

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Docket No. R-2010-2161694**

**PPL Electric Utilities Corporation**

**Statement No. 9**

**Direct Testimony of Timothy R. Dahl**

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2 **Q. Please state your full name and business address.**

3 A. My name is Timothy R. Dahl and my business address is PPL Electric Utilities  
4 Corporation, 827 Hausman Road, Allentown, PA 18104

5  
6 **Q. What is your position at PPL Electric Utilities Corporation (“PPL Electric”  
7 or the “Company”)?**

8 A. I am the Manager-Regulatory Programs & Business Services. I report directly to  
9 the Vice President-Customer Services.

10  
11 **Q. How long have you worked at PPL Electric?**

12 A. I have worked at PPL Electric for nearly 32 years.

13  
14 **Q. What are your current areas of responsibility?**

15 A. I manage the Company’s universal service programs and regulatory compliance  
16 and quality assurance activities regarding the Pennsylvania Public Utility  
17 Commission’s (“Commission” or “PUC”) 52 Pa. Code Chapter 56 and Chapter 14  
18 regulations. I oversee the budget, staffing, operations, processes and  
19 Commission reporting requirements for the following universal service programs:  
20 OnTrack, WRAP, Operation HELP and CARES. I am responsible for compliance  
21 and quality assurance to ensure adherence to Commission regulations, timely  
22 responses to customer complaints filed with the Commission, compliance  
23 training, and improvements in procedures to strengthen overall compliance

1 performance. I act as the liaison between PPL Electric and the Commission's  
2 Bureau of Consumer Services, the Pennsylvania Office of Consumer Advocate,  
3 and the Pennsylvania Department of Public Welfare regarding low-income  
4 programs, compliance with consumer regulations (52 Pa. Code Chapter 56 and  
5 Chapter 14), and policy issues regarding residential customers. I meet with  
6 elected state officials to discuss issues regarding universal service programs and  
7 Commission regulations. I serve as the Company's advocate for federal funding  
8 and state administration of the Low-Income Home Energy Assistance Program  
9 ("LIHEAP").

10  
11 **Q. What is your work experience, professional associations and educational**  
12 **background?**

13 A. During my career at PPL Electric, I have held various staff professional and  
14 supervisory positions in Marketing & Economic Development, Public Affairs and  
15 Customer Services. In my current position as Manager-Regulatory Programs &  
16 Business Services, I direct a work group of 26 people, including staff  
17 professionals and program support personnel. I have participated in various  
18 organizations such as the Edison Electric Institute ("EEI"), Energy Association of  
19 Pennsylvania ("EAP"), National Low Income Energy Consortium and National  
20 Fuel Fund Network. I have chaired committees at both EEI and EAP and have  
21 served on various Commission-sponsored working groups. I have made  
22 numerous presentations at various conferences and workshops. I hold BA and  
23 MA degrees in Political Science.

1 **Q. What is the purpose of your testimony regarding PPL Electric’s request for**  
2 **an increase in its distribution rates?**

3 A. My testimony describes the Company’s universal service programs, especially  
4 OnTrack and the Winter Relief Assistance Program (“WRAP”). These and other  
5 programs help low-income customers to better manage their energy usage and  
6 provide solutions for inability-to-pay problems. OnTrack, which is PPL Electric’s  
7 Customer Assistance Program (“CAP”), provides affordable payments,  
8 arrearage forgiveness and referrals to other assistance programs. WRAP offers  
9 free weatherization services and energy conservation education to both renters  
10 and homeowners. WRAP is the Company’s Low-Income Usage Reduction  
11 Program (“LIURP”), which the Commission requires by regulation (52 Pa. Code  
12 Chapter 58).

