSURE SODIUM (HPS), MERCURY VAPOR (MV) & LIGHT EMITTING DIODE (LED)**

Application of Schedule

Applicable to Municipal Street Lighting.

Rates for Fixtures Installed Prior to June 14, 2019

Rate per lamp for a period of one month.

7,000 Lumens Lamp (mercury) \$ 6.09 per month
 20,000 Lumens Lamp (mercury) \$ 10.76 per month
 9,500 Lumens Lamp (Sodium) \$ 7.45 per month
 16,000 Lumens Lamp (Sodium) \$ 7.58 per month

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is XXXXX cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges. (X)

Municipal Street Lights are not metered. In calculating Default Service Charges and EGS delivery obligations, the following monthly usage will be used for each light:

7,000 Lumens Lamp (mercury) 70 kWh
 20,000 Lumens Lamp (mercury) 155 kWh
 9,500 Lumens Lamp (Sodium) 70 kWh
 16,000 Lumens Lamp (Sodium) 68 kWh

Rates for LED Fixtures

Watts	Lamp	Nominal Lumens	Supply OH/UG	Fixture Type	Distribution	Generation*	Total Cost
50	LED	5,000	OH	Cobra Head	\$4.12	XXXXXX	XXXXXX
50	LED	5,000	UG	Cobra Head	\$11.06	XXXXXX	XXXXXX
50	LED	5,000	UG	Colonial	\$16.03	XXXXXX	XXXXXX
70	LED	15,000	OH	Cobra Head	\$4.69	XXXXXX	XXXXXX
70	LED	15,000	UG	Cobra Head	\$11.62	XXXXXX	XXXXXX
140	LED	20,000	OH	Cobra Head	\$5.81	XXXXXX	XXXXXX
140	LED	20,000	UG	Cobra Head	\$12.75	XXXXXX	XXXXXX

*Customers' monthly generation charge will be adjusted periodically to reflect changes in the Company's GSSR-1.

(X) Indicates XXXXX

**SERVICE SCHEDULE NO. 7
 PRIVATE OUTDOOR LIGHTING SERVICE
 HIGH PRESSURE SODIUM (HPS), MERCURY VAPOR (MV) & LIGHT EMITTING DIODE (LED)**

Availability

Available in the entire territory of the Company for dusk to dawn lighting of private areas and roadways.

Rates for Fixtures Installed Prior to June 14, 2019

Net Rate (Per Month)

- 7,000 Lumens Lamp (mercury) \$ 5.06
- 20,000 Lumens Lamp (mercury) \$ 8.81
- 9,500 Lumens Lamp (Sodium) \$ 5.90
- 16,000 Lumens Lamp (Sodium) \$ 6.00

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is XXXXX cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services and congestion. (X)

Private Outdoor Lights are not metered. In calculating Default Service Charges and EGS delivery obligations, the following monthly usage will be used for each light:

- 7,000 Lumens Lamp (mercury) 70 kWh
- 20,000 Lumens Lamp (mercury) 155 kWh
- 9,500 Lumens Lamp (Sodium) 70 kWh
- 16,000 Lumens Lamp (Sodium) 68 kWh

Rates for LED Fixtures

Watts	Lamp	Nominal Lumens	Supply OH/UG	Fixture Type	Distribution	Generation*	Total Cost
50	LED	5,000	OH	Cobra Head	\$8.33	XXXXXX	XXXXXX
50	LED	5,000	UG	Cobra Head	\$11.06	XXXXXX	XXXXXX
50	LED	5,000	UG	Colonial	\$16.03	XXXXXX	XXXXXX
70	LED	15,000	OH	Cobra Head	\$8.89	XXXXXX	XXXXXX
70	LED	15,000	UG	Cobra Head	\$11.62	XXXXXX	XXXXXX
140	LED	20,000	OH	Cobra Head	\$10.02	XXXXXX	XXXXXX
140	LED	20,000	UG	Cobra Head	\$12.75	XXXXXX	XXXXXX

(X)
 |
 (X)

*Customers' monthly generation charge will be adjusted periodically to reflect changes in the Company's GSSR-1.

(X) Indicates XXXXX

**SERVICE SCHEDULE NO. 8
EXCHANGE OF SERVICE**

Application of Schedule

Application to an exchange of energy with other utilities.

Net Rate (per month)

For all energy delivered over the Company's switchboard to other utilities for emergency service 8.7320 cents per kWh.

For all energy delivered to other utilities at the Company's franchise limits, under "Borderline Agreements," 8.7320 cents per kWh, with guaranteed monthly return equal to 1 1/2% of "Construction Costs" for all new pole lines necessary to effect the delivery.

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company, the generation charge is the GSSR-1 or the GSSR-2, determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in Rider C-GSSR-1, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges. The current GSSR-1 is XXXXX (X) cents per kWh.

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. The GSSR-2 includes the Administrative Charges defined in Rider C – GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in Rider C – GSSR-2. The current GSSR-2 Administrative Charge is XXXXX cents per kWh. (X)

Terms of Payment

Bills will be calculated on the rates stated herein and this is the net amount due and payable on or before 15 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 15 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

(X) Indicates XXXXX

RIDER C – GENERATION SUPPLY SERVICE RATE – 2 ("GSSR-2")

The Generation Supply Service Rate – 2 ("GSSR-2") shall be charged to each customer who takes Default Service from the Company under Service Schedules CS, CSH, or IS and who experienced a monthly billing demand of 400 kW or more during any month in the last 12 months.

