

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting Held August 7, 2008

Commissioners Present:

James H. Cawley, Vice Chairman  
Robert F. Powelson, Joint Statement attached  
Tyrone J. Christy, Statement attached  
Kim Pizzingrilli, Joint Statement attached  
Wayne E. Gardner

Petition of PPL Electric Utilities Corporation  
for Approval of a Rate Stabilization Plan

P-2008-2021776  
(TN 100)

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Commission for consideration and adjudication is the certified record assembled in the above-captioned proceeding including the Joint Petition for Settlement (Settlement Petition) of PPL Electric Utilities Corporation's (PPL) Rate Stabilization Plan (RSP). The Order Certifying the Record was issued by Administrative Law Judge (ALJ) David A. Salapa on April 3, 2008.

## I. History of The Proceeding

On November 30, 2007, PPL filed a Petition for Approval of a Rate Stabilization Plan (RSP Petition) requesting Commission approval on an expedited basis. The RSP is designed to establish the terms and conditions under which PPL would implement a phase-in of the estimated average January 1, 2010 rate increase, which is currently projected to be in excess of 25% for the provision of its Provider of Last Resort (POLR) service. R.D. at 1. Notice of PPL's RSP Petition was published in the *Pennsylvania Bulletin* on January 5, 2008. R.D. at 4.

On December 19, 2007, the Commission's Office of Trial Staff (OTS) filed an Answer to PPL's Petition. On December 20, 2007, the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA) separately filed Answers to PPL's RSP Petition. The OTS, the OCA and the OSBA objected to PPL's RSP Petition because it required all eligible customers to be enrolled to participate until they elect not to do so. The OTS, the OCA and the OSBA contended that PPL's RSP Petition should allow customers to opt-in to the plan at their discretion. The OTS, the OCA and the OSBA contended that the RSP Petition, is not voluntary and, as such, is inconsistent with the Commission's Policy Statement which states:

- (a) The following provision should apply when a [Default Service Provider's (DSP's)] total retail rate for a customer class rises by more than 25% following the expiration of a generation rate cap due to wholesale energy prices. When that occurs, DSP's should offer all residential and small business customers of up to 25 kW in maximum registered peak load the opportunity to prepay or defer some portion of the rate increase for as long as 3 years. These competitively neutral mitigation options should be included in the default

service program filed for the period that begins with the expiration of the Commission-approved generation rate cap. Customers may not be assigned to a rate increase prepay or deferral program without their affirmative consent. DSPs would be able to fully recover the reasonable carrying costs associated with a rate increase deferral program, including associated administrative costs.

(b) DSPs may propose other reasonable rate mitigation strategies that would reflect the incurrence of reasonable costs.

52 Pa. Code § 69.1181. In their answers, the OTS, the OCA and the OSBA<sup>1</sup> requested that the Commission either deny PPL's RSP Petition or grant the RSP Petition only if modified to allow customers to opt-in to the RSP.

The following Parties filed Petitions to Intervene which were granted: the Commission on Economic Opportunity (CEO); Constellation Energy Commodities Group, Inc. and Constellation New Energy, Inc. (collectively Constellation); FirstEnergy Solutions Corporation (FES); PP&L Industrial Customer Alliance (PPLICA); the Pennsylvania Public Utility Law Project (PULP); the Governor and Executive Agencies of the Commonwealth of Pennsylvania (Executive Agencies); Direct Energy Services, LLC (Direct Energy); the Retail Energy Supply Association (RESA); Eric Joseph Epstein (Epstein); Richards Energy Group (Richards); PECO Energy Company (PECO); and Gene Stilp (Stilp).

On January 25, 2008, the OSBA filed a Protest to PPL's RSP Petition in conformance with the notice in the *Pennsylvania Bulletin*.

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<sup>1</sup> The OTS, the OCA and the OSBA are collectively referred to herein as the Statutory Parties.

By notice dated February 12, 2008, the Commission scheduled this matter for hearings on April 8, 9 and 10, 2008. R.D. at 6. On February 20, 2008, the Parties notified the ALJ that an agreement in principle settling all the issues in this proceeding had been reached. Accordingly, the ALJ cancelled the scheduled hearings. R.D. at 6.

