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From: Posten, Karen A [kaposten@pplweb.com]
Sent: Monday, April 21, 2008 8:33 AM
To: Burket, Patricia; Smith, Michael; Page, Cyndi
Subject: Comments of PPL Electric Utilities - Docket No. L-00070186

2008 APR 23 PM 3:07

INDEPENDENT REGULATORY
REVIEW COMMISSION

Attached please find the Word version of PPL Electric Utilities' Comments in the above-captioned proceeding.

<<McNulty L-00070186cvrtr.doc>> <<uspRulemaking08.doc>>

Be Blessed and
Make every effort to
"Make it a Great Day!"
Karen
(610) 774-6908

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Paul E. Russell
Associate General Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com

VIA FEDERAL EXPRESS

April 18, 2008

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

**Re: Proposed Rulemaking Relating to Universal
Service and Energy Conservation Reporting
Requirements, 52 Pa. Code §§ 54.71-54.78
(electric); §§ 62.1-62.8 (natural gas) and
Customer Assistance Programs, §§ 76.1-76.6
Docket No. L-00070186**

Dear Mr. McNulty:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") are an original and fifteen (15) copies of PPL Electric's comments in the above-captioned proceeding. In addition, enclosed for filing is a diskette that provides PPL Electric's comments in an electronic format. Pursuant to the Commission's September 7, 2007 Proposed Rulemaking Order, PPL Electric also has forwarded copies of these comments by electronic mail to Patricia Krise Burket, Michael Smith and Cynthia Page.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on April 18, 2008, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions, please call me or Timothy R. Dahl, PPL Electric's Manager-Regulatory Programs & Business Services, at (484) 634-3297.

Very truly yours,

Paul E. Russell

Enclosures

cc: Patricia Krise Burket, Esquire
Mr. Michael Smith
Ms. Cynthia L. Page

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Re: Proposed Rulemaking Relating :
To Universal Service and Energy :
Conservation Reporting Requirements, : Docket No. L-00070186
52 Pa. Code §§ 54.71-54.78 (electric); :
§§ 62.1-62.8 (natural gas) and Customer :
Assistance Programs, §§ 76.1-76.6 :

PROPOSED RULEMAKING ORDER

**Comments of
PPL Electric Utilities Corporation**

I. Introduction

On December 15, 2005, the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) opened an investigation at Docket No. M-00051923 for the purpose of developing general standards for funding universal service programs, including Customer Assistance Programs (“CAPs”). The Commission requested comments from interested parties regarding cost recovery mechanisms and CAP design elements, such as consumption limits, maximum CAP benefits and arrearage forgiveness.

The Commission entered an order on December 18, 2006 directing that a rulemaking be instituted to revise its regulations at 52 Pa. Code § 54.74 and § 62.4. The rulemaking would establish a uniform process for determining the level of funding for universal service and energy conservation programs offered by electric distribution companies and natural gas distribution companies. This determination would take

place during the Commission's triennial review of utilities' low-income programs. In addition, the Commission also proposed to promulgate new regulations at 52 Pa. §§ 76.1-76.6 (relating to customer assistance programs). On September 4, 2007, the Commission entered an order initiating this rulemaking.

The instant proposed rulemaking order addresses a variety of topics, including the following:

- Establishment of a triennial review process regarding CAP design, funding and cost recovery;
- Prior Commission approval relating to implementation of a CAP plan or revisions to a CAP plan;
- Default provisions for failure to comply with CAP rules;
- Coordination of energy assistance benefits;
- Reporting requirements;
- Application of LIHEAP cash payments; and
- Timely collection efforts.

Comments to the proposed regulations were due within 60 days of publication in the *Pennsylvania Bulletin* (i.e., on April 9, 2008). On April 7, 2008, the Commission extended the deadline for comments to April 18, 2008.

