

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 :

**EXCEPTION OF THE COMMISSION ON ECONOMIC
OPPORTUNITY TO THE RECOMMENDED DECISION**

NOW COMES, the Commission on Economic Opportunity (CEO), by and through counsel, Joseph L. Vullo, Esquire, and files the following Exception to the Recommended Decision of Administrative Law Judge Susan D. Colwell dated October 19, 2012, in the above-captioned matter and sets forth the following:

I. INTRODUCTION

1. CEO is a non-profit organization serving the low-income and elderly in Luzerne County, Pennsylvania.

2. CEO intervened in the above-captioned matter to address the Company's universal service programs, particularly WRAP, its low income usage reduction program. CEO's Petition to Intervene was granted without objection.

3. On October 19, 2012, Administrative Law Judge Susan D. Colwell issued a "Recommended Decision" relative to the proposed request for a rate increase by the Company.

4. CEO files the following exceptions to that Recommended Decision.

II. EXCEPTION

The ALJ Abused Her Discretion and Committed an Error of Law By Finding that CEO Did Not Meet Its Burden of Proof in Establishing the Need For Additional Funding For the Company's Low Income Usage Reduction Program.

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.

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 requested an increase that would increase a typical residential customer's bill by 6.2%, it did not propose any increase to a program, WRAP, that would help a low-income customer deal that with rate increase.

CEO witness Brady pointed 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 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. CEO proposed in its testimony that WRAP funding be increased from its current annual funding level of 8M to 9.5M so that the need of the Company's low-income customers could be met.

The Company through the rebuttal testimony of Mr. Dahl contended that a rate case is not the appropriate forum in which to address a utility's universal service programs and instead argued 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.

This Company's rate increase will take effect on January 1, 2013 and low-income customers will begin to feel the effects on that increase at that time. The Company's next U SP filing is not due to be filed until June 1, 2013 and will address the years 2014-2016. The effect of postponing the issue of LIURP funding until the year 2014 means that low-income customers will feel the effects of this rate increase for a full year before relief in the form of increased LIURP funding would be available to them. CEO was granted intervener status, without objection, to address the Company's universal service programs in this case and has been granted intervener status for the same reason in numerous prior cases, including prior rate cases filed by this Company. This is the first time that this Company, or any of the other EDCs that have filed rate cases, has raised the argument that funding for universal service programs should be left for consideration in the triennial USP filings.

Further, other parties in these proceedings have raised issues concerning the Company's universal service programs but the Company has not raised the similar argument that those universal service program issues should be addressed in the next USP filing. Similarly, although the Bureau of Investigation and Enforcement opposes CEO's request to increase LIURP funding it does not do so based upon the argument that the issue should be addressed in the USP filing.

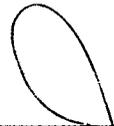
In addressing the appropriateness of raising the issue of LIURP funding in a rate case the ALJ declared that CEO's position that a rate case is an appropriate forum to raise such issues was "correct" and further stated that "Base rate cases are the traditional forum for budgets of low-income plans..." (R.D. p.44). However, the ALJ went on to state that the Commission's "preference" was to address universal service issues in triennial USP filings. Such a statement ignores the fact that the Commission has consistently addressed funding for low-income programs in rate cases both before and after the procedures for the triennial USP filings were

established. Indeed, this Commission has a statutory duty to insure that a company's universal service programs are "appropriately funded and available" and certainly a proceeding that results in a rate increase to low-income residential customers would require the Commission to determine the effect of the rate increase on whether those universal service programs are, or remain, "appropriately funded and available." To postpone consideration of universal service funding to a time after a rate increase takes effect, and to a non-adversarial proceeding, is contrary to this Commission's past practice and its statutory duty.

III. REQUEST FOR RELIEF

Based upon the above, it is respectfully requested 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

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned certified that he served a copy of the foregoing Exceptions of Commission on Economic Opportunity to Recommended Decision upon the following participants this 8th day of November, 2012, via email and first-class mail:

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