On February 27, 2008, PPL filed the Joint Petition for Settlement (Settlement Petition) signed by PPL, the OTS, the OCA, the OSBA, RESA, Richards, Epstein and Stilp. Attached to the Settlement Petition as Appendices B through H are Statements in Support of the Settlement Petition from PPL, the OTS, the OCA, the OSBA, RESA, Richards and Epstein. Also attached to the Settlement Petition as Appendices I through M are letters of non-opposition from the Executive Agencies, PPLICA, Direct Energy, CEO and PULP. R.D. at 6.

PPL served a copy of the Settlement Petition and attachments, as well as PPL Settlement Exhibits 1, 2 and 3, on each of the Parties and Intervenors. Written comments or objections have not been received from any of the Parties or Intervenors. R.D. at 7. The record in this proceeding closed on February 27, 2008, the date the Parties filed the Settlement Petition.

By Recommended Decision issued March 6, 2008, ALJ Salapa recommended that the Settlement Petition be adopted by the Commission without modification.

## II. Public Input

By Secretarial Letter issued March 17, 2008, pursuant to 52 Pa. Code § 5.571 of our Regulations, the Commission reopened the record, remanding the matter to the Office of Administrative Law Judge (OALJ) for the purpose of holding a public input hearing on an expedited basis. The Commission directed the OALJ to certify the record for possible Commission action at the Public Meeting scheduled for April 9, 2008. Accordingly, a public input hearing was held on Wednesday, April 2, 2008, in Bethlehem, PA, with ALJ Salapa presiding.

By electronic correspondence directed to the ALJ and the Parties of Record, on March 18, 2008, CEO requested that ALJ Salapa hold additional public input hearings throughout PPL's service territory. By electronic correspondence dated March 19, 2008, ALJ Salapa stated that he did not have the authority to schedule further public input hearings and recommended that CEO address their request directly to the Commission. By letter dated March 20, 2008, CEO requested that additional public hearings be scheduled throughout PPL's service territory.<sup>2</sup>

As noted, a public input hearing was held in Bethlehem, PA, on April 2, 2008. The OSBA, the OCA, the OTS and PPL were each represented at the public input hearing during which thirty-four individuals testified. Vice Chairman James H. Cawley and Senator Lisa M. Boscola were in attendance as well as representatives from various Commissioners' staffs. The hearing

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<sup>2</sup> In our opinion, the potential benefits of additional hearings are outweighed by the delay they would cause in resolving this proceeding. Considering the proposed commencement of the RSP on July 1, 2008, it is in the public interest for this Commission to render its decision expeditiously. As such, we shall deny this request.

generated 189 pages of transcript, containing the testimony of each of the thirty-four public witnesses, which was provided to the Commission on April 3, 2008.

The hearing began with the ALJ introducing those in attendance and summarizing what has transpired in this proceeding to date. ALJ Salapa then offered a brief description of the provisions of the RSP. Following the ALJ's opening remarks, Senator Boscola spoke. Senator Boscola stated that by holding a public input hearing, the PUC has shown that it is not part of the problem and that the voices of real people matter. Tr. at 40.

Vice Chairman Cawley then had the opportunity to comment to those in attendance. He promised to stay as long as it may take to listen to every one who wanted to testify. The Vice Chairman stated that he wanted to hear from those who testify what they would do if they were in his position. Tr. 49. The Vice Chairman expressed his opinion that there are really only two options from which to choose. The first option would be to wait for January 1, 2010, to arrive and have customers' bills reflect the entire anticipated thirty-four percent increase. The second option would provide customers with an opportunity to voluntarily pre-pay some of the anticipated rate increase.

Following the Vice Chairman's comments, representatives from the OSBA, the OCA, the OTS and PPL introduced themselves and described their roles in the proceeding thus far. Tr. 51-60. Testimony from the thirty-four public witnesses was then received. Much of the public's testimony pertained to the financial hardship that will befall them if the anticipated generation rate increase does materialize, while other testimony conveyed frustration with PPL. The public's testimony noted the recent financial gains reported by PPL as well as the compensation package received by its CEO. No one offered any objections to the proposed RSP.

