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February 18, 2011

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: PPL Electric Utilities Corporation's Universal Service and Energy Conservation
Plan for 2011 - 2013
Docket No. M-2010-2179796**

Dear Secretary Chiavetta:

Enclosed please find PPL Electric Utilities Corporation's Statement in Support of the Joint Petition for Settlement of All Issues for the above-referenced proceeding. Copies will be provided as indicated on the certificate of service.

Respectfully Submitted,

Anthony D. Kanagy

ADK/skr

Enclosures

cc: Honorable Susan D. Colwell
Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PPL Electric Utilities Corporation :
Universal Service and Energy : Docket No. M-2010-2179796
Conservation Plan for 2011-2013 :

**PPL ELECTRIC UTILITIES CORPORATION'S
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT OF ALL ISSUES**

TO ADMINISTRATIVE LAW JUDGE SUSAN D. COLWELL:

I. INTRODUCTION

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Settlement of All Issues (“Settlement”) entered into by the Office of Trial Staff (“OTS”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), Commission on Economic Opportunity (“CEO”), Lorrie Koons, Eric Epstein and PPL Electric (collectively the “Joint Petitioners”).¹ The Settlement, if approved, will resolve all issues in the above-captioned proceeding. PPL Electric believes that the Settlement achieved in this proceeding is in the best interests of the Company, its customers and the parties.

By all measures, the Company’s OnTrack and other low-income customer programs are very successful. PPL Electric has provided low-income programs to qualified customers for nearly 30 years. PPL Electric St. No. 1-R, p. 2. OnTrack program enrollment has grown significantly in the past few years – from 22,000 participants in 2007 to a projected 36,000 participants in 2011. See PPL Exhibit TRD-1, pp. 2, 14. In addition, approximately 80 percent

¹ The Sustainable Energy Fund (“SEF”) and the PP&L Industrial Customer Alliance (“PPLICA”) do not oppose this Settlement and will submit letters of non-opposition contemporaneously with the filing of this Settlement.

of OnTrack customers pay their bills. PPL Electric St. No. 1-R, p. 4. Moreover, the Company has maintained its OnTrack administrative costs at approximately ten (10) percent of overall program costs. PPL Electric St. No. 1-R, p. 4.

Given the success and the cost-effectiveness of the Company's universal service programs, the Company did not propose significant changes to its universal service plan in this proceeding and does not believe that significant changes would be appropriate. Under the Settlement, however, the Company has agreed to certain modifications to its universal service programs that were proposed by the parties. These modifications should allow the parties to better evaluate the Company's OnTrack payment options, assist certain customers in obtaining energy education and weatherization services, and educate senior citizens about the Company's low-income programs.

PPL Electric notes that the Settlement was achieved only after a comprehensive investigation of the Company's Universal Service and Energy Conservation Plan for 2011 through 2013 ("USP Plan"). In this proceeding, the Company responded to both formal and informal discovery questions. In addition, parties filed multiple rounds of testimony, including Company direct testimony, other parties' direct testimony, rebuttal testimony, surrebuttal testimony and rejoinder testimony. Moreover, the parties participated in numerous settlement discussions that ultimately led to the Settlement.

The Settlement reflects a carefully balanced compromise of the interests of all of the Joint Petitioners. For these reasons and the reasons set forth below, the Settlement is just and reasonable and should be approved.

II. SETTLEMENT TERMS

A. OnTrack Provisions

OnTrack is the Company's Customer Assistance Program ("CAP"). Under the Commission's CAP Policy Statement, which was adopted in 1999, the Commission set forth guidelines for annual maximum CAP credits. 52 Pa. Code § 69.265. Therein, the Commission stated that annual maximum CAP credits should not exceed \$1,400 for electric heating customers and \$560 for non-heating customers.

In 2009, PPL Electric requested Commission approval to increase its maximum CAP credits to \$2,300 for residential heating customers and \$900 for non-heating customers. PPL Electric requested the increases in its maximum CAP credits to better assist CAP customers in dealing with increased electric generation supply costs after the Company's generation rate caps expired. The Commission approved PPL Electric's request to increase its maximum CAP credits to \$2,300 for heating customers and to \$900 for non-heating customers by Order entered January 14, 2010 at Docket No. R-00072155. If the maximum CAP credits had not increased, CAP customers could have been dropped from the CAP program for exceeding the CAP maximum even through their usage had not increased because the higher generation costs increased the CAP credits (i.e., the difference between the CAP customers' monthly "asked to pay" amount and the otherwise applicable bill at full retail rates).

