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

2463

July 18, 2007

The Honorable Arthur Coccodrilli, Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, Pennsylvania 17101

Re: Regulation 57-237 (IRRC 2463)
Pennsylvania Public Utility Commission
Provisions of Default Service

Dear Commissioner:

The Pennsylvania Public Utility Commission (the "Commission") has received and reviewed the comments filed with the Independent Regulatory Review Commission (the "IRRC") by interested parties in the above-referenced proceeding. Most commentators support the final rule. In this correspondence, we will address the objections raised by Dominion Retail, Inc, the Office of Consumer Advocate, and the Department of Environmental Protection to the final form regulation delivered to the IRRC on May 24, 2007. The Commission requests that the IRRC approve Regulation 57-247 at its July 19, 2007 Public Meeting.

Stakeholder Participation

At the outset, the Commission emphasizes that this regulation was the product of an extraordinary stakeholder process. This rulemaking proceeding has taken approximately three years. There have been three separate public comment periods, and dozens of parties have filed comments that collectively run into the thousands of pages.[1]

The Commission created a Provider of Last Resort Roundtable ("POLR Roundtable") on March 4, 2004, to obtain public input prior to the issuance of proposed regulations. The Commission then hosted a series of six public meetings from April to

[1] For additional information, see http://www.puc.state.pa.us/electric/electric_last_resort.aspx. The Commission has dedicated a special page on its public internet domain to this proceeding. All public comments and rulemaking orders have been available at this site since the beginning of this proceeding.

June of 2004, presided over by the Commissioners, at which interested stakeholders offered testimony on this matter.

Based on this input, the Commission then developed a proposed regulation which it issued for comment at its Public Meeting of December 16, 2004. Given the great importance of this regulation, the Commission took the unusual step of allowing a for a "reply comment" period. Comments were filed by numerous parties, and then by the IRRC itself on July 27, 2005.

At about the time this rule was proposed, the Alternative Energy Portfolio Standards Act of 2004 (the "AEPS Act"), 73 P.S. 1648.1, *et seq.*, was signed into law. As it reviewed and implemented the AEPS Act, the Commission recognized that it would have implications for the provision of default service. Accordingly, the Commission reopened this regulation's public comment period in November of 2006 to allow parties to comment on the impact of the AEPS Act on default service. This second public comment period concluded on April 7, 2006. Many parties took the opportunity to file additional comments and reply comments. When this second public comment period concluded, the IRRC advised that it had no additional comments, and that the due date for delivery of the final form rule was extended to April 7, 2008.

Based on all public comments received, and the comments of the IRRC, the Commission concluded that the proposed rule required substantial revision. In order to provide for adequate notice and opportunity to be heard, the Commission issued an Advance Notice of Final Rulemaking at its Public Meeting of February 8, 2007. Again, interested parties had the opportunity to submit both comments and reply comments.

After reviewing this third round of comments, the Commission unanimously approved a final form rule at its Public Meeting of May 10, 2007. The rule was subsequently delivered to the General Assembly and the IRRC on May 24, 2007. In the final rule, the Commission adopted nearly all of the recommendations made by the IRRC for revisions or clarification.

In a companion proceeding, also on May 10, the Commission issued a policy statement on default service at Docket M-00072009, *Default Service and Retail Electric Markets*. In this policy statement, the Commission provides electric distribution companies ("EDCs") guidelines on how they should manage their default service obligation, and also addresses a number of retail electric market development issues.

This record reflects a commendable attention to public input and stakeholder consensus by the Commission. Ideally, such a process would produce agreement on all issues. Realistically, there are too many issues and divergent interests for there ever to be agreement on all the issues addressed in this rulemaking. There is no rule that the Commission can draft on default service that will obtain the approval of all interested parties on all issues.

Comments in Opposition

In this section of this correspondence, the Commission will address the comments of Dominion Retail, Inc., the Pennsylvania Office of Consumer Advocate, and the Pennsylvania Department of Environmental Protection.[2]

1. Dominion Retail, Inc.

Dominion Retail, Inc. ("Dominion") is a Pennsylvania licensed electric generation supplier ("EGS") active in Pennsylvania. Dominion has objected to the rule for primarily one reason, namely that it permits the default service provider ("DSP") to reconcile its default service costs and revenues. Dominion asserts that a reconciliation mechanism is unlawful, that it will harm customers, retail competition, and discourage energy conservation.

