



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

November 19, 1999

M-00960890
F.0015

ERIC L BROUSE PRESIDENT
CITIZENS ELECTRIC CO OF
LEWISBURG
1775 INDUSTRIAL BLVD
LEWISBURG PA 17837

Joint Petition for Waiver of Compliance With
Electronic Data Exchange and Internet Protocol
Selection Deadlines of Citizens' Electric Company
and Wellsboro Electric Company

To Whom It May Concern:

This is to advise you that an Order has been adopted by the Commission in Public Meeting on November 18, 1999 in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

law
encls
cert. mail

SCOT F BOYCE MANAGER
ADMINISTRATION & FINANCE
WELLSBORO ELECTRIC COMPANY
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PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held November 18, 1999

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice Chairman
Nora Mead Brownell
Aaron Wilson, Jr.
Terrance J. Fitzpatrick

Joint Petition for Waiver of Compliance
With Electronic Data Exchange and
Internet Protocol Selection Deadlines
of Citizens' Electric Company and
Wellsboro Electric Company

Docket No. M-00960890, F.0015

ORDER

BY THE COMMISSION:

Pending before the Commission is a Joint Petition for Waiver of Compliance with Electronic Data Exchange and Internet Protocol Selection Deadlines (Petition) filed by Citizens' Electric Company (Citizens) and Wellsboro Electric Company (Wellsboro) on July 30, 1999. By this Petition, Citizens and Wellsboro (Joint Petitioners) request a waiver of 1) the deadlines specified in the Commission's June 11, 1999 Order at this docket regarding the selection of an Internet protocol for electronic data exchange by December 31, 1999 and implementation of Internet communication protocols by June 30, 2000, and 2) the

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deadlines for implementation of and internal testing of the 4010 EDI transactions set forth in the June 15, 1999 letter from the Office of Executive Director at the same docket. Specifically, Citizens and Wellsboro submit that it is reasonable for the Commission to waive or suspend compliance with the specified electronic data exchange-related deadlines until a substantial percentage (25%) of each Company's customers are exercising the option to obtain supply from an electric generation supplier (EGS).

In support of their request for a limited waiver or suspension of the compliance deadlines, the Joint Petitioners note that Citizens is an electric distribution company (EDC) providing service to approximately 6,330 retail customers in Lewisburg, Pennsylvania and the surrounding area, and that Wellsboro is providing electric distribution service to approximately 5,500 customers in the Borough of Wellsboro, Pennsylvania and the surrounding area. Neither Company owns any electric generation resources; Citizens receives its total electric energy requirements from PP&L, Inc., and Wellsboro purchases all of its power requirements from Cleveland Electric Illuminating Company. During their restructuring proceedings, neither Company requested recovery for any transition or stranded costs. Currently one of Citizens' customers is receiving generation supply from an EGS, while none of Wellsboro's customers has chosen an EGS to provide generation service.

With respect to the deadlines for selection and implementation of Internet protocols set forth in the Commission's June 11, 1999 Order, the Joint Petitioners note that the Order provides for any EDC who does not comply with these deadlines to pay all charges associated with use of a Value-Added Network (VAN) for electronic customer data exchanges with EGSs serving in its territory.

According to the Joint Petitioners, it would be unduly burdensome for them to adhere to these deadlines, given their limited resources. Specifically, the Joint Petitioners claim that it is unreasonable to require them to invest the time and expense to implement and test the Internet protocol until a reasonable threshold level of the Companies' customers are receiving service from a competitive EGS.

As to the letter dated June 15, 1999 from the Commission's Office of Executive Director regarding the migration to the 4010 version of EDI transactions, the Joint Petitioners again assert that it would be unduly burdensome for them to begin the development and internal testing of that standard at this time. In particular, the Joint Petitioners believe it would be unreasonable to require them to implement version 4010 at this time because an insufficient number of the Companies' customers are receiving competitive supply.

Explaining their concerns about the burdens of compliance with these deadlines, the Joint Petitioners indicate that they are both much smaller in terms of customers served than most of the other EDCs implementing electronic data

exchange with EGSs. Claiming that implementation at this time would require the devotion of significant financial resources, the Joint Petitioners further note that since neither of them received stranded cost recovery in their restructuring proceedings, it would be unduly burdensome for them to endure the expense to comply with these deadlines.

In discussing their small size, the Joint Petitioners explain that while together they serve less than 12,000 customers, PECO Energy serves approximately 1.5 million customers and PP&L, Inc. serves about 1.3 million customers. They claim that this difference in size is relevant to this request for waiver in two ways. First, because of the small number of total customers that they have, the Joint Petitioners can manually process requests for information from EGSs. Second, the Joint Petitioners assert that their small size impacts the potential recovery of any costs associated with implementing Internet protocols and EDI transactions. While they believe their software and labor costs would be substantially the same as those incurred by larger EDCs to comply with these deadlines, any cost recovery for these actions would constitute, on the whole, a larger portion of the rates received from their customers.

