**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

West Penn Power Company’s Consumer Education :

Charge Reconciliation Statement of Revenues and : M-2013-2351145

Expenses for the Year Ended March 31, 2013 :

**RECOMMENDED DECISION**

Before

Joel H. Cheskis

Administrative Law Judge

HISTORY OF THE PROCEEDINGS

 On March 1, 2013, West Penn Power Company (“West Penn”) filed with the Pennsylvania Public Utility Commission (Commission) its annual reconciliation statement of revenues and expenses for its Consumer Education Charge (CEC) for the year ended March 31, 2013. The filing was docketed by the Commission at Docket Number M-2013-2351145 and included various spreadsheets in support of the filing. Revised versions of the filing were submitted on April 9, 2013 and on April 15, 2013, changing the reconciliation period to the fifteen months ending March 31, 2013 and correcting a formula error.

 By Hearing Notice dated March 14, 2013, the Commission scheduled the filing for hearing for Friday, April 12, 2013 and assigned Administrative Law Judge Susan D. Colwell as the Presiding Officer. By Hearing Cancellation/Reschedule Notice dated April 24, 2013, the parties were informed that the hearing would be held on Friday, May 17, 2013 at 10:00 a.m. in Hearing Room 3 of the Commonwealth Keystone Building in Harrisburg and I was assigned as the Presiding Officer. West Penn submitted the pre-served prepared testimony of Carlixta De La Rosa as West Penn Statement Number 1 on May 6, 2013.

 The hearing was conducted on May 17, 2013, as scheduled. Richard Kanaskie, Esquire appeared on behalf of I&E. Lauren Lepkoski, Esquire appeared on behalf of West Penn. The hearing resulted in a transcript of 10 pages. The record closed on May 29, 2013, the date the transcript was filed with the Commission.

FINDINGS OF FACT

1. A public hearing was held on May 17, 2013, to review the Section 1307(e) reconciliation statement filed by West Penn Power Company on March 1, 2013, and revised April 9, 2013 and April 15, 2013, for the Consumer Education Charge reconciliation for the year ending March 31, 2013.
2. Carlixta De La Rosa is an Analyst in the Rates and Regulatory Affairs Department for the First Energy Service Company. Tr. 5; West Penn St. No. 1 at 1.
3. The purpose of the CEC is to enable West Penn to recover incremental costs incurred as part of West Penn’s Commission-approved consumer education plan on a timely and class-specific basis. West Penn St. No. 1 at 2.
4. West Penn Exhibit CDL-1 is West Penn’s “Consumer Education Charge 1307(e) Reconciliation Statement of Revenues and Expenses for the Ten Months CEC Reconciliation Period Ended March 31, 2013” which was submitted to the Commission on March 1, 2013. West Penn St. No. 1 at 2.
5. West Penn Exhibit CDL-2 is West Penn’s First Revised “Consumer Education Charge 1307(e) Reconciliation Statement of Revenues and Expenses for the Fifteen Months CEC Reconciliation Period Ended March 31, 2013,” which was submitted to the Commission on April 9, 2013. West Penn St. No. 1 at 3.
6. West Penn Exhibit CDL-2 changed the reconciliation statement in the original filing from ten months of revenues and expenses to fifteen months and included actual, instead of estimated numbers, through March, 2013. West Penn St. No. 1 at 4-5.
7. West Penn Exhibit CDL-3 is West Penn’s Second Revised “Consumer Education Charge 1307(e) Reconciliation Statement of Revenues and Expenses for the Fifteen Months CEC Reconciliation Period Ended March 31, 2013,” which was submitted to the Commission on April 15, 2013. West Penn St. No. 1 at 4-5.
8. West Penn Exhibit CDL-3 corrected a formula error for the non-residential customer class contained in West Penn Exhibit CDL-2. West Penn St. No. 1 at 5.
9. The cumulative over collection and interest for the Residential Customer Class for the period ending March 31, 2013 of $118,612 will be returned to the customers in the Residential Customer Class DSS Rate that will become effective June 1, 2013. West Penn St. No. 1 at 9.
10. The cumulative over collection and interest for the Non-Residential Customer Class for the period ending March 31, 2013 of $73,186 will be returned to the customers in the Non-Residential Customer Class DSS rate that will become effective on June 1, 2013. West Penn St. No. 1 at 9.
11. I&E Exhibit Number 1 is a summary of the Section 1307(e) reconciliation statements as reported by West Penn for the fifteen months ending March 31, 2013 that was compiled by Keith Mather of the Commission’s Bureau of Audits and includes a verification from Mr. Mather attesting to the information contained in I&E Exhibit Number 1. Tr. 7-8; I&E Exh. No. 1.
12. For the fifteen month period ending March 31, 2013, West Penn Power experienced an over collection for the Consumer Education Charge of $179,576. I&E Exh. No. 1.

DISCUSSION

 On March 1, 2013, West Penn filed with the Commission its annual reconciliation statement of revenues and expenses for its Consumer Education Charge (CEC) for the year ended March 31, 2013. The filing included various spreadsheets in support of the filing. Revised versions of the filing were submitted on April 9, 2013 and on April 15, 2013. The revised versions changed the reconciliation period to the fifteen months ending March 31, 2013 and corrected a formula error. A hearing was conducted on the filing on May 17, 2013.