The Commission appreciates the concern raised by Dominion, the IRRC and others about the use of reconciliation, and it will be closely monitoring how DSPs use this mechanism. It must be emphasized that the final rule *permits* reconciliation, but does not *mandate* it. See Section 54.187(f) of the final form rule.[3] Should DSPs abuse this tool, or if it does have the deleterious effects on the market that Dominion claims, the Commission will be free to prohibit its use under this final form rule.

The IRRC should be aware that the lawfulness of a reconciliation mechanism is currently pending before the Commonwealth Court of Pennsylvania in *Pennsylvania Power Company v. Pa. Public Utility Commission*, Docket No. 1004 C.D. 2006. This case was argued before the Commonwealth Court, *en banc*, on April 11, 2007. Dominion itself has acknowledged this appeal in its comments. The Commission can reasonably expect a decision in this case by the end of the year.

In the underlying proceeding, the Commission rejected Pennsylvania Power Company's proposal to reconcile its default service costs for the period from January 1, 2007, through May 31, 2008.[4] *Petition of Pennsylvania Power Company for Approval of Interim POLR Supply Plan*, Docket No. P-00052188 (Order entered April 28, 2006).

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[2] There is some difference of opinion between the Commission and the parties in opposition regarding the proper interpretation of various provisions of the Public Utility Code. The Pennsylvania Supreme Court, in addressing the standard of review applicable to Commission action, had held that Commission's interpretation of the Public Utility Code is entitled to great deference and should not be rejected unless clearly erroneous. *Popowsky v. Pa. Public Utility Commission*, 706 A.2d 1197 (Pa. 1997).

[3] "A DSP may use an automatic adjustment clause to recover non-alternative energy default service costs."

[4] In the absence of final, approved default service regulations, EDCs like Duquesne Light Company and Pennsylvania Power Company have been providing default service on terms and conditions subject to Commission review and approval on a case by case basis.

This finding was appealed to the Commonwealth Court. On appeal, the Pennsylvania Power Company argued that the Commission committed legal error by not allowing it to reconcile its costs and revenues, and that reconciliation was a lawful cost-recovery mechanism in the context of default service.

Dominion intervened in this case before the Commission and the Commonwealth Court. In its brief to the Commonwealth Court, Dominion stated:

> A reading the plain language of the provision at issue, Section 2807(e)(3) of the Competition Act, reveals that the Legislature did not authorize dollar for dollar recovery, or reconciliation of costs associated with default service ... Accordingly, to the extent that there is no express language authorizing reconciliation of default service costs, reconciliation is not permitted.

Reply of Dominion Retail, Inc. to the Supplemental Brief of Pennsylvania Power Company, March 28, 2007, pg. 8.

The Commonwealth Court will likely address the issue of reconciliation in the decision. If reconciliation is the IRRC's only real concern, it would be more administratively efficient to let the rule take effect, subject to later revision by the Commission if the Commonwealth Court agrees with Dominion. The Commission respectfully suggests that the IRRC defer to the Commonwealth Court and not reject the regulation on these grounds.

Finally, we will address a brief comment made by Dominion that rejection of this rule is mandated by House Bill 1530, which was signed into law on July 17, 2007.[5] House Bill 1530 adds a new subsection to the Public Utility Code, Section 2807(e)(5). This provision will allow DSPs, in their sole discretion, to offer special, negotiated rates to large customers with peak demands in excess of 15 megawatts. In addition, the DSP may build or acquire an interest in generation to serve customers with demand in excess of 20 megawatts. These provisions are primarily intended to foster economic development by assisting the largest of industrial customers.

The Commission's position is that these provisions do not implicate default service. The purpose of default service is to ensure the provision of electricity to those customers unable to obtain service from an alternative provider, unwilling to take service with an alternative provider, or whose alternative provider terminates their service. 66 Pa.C.S. § 2807(e)(2). This is what is meant by being a "provider of last resort," as this term is used in this context. See also 66 Pa.C.S. § 2802(16).

Large industrial customers may receive service from an EGS at market prices unregulated by the Commission. Alternatively, they may receive generation service from the DSP at rates subject to Commission regulation. House Bill 1530 provides a third way

[5] This argument is also raised by the Pennsylvania Department of Environmental Protection.

for these customers to receive generation service, through a special rate that may be offered solely at the discretion of the DSP.