13  
14 **Q. Are you sponsoring any exhibits as part of your direct testimony?**

15 A. Yes, I am sponsoring the following exhibits in this proceeding.

16

<b>Exhibit #</b>	<b>Description</b>
TRD 1	Fact Sheets on Universal Service Programs
TRD 2	List of Agencies that Administer PPL Electric’s Programs

17

18 I. Universal Service Programs

19 **Q. What types of programs does PPL Electric offer to its low-income**  
20 **customers?**

21 A. PPL Electric has nearly 30 years of experience in developing and implementing  
22 programs and services for low-income households. The Company has been able

1 to accomplish this through an effective partnership with various community-  
2 based organizations (“CBOs”). PPL Electric’s current programs include the  
3 following: OnTrack, WRAP, Operation HELP and CARES. In general terms,  
4 OnTrack offers reduced payment plans and arrearage forgiveness; WRAP  
5 provides free weatherization services and energy conservation education;  
6 Operation HELP pays for any type of home heating bill; and CARES protects  
7 against shutoffs and provides referrals for households faced with temporary  
8 hardships. PPL Electric also promotes the availability of LIHEAP, which provides  
9 energy assistance grants to low-income customers at or below 150 percent of the  
10 federal poverty level. Exhibit TRD 1 provides a more detailed explanation of the  
11 Company’s universal service programs.

12  
13 **Q. When did PPL Electric implement its universal service programs?**

14 A. PPL Electric implemented CARES in 1980; Operation HELP in 1983; WRAP in  
15 1985; and OnTrack in 1994. The Company began promoting the availability of  
16 LIHEAP when the program started in the early 1980s.

17  
18 **Q. How does PPL Electric implement and administer its universal service  
19 programs?**

20 A. For many years, the Company has worked collaboratively with various CBOs  
21 throughout its service area in central and eastern Pennsylvania to implement its  
22 programs. In addition, PPL Electric has relied on various private contractors to  
23 support the delivery of WRAP services. These CBOs have extensive experience

1 and capabilities in serving low-income households and in coordinating with other  
2 community resources. This partnership between PPL Electric and CBOs and  
3 contractors is critical to the delivery of programs to low-income customers.  
4 Exhibit TRD 2 provides a list of the various CBOs and private contractors that  
5 help administer PPL Electric's universal service programs.  
6

7 **Q. Does PPL Electric have any other programs for low-income customers?**

8 A. Yes. The Commission recently approved PPL Electric's revised Act 129 Energy  
9 Efficiency and Conservation Plan ("EE&C") at Docket No. M-2009-2093216. The  
10 Company's EE&C Plan includes a program called Low-Income WRAP, which  
11 provides free weatherization services to residential customers with annual  
12 household incomes at or below 150 percent of the federal poverty level. PPL  
13 Electric is using the same CBOs and contractors who administer WRAP to  
14 administer Act 129 WRAP.  
15

16 **Q. Is PPL Electric seeking cost recovery for Act 129 WRAP in this instant  
17 proceeding?**

18 A. No. The Company recovers all EE&C Plan expenses through a separate rider  
19 (Act 129 Compliance Rider or "ACR") approved by the Commission.  
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1 **Q. What is the budget for Act 129 WRAP?**

2 A. Over a period of four (4) program years, PPL Electric will expend approximately  
3 \$29 million to conduct audits and install weatherization measures through Act  
4 129 WRAP. The estimated budget for 2010 is \$8.6 million.

5  
6 **Q. How does PPL Electric promote the availability of LIHEAP?**

7 A. PPL Electric promotes LIHEAP through a bill insert, a targeted mailing, an  
8 outbound call campaign and information for its Customer Service  
9 Representatives (“CSRs”). For the 2009-2010 program year, the Company sent  
10 letters and made telephone calls to tens of thousands of low-income customers  
11 reminding them to apply for LIHEAP grants. Many of these low-income  
12 customers received both the letter and the telephone call reminder from PPL  
13 Electric. The CSRs have access to information (LIHEAP income guidelines,  
14 opening and closing dates, telephone numbers of County Assistance Offices,  
15 etc.) that allows them to refer customers to the program. The Company also  
16 works closely with the County Assistance Offices regarding the use of  
17 LIHEAP crisis grants to prevent termination of service after April 1, when  
18 regulated utilities start shutting off service for non-payment of residential bills.