PPL Electric Utilities Corporation ("PPL Electric" or the "Company") appreciates this opportunity to provide the Commission with comments regarding the above-captioned proposed rulemaking order. The Company supports the Commission's efforts to revise its regulations at 52 Pa. Code § 54.74 and § 62.4 and to promulgate new regulations at 52 Pa. §§ 76.1-76.6. PPL Electric recommends that the

Commission move cautiously and prudently in revising its regulations because utilities' universal programs have a significant cost impact on residential customers. For example, the Commission's *2006 Report on Universal Service Programs & Collection Performance* found that the combined expenditures for CAP and the Low Income Usage Reduction Programs ("LIURP) were approximately \$318 million for electric and natural gas distribution companies. Expenditures in 2007 are likely to exceed program expenditures in 2006.

PPL Electric's comments and recommendations regarding Annex A and the proposed Chapter 76 (Customer Assistance Programs), attached to the September 4, 2007 order, are as follows.

II. Specific Comments -- Annex A

§ 54.71. Statement of purpose and policy.

PPL Electric has no comments regarding this section.

§ 54.72. Definitions.

Regarding definitions, PPL Electric recommends that, where practical, the Commission use definitions from the CAP Policy Statement in its Universal Service and Energy Conservation Reporting Requirements. Using the same definitions will promote both clarity and consistency.

PPL Electric recommends that the definition of "CAP – Customer Assistance Program" be modified to recognize that CAPs are not available to all low-income customers. In the Company's experience, two additional criteria should be added. To be enrolled in CAP, the low-income customer must be payment-troubled, as

defined in these proposed regulations, and must meet other applicable eligibility requirements (e.g., have a source of income to pay electric bills).

For the CARES definition, the Company suggests changing the language from “CARES benefits” to “CARES participation,” because the definition relates to the number of referrals and the number of customers accepted into CARES. Using the word “participation” would be more accurate.

The Company suggests adding “hardship funds” to the definition of “Confirmed low income residential account.” The community-based organizations (“CBOs”) that administer PPL Electric’s hardship fund (known as “Operation HELP”) verify applicants’ household income before approving benefits. The proposed revised definition would read as follows.

“Accounts where the EDC has obtained information that would reasonably place the customer in a low-income designation. This information may include receipt of LIHEAP (Low Income Home Energy Assistance Program) or hardship funds, self-certification by the customer, income source or information obtained in § 56.97(b) (relating to procedures upon ratepayer or occupant prior to termination).”

The section on definitions includes CAP, LIHEAP, CARES and LIURP. To round out the quintet of universal service programs, PPL Electric recommends that the Commission add a definition for “Hardship fund” to § 54.72. The proposed definition would read as follows.

“Hardship fund – a program funded by voluntary donations from utility shareholders, customers and others to pay the energy bills of qualified, low-income households.”

Adding hardship fund also is consistent with § 54.74(b)(1), which states, “A universal service and energy conservation plan that may include a CAP, LIURP, CARES, Hardship Funds or other programs, policies and protections consistent with Commission orders, regulations and other applicable law.”

The Company recommends adding the words “web site” to the definition of “Outreach referral contacts.” Most distribution utilities are actively promoting their web sites as sources of information for programs, services, announcements, outage information, etc. The revised definition would read as follows.

“An address, web site and telephone number that a customer would write, e-mail or call to obtain information about applying for the hardship fund. Contact information should be specific to each county in the EDC’s service territory, if applicable.”

§ 54.73. Universal service and energy conservation program goals.

Consistent with its comments to the definition of CAP above, PPL Electric recommends that this section of the proposed regulations be expanded to recognize that universal service and energy conservation programs should be directed to low-income customers who are payment-troubled and who meet other applicable qualifying criteria.

§ 54.74. Review of universal service and energy conservation plans, funding and cost recovery.