The Commission cannot compel the availability of these rates, and will not set the price paid by the customer for these contracts. The cost-recovery and rate standard in Section 2807(e)(5) differs from the legal standard contained in Section 2807(e)(3). These are two very different forms of generation service. While the Commission may need to adopt a rule to address House Bill 1530, its provisions are clearly beyond the scope of this default service regulation presently being considered.

The Commission will address the application of Section 2807(e)(5) on a case by cases basis in the interim, while it considers the need for a separate rule. The Commission asserts that it would not be in the public interest to delay the final form rule to address a provision that is available to so few customers, and may in fact never be used. As stated in their comments to the IRRC, the stakeholders are seeking regulatory certainty now. The DSPs, the very parties who could utilize this provision of House Bill 1530, are not seeking a delay.

2. The Office of Consumer Advocate

The Office of Consumer Advocate (the "OCA") arguments reflect two themes. First, the OCA argues that default service will be addressed at a Special Session of the General Assembly in September, and that legislation may be adopted that would conflict with these rules.[6] Second, they argue that the final form rule is contrary to legislative intent as expressed in the Electricity Generation Customer Choice and Competition Act (the "Competition Act"). 66 Pa.C.S. 2801-2812.

The Commission will first address the argument that the IRRC should reject the rule because the Pennsylvania General Assembly may pass conflicting legislation at some point in the future. This is not a valid criterion on which the IRRC may base its review of a final form regulation. The Regulatory Review Act, 71 P.S. § 745.1, *et seq.*, specifically identifies the criteria to be used by the IRRC. First, the IRRC is to determine whether an agency has the statutory authority to promulgate the rule, and that the rule reflects legislative intent. 71 P.S. § 745.5b(a). If that test is satisfied, the IRRC is to consider a number of other criteria, including economic and fiscal impacts, the public's health, safety and welfare, etc. 71 P.S. § 745.5b(b). The potential of conflict with future law is not among these criteria.

No party claims, or could plausibly claim that the Commission lacks the authority to promulgate this rule. Nor can future, hypothetical legislation serve as an example of contrary legislative intent. This would be a rather absurd standard for the IRRC to apply,

[6] This argument is also raised by the Pennsylvania Department of Environmental Protection.

as in theory any final form rule could be superseded by subsequent law. Accordingly, the IRRC must base its decision on how existing law reflects legislative intent.

At the outset, the Commission notes that there is no guarantee that the General Assembly will pass default service legislation in September. According to the publicly available letter of commitment from Senator Dominic Pileggi, Majority Leader, to Governor Edward Rendell, the Special Session will address "...final action on two issues." (See Attachment A). One, the General Assembly will address methods to increase investment in renewable energy and energy conservation. The primary focus will be to obtain funding of about $60 million per year for the renewable energy and conservation projects. Two, the General Assembly will address the creation of a renewable fuels standard for transportation fuels sold in Pennsylvania.[7] Neither issue implicates the Commission's obligation to promulgate default service regulations.

In fact, every indication is that the General Assembly will not address default service at the Special Session. The Commission's final form rule was delivered to the General Assembly on May 24, 2007. The standing committees elected not to hold a hearing on this rule, and no member has filed comments with the IRRC in opposition to it. The General Assembly had ample opportunity in recent weeks to pass legislation that would have required material changes to the final rule, but it did not.

However, should the General Assembly pass legislation later this year that would conflict with the rule, the Commission would move expeditiously to revise its regulations. Such law would of course supersede the Commission's regulations, and the Commission would faithfully implement and enforce any new statutory provisions while it modified this rule.

The OCA makes a number of arguments that the rule does not reflect legislative intent. One, they assert that the rule, with its encouragement of spot market and short-term contracts, is contrary to law by not providing the lowest, reasonable, stable rates for customers. They cite to Sections 2802(6), 2802(7) and 2802(9) and 2802(10) of the Competition Act in support of this argument. Two, they argue that the rule unduly restricts the use of long-term contracts necessary for the construction of new generation. 66 Pa.C.S. §§ 2802(12) and 2802 (20).