All of the following charges apply to this rate option:

- GSSR-2 Energy Charge per kWh: The product of the actual real-time PJM West Hub Locational Marginal Prices ("LMPs") for each hour of the billing month expressed in cents per kWh (including the Distribution Loss Adjustment), times the customer's actual energy use during each hour of the billing month.
- GSSR-2 Capacity Charge: The product of the PJM Reliability Pricing Model price of capacity expressed in dollars per kW-Day, as reported by PJM for the PN Zone, for the applicable billing month, times the customer's fixed peak load capacity obligation, as determined by the Company in accordance with the applicable PJM Agreements, times the number of days in the billing month.
- GSSR-2 Transmission Charge: The product of the PN Zonal Network Integrated Transmission Service ("NITS") price expressed in dollars per kW-Day for the applicable billing month, times the customer's fixed network peak service load obligation, as determined by the Company in accordance with applicable PJM Agreements, times the number of days in the billing month.
- GSSR-2 Regional Transmission Expansion Plan/Transmission Enhancement Charge: The product of the PN Zonal Regional Transmission Expansion Plan/Transmission Enhancement Service ("RTEP") price expressed in dollars per kW-Day for the applicable billing month, times the customer's fixed network peak service load obligation, as determined by the Company in accordance with applicable PJM Agreements, times the number of days in the billing month.
- GSSR-2 Administrative Charge per kWh: The sum of all administrative charges (both the wholesale supplier's administrative charges (including the Distribution Loss Adjustment) and the Company's charges) expressed in cents per kWh, times the customer's actual energy use during each hour of the billing month. The wholesale supplier's charges shall be the supplier's winning bid in the Company's most recent solicitation for supply of default service. The supplier's charges may include, but are not limited to, the costs of transmission service (other than NITS and RTEP), ancillary services, congestion marginal losses, congestion management costs, and such other services or products that are required to supply default service to customers in the Company's territory, including alternative energy portfolio standards compliance. The Company's charges shall include administrative costs related to Default Service, including costs for RTO membership, credit support, education, regulatory, litigation, tariff filings, working capital, information systems, and similar costs.
- GSSR-2 E-Factor (*Pilot Program effective June 1, 2025 through May 31, 2029*): Experienced net overcollections or undercollections of the GSSR-2 costs as of the end of the GSSR-2 reconciliation period including interest. Interest shall be computed monthly at the appropriate rate as provided in 52 Pa. Code § 54.187(f) and other applicable PUC regulations for the month the over or undercollection occurs to the effective month such overcollection is refunded, or such undercollection is recouped. The GSSR-2 reconciliation periods shall be April 1 – September 30 and October 1 – March 31.

(C)
 |
 (C)

(C) Indicates Change

RIDER C – GSSR-2 (cont'd)

The following rate components of the GSSR-2 shall be filed with the Commission 45 days prior to each computation period year (June 1 through November 30 and December 1 through May 31). The rate components subject to this filing requirement are: (1) the supplier's charges to be included in the GSSR-2 Administrative Charge; and (2) the Company's charges to be included in the GSSR-2 Administrative Charge.

* * *

(C)

The Pennsylvania gross receipts tax rate in effect during the billing month shall apply to charges under the GSSR-2.

Minimum bills shall not be reduced by reason of the GSSR-2, nor shall GSSR-2 charges be a part of the monthly rate schedule minimum.

Application of the GSSR-2 shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSSR-2 and the costs included therein.

The Distribution Loss Adjustment applicable to wholesale energy and wholesale supplier administrative charges reflects the losses that occur between the Company's PJM delivery point(s) at the substation(s) and the customers' meters. The Distribution Loss Adjustment shall be recalculated each June 1st using the rolling average of distribution losses experienced during the prior three calendar years (January through December). The Distribution Loss Adjustment calculation will be included in the preliminary filing submitted at least 45 days prior to June 1st.

The GSSR-2 E-Factor may be updated on five-day's notice if the movement of customers to or from default service may result in a significant over or undercollection. If there are no GSSR-2 default service customers for six consecutive months, or if the adjustment to the GSSR-2 E-Factor would exceed 0.01 cents per kWh, then the Company is authorized to use the Customer Choice Support Rider in lieu of the GSSR-2 E-Factor to collect or credit the current amount of the GSSR-2 E-Factor account (plus carrying charges) from all GSSR-2 eligible customers over a six-month period. The GSSR-2 E-Factor will reset to zero concurrent with the effective date of the CCS rate change.

(C)

(C)

(C) Indicates Change

RIDER F – CUSTOMER CHOICE SUPPORT CHARGE (cont'd)**GSSR-2 CCS Rate (*Pilot Program effective June 1, 2025 through May 31, 2029*)**

When the conditions regarding the E-Factor in the GSSR-2 Rider are met, the Company may institute a non-bypassable GSSR-2 CCS surcharge or credit on five-day's notice. The GSSR-2 CCS surcharge or credit shall apply to all GSSR-2 eligible customers regardless of whether the customer purchases default service supply or EGS supply. The GSSR-2 CCS rate shall be calculated to collect or credit to the GSSR-2 eligible customers the accumulated amount in the GSSR-2 E-Factor account (plus carrying charges) over a six-month period.

