


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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

 @pa_oca

 /pennoca

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

January 4, 2021

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

Re: Petition of Pike County Light and Power Company
for Approval of Default Service Plan (DSP) and
Waiver of Commission Regulations and Nunc Pro
Tunc Treatment for the Period June 1, 2021 through
May 31, 2024
Docket No. P-2020-3022988

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ David T. Evrard

David T. Evrard

Assistant Consumer Advocate

PA Attorney I.D. # 33870

E-Mail: DEvrard@paoca.org

Enclosures:

cc: The Honorable Eranda Vero (**email only**)
Certificate of Service

*301394

CERTIFICATE OF SERVICE

Re: Petition of Pike County Light and Power Company :
for Approval of Default Service Plan (DSP) and :
Waiver of Commission Regulations and *Nunc Pro* : Docket No. P-2020-3022988
Tunc Treatment for the Period June 1, 2021 through :
May 31, 2024 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, 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 4th day of January 2021.

SERVICE BY E-MAIL ONLY

Richard A. Kanaskie, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Sharon E. Webb, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923

Whitney E. Snyder, Esquire
Thomas J. Sniscak, Esquire
Hawke McKeon and Sniscak LLP
100 North 10th Street
Harrisburg, PA 17101

Michelle Mann, Esquire
Energy Services Provider Inc.
3700 Lakeside Drive
Floor 6
Miramar, FL 33027

Conedison Solutions Inc.
100 Summit Lake Drive
Suite 410
Valhalla, NY 10595-1373

Direct Energy Services, LLC.
1001 Liberty Avenue
Suite 1200
Pittsburgh, PA 15222

/s/ David T. Evrard

David T. Evrard
Assistant Consumer Advocate
PA Attorney I.D. # 33870
E-Mail: DEvrard@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
Dated: January 4, 2021
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Pike County Light & Power Company for Approval of Default Service Plan and Waiver of Commission Regulations And Nunc Pro Tunc Treatment	:	Docket No. P-2020-3022988
	:	
	:	
	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, and in response to the Prehearing Conference Order issued December 30, 2020, in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On November 23, 2020, Pike County Light & Power Company (Pike or Company) filed a Default Service Plan (DSP) with the Pennsylvania Public Utility Commission (Commission) designed to provide generation service to the Company's default service customers for the period beginning June 1, 2021, and ending May 31, 2024. Pursuant to Pennsylvania law, Pike must acquire generation resources for customers who do not receive service from an electric generation supplier or whose generation supplier fails to deliver supply. 66 Pa.C.S. § 2807(e).

This Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge (ALJ) Eranda Vero for investigation and the scheduling of hearings. The OCA filed an Answer to the Company's Petition and a Notice of Intervention and Public Statement on December 29, 2020. Also on December 29, 2020, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance, Notice of Intervention, Answer, and

Public Statement. The OCA submits this Prehearing Memorandum in anticipation of the scheduled January 5, 2021 prehearing conference.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of the Company's Petition, the OCA has compiled a list of issues that it anticipates including in its investigation of the DSP. The OCA may pursue other issues that may arise as discovery proceeds. The OCA has initially identified the following issues that may require further review:

- Supply Procurement: Although the details of the Company's financial hedging strategy have yet to be submitted, the OCA intends to examine those details to determine whether what is proposed is reasonable, in accord with the hedging strategies employed by other Pennsylvania EDCs, and suited to provide the price stability the Company seeks. The OCA further intends to review the supply contract with Orange and Rockland Utilities to better understand the structure of the contract and the rates Pike is paying for its wholesale supply, and to assess whether continuation of that contract is in the best interest of customers.
- A. Rate Design: Pike proposes to continue using the default service rate mechanism currently in place. The OCA submits that this mechanism should be reviewed to ensure that it provides a reasonable degree of stability for default service customers and that it collects only those costs reasonably attributed to default service. In particular, the mechanism must be examined to ascertain whether it is properly accounting for the costs and revenues associated with its hedging program.
- B. Alternative Energy Portfolio Standards Act (AEPSA) Compliance: Pike proposes to continue to meet its AEPSA requirements by utilizing a competitive solicitation process dictated by market conditions. The OCA submits that the AEPSA procurement process should be reviewed to ensure that it is meeting all compliance standards at reasonable prices.

III. WITNESSES

The OCA is finalizing the selection of its witnesses for this proceeding and will notify the ALJ and parties shortly. The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the OCA will notify ALJ Vero and all parties of record.

IV. DISCOVERY

Pike has requested expedited treatment of this proceeding. Accordingly, the OCA anticipates that Pike will seek modifications to the discovery deadlines in keeping with its request. The OCA will work with Pike and the other parties to reach mutually acceptable deadlines for discovery matters.

V. PROPOSED SCHEDULE

The OCA will work with the parties to arrive at a mutually agreed-upon schedule that accommodates the Company's request for an expedited proceeding.

VI. SERVICE ON OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocate Aron J. Beatty and Assistant Consumer Advocate David T. Evrard. Two copies of all documents should be served on the OCA as follows:

Aron J. Beatty
Senior Assistant Consumer Advocate
David T. Evrard
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152

E-mail: ABeatty@paoca.org
DEvrard@paoca.org

VII. SETTLEMENT

The OCA is willing to participate in settlement discussions.

VIII. PUBLIC INPUT HEARINGS

At present, the OCA has not received a request for a public input hearing. The OCA will make prompt notification and request a public input hearing should circumstances warrant.

Respectfully Submitted,

/s/ David T. Evrard

David T. Evrard

Assistant Consumer Advocate

PA Attorney I.D. # 33870

Aron J. Beatty

Senior Assistant Consumer Advocate

PA Attorney I.D. # 86625

E-mail: ABeatty@paoca.org

Counsel for:

Tanya J. McCloskey

Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: January 4, 2021
*301594