 During the hearing, counsel for West Penn presented the testimony of Carlixta De La Rosa, an Analyst in the Rates and Regulatory Affairs Department for the First Energy Service Company. Ms. De La Rosa testified that the purpose of the CEC is to enable West Penn to recover incremental costs incurred as part of West Penn’s Commission-approved consumer education plan on a timely and class-specific basis, and sponsored West Penn Exhibits CDL 1 through 3. *See*, West Penn St. No. 1 at 2. These exhibits were admitted into the record without objection. Tr. 7.

 Similarly, counsel for I&E presented I&E Exhibit Number 1 during the hearing. I&E Exhibit Number 1 is a summary of the Section 1307(e) reconciliation statements as reported by West Penn compiled by Keith L. Mather from the Commission’s Bureau of Audits, as well as a verification from Mr. Mather attesting to the information contained in I&E Exhibit Number 1. Tr. 7-8; I&E Exh. No. 1. I&E Exhibit Number 1 was also admitted into the record without objection. Tr. 9. A copy of I&E Exhibit Number 1 is attached to this recommended decision. I&E also offered the following position statement:

It is the position of the Bureau of Investigation and Enforcement that the Commission’s acceptance of these statements at this hearing is subject to further review and revision as it becomes necessary pursuant to Section 1307(d) of the Public Utility Code or through some other formal proceeding.

Tr. 8-9. Counsel for I&E noted that the Commission’s acceptance of these statements should not constitute approval of either the accuracy of the reported figures or the reasonableness of the underlying transaction. Tr. 9.

No objections were made to either of the exhibits received into evidence at the hearing. No party raised additional issues. As such, the 2013 1307(e) reconciliation statement for West Penn Power Company, dated March 1, 2013, and revised April 9, 2013 and April 15, 2013, should be approved.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa. C.S. §1307(e).
2. The 1307(e) reconciliation statement filed by the West Penn Power Company, dated March 1, 2013, and revised April 9, 2013 and April 15, 2013, shall be deemed an adequate filing within the meaning of Section 1307(e) of the Public Utility Code, 66 Pa. C.S. §1307(e), subject to further review and revision as may be found necessary as a result of a subsequent Commission audit pursuant to Section 1307(d) of the Public Utility Code, 66 Pa. C.S. §1307(d), or some other proceeding.
3. Acceptance of the 1307(e) reconciliation statement filed by the West Penn Power Company, dated March 1, 2013, and revised April 9, 2013 and April 15, 2013, does not constitute final approval of the accuracy of those figures or of the reasonableness of the underlying transactions.

ORDER

THEREFORE,

 IT IS RECOMMENDED:

 1. That the 1307(e) reconciliation statement filed by the West Penn Power Company, dated March 1, 2013, and revised April 9, 2013 and April 15, 2013, as set forth in West Penn Statement Number 1 be, and hereby is, accepted insofar as it is undisputed.

 2. That acceptance of the 1307(e) reconciliation statement filed by the West Penn Power Company, dated March 1, 2013, and revised April 9, 2013 and April 15, 2013, is expressly subject to such further review and revision as may be found necessary as the result of a subsequent Commission audit pursuant to Section 1307(d) of the Public Utility Code, 66 Pa. C.S. §1307(d), or of some other proceeding.

 3. That acceptance of the 1307(e) reconciliation statement filed by the West Penn Power Company, dated March 1, 2013, and revised April 9, 2013 and April 15, 2013, shall not constitute approval of either the accuracy of the reported figures or the reasonableness of the underlying transactions.

Date: June 5, 2013 /s/

 Joel H. Cheskis

 Administrative Law Judge

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|  |  |  |  |  |  |  |  |  M-2013-2351145 |
|  |  |  |  |  |  |  |  |  | I&E Exhibit 1 |
|  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |
| **Summary of West Penn Power Company’s****Consumer Education Charge (CEC) Section 1307(e) Reconciliation****for the Fifteen Months Ended March 31, 2013** |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | CEC |  |  |  |  |  |  |  |  |
|  |  | Revenues |  |  Consumer |  | Over/ |  |  |  |  Total |
|  |  | Excluding |  |  Education |  | (Under) |  |  |  |  Over/(Under) |
| Rate Class |  | GRT |  | Costs |  | Collection |  |  Interest |  |  Collections |
|  |  | (1) |  | (2) |  | (3) = (1) – (2) |  |  (4) |  |  (5) = (3) + (4) |
|  |  |  |  |  |  |  |  |  |  |  |
| Residential |  | $1,549,820 |  | $1,434,624 |  |  $115,195 |  | $15,446 |  |  $130,641 |
|  |  |  |  |  |  |  |  |  |  |  |
| Commercial & Industrial |  |  273,046 |  |  228,674 |  |  44,373 |  |  4,561 |  |  48,934 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Total |  | $1,822,866 |  | $1,663,297 |  |  $159,569 |  |  $20,007 |  |  $179,576 |

Any arithmetic errors are due to rounding