GSSR-2 CCS rate: \$0.0000 per kWh

ATTACHMENT B
DSP VII Pricing Formula

ATTACHMENT B
JOINT PETITION FOR SETTLEMENT
OF CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA'S AND
WELLSBORO ELECTRIC COMPANY'S DEFAULT SERVICE PROGRAM

DSP VII PRICING FORMULA

Price Period	Pricing Formula/Period	Trigger Date	Tranche Number
June 1, 2025 – Nov. 30, 2025	50% 6-month Av. (June 2025 – Nov. 2025)	TBD (Apr. 1, 2025 – Apr. 15, 2025)	0
	50% 12-month Av. (June 2025 – May 2026)	TBD (Apr. 1, 2025 – May 9, 2025)	1
Dec. 1, 2025 – May 31, 2026	25% 12-month Av. (June 2025 – May 2026)	TBD (Apr. 1, 2025 – May 9, 2025)	1
	25% 12-month Av. (Dec. 2025 – Nov. 2026)	TBD (Apr. 1, 2025 – Aug. 15, 2025)	2
	25% 18-month Av. (Dec. 2025 – May 2027)	TBD (Apr. 1, 2025 – Aug. 15, 2025)	3
	25% 24-month Av. (Dec. 2025 – Nov. 2027)	TBD (June 1, 2025 – Oct. 15, 2025)	4

June 1, 2026 – Nov. 30, 2026	25% 12-month Av. (Dec. 2025 – Nov. 2026)	TBD (Apr. 1, 2025 – Aug. 15, 2025)	2
	25% 18-month Av. (Dec. 2025 – May 2027)	TBD (Apr. 1, 2025 – Aug. 15, 2025)	3
	25% 24-month Av. (Dec. 2025 – Nov. 2027)	TBD (June 1, 2025 – Oct. 15, 2025)	4
	25% 24-month Av. (June 2026 – May 2028)	TBD (Dec. 1, 2025 – Apr. 15, 2026)	5
Dec. 1, 2026 – May 31, 2027	25% 18-month Av. (Dec. 2025 – May 2027)	TBD (Apr. 1, 2025 – Aug. 15, 2025)	3
	25% 24-month Av. (Dec. 2025 – Nov. 2027)	TBD (June 1, 2025 – Oct. 15, 2025)	4
	25% 24-month Av. (June 2026 – May 2028)	TBD (Dec. 1, 2025 – Apr. 15, 2026)	5
	25% 24-month Av. (Dec. 2026 – Nov. 2028)	TBD (June 1, 2026 – Oct. 15, 2026)	6
June 1, 2027 – Nov. 30, 2027	25% 24-month Av. (Dec. 2025 – Nov. 2027)	TBD (June 1, 2025 – Oct. 15, 2025)	4
	25% 24-month Av. (June 2026 – May 2028)	TBD (Dec. 1, 2025 – Apr. 15, 2026)	5
	25% 24-month Av. (Dec. 2026 – Nov. 2028)	TBD (June 1, 2026 – Oct. 15, 2026)	6
	25% 24-month Av. (June 2027 – May 2029)	TBD (Dec. 1, 2026 – Apr. 15, 2027)	7
Dec. 1, 2027 – May 31, 2028	26.7% 24-month Av. (June 2026 – May 2028)	TBD (Dec. 1, 2025 – Apr. 15, 2026)	5
	26.7% 24-month Av. (Dec. 2026 – Nov. 2028)	TBD (June 1, 2026 – Oct. 15, 2026)	6
	26.7% 24-month Av. (June 2027 – May 2029)	TBD (Dec. 1, 2026 – Apr. 15, 2027)	7
	19.9% 18-month Av. (Dec. 2027 – May 2029)	TBD (June 1, 2027 – Oct. 15, 2027)	8

June 1, 2028 – Nov. 30, 2028	30.7% 24-month Av. (Dec. 2026 – Nov. 2028)	TBD (June 1, 2026 – Oct. 15, 2026)	6
	30.7% 24-month Av. (June 2027 – May 2029)	TBD (Dec. 1, 2026 – Apr. 15, 2027)	7
	23.1% 18-month Av. (Dec. 2027 – May 2029)	TBD (June 1, 2027 – Oct. 15, 2027)	8
	15.5% 12-month Av. (June 2028 – May 2029)	TBD (Dec. 1, 2027 – Apr. 15, 2028)	9
Dec. 1, 2028 – May 31, 2029	40% 24-month Av. (June 2027 – May 2029)	TBD (Dec. 1, 2026 – Apr. 15, 2027)	7
	30% 18-month Av. (Dec. 2027 – May 2029)	TBD (June 1, 2027 – Oct. 15, 2027)	8
	20% 12-month Av. (June 2028 – May 2029)	TBD (Dec. 1, 2027 – Apr. 15, 2028)	9
	10% 6-month Av. (Dec. 2028 – May 2029)	TBD (June 1, 2028 – Oct. 15, 2028)	10