19  
20 **Q. What are the primary benefits of these universal service programs?**

21 A. PPL Electric believes that its universal service programs offer a variety of  
22 benefits to customers and the Company. For example, the following table shows

1 that the number of customers assisted from 2006 through 2009 by the three  
 2 major programs has increased by 39 percent from 27,008 to 37,449.

<b>Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
OnTrack	20,721	21,820	23,305	29,313 <sup>1</sup>
WRAP	2,418	2,677	3,055	3,432
Operation HELP	3,869	3,529	3,750	4,704
<b>Total</b>	<b>27,008</b>	<b>28,026</b>	<b>30,110</b>	<b>37,449</b>

3 The actual number of low-income customers receiving OnTrack benefits is  
 4 higher because some customers may receive less than 12 months of benefits. A  
 5 customer may enroll in OnTrack in February and leave the program in  
 6 September. Although the customer received eight months of benefits (e.g., CAP  
 7 Credits and arrearage forgiveness), he or she would not show up in the year-end  
 8 number of active OnTrack accounts. For example, in 2009, over 40,000  
 9 residential customers participated in OnTrack at time during the year.

10 As indicated above, the Company also takes steps to encourage  
 11 customers to apply for LIHEAP grants. The following table shows the number of  
 12 customers assisted and grant amounts provided over the past four program  
 13 years. The LIHEAP program year in Pennsylvania typically runs from November  
 14 through March. If funding is still available, DPW may extend the closing date into  
 15 April.

<b>LIHEAP</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009<sup>2</sup></b>
Customers	22,780	19,522	20,723	37,877
Grants (\$)	\$6,170,485	\$4,880,701	\$5,356,449	\$13,789,214

<sup>1</sup> Represents the number of active OnTrack accounts as of December 31, 2009.

<sup>2</sup> The number of customers assisted and dollars received increased significantly in the 2008-2009 program year because Congress approved a funding level of \$5.1 billion for LIHEAP. Previous budgets typically had been just over two billion dollars.

1                   From a customer’s perspective, important benefits of the universal service  
2 programs include:

- 3                   1. Preventing utility shut-offs;
- 4                   2. Receiving an affordable electric bill;
- 5                   3. Lowering usage through weatherization and energy education;
- 6                   4. Having access to other assistance programs; and
- 7                   5. Improving living comfort and safety.

8                   From PPL Electric’s perspective, the key benefits of the programs are:

- 9                   1. Improving customer satisfaction;
- 10                  2. Maintaining service for low-income customers;
- 11                  3. Reducing Commission complaints;
- 12                  4. Addressing overdue receivables; and
- 13                  5. Supporting effective partnerships with CBOs.

14  
15 **Q. Does PPL Electric intend to deliver these programs in the same manner in**  
16 **2011 and beyond?**

17 A. Yes, PPL Electric will continue to work closely with the CBOs and private  
18 contractors who have administered the programs effectively for many years.  
19 Given the availability of additional significant weatherization funding in  
20 Pennsylvania (i.e., stimulus funding from the American Recovery and  
21 Reinvestment Act – “ARRA”) for low-income households, this cooperation and  
22 coordination is more important than ever. The Commission, recognizing the  
23 necessity of promoting more effective coordination of resources, has established

1 a Universal Service Coordination Working Group to address issues surrounding  
2 the delivery of weatherization services to low-income households.

3 Although the delivery model for PPL Electric's universal service programs  
4 has been successful, the Company will continue its efforts to streamline  
5 processes and, when appropriate, to use technology enhancements to  
6 strengthen delivery and results. Examples of these ongoing efforts include  
7 processing WRAP invoices electronically, re-certifying LIHEAP recipients every  
8 two years, developing a web-based job ticket for WRAP and enhancing  
9 procedures to allow OnTrack participants to select generation suppliers.