Additionally, the Joint Petitioners refer to their limited financial resources. Noting their relatively small operating budgets, particularly since they obtained no stranded cost or transition cost recovery in their restructuring proceedings, they

indicate that the implementation of EDI transactions and internet protocols would place a strain on those resources. While they have found resources in their operating budgets to implement other programs related to retail choice, including consumer education and new billing systems, they submit that the additional expenditures to adhere to the electronic data exchange deadlines would be unduly burdensome.

The Joint Petitioners also note that the electronic data exchange issues are highly technical and complex and that even the larger EDCs who have devoted specific personnel to implementing electronic data exchange continue to experience problems with their systems. Suggesting that these problems will likely be addressed during implementation, the Joint Petitioners believe they could benefit from those experiences if compliance with the deadlines is suspended.

In further support of their Petition, Citizens and Wellsboro indicate that between them, they currently have one customer receiving competitive supply from an EGS. Because their prices to compare are fixed and will not increase in 2000, the Companies do not expect a drastic increase in the number of customers actually receiving competitive supply in the near future. Therefore, the Joint Petitioners submit that it would be unreasonable for the Commission to require adherence to the electronic data exchange implementation deadlines when the

systems to be implemented will not be used by any significant portion of their customers in the near future.

The specific relief requested by the Joint Petitioners is a waiver or suspension of the obligation to comply with electronic data exchange protocols until a reasonable threshold level of their customers are accessing competitive supply. Specifically, each Company requests a suspension of the deadlines until 25% of the customers its individual territory are being served by an EGS. The Joint Petitioners indicate that when the 25% threshold level is reached, they would inform the Commission so that a reasonable compliance schedule could be established.

In requesting this relief, the Joint Petitioners assert that neither their customers, the EGSs nor the competitive market would be materially prejudiced by the granting of this request. Given the small number of customers in their service territories, the Companies can manually process the information that would be exchanged electronically. The Companies commit to cooperating with EGSs to ensure that transactions occur as quickly as possible, allowing the competitive market to develop in their service territories.

Based upon our review of the Petition, we are convinced that it would be unduly burdensome for Citizens and Wellsboro to comply with the existing electronic data exchange and internet protocol deadlines. We agree with the Joint

Petitioners' analysis demonstrating the burdens of compliance with these deadlines, given their small size and limited resources. Particularly since the Companies collectively have only one customer receiving competitive supply, with no expectation of a significant increase in the near future, and they can manually process all transactions necessary to implement electric choice in their service territories, we do not believe the implementation of electronic data exchange procedures or internet protocols should be required at this time.

The proposal of the Joint Petitioners, to inform the Commission when 25% of the customers in their individual territories are being served by an EGS so that a compliance schedule can be established, is a reasonable alternative. In view of the Joint Petitioners' commitment to cooperating with EGSs serving customers in their territories to process any necessary transactions as quickly as possible, we recognize that suspending the compliance deadlines will not hinder the development of a competitive market in the Citizens and Wellsboro service territories. Further, we are persuaded by the argument to await implementation of electronic data exchange standards and internet protocols until such time as a significant portion of the Companies' customers will use and benefit from those efforts. Also, the delayed implementation will provide the Companies with time and resources to implement the standards, after having many of the problems

associated with electronic data exchange resolved by larger entities;

THEREFORE, IT IS ORDERED:

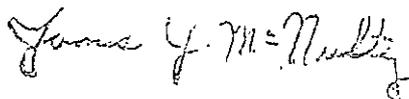
1. That the Joint Petition of Citizens' Electric Company and Wellsboro Electric Company for Waiver of Compliance with Electronic Data Exchange and Internet Protocol Selection Deadlines is hereby granted.

2. That Citizens' Electric Company and Wellsboro Electric Company are exempted from complying with the electronic data exchange and internet protocol selection deadlines described in this Order.

3. That Citizens' Electric Company and Wellsboro Electric Company are directed to inform the Commission when the number of customers who have chosen to receive generation supply from a electric generation supplier reaches the level of 25% of the total customers served in their individual service territory.

Such notification to the Commission must be provided via petition filed with the Secretary of the Commission at this docket within thirty days of reaching that level of customer participation in retail choice. The petition should include a proposed schedule of compliance for review and approval by the Commission.

BY THE COMMISSION,



James J. McNulty
Secretary

(SEAL)

Order Adopted: November 18, 1999

Order Entered: NOV 19 1999