ATTACHMENT C
Citizens'/Wellsboro Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF
CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA AND WELLSBORO
ELECTRIC COMPANY'S JOINT DEFAULT SERVICE PROGRAM**

On September 6, 2024, Citizens' Electric Company of Lewisburg, PA ("Citizens") and Wellsboro Electric Company ("Wellsboro") (collectively, "Companies"), the Office of Consumer Advocate ("OCA") and the Office of Small Business Advocate ("OSBA") (collectively, "Parties") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") a Joint Petition for Settlement ("Joint Petition" or "Settlement") proposing a negotiated resolution of all outstanding issues in the above-captioned proceedings. The Companies hereby provide a Statement in Support, which explains the background and provisions of the Settlement, and establishes that expeditious approval of the Settlement, without modification and no later than the Commission's December 19, 2024, Public Meeting, is appropriate and in the public interest.

I. BACKGROUND

1. On May 31, 2024, the Companies filed with the Commission a Joint Petition for Approval of their Seventh Default Service Plan ("DSP VII" or "As-Filed Petition") with the Commission.

2. On June 13, 2024, OSBA filed a Notice of Appearance. On June 20, 2024, the OSBA filed a Notice of Intervention, and the OCA filed an Answer and a Notice of Appearance.

As a result, the Commission assigned the filing to the Office of Administrative Law Judge where Administrative Law Judge ("ALJ") Conrad Johnson was assigned both cases.

3. A Prehearing Conference was held in this proceeding, at which time a litigation schedule was developed. On July 18, 2024, the Parties conducted an informal Technical Conference, where the Companies made witnesses available to the OCA and OSBA. Following the Technical Conference, the Parties engaged in settlement discussions.

4. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense, and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Parties engaged in such settlement discussions and exchanged settlement terms to amicably resolve this matter. As a result of those efforts, the Parties reached an agreement in principle, which has been memorialized in the Joint Petition.

II. STATEMENT IN SUPPORT

5. The Joint Petition reflects a reasonable balance and appropriate compromise of the Parties' positions while providing the Companies with a default service plan that complies with the directives in the Electric Generation Customer Choice and Competition Act, 66 Pa. C.S. § 2801 et seq. ("Competition Act"), as amended by Act 129 of 2008 ("Act 129"), the Commission's Default Service Regulations, 52 Pa. Code §§ 54.181 – 54.189,¹ the Policy Statement on Default Service ("Policy Statement"), 52 Pa. Code §§ 69.1801 – 69.1817, and the

¹ See *Rulemaking Re Electric Distribution Companies' Obligation to Serve Retail Customers at the Conclusion of the Transition Period Pursuant to 66 Pa. C.S. § 2807(e)(2)*, Docket No. L-00040169 (Order entered May 10, 2007) ("First Rulemaking Order"); *See Implementation of Act 129 of October 15, 2008; Default Service and Electric Markets*, Docket No. L-2009-2095604 (Order entered Oct. 4, 2011) ("Second Rulemaking Order").

Commission's Order at Docket No. I-2011-2237952 ("End State Order").² In developing the DSP VII, the Companies elected to preserve the program approved by the Commission in the DSP VI proceedings, except for a single procedural change.³ The Settlement similarly maintains the Procurement and Implementation Plan approved by the Commission in the Companies' DSP VI proceeding but adopts limited modifications to address issues raised by intervenors at the Technical Conference convened by the Companies.

6. Under the terms of the Settlement, the Companies will:
 - a. Implement a GSSR-2 E-factor on a pilot basis effective as of the June 1, 2025, commencement of DSP VII and continuing for the duration of DSP VII;
 - b. Establish additional ladder pricing for the energy price to be paid to the supplier, as shown in Attachment B to the Joint Petition. The additional ladder pricing will be for two-year forward price strips that are determined each six months (other than the phase-in and phase-out periods as shown in Attachment B), where one-quarter of the pricing is adjusted every six months.
 - c. Provide the wholesale supplier for the applicable territory with notice no later than 1:30 pm on the day of its desire to trigger pricing for the territory; and
 - d. Maintain a two-bid minimum for the RFP process. However, if either Company receives a single bid in the RFP, that Company can request a waiver of the two-bid minimum requirement in its Confidential Summary of Bid

² See *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952.

³ The As-Filed Petition proposed to change the notice period required to trigger pricing for the fixed-price product from 24 hours' notice to a same-day trigger with a 3 p.m. cutoff. As-Filed Petition at 13. The Joint Petition further modifies this proposal by changing the cutoff time to 1:30 p.m.

Results submittal to the Commission by demonstrating to the Commission that the single bid received is reasonable and in line with the Company's prior bid results and historic PJM data.

