

# BURKE VULLO REILLY ROBERTS

ATTORNEYS AT LAW

1460 Wyoming Avenue  
Forty Fort, PA 18704  
Phone (570) 288-6441 + Fax (570) 288-4598

*Formerly Burke & Burke  
Thomas F. Burke, Sr. (1932-1972)*

[www.bvrrlaw.com](http://www.bvrrlaw.com)

JOSEPH L. VULLO  
jlvullo@bvrrlaw.com

August 29, 2012

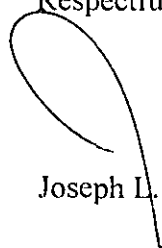
Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, Second Floor  
Harrisburg, PA 17120

RE: PPL Electric Utilities Corporation – Supplement No. 118 to Tariff –  
Electric Pa. PUC No. 201  
Docket No. R-2012-2290597

Dear Secretary Chiavetta:

Enclosed please find the original and nine copies of the Brief of the Commission on Economic Opportunity for filing with the PUC. I have served all parties of record in accordance with the enclosed Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Respectfully yours,



Joseph L. Vullo

JLV/jar  
encls.

cc: All Parties of Record  
ALJ Susan D. Colwell

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IN RE: PPL ELECTRIC UTILITIES CORPORATION  
SUPPLEMENT NO. 118 TO TARIFF – ELECTRIC  
Pa.P.U.C. NO. 201

DOCKET NUMBER: R-2012-2290597

**BRIEF OF INTERVENOR**  
**COMMISSION ON ECONOMIC OPPORTUNITY**

Joseph L. Vullo, Esquire  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
(570) 288-6441  
[jlvullo@aol.com](mailto:jlvullo@aol.com)  
Attorney for Commission on  
Economic Opportunity

AREAS ADDRESSED:  
Universal Service Programs  
Fixed Customer Charge

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**I. Procedural History and Facts**

In this proceeding, PPL Electric Utilities Corporation (PPL or Company) requested approval of an overall increase in distribution revenues of \$104.6 million. Under the Company's proposal a typical residential customer will see their monthly bill increase by 6.2%. (CEO Stmt. 1 p.3). The Commission on Economic Opportunity intervened in this matter to address the Company's universal service programs and any issues that would impact a low-income customer's ability to afford the proposed increase or conserve energy. This Brief is submitted to address specifically the funding of the Company's LIURP program, WRAP, and the proposed increase to the fixed monthly customer charge.

The Commission on Economic Opportunity (CEO) is a non-profit organization serving the low-income and elderly in Luzerne County, Pennsylvania. In a typical year, CEO serves more than 20,000 Luzerne County residents of which 98% are at or below 150% of the federal poverty level. Through its representation of the low-income population of Luzerne County, CEO has been directly involved in assuring that low-income persons' utility costs are contained through counseling, advice, payment assistance and energy conservation measures since CEO's inception in 1965. (CEO Stmt No. 1, p.1-2). CEO brings specific experience to this case in that CEO serves as a subcontractor for PPL's Winter Relief Assistance Program (WRAP) and the Low-Income Usage Reduction Program (LIURP) operated by other utility companies located in CEO's service territory. (supra p. 2).

CEO's testimony in this case did not address the Company's request for a rate increase but did address funding for the Company's low income usage reduction program, WRAP. Despite the fact that the Company is requesting an increase that would increase a typical residential customer's

bill by 6.2%, it is not proposing any increase to a program, WRAP, that would help a low-income customer deal that with rate increase. Further, the Company is proposing to increase its monthly fixed customer charge by nearly 100%, from \$8.75 to \$16.00. CEO is addressing the proposed increase in the fixed monthly customer charge because the more a customer's bill is made up of fixed charges the less opportunity and motive there is for a low income customer to conserve energy. CEO proposed in its testimony that WRAP funding be increased from its current annual funding level of 8M to 9.5M and that the Company's request to increase the fixed monthly customer charge be denied.

## II. Argument

In 1996, the Electricity Generation Customer Choice and Competition Act (Electric Choice Act) was enacted. 66 Pa.C.S.A. 2801 et seq. In its Declaration of Policy, the Act provides that:

The Commonwealth must, at a minimum, continue the protections, policies and services that now assist customers who are low income to afford electric service.

### Section 2802(10).

The Declaration of Policy further provides that:

There are certain public purpose costs, including programs for low income assistance, energy conservation and others, which have been implemented and supported by public utilities' bundled rates. The public purpose is to be

promoted by continuing universal service and energy conservation policies, protections and services, and full recovery of such costs is to be permitted through a nonbypassable rate mechanism.

Section 2803(17).

The Electric Choice Act mandated that the Public Utility Commission regulate universal service and energy conservation policies by stating the following:

The commission shall ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each electric distribution territory. Policies, activities and services under this paragraph shall be funded in each electric distribution territory by nonbypassable, competitively-neutral cost recovery mechanisms that fully recover the costs of universal service and energy conservation services. The commission shall encourage the use of community-based organizations that have the necessary technical and administrative experience to be the direct providers of services or programs which reduce energy consumption or otherwise assist low income customers to afford electric service. Programs under this paragraph shall be subject to the administrative oversight of the commission which will ensure that the programs are operated in a cost-effective manner.