On April 3, 2008, ALJ Salapa issued an Order certifying the record of this proceeding. The matter is now properly before the Commission for adjudication.

### **III. Background**

The Electricity Generation Customer Choice and Competition Act (Act) became effective on January 1, 1997. 66 Pa. C.S. §§ 2801-2812. As part of the transition to a competitive retail market, the Act provided for caps on the rates charged by electric distribution companies (EDCs) and required every EDC to provide POLR service. This statutory requirement must be met by the EDCs until the end of the transition period and thereafter pursuant to Commission Regulations. R.D. at 8; 66 Pa. C.S. § 2807(e)(3).

On August 27, 1998, at Docket No. R-00973954, the Commission approved a settlement regarding PPL's restructuring plan. The settlement extended PPL's generation rate cap until the end of 2009 and provided that PPL would serve as the POLR for its non-shopping customers through December 31, 2009. To meet its POLR obligation, PPL entered into an agreement under which it purchases its POLR requirements from PPL EnergyPlus at a price equal to the rate caps established in its restructuring plan. On July 31, 2001, at Docket Number G-00010886, the Commission approved the affiliated interest agreement between PPL and PPL EnergyPlus. This agreement terminates on December 31, 2009. Beginning January 1, 2010, PPL must then purchase generation supply to meet its POLR obligation on the competitive market. R.D. at 8.

On August 2, 2006, PPL filed a Competitive Bridge Plan (CBP) setting forth how it would obtain its POLR supply for 2010. The year 2010 is described as a bridge year because PPL's generation rate caps expire one year before those of most of the other Pennsylvania EDCs. By Order entered May 17, 2007, at Docket No. P-00062227, the Commission approved PPL's CBP. The CBP provides that PPL will obtain generation supply to meet its 2010 POLR obligation through a series of six solicitations over the years 2007-2009. At the

time the Settlement was filed, PPL had completed the first two solicitations. According to the Settlement Petition, if the results of the first two solicitations are repeated over the next four solicitations, PPL's default service customers will face substantial generation rate increases when the generation rate caps expire in 2010. PPL estimates that the total bill increase for an average residential customer using 1,000 kWh of electricity per year would be approximately 34.5%. PPL estimates that the total bill increase to small commercial and industrial customers would be between 22.8% and 42.2%. PPL Settlement Exh. 2 at 4; R.D. at 9.<sup>3</sup>

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<sup>3</sup> We take administrative notice that on March 27, 2008, the Commission approved the results of PPL's third solicitation. Based on the results of the third solicitation, if the average prices for the remaining solicitations match the prices approved so far, the bill for a residential customer of PPL Electric Utilities using 1,000 kWh per month would increase in 2010 by 34.4%, or about \$36.65. The corresponding total bill increases to small commercial and industrial customers are estimated to increase between 23.8% and 42.8%.

#### IV. Statutory and Regulatory Standards

Section 332(a) of the Public Utility Code (Code), 66 Pa. C.S. § 332(a), provides that the party seeking a rule or order from the Commission has the burden of proof in that proceeding. It is axiomatic that “[a] litigant’s burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible.” *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990).

As we review the issues raised in this proceeding, we are guided by Subsection 2804(4)(ii) of the Code, 66 Pa. C.S. § 2804(4)(ii), which sets forth the standard for restructuring of the electric industry. That section provides:

(ii) In addition to the rate cap set forth in subparagraph (i), for a period of nine years from the effective date of this chapter or until an electric distribution utility is no longer recovering its transition or stranded costs through a competitive transition charge or intangible transition charge and all customers of an electric distribution utility can choose an alternative provider of electric generation, whichever is shorter, the generation component of a utility’s charges to customers who purchase generation from the utility, including the competitive transition charge and intangible transition charge, shall not exceed the generation component charged to the customers that has been approved by the commission for such service as of the effective date of this chapter.

66 Pa. C.S. § 2804(4)(ii).

The Commission’s policy is to promote settlements: 52 Pa. Code § 5.231. Settlements lessen the time and expense parties must expend litigating a case and at the same time conserve precious administrative hearing resources. The

Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C S Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991).