7. The above modifications to the Companies' as-filed DSP VII resolve various issues raised in discussions with OCA and OSBA.

a. The implementation of a GSSR-2 E-factor pilot program addresses OCA's concerns regarding inter-class cost subsidization. The Companies as-filed DSP VII preserved the reconciliation process initially approved through the DSP IV. Citizens' and Wellsboro Stipulation for Admission of Evidence, Attachment 2 ("Stipulation"). In that docket, the Commission approved the reconciliation of GSSR-2 under and over-collections through the GSSR-1 E-factor in part due to a concern that implementing a GSSR-2 E-factor could result in highly volatile pricing in the event of customer migration between competitive supply and default service among the small number of GSSR-2 customers in each Company's service territory.⁴ The Companies' proposed pilot program addresses this problem by authorizing recovery of over or under collections exceeding 0.01 cents per kWh from all GSSR-2 eligible customers through the nonbypassable CCS Rider. The Companies believe this solution reasonably balances the OCA's concerns regarding inter-class cost subsidization with the Companies' interest in avoiding unreasonable rate volatility for the GSSR-2 customers.

b. The additional ladder pricing formula for fixed-price wholesale energy balances OCA's interest in price stability with the End State Order's

⁴ See *Joint Petition of Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company for their Default Service Program for the Period June 1, 2015 through May 31, 2018*, Docket Nos. P-2014-2425024 and P-2014-2425245 (Order entered Feb. 27, 2015) ("February 2015 Order").

directive to ensure the Companies default service product reflects current market conditions. End State Order at 22-23; Stipulation at 1-2. The revised pricing formula generally preserves the fixed-price product from the Companies' DSP VI, but expands the laddering to include longer-term 18 and 24-month lock-ins as set forth in Attachment B to the Joint Petition. This modification is intended to further stabilize pricing throughout the DSP VII period. Stipulation, Attachment 2.

c. The modification providing for a same-day trigger for the fixed-price wholesale energy no later than 1:30 pm addresses OCA's concerns that triggering same-day pricing too late in the day could force suppliers to confirm pricing under tightened market conditions around close of business. Stipulation, Attachment 2.

d. Lastly, the Joint Petition's proposal to preserve a two-bidder minimum rule for the Companies' RFPs, but allow for waiver of the rule upon a showing that a single bid is reasonable, clarifies that historical PJM data and prior bid results may in some cases require a contextual narrative explanation to support a showing that a single bid is reasonable and reflective of current market conditions. Stipulation, Attachment 2.

8. As explained in the Companies' As-Filed Petition, the Companies also respectfully request to extend the DSP VII by 2 years in line with the Commission's approval of the same extension for the Companies' DSP VI. Granting this extension will allow the Companies to reduce the administrative costs of preparing and filing default service plans with the Commission. As-Filed Petition at 8-9. Extensions of this nature have become commonplace,

as similar waivers were recently approved for other EDCs. *See Petition of Metropolitan Edison Company for Approval of Its Default Service Plan for the Period From June 1, 2023 through May 31, 2027*, Docket Nos. P-2021-3030012, P-2021-3030013, P-2021-3030014, and P-2021-3030021 (*Order entered June 29, 2022*); *Petition of Duquesne Light Company for Approval of a Default Service Plan for the Period June 1, 2017 to May 31, 2021*, Docket No. P-2016-2543140 (*Order entered Dec. 22, 2016*).

9. The Companies also propose a threshold of 400 kW for Hourly-Priced Service ("HPS") offered to Large Commercial & Industrial customers, which, though different from the guidance set forth in the End State Order, is still in line with the Commission's observation therein that smaller EDCs may furnish evidence showing why the 100 kW demarcation, suggested by the End State Order, would not be appropriate for their service territories. Citizens'/Wellsboro Statement No. 1, Direct Testimony of Byron Farnsworth Jr. ("CW Statement No. 1") at 14; Citizens'/Wellsboro Statement No. 2, Direct Testimony of Nathan Johnson ("CW Statement No. 2") at 10-11. Based on the customer characteristics in their territories, the Companies believe that maintaining the current 400 kW threshold previously approved for the Companies' DSP VI remains appropriate and, therefore, requests a waiver of the 100kW demarcation. *Id.*

10. With the changes to the As-Filed Petition described in paragraphs 6 and 7 in place, the Companies will continue to meet their DSP obligations by conducting an RFP and entering into load-following full requirements contracts with one or more wholesale suppliers, which is consistent with the Commission's directive that all default service procurements include auctions, requests for proposals or bilateral agreements. Further, consistent with the Commission's Regulations, the proposed procurement plan offers a prudent mix of products

because the proposed wholesale default service product will consist of five principal cost components: (1) an energy component that will be priced using an index and adjusted for distribution losses; (2) a direct pass through of Network Integrated Transmission Service ("NITS") costs for default service customers; (3) a direct pass-through of Regional Transmission Expansion Plan ("RTEP")/Transmission Enhancement Charge ("TEC") costs for default service customers; (4) a direct pass-through of Capacity Costs (Locational Reliability and Capacity Performance) for default service customers; and (5) a fixed Supplier Adder covering all other costs to deliver default service to the wholesale meter and the Citizens' or Wellsboro Aggregate Bus. *See* CW Statement No. 2 at 12.

11. Consistent with the Companies' DSP VI, the energy component for Residential and Small Commercial Customers will set a fixed price to be adjusted every six months based on the Intercontinental Exchange's ("ICE") published PJM West on-peak monthly forward pricing as of selected "Trigger Dates." CW Statement No. 1 at 5.

