

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 3, 2016

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

RE: Pennsylvania Public Utility Commission v.
Pennsylvania Power Company
Docket No. R-2016-2537355

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,

A handwritten signature in cursive script, appearing to read "Lauren Burge".

Lauren Burge
Assistant Consumer Advocate
PA Attorney I.D. 311570

Enclosures

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

220427

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

Tanya J. McCloskey

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)

Pennsylvania Power Company – Docket No. R-2016-2537355

3. TYPE OF UTILITY

Electric

4. COMPLAINT

- A.** On April 28, 2016, the Pennsylvania Power Company (Penn Power or the Company) filed Supplement No. 17 to Penn Power’s Tariff Electric – Pa. P.U.C. No. 36, at Docket No. R-2016-2537355. The Company is seeking an increase in annual distribution revenue of \$42.0 million, or an overall increase of 9.57%. The Company proposes that the rate increase become effective on June 27, 2016.
- B.** The Company is engaged in the business of furnishing electric service to approximately 163,000 residential, commercial, and industrial customers in all or portions of 6 counties in northern and central Pennsylvania.
- C.** For the residential customer class, the Company is proposing an increase in distribution revenue of \$27.1 million per year. A residential customer using 1,000 kWh per month would see their average total bill increase by \$18.45 per month, from \$130.06 to \$148.51, or by approximately 14.18% under the Company’s proposal. As part of this increase, the Company is proposing to increase the residential monthly customer charge from \$10.85 to \$13.41.
- D.** The Company’s proposed rate increase, if approved, would produce an 8.70% overall rate of return on its rate base, including an 11.5% rate of return on common equity.

- E.** 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.*
- F.** A preliminary examination of the Company's filing indicates that the proposed increase in annual distribution revenues of \$42.0 million and the proposed return on common equity of 11.5% may be unjust, unreasonable, and 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.*
- G.** The Acting Consumer Advocate avers that the proposed tariff changes, revenue allocations, 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.
- H.** The Company's filing, including its proposal to increase the residential customer charge from \$10.85 to \$13.41, indicates that the proposed changes and increases in rates, proposed rate schedule modifications and proposed changes in rate policy, rules and regulations contained in the proposed Tariff may be unjust, unreasonable, and 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 Company's current rates may also be unjust, unreasonable, and in violation of the law and do or may produce an excessive return on investment in violation of the Public Utility Code, 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 all rate policy changes, are unjust, unreasonable, unduly discriminatory or otherwise unlawful.

5. RELIEF

The Acting Consumer Advocate respectfully requests that Your Honorable Commission take the following actions:

- A.** Suspend and investigate the operation of the proposed tariff supplement, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);
- B.** Consolidate all complaints filed against the proposed increase;
- C.** Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increase in rates;

- D. 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;
- E. Deny any charges or changes contained in the proposal which cannot be fully justified by the Company, or which otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy;
- F. Determine the justness and reasonableness of the Company's current and proposed rates; and
- G. Grant such other relief that the Commission may deem to be necessary and proper.

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	<u>5/3/16</u> Date
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6. LEGAL REPRESENTATION

Darryl A. Lawrence, Senior Assistant Consumer Advocate, PA Bar No. 93682
 David T. Evrard, Assistant Consumer Advocate, PA Bar No. 33870
 Candis Tunilo, Assistant Consumer Advocate, PA Bar No. 89891
 Lauren M. Burge, Assistant Consumer Advocate, PA Bar No. 311570

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

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. Section 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 and participate in proceedings before the PUC involving the proposed rate increase requested by the Pennsylvania Power Company (Penn Power or the Company).

On April 28, 2016, the Company filed Supplement No. 17 to Penn Power's Tariff Electric – Pa. P.U.C. No. 36, at Docket No. R-2016-2537355. The Company proposes to increase rates to produce additional annual distribution revenue of \$42.0 million, or an overall increase of 9.57%. The Company proposes that the rate increase become effective on June 27, 2016. A residential customer using 1,000 kWh per month would see their average total bill rise by \$18.45 per month, from \$130.06 to \$148.51, or by approximately 14.18% under the Company's proposal. As part of this increase, the Company is proposing to increase the residential customer charge from \$10.85 to \$13.41. The Company's proposed rate increase, if approved, would produce an 8.70% overall rate of return on its rate base, including an 11.5% return on common equity.

The objective of the Acting Consumer Advocate in filing a Formal Complaint in this matter is to protect the interests of the Company's customers. The Acting Consumer Advocate will seek to ensure that the Company is permitted to implement only a level of rates that is fully justified and in accordance with sound ratemaking principles. The Acting Consumer Advocate will represent the interests of the Company's consumers before the Commission and will 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-2016-2537355
Pennsylvania Power Company :

I hereby certify that I have this day served a true copy of the foregoing document, 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 §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 3rd day of May 2016.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

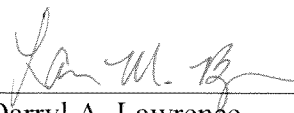
Johnnie Simms, Esquire
Bureau of Investigation and Enforcement
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

SERVICE BY E-MAIL & U.S. MAIL, POSTAGE PREPAID

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