

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265**

**Re: Petition of Pike County
Light and Power Company For
Expedited Approval of Its
Default Service Implementation
Plan**

**Public Meeting: February 5, 2009
C-0003
Docket No. P-2008-2044561**

MOTION OF CHAIRMAN CAWLEY

Before the Commission for consideration and disposition is the Petition of Pike County Light & Power Company (“the Company”) for expedited approval of its default service implementation plan, initially filed May 30, 2008, amended October 31, 2008, and further modified by its Joint Petition for Approval of Settlement Agreement (“the Joint Petition”) entered into on January 12, 2009.

We should grant approval without modification of the Joint Petition, which extends the fixed-priced Aggregation Program provided by Direct Energy for an additional term of 2 years, starting June 1, 2009, and further provides for a back-stop spot-based default service with quarterly-price adjustments for those customers who chose that option during this extension period. Customers can choose to leave the aggregation program and take not only the alternative default service but also may choose from a list of other Electric Generation Suppliers in this service territory, which currently includes ConEdison Solutions, Liberty Power, and MxEnergy Electric, Inc.

Given the unique circumstances of the Company, the Joint Petition represents the optimal interim solution for its customers, and is in the public interest. Customers can obtain competitive supply pursuant to the spot market, which represents the appropriate least cost portfolio for the few remaining customers currently taking default service. The small size of the load served by the Company, combined with the large percentages of customers served by EGSs through aggregation or competitive service, makes it exceedingly difficult to negotiate favorable long term generation supply contracts.* Temporary spot purchases, in this instance, are the optimal and prudent solution from a least cost over time perspective.

The Company has also proposed a mechanism to allow for the full and current cost recovery of prudent expenditures pursuant to a quarterly a Section 1307

* The Company submits that it would not be cost effective or prudent to enter into long term contracts due to the unique circumstances of its service territory. Statement of the Company in Support of Joint Petition at 3. Short term contracts may also not be prudent for the Company as long as the aggregation program is in effect, due to the small size of the default service load. OSBA Statement No. 1-Supp. at 7.

reconciliation adjustment mechanism, consistent with Act 129. These quarterly adjustments to the electric supply adjustment charges are capped at 2 cents/kWh, consistent with Act 129's goal of price stability. The Company will also develop service classification specific factors to reflect each service classification's load characteristics, capacity obligation, forecast sales and losses. This will ensure that costs for one class of customers are not subsidized by another class of customers.

The Joint Petition also has the benefit of offering price stability, as enumerated in Act 129, by extending the Aggregation Program, wherein customers can receive a 2-year fixed price service as an additional option. Additionally, the Joint Petition complies with the Commission's Regulations by allowing a customer to leave default service or aggregation service at any time without penalty. This flexibility allows customers to choose from a portfolio of competitively priced services that matches the customer's risk and price objectives.

Consistent with the Joint Petition, the sole remaining issue (whether or not Aggregation Customers "default" to default service or remain with Direct Energy at the end of the Aggregation Program term) should be assigned to an Administrative Law Judge, the issue briefed, and a recommended decision rendered subject to exceptions before it is decided by this Commission.

THEREFORE, I move that:

1. The Petition of Pike County Light & Power Company for expedited approval of its default service implementation plan, as modified by its amended plan of October 31, 2008, and further modified by the January 12, 2009 Joint Petition be approved.
2. The remaining issue regarding the aggregation customers be assigned to the Office of Administrative Law Judge for briefing and issuance of a recommended decision subject to exceptions, consistent with the Joint Petition.
3. The Office of Special Assistants draft an appropriate Order consistent with this motion.

February 5, 2009
Date

James H. Cawley, Chairman