The Commission simply disagrees with the OCA that long-term contracts will lead to lower, reasonable prices. In the final rulemaking order, the Commission concluded that judicial use of spot market and short-term contracts are likely to lead to lower rates. The longer the term of a generation supply contract, the more of a risk premium it contains. This risk premium will be reflected in rates, and may cause them to be higher. The Commission cited to several studies in its final form rule that documented that spot market prices were usually lower than the prices available to retail customers through fixed, long-term rates offered by Pennsylvania EDCs such as Duquesne Light Company, PECO Energy Company, and PPL Electric Utilities, Inc.[8]

[7] See House Bill 1202.
[8] See Final Rulemaking Order, pg. 25.

We also wish to remove any misperception that the Commission is prohibiting the use of long-term contracts for default service procurement. The rule does no such thing. It simply states that supply should be procured through competitive procurements or the spot market. The Commission expressly states that bilateral contracts are appropriate in some circumstances, and that a party may seek any waivers it believes it needs to meet its supply obligations.[9] While the Commission has policy preference for short-term or spot market contracts, it does not prohibit the use of long-term contracts.

In its argument for "stable" and unchanging rates, the OCA relies on an incorrect legal standard. The rules of statutory construction generally provide that the specific provision controls the general. 1 Pa.C.S. § 1933. The General Assembly included a specific legal standard for the acquisition of energy for default service. The General Assembly expressly provided that a DSP "... shall acquire energy at prevailing market prices." 66 Pa.C.S. § 2807(e)(3). The general policy provisions cited to by the OCA do not control, and are taken out of context. In fact, none of the statutory provisions they cite to mention that rates must be "stable" or unchanging.

To the contrary, the IRRC, in its July 27, 2005 comments to the proposed rule, interpreted the Competition Act to require that rates adjust with changes in the prevailing market price:

- "However, the PUC should be cautious about approving plans that will remain in effect for multiple twelve month periods because they may not reflect the prevailing market price." IRRC comments, pg. 5.
- "Where DSPs want to enter into long term contracts with energy suppliers, we recommend that only a limited portion of the energy be purchased for a term of service greater than 12 months, and that the term of service be no longer than 36 months." IRRC comments, pg. 5.
- "In order to promote competition, the PUC should require that fixed rate options include a seasonal or monthly variation to reflect the prevailing market price." IRRC comments, pg. 7.
- "Again, in order to promote flexibility and a greater role for market pricing, the PUC should also require that the fixed rate option include seasonal or monthly variations." IRRC comments, pg. 8.

The Commission's final rule fully complies with the IRRC's comments. The rules require that rates be adjusted at least every quarter to reflect the change in market prices. The Commission encourages the use of spot market products and short-term contracts so that the portfolio of supply reflects the prevailing market price. The OCA's position is contrary to the IRRC's own view of legislative intent.[10]

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[9] See Final Rulemaking Order, pg. 21.

[10] Were the IRRC to accept the OCA's argument and reject the rule, it would essentially be contradicting its own prior approval of similarly structured natural gas regulations. Purchased gas rates are adjusted by most natural gas distribution companies on a quarterly basis to reflect changes in market costs. 52 Pa. Code § 53.64(i)(5). Rates must be recalculated every quarter to reflect the actual costs of providing service. The IRRC approved Commission

The OCA raises a new argument that was not addressed by the IRRC in its July 2005 comments. Specifically, it argues that long-term contracts are necessary for the construction of new generation to ensure reliability. The OCA's relied upon authority, Section 2802(12) and (20) is misplaced. Neither provision requires the Commission to issue regulations to ensure that new power plants are built for reliability purposes.

First, regarding Section 2802(12), the General Assembly stated:

> The purpose of this chapter is to modify existing legislation and regulations and to establish standards and procedures in order to create direct access by retail customers to the competitive market for the generation of electricity while maintaining the safety and reliability of the electric system for all parties. Reliable electric service is of the utmost importance to the health, safety and welfare of the citizens of the Commonwealth. Electric industry restructuring should ensure the reliability of the interconnected electric system by maintaining the efficiency of the transmission and distribution system.

66 Pa.C.S. 2802(12) (emphasis added). The OCA mischaracterizes this section as stating that reliability means generation adequacy. Rather, the General Assembly was expressing its policy preference that the reliability of the "transmission and distribution" system not be jeopardized by retail competition for generation service. The reference to "generation" in this provision is in the context of the retail market, not the wholesale market.

The transmission and distribution of electricity by EDCs is fully regulated by the Commission as a "natural monopoly." 66 Pa.C.S. § 2802(15). EDCs distribution costs through default service rates, and transmission rates are regulated by the FERC. In fact, the rule and policy statement prohibit the recovery of distribution costs in generation rates.

