

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**Re: PA PUC v. PPL Electric
Utilities Corporation, et al.**

**Public Meeting: December 6, 2007
DEC-2007-OSA-0273*
Docket No. R-00072155**

STATEMENT OF VICE CHAIRMAN JAMES H. CAWLEY

On March 29, 2007, PPL Electric Utilities Corporation (PPL) requested an increase in distribution service base rates of \$83.6million. On August 30, 2007, a unanimous Joint Settlement was filed, resulting in a reduced increase in base rates of approximately \$55 million.

First, I commend the Office of Consumer Advocate for its successful efforts to maintain the existing Customer Charge Rate. This helps to ensure that Pennsylvania consumers have the proper incentives to conserve electricity and receive measurable benefits for conserving.

Second, I also commend the parties for their efforts to expand funding for the Low Income Usage Reduction Program (LIURP). Under the settlement, LIURP funding was increased \$1.5 million (from \$6.25 million to \$7.75 million, a 24% increase).

Third, the settlement provides for an even more substantial \$5.8 million increase in PPL's Customer Assistance Program (CAP) (from \$13.2 million to \$19 million, or 44%). This is laudable, although CAP programs (unlike LIURP programs which provide lasting benefits to low income consumers in terms of reduced energy consumption and energy costs) provide benefits only in the year of the payment and reduce short term and long term incentives to conserve energy. In the future, I encourage the parties to look harder to see if LIURP and similar energy conservation programs can play a greater role in solving our long term energy problems, especially for low income customers. Ideally, this should help mitigate rising CAP costs, provide better levels of comfort for low income customers, and provide macro benefits to our overall energy economy.

Lastly, I commend the parties for moving forward with the \$150,000 LEED certification program and the \$250,000 of capital for the development of a small business loan guarantee pilot program tied to energy efficiency improvements. I certainly concur that cost effective energy efficiency investments and higher efficiency standards are the most important tools to mitigate future price increases.

DATE: December 6, 2007


James H. Cawley, Vice Chairman