## V. Joint Petition for Settlement

As noted, on February 27, 2008, PPL filed the Joint Petition for Settlement (Settlement Petition) signed by PPL, the OTS, the OCA, the OSBA, RESA, Richards, Epstein and Stilp. True and correct copies of the Settlement Petition, the Statements in Support, the Letters of Non-opposition and PPL Settlement Exhibits 1, 2 and 3 are attached to this Opinion and Order. The Settlement Petition is unopposed and the Joint Petitioners have agreed to resolve all issues based on the terms set forth below. The terms of the Settlement Petition supersede the terms and conditions of PPL's RSP Petition. R.D. at 9, 10.

### A. The Rate Stabilization Plan

PPL has agreed to implement the RSP on an opt-in<sup>4</sup> basis. The RSP will be available to certain residential, small commercial and small industrial, and street lighting customers; however, it will not be available to large commercial and industrial customers.<sup>5</sup> Settlement Petition at 7; R.D. at 9.

The Settlement Petition provides that PPL may collect an RSP charge on a monthly basis from customers who voluntarily participate in the program commencing July 1, 2008 through December 31, 2009. The amounts collected under the RSP, plus interest,<sup>6</sup> will then be paid back to those customers participating in the form of an RSP credit on monthly bills from January 1, 2010,

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<sup>4</sup> The November 30 Petition provided that the customers had the option, *at any time*, to elect not to participate in the RSP. RSP Petition at 22.

<sup>5</sup> The RSP shall apply to the bills of participating customers on Rate Schedules RS, RTD(R), RTS(R), GS-1, GS-3, GH-1(R), GH2-(R) and SE from July 1, 2008 through December 31, 2011. Appendix A to the Settlement Agreement, Proposed Tariff Supplement at 2.

<sup>6</sup> The legal rate of interest in Pennsylvania is six percent (6%). *See* 41 P.S. § 202.

through December 31, 2011. PPL Settlement Exh. 2, at 6; R.D. at 10. The Settlement Petition avers that this process will help customers mitigate the 2010 generation rate increase over a forty-two month period with most customers receiving a series of annual single digit percentage increases from July 1, 2008, through December 31, 2011. Settlement Petition at 7.

The series of annual single digit percentage increases for a Residential Service customer using an estimated 1,000 kWh per month, are as follows:

| Rate Schedule RS                  | 1/1/2008 | 7/1/2008 | 1/1/2009 | 1/1/2010  | 1/1/2011 | 1/1/2012 |
|-----------------------------------|----------|----------|----------|-----------|----------|----------|
| Monthly Bill Est. 1,000 kWh usage | \$101.37 | \$101.37 | \$101.81 | \$136.98  | \$136.98 | \$136.98 |
| RSP Rider Charge (Credit)         | \$0.00   | \$7.50   | \$15.00  | (\$13.65) | (\$6.83) | \$0.00   |
| Est. Bill plus RSP Rider          | \$101.37 | \$108.87 | \$116.81 | \$123.33  | \$130.15 | \$136.98 |
| % Increase over prior year        |          | 7.4%     | 7.3%     | 5.6%      | 5.5%     | 5.2%     |

PPL Settlement Exh. No. 3 at 5.

Customers who are currently on PPL's budget billing program may also opt-in to the RSP; however, customers served under PPL's OnTrack program<sup>7</sup> are not eligible to participate. Settlement Petition at 10, n. 12, 13.

All parties to the Settlement Petition have agreed that expiration of the generation rate cap on January 1, 2010, may make it more difficult for low-

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<sup>7</sup> This is PPL's Customer Assistance Program for low-income households at or below 150 % of the federal poverty level who are payment troubled. PPL has proposed an enrollment target of 22,000 customers in 2008. *PPL Universal Service and Energy Conservation Plan* for the period 2008 – 2010.

income customers to remain current with their electric bills. With this in mind, PPL has agreed to continue to monitor and analyze the status of its payment-troubled customers including payment behavior, overdue receivables, service terminations and customer complaints and will provide this analysis and supporting data to interested parties. PPL also has agreed to propose, if appropriate, further expansion of its universal service programs or new programs to address these issues. Settlement Petition at 10, n. 12.