The OCA reliance on 2802(20) also is misplaced. This section provides:

> Since continuing and ensuring the reliability of electric service depends on adequate generation and on conscientious inspection and maintenance of transmission and distribution systems, the independent system operator or its functional equivalent should set, and the commission shall set through regulations, inspection, maintenance, repair and replacement standards and enforce those standards.

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regulations for the quarterly adjustment of gas rates as recently as 1995. *See* 25 Pennsylvania Bulletin 900, March 11, 1995.

66 Pa.C.S. § 2802(20) (emphasis added). The General Assembly is directing the Commission to set through regulations, "inspection, maintenance, repair and replacement" standards for the transmission and distribution system, not rules to require new generation to be built.

In fact, there is an entirely separate rulemaking pending at the IRRC to address Section 2802(20). *Proposed Rulemaking for Revision of 52 Pa. Code Chapter 57 pertaining to adding Inspection and Maintenance Standards for the Electric Distribution Companies*, Docket No, L-00040167 (Proposed Rulemaking Order entered April 21, 2006); Proposed Regulation #57-248 (IRRC #2571). The Commission has interpreted this provision as the basis for developing revised rules for the reliability of transmission and distribution service, particularly in regards to vegetation management practices.

Interestingly, the OCA filed comments to this proposed rule on November 6, 2006, and interpreted Section 2802(20) as addressing the reliability of transmission and distribution systems.[11] The IRRC filed comments with the Commission on May 16, 2007. The IRRC did not interpret Section 2802(20) as requiring the Commission to address the sufficiency of generation capacity in that rulemaking.

Generation adequacy is being directly addressed at the wholesale level through initiatives such as PJM Interconnection, LLC's ("PJM") Reliability Pricing Model. PJM is in fact a type of "independent system operator" referenced in Section 2802(20). PJM is a Federal Energy Regulatory Commission approved Regional Transmission Organization, and manages the largest energy market in North America.[12] It is also a type of "interstate power pool" referenced in Section 2805 of the Competition Act. The Commission is working with PJM on a regular basis to ensure that its market rules provide adequate incentives for the construction of new generation capacity. The default service rules are intended to address retail market issues. The Commission does not have jurisdiction over wholesale energy issues.

3. Pennsylvania Department of Environmental Protection

The Pennsylvania Department of Environmental Protection ("DEP") makes a number of arguments for rejecting this rule. Arguments that the rule should be rejected because of the Special Session to be held later this year and House Bill 1530, have already been addressed. DEP also argues that the rule does not provide for price stability, unnecessarily restricts the use of long-term contracts, and is too ambiguous.

Regarding price stability, DEP makes essentially the same point as the OCA. The Commission reiterates that the Competition Act does not require "stable" and

[11] "The OCA, as a commenter in the Advanced Notice of Proposed Rulemaking, had strongly encouraged the Commission to enact inspection, maintenance and repair standards to meet the requirements of Section 2802(20) of the Public Utility Code." OCA comments, pg. 1. http://www.puc.state.pa.us/PcDocs/640033.pdf.
[12] www.pjm.com

unchanging prices. The Commission modified its proposed rule at the IRRC's recommendation to ensure that rates are adjusted regularly to reflect the prevailing market price.

Moreover, the Commission believes that its rule will not lead to unusual volatility. The Commission is encouraging DSPs to utilize a portfolio of energy contracts, which may be laddered, with varying term lengths. It is likely that only a portion of the supply portfolio will reflect spot market prices. Therefore, we believe that individual customer usage will likely be a larger driver of month to month billing variations than the composition of the supply portfolio.

It is important to realize that monthly electric utility bills currently vary significantly from month to month, and will always do so. This is simply because retail consumers often use significantly different quantities of energy at different times of year. Many customers have significantly higher bills at the peak of summer and winter because of extreme heat and cold. They respond to this weather by heating or cooling their homes with appliances that use electricity. Heating and cooling is responsible for the largest portion of a typical customer's bill.