- § 54.74(a) Plan submission

This provision requires covered distribution companies to file a Universal Service and Energy Conservation Plan every three (3) years with the Commission. The Company would like to address a concern about the length of time required to approve

the three-year plan through the new triennial updated tariff filing process. PPL Electric understands that the current process can take up to 24 months for the Commission to conduct hearings and issue a decision. This amount of time seems excessive, because the Commission can complete its review of a complicated base rate filing and issue a decision within nine (9) months.

If this process requires up to 24 months to complete, then the Company suggests that the new three-year plan become effective on the date when the Commission enters its final order. Otherwise, the plan would be effective only for one year, at which time the distribution company would be required to file another three-year plan. The current timeline is also problematic regarding § 69.265(14)(ii)(A), which requires a distribution company to have a one-time process evaluation completed by an independent third-party following the expansion of a CAP or a substantial revision of an existing CAP. This provision requires the third-party to complete the process evaluation during the middle of the second year. An extended approval process for a universal service and energy conservation plan makes it impractical to comply with this regulatory requirement.

The Commission has proposed to delete § 54.74(a)(6), which required the PUC to act on the EDC's plan within 90 days. PPL Electric recommends that the Commission retain this provision, but change the wording as follows.

"The Commission will act on the plan within 180 days of the EDC filing date of its revised tariff."

This proposed addition would establish a reasonable time period for the Commission, the distribution company and other interested parties to review and resolve issues involving the components of the three-year plan, funding level and cost recovery. The

proposed time period also helps in the areas of planning and implementation. In the alternative, if the Commission's determines that it needs more time to adequately review and approve a utility's three-year plan, then PPL Electric suggests a maximum period of 270 days.

In § 54.74(a)(4), the Commission proposes that "An EDC shall consult BCS for advice regarding the design and implementation of its plan at least 30 days prior to submission of the plan to the Commission for approval." This has been PPL Electric's past practice, when submitting its three-year plan, and the Company believes that the review with BCS staff has been mutually beneficial. The Commission proposes to delete the following sentence from this section: "The plan should include revisions based on analysis of program experiences and evaluations." PPL Electric recommends that the Commission retain this sentence because the preparation of any new three-year plan should reflect best practices and lessons learned from implementation experience and from internal analyses or third-party evaluations.

Regarding § 54.74(a)(5), the Company agrees with the Commission's objective of balancing the need to serve low-income customers throughout the distribution company's service area while, at the same time, being cognizant of the cost impact on residential customers not enrolled in the programs.

- § 54.74(b)(2) Program rules.
PPL Electric has no comments regarding this section.
- § 54.74(b)(3) Documentation in support of funding and cost recovery for universal service and energy conservation.

The Commission proposes that the three-year tariff filing should contain documentation of cost savings that result from customer participation in universal service programs, to the extent that such savings exist. PPL Electric has concerns about reflecting anticipated savings from the operation of a CAP in the universal service surcharge. The Company believes that attempting to reflect savings would unnecessarily complicate the calculation, operation and reconciliation of the clause. Moreover, it may be impractical for all parties to reach an agreement on the definition of what constitutes cost savings. Tracking actual savings, if there are any, would be particularly difficult.

A better approach is to reflect any savings in base rates. A base rate proceeding offers interested parties ample opportunity to evaluate all aspects of this issue, particularly savings associated with a CAP. Also, in a base rate proceeding, the parties could address applicable ratemaking adjustments related to those savings.

- § 54.74(b)(4) Surcharge.

PPL Electric has no comments regarding this section.

§ 54.75. Annual residential collection and universal service and energy conservation program reporting requirements.

The Company generally agrees with the reporting requirements proposed by the Commission and can provide the required data. The one area of minor concern involves § 54.75(2)(d), which requests the number of program participants by source of intake. PPL Electric believes that the Commission needs to provide clarification regarding this provision. By source of intake, does the Commission mean referral from an EDC or CBO, or does the Commission mean a specific source (e.g., bill insert, brochure or advertisement)? If it is the former, then the Company can easily provide

this data. However, if it is the latter, then PPL Electric may not be able to provide the data for all participants, because customers may not remember where they heard about a particular program. For example, during the application process for WRAP, PPL Electric asks customers how they learned about the program. The Company's long experience with WRAP shows that there are instances where customers simply do not recall the referral source.