The fixed monthly charges and credits are based upon the results of the first two CBP supply solicitations undertaken by PPL in July and October of 2007, and on PPL's assumption that they will be reflective of the price to compare resulting from all six scheduled solicitations. According to the Settlement Petition, the amounts collected and credited under the RSP will remain as presented above and will not be revised should future events, such as the results of the final four supply solicitations, alter PPL's assumptions regarding the generation rate increase. Additionally, the Settlement Petition states that the Commission's approval of the Settlement Petition and the RSP will not constitute Commission approval of PPL's assumptions regarding the generation rate increase. Settlement Petition at 7, 8.

The Settlement Petition further describes the RSP as a non-bypassable charge or credit that will be applied to bills, as a separately-listed line item, for all customers who volunteer to participate in the RSP. Additionally, customers will be able to participate in the RSP if they now purchase or in the future choose to purchase generation supply from an electric generation supplier. PPL Settlement Exh. 3, at 8-9. The RSP, according to the Settlement Petition, will not adversely affect competition because the charges and credits will not affect the price to compare for shopping purposes. Settlement Petition at 9; PPL Settlement Exh. 2 at 10-11.

The Settlement Petition clarifies that, if a customer elects to participate in the RSP after the start of the program, a one-time payment equal to the then-current balance plus interest for other customers in the same rate schedule stratum will be due. This one-time payment will be included in the customer's next bill following election to participate in the RSP. Settlement Petition at 11. Customers will have three options to choose from to enroll in the RSP: (1) over the internet; (2) by using a special toll free 800 number; or (3) by returning a postage paid reply card. The Settlement Petition also allows customers who participate in the RSP to leave the RSP program at any time. Customers who leave the RSP will receive the full amount they have paid into the plan, plus interest, as either a credit on future bills or as a one-time refund. Settlement Petition at 8.

As previously stated, an eligible customer can choose to participate prior to the July 1, 2008, start of the program or at any time prior to the end of the RSP payment term ending December 2009. The Settlement Petition also lists the circumstances under which an eligible customer's participation will end: (1) when the customer fails to pay his or her bill in full for two consecutive billing cycles after joining the RSP program; (2) when the customer voluntarily requests disconnection of his or her electric service; (3) when PPL terminates a customer's electric service; (4) when the customer voluntarily elects to leave the program; or (5) when the customer otherwise becomes ineligible for the program. Settlement Petition at 11. The Settlement Petition also provides that: (1) a customer can be restored into the program by paying the applicable arrearage and the one-time make-up payment representing missed RSP payments; (2) a customer's electric service will not be terminated solely due to failure to remit the RSP charges; and, (3) if a customer enrolls in the RSP and later enrolls in the OnTrack Program, the

customer would be removed from the RSP and refunded any monies, plus interest, paid into the program. Settlement Petition at 11, n. 14, 15, 16.

Pursuant to the Settlement Petition, the RSP will not be reconciled. PPL will track the charges and credits for each stratum, and all payments collected will be combined and placed in a separate RSP account. PPL Settlement Exh. 3, at 9. As previously stated, the charges and credits are fixed and will not fluctuate according to customer usage. Accordingly, PPL will know how much each customer has paid into, and is entitled to receive as a credit from, the RSP. Settlement Petition at 13.

#### **B. Public Notice**

According to the Settlement Petition, PPL's customers will be notified at the time the Commission affirmatively acts on the RSP, before implementing the RSP and during the term of the RSP. PPL will provide notice and the following information: (1) the magnitude of the expected rate increase in 2010; (2) the reasons for that increase; (3) a full description of the RSP; (4) a full description of how customers can elect to participate in the RSP; and (5) the availability of budget billing and universal service programs. Settlement Petition at 13; PPL Settlement Exh. 2, at 11.

Upon Commission approval of the Settlement Petition, PPL will issue a news release as well as provide television and radio interviews to announce the details of the RSP. PPL also will send a bill insert to all its customers setting forth eligibility requirements. The insert will include details of the RSP, where to find additional information and how to elect to participate in the RSP. PPL will follow up with a direct mailing to all active residential and small commercial and industrial customers, a second bill insert and paid advertisements in newspapers

located in its service area. PPL will provide parties to this proceeding an opportunity to review and comment on sample communication material concerning the RSP. Settlement Petition at 14; PPL Settlement Exh. 2, at 11-12.

