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September 2, 2010

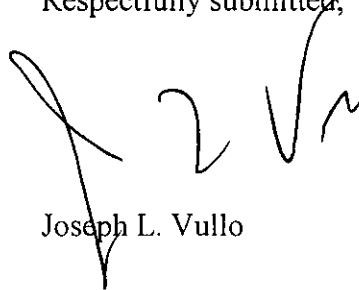
Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second Floor
Harrisburg, PA 17120

RE: In Re: PPL Electric Utilities Request for Rate Increase
Docket No: R-2010-2161694

Dear Secretary McNulty:

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 submitted,



Joseph L. Vullo

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cc: ALJ Susan D. Colwell
All Parties Per Certificate of Service

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PENNSYLVANIA PUBLIC UTILITY COMMISSION V. PPL ELECTRIC UTILITIES
CORPORATION

DOCKET NUMBER: R-2010-2161694

BRIEF OF INTERVENOR
COMMISSION ON ECONOMIC OPPORTUNITY

AREAS ADDRESSED:
Universal Service Programs

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I. Procedural History and Facts

In this proceeding, Pennsylvania Electric Utilities Corporation (PPL or Company) requested approval of an overall increase in distribution revenues of \$114.7 million. By virtue of the Joint Petition for Partial Settlement of Rate Investigation filed in this matter, the parties agreed to, or did not oppose, an overall increase in distribution rates of \$77.5 million. As indicated in OCA's and OTS' Statements in Support of the Joint Petition for Partial Settlement, the settled upon increase is an increase of approximately 11.5% in distribution revenues. (OCA Statement in Support p.4, OTS Statement in Support, p. 6). Although the Joint Petition for Settlement did resolve the level of increase to the monthly fixed customer service charge, it did not resolve other matters regarding revenue allocation or rate design. Accordingly, PPL's proposal that the entire rate increase fall upon the residential customer class remains. Also, because universal service costs are recovered through the Company's Universal Service Rider and not in base rates, the partial settlement on the revenue requirement does not preclude changes in funding for the Company's universal service programs which have been reserved for litigation. This Brief is submitted to address specifically funding of two universal service programs, the Company's LIURP program, WRAP, and the Company's hardship program, Operation Help.

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. (Brady Direct, CEO Statement No. 1, p. 1). 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. (Brady Direct, 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, and hardship fund, Operation Help. In this proceeding the Company is not proposing any increase in funding for WRAP or Operation Help despite its proposal that the rate increase be allocated in total to the residential class. CEO proposed in its testimony that WRAP funding be increased from its current annual funding level of 8M to 9.5M and that Operation Help funding be increased from its current annual funding level of 1.3M to 1.6M.

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.

In this proceeding the Company has reached a settlement that would increase distribution rates by 11.5% and is proposing that the increase be allocated entirely to the residential class. The impact of that possible increase on low-income residential customers is compounded by the fact that customers recently saw the generation portion of their bill increase by 30%. (Brady Direct p. 3). Further, the need for assistance to low-income customers existed prior to the Company's request for a rate increase in this proceeding and recent increase in generation charges. Mr. Brady testified that CEO has seen an increase in the number of people who are living in poverty and that rising energy costs, rising healthcare costs and a dramatic increase in unemployment have all contributed to a greater need for help. (Brady Direct p. 5-6).

This increased need is demonstrated further by the Company's own reporting of the number of people it has served through its universal service programs. The Company serves 1,221,405 low income customers. In 2006 it provided 2418 of those customers with WRAP services and in 2009 that number increased by 42% to 3422 customers. The same need has been shown in the increase in hardship cases served by the Company. In 2006, 3869 customers received help through the Company's hardship program (HELP) and in 2009 that number increased by 22% to 4704 customers. The Company has indicated that hardship funds ran out in 2008 and 2009 leaving many people without needed help. (Brady Direct p. 6).

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. 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. (Brady Direct p. 8). Current funding for WRAP was established in the Company's last rate case filed in 2007 and that annual funding has not changed since that time. (PUC Docket No. 72155). The Company in the rebuttal testimony of Timothy R. Dahl (Statement 9-R) contends that current funding for WRAP should remain the same because additional funding for weatherization has been provided through federal ARRA funding and Act 129 requirements. But ARRA funding ends in 2012 and the increased funding for weatherization provided by ARRA and Act 129 only demonstrates the value of weatherization funding. A value that 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.”

(Brady Direct p. 7 quoting PUC Order on Duquesne Light's Restructuring, R-00974104, p. 293).

Similarly, funding for the Company's hardship fund, Operation Help, has remained stagnant and the Company is not proposing any increase in funding in this proceeding for the hardship program. As indicated above, funding for Operation Help ran out before the end of the program years in 2008 and 2009. (Brady Direct p. 6). Further, at the hearing held in this case and his Rebuttal testimony Company witness Joseph M. Kleha indicated that the Company's uncollectible accounts expenses was expected to rise due to the expiration of generation caps. (Kleha Rebuttal, Stmt 7-R p.

29-30). Hardship funding is currently set at 1.3M and that funding ran out before the end of the program years 2008 and 2009, years in which generation caps were still in place and before the rate increase in this proceeding. If hardship funding was insufficient to meet the need in those years than surely increased hardship funding is needed to meet what the Company concedes will be an even greater need. It is on that basis that CEO requests that funding the PPL's hardship fund, Operation Help be increased to a minimum level of 1.6M.

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 annual funding for Operation Help be set at a minimum of 1.6M 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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V.

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R-2010-2161694

Request for Rate Increase

CERTIFICATE OF SERVICE

The undersigned certifies that he served a true and correct copy of Brief of Intervenor, Commission on Economic Opportunity upon the following participants this 2nd day of September, 2010, via electronic mail and first-class mail:

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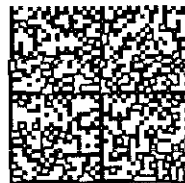
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