§ 54.76. Evaluation reporting requirements.

Under § 54.76(a), the Commission proposes that "An EDC shall select, after conferring with BCS, an independent third-party to conduct an impact evaluation of its universal service and energy conservation programs and to provide a report of findings and recommendations to the Commission and EDC." From PPL Electric's perspective, the intent of this revised provision is unclear. Does the Commission intend for the BCS to approve the selection of the independent third-party, or is the role of BCS simply to provide a list of evaluators that should receive a request for proposal? If the Commission means the former, then PPL Electric has serious concerns about the process of selecting a truly independent third-party evaluator. The Company recommends that BCS's role should be limited to providing a list of experienced program evaluators. PPL Electric believes that approving an EDC's third-party evaluator would not be an appropriate role for the BCS.

The Company also recommends that this section be amended to explicitly provide that any costs incurred by an EDC to facilitate preparation of the evaluation report, including any costs that it incurs for the independent third party, are recoverable on a full and current basis under Chapter 76 of the Commission's regulations.

§ 54.77. Electric distribution companies with less than 60,000 residential accounts.

The Commission defines a small electric utility and a small natural gas utility as having less than 60,000 residential accounts and 100,000 residential accounts, respectively. For consistency and fairness, PPL Electric recommends that the Commission use 100,000 residential accounts as the definition of a small utility for both electric and natural gas utilities.

The Company agrees with the Commission's proposed reporting requirements for the smaller electric distribution companies.

III. Specific Comments
Chapter 76. Customer Assistance Programs

§ 76.1. Purpose.

Consistent with its comments to the definition of CAP, above, PPL Electric recommends that this section of the proposed regulations be expanded to recognize that universal service and energy conservation programs should be directed to low-income customers who are payment-troubled and who meet other applicable qualifying criteria.

§ 76.2. Definitions.

PPL Electric recommends that the definition of "CAP" be expanded as discussed in its comments to the definitions of § 54.72 above. In addition, the Company recommends that the Commission add the definition of low-income customer to this section. The definition would read as follows:

"Low-income customer – A customer of a natural gas or electric distribution company whose total

household income is at or below 150 percent of the federal poverty level.”

As noted above, the Company also suggests that the Commission use in these proposed regulations the same definitions that are used in the CAP Policy Statement to promote consistency and clarity.

§ 76.3. Approval process.

PPL Electric has concerns that the proposed extensive review process may have a dampening effect on utilities’ willingness to implement pilots or operational initiatives to improve their universal service and energy conservation programs.

Because the review process is likely to be lengthy and complicated, distribution companies may refrain from identifying and implementing improvements until they file their three-year plans. The Company believes that it is a matter of degree. Obviously, like a proposed three-year plan, a large pilot or significant changes to procedures or participation levels would require a full review and Commission approval. However, other proposed minor changes or adjustments to a CAP that do not conflict with the Commission’s regulations and that strengthen a program’s operations should not require the same level of review.

PPL Electric recommends that the Commission allow BCS the flexibility to review and approve minor operational improvements for CAP and LIURP programs. BCS staff has broad experience and knowledge regarding distribution companies’ programs and would know when a proposed change or pilot would require formal approval by the Commission. The implementation of CAPs has evolved and changed over the years, and the distribution companies have worked effectively with BCS to strengthen their programs. PPL Electric is concerned that a formal process, without

sufficient flexibility to adjust to real-world circumstances or opportunities, could stifle innovation and change.

§ 76.4. Recovery of costs of customer assistance programs.