PPL will respond to customer inquiries at a toll-free 800 number dedicated to the RSP. PPL also will make presentations to community groups and brief community-based organizations and local business and chamber of commerce groups to help them understand the RSP. After the RSP becomes effective, PPL will continue to respond to customer inquiries via the internet and telephone. PPL also will provide information about the RSP to new customers during 2008 and 2009 in the welcome packet it provides to new customers. Settlement Petition at 14, 15; PPL Settlement Exhibit 2, at 12. PPL will pay for the cost of the RSP from existing revenues. Additionally, PPL will not seek to recover any new costs incurred to implement the RSP that would not have been incurred but for the RSP. Settlement Petition at 15.

### **C. Modification of the Budget Billing Program**

PPL has reviewed its budget billing program and determined that, depending on the anniversary date for adjustment of a customer's budget bill, the expected 2010 rate increase could result in significant catch-up adjustments for budget billing customers. In order to avoid this potential significant adjustment, the Settlement provides that PPL will adjust the payments of all budget bill customers on January 1, 2010, to reflect one half of the 2010 rate increase or by approximately 17.2% of the customer's budget billing amount. As we stated earlier in this Order, the current estimated increase in the total bill for an average residential customer using 1000 kWh per month would be approximately 34.5%. R.D. at 9. This modification is separate and apart from the RSP. Settlement Petition at 15, 16. This adjustment affects all budget billing customers and is not

an option. All other aspects of the budget billing program will remain unchanged. Settlement Petition at 15, 16.

**D. Public Interest**

The Parties to the Settlement Petition believe that the terms recited above are in the public interest and balance the interests of PPL, its customers and the interests of the Joint Petitioners. Additionally, the Parties aver that the Settlement Petition will assist PPL's customers by giving them a means to mitigate the expected generation rate increase of more than 25% by phasing in the expected rate increase over a multi-year period thereby avoiding a one-time significant rate increase when the generation rate caps expire at the end of 2009. Settlement Petition at 16.

Consistent with the Commission's policy statement at 52 Pa. Code § 69.1811 the proposed Settlement Petition will implement the RSP on an opt-in, voluntary basis. Prompt resolution of this proceeding will provide PPL with sufficient time to inform and educate its customers prior to the proposed effective date of July 1, 2008. Settlement Petition at 16.

Lastly, the Parties to the Settlement Petition believe that approving and adopting the Settlement Petition is also in the public interest because accepting the Settlement will avoid the substantial time and expense involved in a litigated proceeding, including the potential for lengthy appeals. Avoiding these expenses serves the interests of PPL, the Joint Petitioners, the Intervenors and PPL's customers. Settlement Petition at 17.

## **E. Conditions of Settlement**

The Settlement Petition is conditioned upon the Commission's approval of the terms and conditions contained therein without modification. If the Commission modifies the Settlement Petition, any Joint Petitioner may elect to withdraw from the Settlement Petition and may proceed with litigation. Any election to withdraw must be made in writing, filed with the Commission and served upon all Joint Petitioners within five business days after the entry of an order modifying the Settlement Petition. In the event a Signatory Party withdraws from the Settlement Petition, the Settlement Petition shall be of no force and effect. If the Commission does not approve the Settlement Petition without modification and the proceeding continues to hearings, the Joint Petitioners reserve their respective rights to present additional testimony, to conduct full cross-examination and to submit briefs, reply briefs, exceptions and replies to exceptions. Settlement Petition at 17, 18.

The Joint Petitioners acknowledge that the Settlement Petition reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any of the issues raised in this proceeding. The Joint Petitioners agree that the Settlement Petition shall not constitute or be cited as precedent in any other proceeding. Settlement Petition at 18.