Section 2804(9).

The Act further defines “universal service and energy conservation” as follows:

Policies, protections and services that help low income customers to maintain electric service. The term includes customer assistance programs, termination of service protection and policies and services that help low income customers to reduce or manage energy consumption in a cost effective manner, such as low income usage reduction programs, application of renewable resources and customer education.

Section 2803.

## A. WRAP

In this proceeding the Company is proposing a rate increase that would increase a typical residential customer's bill by 6.2% yet is not proposing any increase in WRAP funding. CEO witness Brady points out in his direct testimony the difficulties faced by poor people in this economy and the decrease in aid available to them. (CEO Stmt. 1 p.4). The Company has acknowledged in its Statement of Reasons the current, difficult economic conditions in the state. Indeed, the Company's own reporting indicates the great need in its service territory for assistance. Based on the 2000 U.S. Census the Company estimated that there were 200,250 low-income customers (at or below 150% of the Federal poverty level) in its service territory. (CEO Stmt. 1 p.7). That number has increased dramatically. Based on the 2008 Census interim data the Company estimated that the number of low-income customers in its territory rose to 289,000, an increase of 44%. (supra). The Company and I&E have argued that this information is 'stale' however Company witness Dahl testified in his rebuttal testimony that most of the community based organizations run out of the Company's quarterly hardship funding before the end of the quarter (PPL Stmt. 9-R p. 5). Mr. Dahl's testimony is 'real time' proof of an unmet need on the part of the Company's low-income customers that will only be increased by this current rate case.

A well-funded LIURP program, because it allows a consumer to conserve energy, is often times the only defense that a poor person has to manage rising utility costs. The value of LIURP has long been recognized by the Commission:

"The Commission finds that LIURP has been one of the Commonwealth's most successful programs for assisting low income customers. The Commission has found that LIURP reduces bad debt by reducing customers'

bills. Customers who receive LIURP services are able to pay their entire bill plus contribute to their arrearage.”

(PUC Order on Duquesne Light’s Restructuring, R-00974104, p. 293). Because of the ever-increasing economic challenges facing poor people, the Company’s WRAP program provides energy saving measures that a poor person could not otherwise afford. Funding for WRAP was last increased to its current level pursuant to the Company’s last Universal Service Plan, 2011-2013 by only \$250,000 per year for the years 2011-2013, an increase of only 3%. (CEO Stmt. 1-S p. 2). At an average WRAP job cost of \$2,349 that increase would only serve an additional 106 customers per year. (supra). Serving an additional 106 customers per year would barely make a dent in the needs of the large number of low income customers in the Company’s service territory.

The Company through the rebuttal testimony of Mr. Dahl contends that a rate case is not the appropriate forum in which to address a utility’s universal service programs and instead opines that universal service programs are better addressed in the Company’s triennial filing of its Universal Service and Energy Conservation Plan. First, this Company’s actions in past rate cases is inconsistent with its opinion now that a rate case is not the appropriate forum to address universal service programs. In both its 2004 rate case (No. R-00049255) and its 2007 rate case (R-00072155) the Company proposed changes, including increases in funding, for its universal service programs. (CEO Stmt. 1-S p.1). Further, because a rate case effects customers so directly it is the more appropriate forum to address how any adverse effects of a rate increase on customers can be addressed through changes to a company’s universal service programs. Rates go up in a rate case which increases the burden on low-income customers so it makes perfect sense to address the



programs that can help those low-income customers at the same time and in the same proceeding. Further, Universal Service Plans are filed once every three years and to wait to address universal service in those proceedings would provide no relief for low income customers in rate cases that occur in the interim. Finally, a rate case, with its public notice requirement and specific procedures, is the more appropriate proceeding to allow more parties to address universal service programs in an adversarial proceeding that allows for discovery, the submission of sworn testimony and cross examination and consideration by an ALJ.

#### **B. FIXED MONTHLY CUSTOMER CHARGE**

In this proceeding the Company is proposing to increase the fixed monthly customer charge for residential customers from \$8.75 to \$16.00, an increase of over 82%. Other parties in this case have opposed this requested increase and are expected to oppose it in their briefs so CEO will briefly state its position.

CEO opposes the requested increase in the fixed monthly customer charge because it takes away a customer's motive and ability to conserve. Mr. Brady indicated in his direct testimony that one of the only defenses a family, particularly a poor family, has against the sharp increases in energy costs is to conserve – lower the thermostat, seal air leaks, change filters regularly, add more insulation, get a more efficient heating unit, etc. (CEO Stmt.1 p.5) The Company's proposal to increase the fixed costs greatly impacts a customer's motive to conserve and the ability to lessen the impact of any rate increase. In prior cases, PUC Commissioner Cawley has expressed concerns about proposals to increase the fixed portion of a customer's bill or any proposal that would impact a

customer's motive and ability to conserve. Commissioner Cawley addressed a company's request to increase its fixed monthly customer charge by stating:

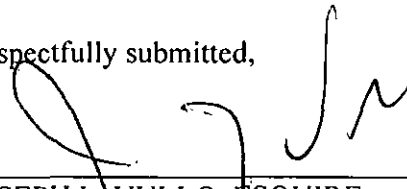
“This proposed change raises important policy issues that affect this Commission's goals of promotion and encouragement of conservation of natural resources, including natural gas. Given the extremely volatile and currently high natural gas prices facing this nation, a policy that does not optimally reward consumers for conservation efforts, but instead charges fixed fees regardless of usage, should, I feel, be addressed by the parties to this case.”