The starting point for considering this section of the proposed regulations is Section 2804(8) of the Electricity Generation Customer Choice and Competition Act, which mandates that each electric utility shall “fully recover” its universal service and energy conservation costs. 66 Pa. C.S. § 2804(8). The Commission explicitly recognized this statutory obligation when it decided that the costs of universal service programs can be recovered through a reconcilable surcharge. *Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms*, Docket No. M-00051923, order entered December 18, 2006. PPL Electric is concerned that § 76.4 of the Commission’s proposed regulations may not fully comply with this “full recovery” requirement in at least three respects.

First, the proposed regulation states that CAP costs are eligible for recovery “if prudently incurred and reasonable in amount.” PPL Electric believes that CAP costs incurred pursuant to a Commission-approved CAP plan should be deemed prudent and reasonable. The only remaining issue should be whether the EDC implemented its CAP consistent with the Commission’s approval. If it did, the EDC should be allowed full recovery of its costs.

Second, the proposed regulation directs EDCs to offset against their CAP cost recovery four categories of cost savings. As discussed above, PPL Electric believes that savings associated with a CAP should not be reflected in the reconcilable surcharge. Rather, such savings, if any, should be reflected in a base rate case where

proper estimates of those savings can be developed. If an inflated estimate of savings is used to offset recovery of CAP costs through the reconcilable surcharge, the EDC will be denied full recovery of its universal service costs.

Third, the proposed regulation states that “the Commission shall consider the timeliness of a distribution company’s collection activities in evaluating the reasonableness of costs claimed for recovery.” PPL Electric believes that such consideration would be improper in a cost recovery context and could deny the EDC full recovery of its CAP costs. If the Commission believes that an EDC’s collection activities are not timely, it can investigate that issue outside of a cost recovery proceeding and direct the EDC to change its practices. That issue, however, should not constitute a basis for denying recovery of CAP costs.

PPL Electric also has an additional comment regarding § 76.4(d), related to the timeliness of a distribution company’s collection activities for CAP customers. Because the timeliness of collection activities may be open to interpretation, the Company recommends that the Commission provide general guidelines. In addition, the Commission will need to distinguish between collection activities from April 1 to November 30 and activities from December 1 to March 31. PPL Electric believes that this demarcation is necessary because Commission regulations generally prevent natural gas or electric distribution companies from terminating service for non-payment of bills between December 1 and March 31 for customers with household incomes at or below 250 percent of the federal poverty level.

PPL Electric recommends the following language be added as subparts (d)(1) and (d)(2) of this section.

"(1) Timely collections between April 1 and November 30 for CAP participants shall include the issuance of all required Commission notices (§§ 56.91 - 56.97) and, if appropriate, termination of service within 60 days of issuance of the 10-day notice."

"(2) Timely collections between December 1 and March 31 for CAP participants include payment reminder calls and letters, issuance of all Commission required notices (§§ 56.91 - 56.97) and, if appropriate, termination of service within 60 days after April 1."

For both of these suggested provisions, a natural gas or electric distribution company would delay termination of service if the customer obtained a medical certification under §§ 56.111-56.117, filed an informal complaint under §§ 56.161-56.163 or had a dispute as defined under § 56.141.

§ 76.5. Default provisions for failure to comply with program rules.

PPL Electric agrees with the Commission's default provisions, except for the failure of a CAP customer to apply for LIHEAP. When the Commission adopted the CAP Policy Statement on July 2, 1992, it included a provision that failure to apply for LIHEAP could result in dismissal from the program. When the Commission revised the CAP Policy Statement on May 8, 1999, it deleted this provision because CAP participants had difficulty meeting the LIHEAP requirement. The Commission proposes to reinstate the LIHEAP provision into the CAP Policy Statement. The Company understands the reasoning behind this provision (i.e., improves the cost-effectiveness of CAPs) and has actively encouraged OnTrack customers to apply for LIHEAP benefits. Nevertheless, PPL Electric recommends that the Commission delete this provision for the following reasons.