10  
11 **Q. Does PPL Electric's base rate increase include additional expenses for the  
12 administration of its low-income programs?**

13 A. Yes. The Company's O&M expenses (primarily employee wages) for its  
14 universal service programs will increase slightly. Budgeted employee wages for  
15 2010 through 2012 are shown in the table below.

<b>Expense</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Employee Salaries	\$2,856,840	\$3,173,532	\$3,287,334

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19 **Q. How many PPL Electric employees are involved in the day-to-day  
20 administration of the universal service programs and Act 129 WRAP?**

21 A. There are 19 employees who charge between half and all of their time to  
22 managing and implementing these programs. The types of positions and number  
23 of employees in each position appear below.

Title	Number of Employees
Customer Relations Specialists	2
Customer Programs Directors	5
Universal Service Representatives	12

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**Q. What about the Company’s other costs associated with the implementation of its universal service programs?**

A. PPL Electric recovers those costs (installation of WRAP measures, payments to OnTrack CBOs, arrearage forgiveness, etc.) through the USR, which is part of the Company’s tariff.

**Q. Does the Commission have regulations regarding utilities’ implementation of their universal service programs?**

A. Yes. Under 52 Pa. Code § 54.74, electric distribution companies (“EDCs”) are required to submit to the Commission for review and approval a universal service and energy conservation plan every three (3) years. The EDCs submit their three-year plans to the Commission on a staggered basis. In addition, 52 Pa. Code § 54.76 requires EDCs to have their universal service programs evaluated by an independent third party every six (6) years.

**Q. When must PPL Electric submit its next universal service and energy conservation plan to the Commission?**

A. The Company’s next three-year plan is due to the Commission on June 1, 2010 and, when approved, the plan is effective from January 1, 2011 through December 31, 2013.

1 **Q. What is included in the three-year plan?**

2 A. In general terms, the plan describes how PPL Electric will implement its CAP  
3 (OnTrack), LIURP program (WRAP), hardship fund (Operation HELP) and  
4 CARES in conformance with Commission requirements and guidelines. Key  
5 elements of the plan for each program include, but are not limited to, the  
6 following:

- 7 • Overview and background
- 8 • Objectives and purpose
- 9 • Program eligibility
- 10 • Control features
- 11 • Outreach and intake
- 12 • Funding and enrollment
- 13 • Organizational structure
- 14 • Proposed changes and enhancements

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16

17 **Q. Is PPL Electric proposing to expand its existing universal service programs  
18 in its next three-year plan?**

19 A. As part of the three-year universal service and energy conservation plan, the  
20 Company anticipates a growth in expenditures for the OnTrack program. The  
21 drivers of this change include an increase in customer participation and  
22 additional expenditures for CAP credits (i.e., difference between actual bills and  
23 reduced OnTrack payments) and arrearage forgiveness. The average number of  
24 monthly referrals to OnTrack has grown by 130 percent from 4,005 in 2006  
25 to 9,203 through 2009. The Company projects the number of active OnTrack  
26 accounts to rise from just over 21,000 in January to 2008 to 37,000 by December  
27 2011 – an increase of 76 percent.

1                    In its proposed three-year plan (2011-2013), the Company is planning to  
2 maintain its current level of annual funding for WRAP. Given that PPL  
3 Electric has increased its weatherization budget for low-income customers  
4 through Act 129, the Company believes it is prudent to keep the WRAP budget  
5 relatively flat. PPL Electric intends to continue its annual corporate contribution  
6 of Operation HELP. The Company believes that Operation HELP donations from  
7 customers and employees are likely to remain flat at best but will probably  
8 decline slightly over the next several years.

9  
10 **Q. Does this conclude your direct testimony?**

11 **A.** Yes, it does.