12. As indicated above, Large Commercial & Industrial customers with monthly billing demand at or above 400 kW during any billing period over the prior 12 months, will receive HPS based on the real-time PJM Locational Marginal Pricing ("LMP") for the PJM West Hub. CW Statement No. 1 at 6.

13. In the rate design plan, the Companies intend to preserve the design and structure of the existing GSSRs, except for the aforementioned implementation of the GSSR-2 E-Factor pilot program. For the GSSR-1, the Companies propose to continue to adjust rates every 6 months, with distribution losses adjusted annually on June 1. Citizens'/Wellsboro Statement No. 3, Direct Testimony of Melissa Sullivan ("CW Statement No. 3") at 5-6. Consistent with the Commission's End State Order, preliminary rates will be filed 45 days prior to the effective date

for new rates, provided the Companies retain authority to update preliminary rates up to 10 days prior to the effective date. *Id.* at 9. This change will ensure that the GSSR can be modified more expeditiously and will minimize the length of time that an inaccurate GSSR rate is applied. Concerning the GSSR-2, the Companies' model reflects the real-time pricing now available to Large C&I customers, with an adjustment for distribution losses. *Id.* at 8. The Companies will continue to maintain the 5-day notice period approved for DSP VI for interim filings. Capacity, NITS, RTEP/TEC and hourly LMPs are direct pass-throughs based on PJM rates and billing determinants. *Id.* The Supplier Adder also is a direct pass through on a per kWh basis. *Id.*

14. Further, pursuant to 66 Pa. C.S. § 1307, the GSSR will recover through an automatic adjustment mechanism all bidding, contracting, risk management, scheduling and forecasting costs, as well as other costs that are required to procure default service supply. In this manner, the Companies will also recover all administrative costs, applicable taxes, and costs associated with the Companies' AEPS compliance. CW Statement No. 3 at 13.

15. The Companies' DSP VII continues the Retail Market Enhancement programs approved as part of the Companies' DSP VI. Specifically, the Companies will continue offering the Seamless Moves and Instant Connect programs under the DSP VII. CW Statement. No. 2 at 9. The DSP VII also responds to the Commission's Secretarial Letter at Docket No. M-2019-3007102, which directed EDCs to address adoption of time of use rates for electric vehicle charging. The Companies commit to actively monitor issues related to electric vehicles and the adoption of related programs by larger EDCs, but do not propose to implement a time of use rate for electric vehicles at this time. CW Statement No. 1 at 15.

16. The DSP VII also incorporates the Supplier Master Agreement approved as part of the Companies' DSP VI proceedings, including the addition of a targeted "Change in Law"

provision for renegotiation of the supplier adder if there is a statutory change to Alternative Energy Credit ("AEC") compliance mandates. CW Statement No. 2, Exhibit NJ-4, Appendix E.

17. Finally, in case a selected wholesale supplier fails to deliver energy supply or the 2025 RFP fails to yield qualified bids, the Companies' DSP VII adopts the Contingency Plan approved by the Commission for the DSP VI. CW Statement No. 1 at 12-13.

18. As detailed above, the Settlement represents a compromise solution that adequately addresses the needs of all parties to this proceeding. Furthermore, the Settlement avoids the expense and uncertainty of fully litigating all of the matters in this proceeding and otherwise advances the policy of this Commission to encourage parties to resolve contested proceedings through settlement. Consistent with the Commission's policies supporting settlement resolutions, the Companies and the intervenors engaged in proactive and substantive discussions and negotiated a mutually beneficial resolution that refines the Companies' existing default service plan without protracted litigation. The Parties' efforts to resolve this proceeding without contested hearings provides an opportunity for the Commission to accommodate the request of the Parties to approve the Joint Petition by the December 19, 2024 Public Meeting. This result would allow optimal time for the Companies to initiate a competitive RFP for default service supply beginning in January of 2025, as outlined in CW Statement No. 2.

19. Accordingly, the Companies respectfully submit that expeditious approval of the Joint Petition, without modification, is appropriate and in the public interest.

III. CONCLUSION

WHEREFORE, Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company request that the Administrative Law Judge and the Commission expeditiously approve the Joint Petition for Settlement without modification.

Respectfully submitted,

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Counsel to Citizens' Electric Company of
Lewisburg, PA and Wellsboro Electric Company

Dated: September 24, 2024

ATTACHMENT D
OCA Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR APPROVAL OF SETTLEMENT

The Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Approval of Settlement (Settlement) in the captioned proceeding, respectfully requests that the terms and conditions of the Settlement be approved without modification by Administrative Law Judge Conrad A. Johnson and the Pennsylvania Public Utility Commission (Commission). The OCA supports the Settlement as it is in the public interest and in the interests of the customers of Citizens' Electric Company and Wellsboro Electric Company (Citizens'/Wellsboro or the Companies).

I. BACKGROUND

The OCA adopts the Background as set forth in the Joint Petition for Approval of Settlement, Paragraphs 1-8. In addition to the background outlined in the Settlement, the OCA notes that it analyzed the Companies' filing, prepared for and actively participated in the technical conference, as well as relied on the advice and counsel of its expert witness, Dr. Serhan Ogur, who supplied a verified statement that discusses what he would have testified to had evidence been taken in this proceeding. Through this analysis the OCA developed its positions in this case, and its decision to support this settlement as it is in the public interest.