(National Fuel, No. R-00061493). We share Commissioner Cawley's concerns and believe that the Company's request to increase its fixed monthly customer charge be denied.

**III. Request for Relief**

1. That annual funding for WRAP be increased to 9.5M or as an alternative be increased commensurate with the percentage distribution increase on the residential class in this proceeding;
2. That the Company's request to increase its fixed monthly customer charge be denied.

Respectfully submitted,



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JOSEPH L. VULLO, ESQUIRE  
I.D. #41279  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
(570) 288-6441  
e-mail: [jlvullo@aol.com](mailto:jlvullo@aol.com)  
Attorney for Commission on Economic  
Opportunity

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation :  
Supplement No. 118 to Tariff- Electric : Docket No. R-2012-2290597  
Pa.P.U.C. No. 201 :

CERTIFICATE OF SERVICE

The undersigned certified that he served a copy of the foregoing Brief of Intervenor Commission on Economic Opportunity upon the following participants this 29th day of August 2012, via email and first-class mail:

Honorable Susan D. Colwell  
Pennsylvania Public Utility Commission  
Office of Administrative Law Judge  
P.O. Box 3265  
Harrisburg, PA 17105-3265

David B. MacGregor, Esquire  
Post & Schell, PC  
Four Penn Center  
1600 John F. Kennedy Boulevard  
Philadelphia, PA 19103

John H. Isom, Esquire  
Christopher T. Wright, Esquire  
Post & Schell, PC  
17 North Second Street  
12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601

Paul E. Russell, Esquire  
PPL Services Corporation  
Two North Ninth Street  
GENTW4  
Allentown, PA 18101-11796

Tanya J. McClosky, Esquire  
Candis A. Tunilo, Esquire  
Darryl Lawrence, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923

Regina L. Matz, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
P.O. Box 3265

Commonwealth Keystone Building  
400 North Street, 3<sup>rd</sup> Floor  
Harrisburg, PA 17105-3265

Steven C. Gray, Esquire  
Office of Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, PA 17101

Todd S. Stewart, Esquire  
Hawke, McKeon & Sniscak, LLP  
100 North 10<sup>th</sup> Street  
P.O. Box 1778  
Harrisburg, PA 17101

Scott J. Rubin, Esquire  
Public Utility Consulting  
33 Oak Lane  
Bloomsburg, PA 17815

Kenneth L. Mickens  
The Sustainable Energy Fund of Central Eastern  
Pennsylvania  
316 Yorkshire Drive  
Harrisburg, PA 17111

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Via first class mail:

Robert D. Knecht  
Consultant for OSBA  
Industrial Economics Incorporated  
2067 Massachusetts Avenue  
Cambridge, MA 02140

Glenn Watkins  
Technical Associates, Inc.  
9030 Stony Point Parkway  
Suite 580  
Richmond, VA 23235

Stephen G. Hill  
Hill Associates  
4000 Benedict Road  
Hurricane, WV 25526

Richard Koda  
Koda Consulting  
409 Main Street  
Ridgefield, CT 06877

Roger D. Colton  
Fisher, Sheehan and Colton  
34 Warwick Road  
Belmont, MA 02478

John Lucas  
112 Jessup Avenue  
Jessup, PA 18434

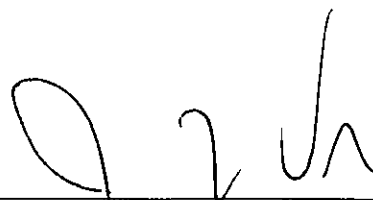
Helen Schwika  
1163 Lakeview Drive  
White Haven, PA 18661

Dave A. Kenney  
577 Shane Drive  
Effort, PA 18330

William Andrews  
40 Gordon Avenue  
Carbondale, PA 18407

Roberta A. Kurrell  
591 Little Mt. Road  
Sunbury, PA 17801

Eric Joseph Epstein  
4100 Hillsdale Road  
Harrisburg, PA 17112



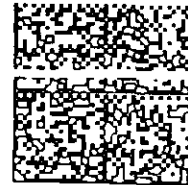
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JOSEPH L. VULLO, ESQUIRE  
Burke Vullo Reilly Roberts  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
(570) 288-6441  
e-mail: [jlvullo@aol.com](mailto:jlvullo@aol.com)  
Attorney for Commission on Economic Opportunity

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**BURKE VULLO REILLY ROBERTS**  
ATTORNEYS AT LAW

1460 Wyoming Avenue  
Forty Fort, PA 18704



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