Customers can manage volatility in rates with tools available under Commission regulations. Specifically, residential customers may elect to choose what is often referred to as a "budget billing" option. Under budget billing, a retail electric or gas customer may elect to spread out their monthly bills more evenly across a calendar year. This is done based on analysis of past use. This option is available for natural gas customers whose rates change on a quarterly basis. This regulation provides:

> (7) *Equal monthly billing.* A gas, electric and steam heating utility shall provide its residential ratepayers with an optional billing procedure which averages estimated utility service costs over a 10-month, 11-month or 12-month period to eliminate, to the extent possible, seasonal fluctuations in utility bills. The utility shall review accounts at least three times during the optional billing period.

52 Pa. Code § 56.12(7). The Commission's final form rule does not invalidate this provision, which is intended to help all residential customers. Those residential customers who elect to do so can take advantage of this provision. We believe this rule adequately addresses the argument of DEP and the OCA that customers, particularly low-income customers will be harmed by fluctuations in default service rates.

The Commission's is surprised by DEP's argument that the rule should be rejected for failing to ensure the availability of long-term contracts for alternative energy power plants. Again, the Commission reiterates that its rule does not prohibit DSP's from entering into long-term wholesale energy contracts with alternative energy providers. The Commission addresses this issue again in the default service policy statement:

§ 69.1806. Alternative energy portfolio standard compliance.

In procuring electric generation supply for default service customers, the DSP shall comply with the Alternative Energy Portfolio Standards Act (73 P.S. §§ 1648.1 – 1648.8). The Commission's default service regulations neither prohibit nor mandate the use of long-term contracts to satisfy the alternative energy portfolio standards obligation. In satisfying this obligation, a DSP's procurement strategy should reflect the incurrence of reasonable costs.

52 Pa. Code § 69.1806 (*Pennsylvania Bulletin* publication pending).

Finally, the DEP claims that the rule is too ambiguous, and ". . . denies clear guidance to electric distribution companies." The Commission would assert that this argument has been effectively rebutted by the comments filed by the Energy Association and its member companies in the last few days. The EDCs believe the Commission has crafted a reasonable, balanced rule that reflects legislative intent, and have asked that the IRRC approve it at this time. They do not believe that they lack clear guidance.

The Commission freely admits that it is not going to micromanage the procurement of energy by DSPs, or select a one size fits all approach for all EDCs. The Commission recognizes that there is no single approach that fits perfectly for all service territories. The size and load profile of Pennsylvania EDCs varies tremendously, with some as small as 5,000 customers, to those in excess of a million. The General Assembly has clearly stated that "competitive market forces are more effective than economic regulation in controlling the cost of generating electricity." 66 Pa.C.S. § 2802(5). The Commission's rule reflects this, by crafting a regulatory approach that provides necessary flexibility but which ensures the preeminent role of market forces in setting retail rates.[13]

Most Key Stakeholders Support the Final Form Rule

Finally, while some parties have expressed opposition, the Commission emphasizes that most key stakeholders have expressed support for this rule. The IRRC has received written comments from the Energy Association of Pennsylvania, the Retail Energy Supply Association, PECO Energy Company, and the FirstEnergy Companies[14] in support of the final form rule. It is very telling that the trade associations that represent

[13] The Commission also takes exception to DEP's assertion that the Commission is improperly characterizing the DSP as the "provider of last resort." The General Assembly uses this very phrase: "Electric distribution companies should continue to be the provider of last resort in order to ensure the availability of universal electric service in this Commonwealth unless another provider of last resort is approved by the commission." 66 Pa.C.S. § 2802(15). (emphasis added).

[14] FirstEnergy includes the following EDCs: The Metropolitan Edison Company, the Pennsylvania Electric Company, and Pennsylvania Power Company.

both EDCs and EGSs, which often have conflicting interests, both agree that this rule is reasonable and reflects legislative intent. The Pennsylvania Office of Small Business Advocate, while not filing comments, offered favorable statements to the news media after the final rule was issued in May.[15]

Thank you for your continued attention to this matter.

Very truly yours,

Bohdan R. Pankiw
Chief Counsel

cc: Chairman Wendell F. Holland
Vice Chairman James H. Cawley
Commissioner Terrance J. Fitzpatrick
Commissioner Tyrone J. Christy
Commissioner Kim Pizzingrilli
Director of Operations Karen Moury

[15] "William Lloyd, the state small business advocate, said the proposed regulations are 'workable.'" David DeKok, *Electric Utility Rules Raise Questions*, Harrisburg Patriot News, May 17, 2007. http://www.pennlive.com/patriotnews/stories/index.ssf?/base/business/1179365124119150.xml&coll=1