II. TERMS AND CONDITIONS OF THE SETTLEMENT

A. General

The Settlement provides for the adoption of the Companies' petition as proposed with four substantive modifications: (1) the Companies will implement a GSSR-2 E factor on a pilot basis; (2) the Companies will establish ladder pricing for the energy price to be paid to the supplier; (3) each Company will provide the wholesale supplier with notice no later than 1:30 on the day of its desire to trigger pricing for its respective territory; and, (4) the Companies' RFP process will entail a two-bid minimum or the request of a waiver under certain conditions. Settlement, ¶¶ 9, 12-14, Attach. A-B. Under the Settlement, the parties agree that the Settlement terms, as modified by the Settlement, include and/or address all the required elements of Section 2807 of the Public Utility Code, the Commission's regulations, and the Commission's policies for a Default Service Plan. Settlement, ¶ 16.

OCA witness Dr. Serhan Ogur did not raise concerns regarding the remaining aspects of the Companies' filing, and the OCA agrees that the remaining aspects of the Plan, as modified by the Settlement, are consistent with the law, are in the public interest and should be approved.

B. GSSR-2 E Factor Implementation

Under the Settlement, Citizens'/Wellsboro will implement a GSSR-2 E factor on a pilot basis at the commencement of DSP VII and continue for the Plan's duration. Settlement, ¶ 9. OCA witness Dr. Ogur summarized the Companies' proposal:

[t]he Companies will implement a GSSR-2 E-factor on a pilot basis effective as of the June 1, 2025, commencement of DSP VII, and continuing for the duration of DSP VII. If at any time during DSP VII, the movement of customers to or from the GSSR-2 would result in a significant over or under collection, the Companies may file an interim rate adjustment to update the GSSR-2 E-factor upon five-day notice. If there are no GSSR-2 default service customers for six consecutive months, or if the adjustment of the GSSR-2 E-factor would exceed 0.01 cents per kWh for either Company due to customer migration, such affected Company is authorized to use

the Customer Choice Support (CCS) Rider in lieu of the GSSR-2 E-factor to collect or credit the current amount in the GSSR-2 E-factor account (plus carrying charges) from all GSSR-2 eligible customers over a six-month period. The GSSR-2 E-factor will reset to zero concurrent with the effective date of the CCS rate change.

OCA Verified St. 1 at 5-6.

OCA witness Dr. Ogur supported the Companies' proposed approach to the GSSR-2 E factor pilot. Dr. Ogur noted:

[t]he implementation of a GSSR-2 E-factor eliminates cross-subsidization concerns between GSSR-1 customers and GSSR-2 customers. Under the Petition, the Companies would automatically reflect any overcollection or under-collection of the GSSR-2 costs in the GSSR-1 E-factor even when there are customers on GSSR-2 default service, which would result in a cost shift from GSSR-2 to GSSR-1 customers. Implementing a GSSR-2 E-Factor avoids cost shifts to GSSR-1 customers and ensures that all GSSR-2 costs are eventually recovered from GSSR-2 or GSSR-2 eligible customers.

OCA Verified St. 1 at 8.

As Dr. Ogur stated, the proposal will avoid inappropriate cost shifts to GSSR-1 customers while still allowing the Companies to appropriately recover GSSR-2 costs.

For the reasons set forth above and in the OCA's verified statement by Dr. Ogur, the OCA submits that the GSSR-2 E factor pilot put forth in the Settlement is in the public interest.

The OCA submits that the pilot plan as proposed in the Settlement represents a reasonable balance, is in the public interest, and meets the statutory requirements as outlined in the Public Utility Code. In sum, it is an appropriate balance and should be approved as proposed in the settlement without modification.

C. Laddered Pricing

Under the Settlement, the Companies will establish laddered pricing for the energy price to be paid to the supplier. Settlement, ¶ 12, Attach. B. The laddered pricing will be for two-year forward price strips that are determined each six months, where one-quarter of the pricing is

adjusted every six months while avoiding sharp pricing swings by relying on a 24-month average. Settlement, ¶ 12.

The Settlement addresses the OCA's concerns raised by Dr. Ogur at the Technical Conference regarding the Companies' proposal to continue to use a 12-month average for one-half of the energy component of the wholesale contract adjusted every six months and the other one-half calculated in the same way, but six months later. In his Verified Statement, Dr. Ogur supported his modification to the laddered pricing the Companies use in their DSP IV Plan:

[f]irst, under the laddered pricing approach stipulated in Attachment B to the Joint Petition for Settlement, one-quarter of the energy price component of the GSSR-1 fixed rate will change every six months, whereas one-half of the energy price component of the GSSR-1 fixed rate would change every six months under the Petition. Therefore, the modification in the laddering of energy pricing as stipulated in the Terms of Settlement will greatly improve GSSR-1 rate stability. In light of the recent volatility in wholesale energy prices (in the PJM spot market as well as in forward markets), enhancing rate stability and predictability for residential and small commercial customers is a prudent approach. The Companies' current laddering approach served GSSR-1 customers well in the relatively stable and declining price wholesale market environment until 2021. The GSSR-1 customers will be served more effectively in the more volatile wholesale market environment which we seem to have entered in the last few years under the more stable GSSR-1 rate structure stipulated in Attachment B.