First, an important objective of CAP is to provide affordable payments to low-income customers so that they can maintain their electric or natural gas service. By any measurement, CAPs in Pennsylvania have been successful and effective in helping customers maintain their utility service. The Commission's *2006 Report on Universal Service Programs and Collection Performance* found that approximately 85 percent of CAP participants pay the full amount of their CAP bills each month. A multi-year study by PPL Electric of over 14,000 OnTrack customers showed a significant improvement in payment behavior both during and after customers' participation in the program.

PPL Electric is concerned about recidivism regarding payment behaviors of customers removed from CAP because of their failure to apply for LIHEAP. Prior to joining the program, customers had missed payments, had defaulted on payment agreements and, in some cases, had service terminated. Participation in OnTrack generally eliminates these problems. Removing good-paying customers from OnTrack for their failure to apply for LIHEAP would result in more defaulted payment agreements, more PUC complaints and more terminations of service. All of this would translate into increased costs for PPL Electric and its other residential customers. These events would likely occur because customers would be unable to pay the full amount of their normal electric bills. PPL Electric and the OnTrack agencies already have documented that these individuals are genuine low-income, payment-troubled customers. Removing customers from OnTrack because they did not receive a LIHEAP grant does not appear to be good public policy, particularly if the grant were a low amount or if the customer designated the benefits to another energy source (e.g., oil). For the 2007-2008 program year, the average LIHEAP grant for PPL Electric was \$240.

Second, implementing this provision could result in PPL Electric removing a significant number of participants from OnTrack. As of the end of February 29, 2008, the Company had over 21,300 customers participating in OnTrack, and its records show that approximately 17 percent of OnTrack customers had received LIHEAP grants during the 2006-2007 program year. This result does not mean that only 17 percent of OnTrack customers applied for LIHEAP benefits. They could have applied and designated the benefits to their natural gas or oil bills. Removing OnTrack participants, most of whom are good-paying customers, from an effective program seems counter-intuitive given the purpose and objectives of CAP. As noted above, this action would raise costs due to increased telephone calls, defaulted payment agreements, Commission complaints and terminations of service. This step also would be very disruptive to the community-based organizations ("CBOs") that administer OnTrack for PPL Electric and would reduce the level of customer satisfaction.

Third, on page 52 of its *Final Investigatory Order* (Docket No. M-00051923), the Commission indicates that applying for LIHEAP seems to be a fair requirement that does not place an unreasonable burden on customers. In theory, PPL Electric agrees with this conclusion; however, in practice, the Company does not discount the impact of human behavior. Many CAP customers have other challenges and difficulties that complicate their lives. They may be more worried about coping with the day-to-day difficulties associated with low-income households. There may be other obstacles that hinder their ability to apply for LIHEAP (e.g., lack of transportation, language barrier, low level of literacy and cultural factors). These reasons are not

excuses for inaction, but they clearly affect customers' behavior regarding applying for LIHEAP.

Participation in OnTrack provides some stability for these households by reducing the threat of termination of service, eliminating collection calls and notices, providing affordable payments and connecting customers with other programs and services (e.g., weatherization). The cost-effectiveness of removing customers from CAP for their failure to apply for LIHEAP benefits does not seem compelling to PPL Electric, especially given an average LIHEAP benefit of \$240.

Finally, implementing this provision creates some practical administrative problems for PPL Electric. The Company would need to develop new procedures for Customer Services employees and OnTrack CBO caseworkers to verify that OnTrack customers actually applied for LIHEAP benefits. Verification is important because removal from OnTrack could have serious consequences (i.e., termination of service).

Many implementation questions remain unanswered. What constitutes verification that a customer applied for LIHEAP? Is self-reporting by the customer acceptable, or must the Pennsylvania Department of Public Welfare provide documentation? What if the customer applies for LIHEAP, but designates the grant to another fuel vendor (e.g., natural gas or oil)? Under this circumstance, would the Commission require PPL Electric to remove the customer from OnTrack?

