

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

September 14, 2016

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Pa. Public Utility Commission
v.
Citizens' Electric Company of Lewisburg, PA
Docket No. R-2016-2531550

Dear Secretary Chiavetta:

Attached for electronic filing please find the Formal Complaint and Public Statement of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Amy E. Hirakis
Amy E. Hirakis
Assistant Consumer Advocate
PA Attorney I.D. #310094

Attachment

cc: Office of Special Assistants
Office of Administrative Law Judge
Bureau of Technical Utility Services
Certificate of Service

225801

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

Tanya J. McCloskey, Acting Consumer Advocate

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

Phone: (717) 783-5048

Facsimile: (717) 783-7152

2. UTILITY NAME (RESPONDENT)

Citizens' Electric Company of Lewisburg, Pa.; Docket No. R-2016-2531550

3. TYPE OF UTILITY

Electric

4. COMPLAINT

- A.** On August 31, 2016, Citizen's Electric Company of Lewisburg, Pa. ("Citizens" or Company) filed Supplement No. 110 to Tariff Electric - Pa. P.U.C. No. 14 (Supplement No. 110). In Supplement No. 110, the Company proposes an overall distribution rate increase of \$592,000 per year, or a distribution base rate increase of 12.8%. The proposed rate increase would be effective October 30, 2016.
- B.** The Company is engaged in the business of furnishing electric service to approximately 6,878 customers, which includes 5,752 residential customers and 1,127 commercial, industrial, or lighting customers. The Company primarily services a 55-square-mile territory in and around Lewisburg, Pennsylvania.
- C.** For the residential class, the Company is proposing an overall total bill increase of approximately 6.6%. The total bill (distribution, transmission, and generation) of a typical residential customer using 1,250 kWh would experience an increase of \$8.13 per month, from \$124.04 to \$132.16.
- D.** Citizens' proposes to increase the residential monthly Customer Charge from \$8.00 to \$13.00.

- E.** The Company is requesting a 10.5% return on equity. The Company's proposed increase, if approved, will produce a 7.54% overall rate of return on its original cost rate base for distribution service.
- F.** The Company is proposing to utilize a Fully Projected Future Test Year ending on December 31, 2017.
- G.** The Consumer Advocate is empowered to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission, pursuant to Act 1976-161 of the General Assembly, as amended, 71 Pa. C.S. §§ 309-1, *et seq.*
- H.** A preliminary examination of the Company's filed Tariff Supplement indicates that the proposed changes and increase in rates, proposed rate schedule modifications and transfers, and proposed changes in rate policy, rules, and regulations contained in the proposed Tariff may be unjust, unreasonable, in violation of the law and will or may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa.C.S. § 1301, *et seq.*
- I.** The Acting Consumer Advocate avers that the proposed tariff changes and proposed rate design may be unlawfully discriminatory, in violation of the Public Utility Code, 66 Pa.C.S. §§ 1301 and 1304, *et seq.*, and may otherwise be contrary to sound ratemaking principles and public policy.
- J.** A preliminary examination and review by the OCA of the Company's existing rates, rules, and regulations indicates that certain rates, rules, and regulations may not be just and reasonable or otherwise proper under the Public Utility Code and applicable ratemaking principles. 66 Pa.C.S. § 1301, *et seq.*
- K.** The Acting Consumer Advocate files this Formal Complaint to ensure that the Commission fully and fairly adjudicates issues pertaining to whether the Company's existing and proposed rates—and any and all rate policy changes — are just and reasonable, and are not unduly discriminatory or otherwise unlawful.

5. RELIEF

The Acting Consumer Advocate respectfully requests that the Public Utility Commission take the following actions:

- A.** Refer this matter to the Office of Administrative Law Judge for assignment to an Administrative Law Judge for hearings where all issues can be thoroughly developed;
- B.** Consolidate all complaints filed against the proposed Supplement No. 110;
- C.** Suspend and investigate the operation of Supplement No. 110, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d);

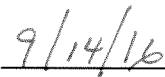
- D. Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increases in rates;
- E. After providing the public with adequate notice, hold public input hearings in the Company's service territory in order to provide its customers with an opportunity to be heard on the record and hold those hearings as early in the case as feasible;
- F. Deny any increase or change in the Company's rates that is unjust, unreasonable, or inconsistent with the Public Utility Code, sound ratemaking principles, and public policy;
- G. Determine the justness and reasonableness of the Company's current and proposed rates; and
- H. Grant such other relief it deems appropriate.

6. VERIFICATION AND SIGNATURE

Verification:

I, Tanya J. McCloskey, hereby state that the facts above set forth 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).


Signature


Date

7. LEGAL REPRESENTATION

Amy E. Hirakis, Assistant Consumer Advocate, PA Attorney ID 310094
Aron J. Beatty, Senior Assistant Consumer Advocate, PA Attorney ID 86625
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: (717) 783-5048
Facsimile: (717) 783-7152
Email: AHirakis@paoca.org

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. § 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC). In accordance with Act 161, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint in proceedings before the PUC involving the proposed rate increase requested by Citizens' Electric Company of Lewisburg, Pa. (Citizens' or the Company) at Docket No. R-2016-2531550.

On August 31, 2016, the Company filed Supplement No. 110 to Tariff Electric – Pa. P.U.C. No. 14. In Supplement No. 110, the Company proposes an overall distribution rate increase of \$592,000 per year, or a distribution base rate increase of 12.8%. For the residential class, the Company is proposing an overall total bill increase of approximately 6.6%. The total bill (distribution, transmission, and generation) of a typical residential customer using 1,250 kWh would increase by \$8.13 per month, from \$124.04 to \$132.16. The Company is requesting a 10.5% return on equity. The Company's proposed increase, if approved, will produce a 7.54% overall rate of return on its original cost rate base for distribution service.

The Office of Consumer Advocate files this Formal Complaint to ensure that the rate increase and other changes sought by the Company are just and reasonable based upon the information filed by the Company in support of its claim. The Consumer Advocate will represent the interests of Citizens' ratepayers before the Commission and seek to ensure that customers are not charged rates that are unjust, unreasonable or otherwise contrary to law.

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
v. : Docket No. R-2016-2531550
Citizens' Electric Company of Lewisburg, PA :

I hereby certify that I have this day served a true copy of the foregoing documents, the Office of Consumer Advocate's Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 14th day of September 2016.

SERVICE BY HAND DELIVERY and FIRST CLASS MAIL

Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

Pamela C. Polacek, Esquire
Adeolu A. Bakare, Esquire
McNees, Wallace & Nurick, LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Citizens' Electric

John Evans
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

/s/ Amy E. Hirakis
Amy E. Hirakis
Assistant Consumer Advocate
PA Attorney I.D. #310094
E-Mail: AHirakis@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
225809