OCA Verified St. 1 at 7-8.

Dr. Ogur suggested the as modified by Settlement approach to laddered pricing is consistent with the approach used by the Companies' larger peers:

[r]elying on 24-month forward strips, with 25 percent of the energy repriced every six months, for indexed energy pricing will also bring the Companies' default service pricing approach more in line with their larger peers in Pennsylvania (e.g., PECO Energy Company, Duquesne Light Company, PPL Electric Utilities Corporation, FirstEnergy Pennsylvania Electric Company), which rely on a combination of 12-month and 24-month fixed-price full-requirements contracts the price of which also includes energy.

OCA Verified St. 1 at 7-8.

The Settlement adequately resolves the OCA's concerns. The Settlement provides for a laddered pricing structure like larger DSP providers and smooths the edges of potential price volatility by using a 24-month forward strip component. The OCA submits that the Settlement provision is in the public interest and should be approved.

D. Same Day Trigger Notice

The Settlement provides that each Company will provide the wholesale supplier for the applicable territory with notice no later than 1:30 pm on the day of its desire to trigger pricing for the territory. Settlement, ¶ 13. Under Citizens'/Wellsboro's current DSP VI, the Companies provide their wholesale suppliers with day-ahead notice of the trigger date. OCA St. 1 at 3.

Dr. Ogur recommended that when moving from the day-ahead trigger notice approach to a same day trigger notice, the Companies should consider a cut-off time early enough in the day to allow the wholesale supplier the ability to hedge its energy position:

[m]oving the price trigger notification requirement to the wholesale supplier from 3 pm on the same day (as proposed in the Petition) to 1:30 pm on the same day balances the Companies' desire to reduce the likelihood of wholesale energy market fluctuations between the time that the trigger notice is given and the lock-in of the wholesale energy price and the importance of allowing the wholesale supplier to be able to hedge its energy position resulting from the pricing trigger before forward trading ends for the day or it becomes illiquid. Forcing the wholesale supplier to hedge its position in an illiquid market on the same day or to take the risk of the market moving against it overnight would have increased the risk and uncertainty for the supplier and may have resulted in a larger risk premium being built into the Supplier Adder. Moving the deadline for the pricing trigger notice to the supplier from 3 pm to 1:30 pm on the same (trigger) day reduces this risk.

OCA Verified St. 1 at 8.

Therefore, the proposal to move to a same day trigger by 1:30 pm strikes a balance between the Companies' desire to move to same day trigger notice while reducing the risk and uncertainty for the supplier as discussed by OCA's expert witness and should be approved as in the public interest.

E. RFP Process

Under the Settlement, the Companies' RFP process will entail a two-bid minimum; however, if either Company receives a single bid in the RFP, that Company can request a waiver of the two-bid minimum requirement in its Confidential Summary of Bid Results submittal to the Commission by demonstrating to the Commission that the single bid received is reasonable and in line with the Company's prior bid results and historic PJM data. Settlement, ¶ 14. Where applicable, prior bid results shall be provided with a narrative explaining relevant changed market conditions relative to the current RFP period. Settlement, ¶ 14. The Companies' Petition did not contain a minimum bidder requirement. OCA Verified St. 1 at 5.

Dr. Ogur explained:

[r]equiring the Companies' RFP process to entail a two-bid minimum ensures at least some level of competition in the process while giving the Companies the flexibility to request a waiver of this requirement ensures that, if a single bid is received but that single bid is in line with the winning bids from previous multi-bid solicitations, that single yet competitively priced bid is not unnecessarily rejected. All else equal, non-award in the bid solicitation process is undesirable and should be avoided because it would greatly elevate the possibility of exposing the entire GSSR-1 load to the PJM spot market prices for an extended period of time, which in turn would increase rate volatility for residential and small commercial customers.

OCA Verified St. 1 at 8-9.

The proposal to require a two-bid minimum with a built-in ability to show the reasonableness of a single, yet competitively priced bid provides protection to exposing the GSSR-1 load to spot market prices thus provides protection against rate volatility for residential and small commercial customer. As such, the OCA submits is in the public interest and should be approved.

III. THE SETTLEMENT IS IN PUBLIC INTEREST

The OCA submits that the Settlement, as a whole, is in the public interest for the reasons outlined above as well as those set forth in Dr. Ogur's Verified Statement. This Settlement represents a balance of the signatory parties and provides crucial protections and benefits for consumers. Without this Settlement, the parties would be forced to continue costly and burdensome litigation, where results are unpredictable and benefits less certain. The Settlement ensures that the Companies' will meet their statutory responsibilities to procure a default service portfolio that is designed to ensure service at least cost over time. In its whole, all these benefits, especially when weighed against the risks and costs of litigation, demonstrate that this proposed Settlement is in the public interest.

The OCA respectfully requests that this Joint Petition for Approval of Settlement be adopted.

Respectfully Submitted,

/s/ Emily A. Farren

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ATTACHMENT E
OSBA Statement in Support

TO BE FILED SEPARATELY