There also is the issue of tracking the status of OnTrack customers' accounts to recognize when customers enrolled in the program and the availability of LIHEAP. For those customers enrolled in OnTrack during the non-LIHEAP season (generally April 1 to October 31), PPL Electric would need to establish an automated

tracking mechanism to determine if these customers applied for and/or received a LIHEAP grant. In 2007, between April 1 and October 31, the OnTrack CBOs enrolled nearly 12,300 customers. This task becomes even more challenging because low-income customers tend to move more often than the average residential customer.

None of the above mentioned concerns are insurmountable, and PPL Electric would comply with the Commission's regulations regarding the removal of customers from CAP if they fail to apply for LIHEAP. However, for the reasons stated above, PPL Electric recommends that the Commission eliminate this requirement. Removing CAP customers because they failed to apply for LIHEAP seems counter-productive to the intent and purpose of CAP. The Company suggests that the Commission give electric and natural gas distribution companies the flexibility to remove customers from CAP for failure to apply for LIHEAP benefits. Distribution companies could include this requirement in their three-year universal service and energy conservation plan.

§ 76.6. Restoration of service after termination for nonpayment of CAP bills.

The Commission proposes that § 1407 of the Public Utility Code (relating to reconnection of service) govern the reconnection of CAP accounts for non-payment of bills. PPL Electric has some concerns about the implementation of this provision if customers remain in CAP.

Under § 1407(c)(2)(iii), a utility may require "Full payment of any reconnection fees together with payment over 24 months of any outstanding balance incurred by the customer or applicant if the customer or applicant has an income not exceeding 150 percent of the federal poverty level."

PPL Electric recommends that, in addition to the payment of any reconnection fee, CAP customers be required to pay any missed CAP payments as part of the reconnection process. Making up missed payments not only reinforces the importance and responsibility of paying monthly, but also helps to make the program more cost-effective. By requiring OnTrack customers to pay their missed payments, PPL Electric would not have to shift these costs to non-participating residential customers.

The 24-month repayment period does not appear to apply to CAP customers because they are not repaying their overdue balances. Rather, utilities, over some period of time, are “forgiving” the overdue balances in return for regular customer payments. PPL Electric, for example, forgives overdue balances for OnTrack customers according to the following schedule:

Overdue Amount	Timeframe
Less than \$1,000	12 months
\$1001 - \$2,000	18 months
\$2,001 - \$3,000	24 months
More than \$3,000	36 months

PPL Electric recommends that the Commission allow utilities to use their normal forgiveness schedule for customers who continue in CAP after reconnection of service for non-payment of bills. The advantages of doing so include no changes to utilities' existing processes, elimination of confusion for customers and CAP CBOs, continuation of CAP benefits for low-income customers and increased customer satisfaction.

For CAP customers who will no longer continue in the program for whatever reason, PPL Electric believes that the § 1407 reconnection requirements are proper and appropriate.

IV. Conclusion

PPL Electric supports the Commission's efforts to obtain feedback on the proposed rulemaking order regarding universal service and energy conservation reporting requirements. These are important programs that for years have, in the opinion of the Company, effectively addressed the energy-related needs of low-income households. Because the level of funding for these programs is significant (e.g., \$318 million for CAP and LIURP in 2006), it is critical that EDCs be assured of full and current cost recovery of all costs associated with the programs. In addition, it is important for the Commission to collect relevant data in order to understand the impact and efficacy of these programs. Pennsylvania is fortunate because it has been a model for the nation regarding data collection and evaluation of programs for low-income customers.

Although PPL Electric has identified several concerns, as discussed above, regarding these proposed reporting requirements, the Company will continue its long-standing cooperation and support of the Commission's data collection endeavors. PPL Electric urges the Commission to move cautiously in revising its regulations to avoid creating any unintended consequences (e.g., additional costs and more complaints). It is crucial to find the proper balance among serving low-income customers who need help, understanding the impact and effectiveness of programs and limiting the costs for non-participating residential customers.