## **F. Disposition**

We are required to determine whether any filing presented for our disposition is in compliance with the Act as well as with our Regulations. Based upon our review of the Settlement Petition, which is unopposed by any Party, we find that it is in compliance with the Electricity Generation Customer Choice and Competition Act. The essence of the RSP is a proposal allowing customers, on a

voluntary basis, the option to prepay the anticipated increase in generation rates to become effective on January 1, 2010. Had this proposal been either non-voluntary or designed to recover current costs of generation, it would be in violation of Section 2804(4)(ii) of the Act. Additionally, the voluntary nature of the RSP and its design to provide customers a transition from capped rates to market-based rates is consistent with our Policy Statement at 52 Pa. Code § 69.1181.

We note that the Settlement Petition envisioned a phase-in of the anticipated post-rate cap increase in POLR supply rates commencing July 1, 2008. Settlement Petition at 7. The Settlement Petition also states that PPL will provide customer notice and information upon Commission action, before implementation, and during the RSP term. Settlement Petition at 13. Considering these provisions of the Settlement Petition, we shall direct PPL to commence its public notice campaign as soon as practicable. Additionally, as part of its compliance filing for the RSP, PPL shall submit a time line to identify its target dates for customer notice as well as the anticipated start date for the RPS payments.

We also find that the Settlement Petition is in the public interest. It should be noted that we consider PPL's agreement to continue to monitor and analyze the status of its payment-troubled customers including payment behavior, overdue receivables, service terminations and customer complaints, to be a pivotal segment of the Settlement Petition. This agreement will help to assure that customers who may need assistance applying for PPL's universal service programs will be identified and receive the benefit of the programs available to them. PPL has also agreed to propose, if appropriate, further expansion of its universal service programs or new programs to address these issues.

## VI. Conclusion

For the reasons set forth above, we find that the Settlement Petition, as proposed, is in the public interest and complies with the Act and our Policy Statement. Accordingly, we shall approve the Settlement Petition without modification; **THEREFORE,**

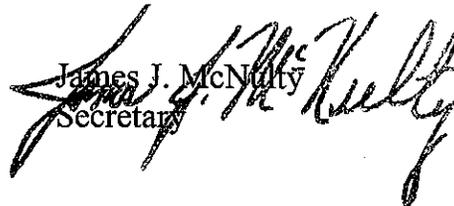
### **IT IS ORDERED:**

1. That the letter request dated March 20, 2008, by the Commission on Economic Opportunity, that the Commission hold additional public hearings throughout PPL's service territory, is denied, consistent with this Opinion and Order.
2. That PPL Electric Utilities Corporation shall not place into effect the proposed tariff establishing a Rate Stabilization Plan Rider attached to its Petition for Approval of a Rate Stabilization Plan as filed November 30, 2007.
3. That the Joint Petition for Settlement among PPL Electric Utilities Corporation, the Commission's Office of Trial Staff, the Office of Consumer Advocate, the Office of Small Business Advocate, Retail Energy Supply Association, Richards Energy Group, Eric Joseph Epstein and Gene Stilp filed on February 27, 2008, is hereby approved and adopted as modified herein.
4. That PPL Electric Utilities Corporation shall file a tariff supplement as set forth in the Joint Petition for Settlement as Appendix A to become effective on one day's notice after entry of the final Commission Order.

5. That the following documents are admitted to the record: (1) a copy of PPL Electric Utilities Corporation's RSP petition filed on November 30, 2007, marked as PPL Settlement Exhibit 1; (2) a copy of the prepared testimony of Douglas A. Krall, served on January 30, 2008, marked as PPL Settlement Exhibit 2; and (3) a copy of the prepared testimony of Oliver G. Kasper, served January 30, 2008, marked as PPL Settlement Exhibit 3.

6. That, after acceptance and approval by the Commission of the tariff supplement filed by PPL Electric Utilities Corporation, pursuant to paragraph number four above, the instant proceeding regarding the Petition of PPL Electric Utilities Corporation for Approval of a Rate Stabilization Plan at Docket P-2008-2021776 (TN 100) shall be terminated and marked closed.

**BY THE COMMISSION**

  
James J. McNulty  
Secretary

(SEAL)

ORDER ADOPTED: August 7, 2008

ORDER ENTERED:

**AUG 07 2008**