

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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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.  
Wellsboro Electric Company  
Docket No. R-2016-2531551

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

225804

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Formal Complaint**

**1. CUSTOMER NAME (COMPLAINANT)**

Tanya J. McCloskey, Acting Consumer Advocate

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

Phone: (717) 783-5048

Facsimile: (717) 783-7152

**2. UTILITY NAME (RESPONDENT)**

Wellsboro Electric Company; Docket No. R-2016-2531551

**3. TYPE OF UTILITY**

Electric

**4. COMPLAINT**

- A.** On August 31, 2016, Wellsboro Electric Company (Wellsboro or Company) filed Supplement No. 102 to Tariff Electric - Pa. P.U.C. No. 8 (Supplement No. 102). In Supplement No. 102, the Company proposes an overall distribution rate increase of \$1,000,000 per year, or a distribution base rate increase of 21.3%. The proposed rate increase would be effective October 30, 2016.
- B.** The Company is engaged in the business of furnishing electric service to approximately 6,280 customers, which includes 5,089 residential customers and 1,191 commercial or industrial customers. The Company primarily services a rural territory in the Borough of Wellsboro, Pennsylvania and surrounding areas in Tioga County.
- C.** For the residential class (RS), the Company is proposing to increase the variable distribution charges from 3.7351 cents per kWh to 4.4500 cents per kWh. Wellsboro also proposes to increase the monthly Fixed Distribution Service Charge from \$9.75 to \$15.00. Under the Company's proposed increase, the total bill (distribution, transmission, and generation) of a typical RS customer using 700 kWh would increase by \$10.25 per month, from \$87.24 to \$97.49, for an overall total bill increase of approximately 11.8%.

- D. The Company is requesting a 10.5% return on equity (ROE). The Company's proposed increase, if approved, will produce a 7.38% overall rate of return on its original cost rate base for distribution service.
- E. The Company is proposing to utilize a Fully Projected Future Test Year ending on December 31, 2017.
- F. 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.*
- G. 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.*
- H. 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.
- I. 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.*
- J. 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:

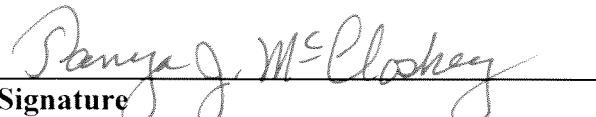
- A. Refer this matter to the Office of Administrative Law Judge for assignment to an Administrative Law Judge for hearings where all issues can be thoroughly developed;
- B. Consolidate all complaints filed against the proposed Supplement No. 102;
- C. Suspend and investigate the operation of Supplement No. 102, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d);

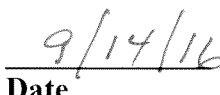
- D. Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increases in rates;
- E. After providing the public with adequate notice, hold public input hearings in the Company's service territory in order to provide its customers with an opportunity 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, 5<sup>th</sup> Floor, Forum Place  
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Dauphin County

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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 Wellsboro Electric Company (Wellsboro or the Company) at Docket No. R-2016-2531551.

On August 31, 2016, the Company filed Supplement No. 102 to Tariff Electric – Pa. P.U.C. No. 8. In Supplement No. 102, the Company proposes an overall distribution rate increase of \$1,000,000 per year, or a distribution base rate increase of 21.3%. The Company is requesting a 10.5% return on equity. The Company's proposed increase, if approved, will produce a 7.38% overall rate of return on its original cost rate base for distribution service. For the residential class (RS), the Company is proposing to increase the variable distribution charges from 3.7351 cents per kWh to 4.4500 cents per kWh. Wellsboro also proposes to increase the monthly Fixed Distribution Service Charge from \$9.75 to \$15.00. Under the Company's proposed increase, the total bill (distribution, transmission, and generation) of a typical RS customer using 700 kWh would increase by \$10.25 per month, from \$87.24 to \$97.49, for an overall total bill increase of approximately 11.8%.

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 Office of Consumer Advocate will represent the interests of Wellsboro's 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-2016-2531551  
Wellsboro Electric Company :

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 14<sup>th</sup> 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  
*Wellsboro Electric*

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

/s/ Amy E. Hirakis  
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