In this proceeding, PPL Electric proposed to continue to provide maximum CAP credits of \$2,300 for heating customers and \$900 for non-heating customers. PPL Electric St. No. 1, p. 8. OTS argued that the Company should decrease its maximum CAP credits to account for the projected decrease in generation supply costs effective January 1, 2011. As a result, OTS argued that the maximum CAP credits should be \$2,158 for heating customers and \$845 for non-heating customers. OTS St. No. 1, pp. 12-13. In Surrebuttal Testimony, Mr. Browning argued that the

maximum CAP credit reductions, if accepted, should be rounded to \$2,160 for heating customers and \$850 for non-heating customers. Lorrie Koons St. No. 1-SR, p. 4. For settlement purposes, the Joint Petitioners agreed to these maximum CAP credits, and PPL Electric believes that they are reasonable. PPL Electric noted at the hearing that the net effect of the January 1, 2011 distribution rate increase and generation rate decrease was approximately a 4% reduction in rates. The Settlement reduces the maximum CAP credits by approximately 6%. These amounts are relatively close and acceptable to PPL Electric. PPL Electric believes that the maximum CAP credits should remain above the levels proposed in the Commission's Policy Statement because electricity rates are considerably higher than they were when the Commission adopted its Policy Statement. PPL Electric will maintain these maximum CAP credit levels through the three-year term of its USP plan and will evaluate whether these levels should stay the same, increase or decrease in its next Universal Service Plan filing.

Under the Settlement, PPL Electric will continue to provide notices to CAP customers when they have reached 50% and 80% of their annual maximum CAP credits. Settlement ¶ 34. When households reach 80%, they will be evaluated for WRAP service on a priority basis. If customers are ineligible for WRAP services because they have received WRAP service in the past seven (7) years, they will receive energy education and referrals to other weatherization programs. These settlement provisions will ensure that high usage OnTrack customers are both aware of weatherization services and have the opportunity to receive weatherization services. Therefore, PPL Electric believes that these settlement provisions are reasonable.

In this proceeding, Mr. Browning noted that PPL Electric has four (4) payment plan options for OnTrack customers. Lorrie Koons St. No. 1, p. 8. Mr. Browning recommended that the Company analyze its four (4) payment options to determine whether certain of the options

are more or less effective than the others. Lorrie Koons St. No. 1, p. 11. Under the Settlement, PPL Electric has agreed to conduct an analysis of its payment plan options. PPL Electric will evaluate the number of customers participating in each payment option, the average payment amount of each option and the default rate of each payment option. This analysis should provide PPL Electric with additional information about its payment plan options to determine if any of the options are more or less effective than other options and will address Mr. Browning's concerns about the Company's four (4) payment plan options. For these reasons, PPL Electric believes that this Settlement provision is reasonable.

B. WRAP Provisions

WRAP is the Company's Low-Income Usage Reduction Program. Under WRAP, the Company provides weatherization services to customers with incomes up to 200% of the Federal Poverty Level ("FPL"). PPL Electric St. No. 1, p. 17. In this proceeding, PPL Electric proposed to increase WRAP program eligibility to customers with incomes up to 250% of the FPL. PPL Electric St. No. 1, p. 17. PPL Electric explained that it was proposing to expand its WRAP program eligibility for several reasons, including that fewer customers are responding to WRAP outreach efforts, availability of Act 129 weatherization programs for low-income customers and the need of customers with income levels between 201-250% of FPL for weatherization services. PPL Electric St. No. 1-R, pp. 30-36.

In testimony, OTS and Mr. Browning recommended that the Commission deny PPL Electric's proposal to increase its WRAP eligibility guidelines to 250% of the FPL. OTS St. No. 1, p. 20; Lorrie Koons St. No. 1, p. 17. Both OTS and Mr. Browning expressed concerns that PPL Electric's proposal was inconsistent with the Commission's LIURP regulations and that this proposal would detract from the Company's efforts to provide WRAP services to lower income customers.

For settlement purposes, PPL Electric agreed to withdraw its proposal to increase its WRAP income eligibility guidelines. Settlement ¶ 37. The Company notes that it will continue to monitor WRAP participation and may re-file its proposal or an amended proposal in a subsequent proceeding, and, for this reason, believes this provision of the Settlement is reasonable.

In this proceeding, Mr. Browning argued that PPL Electric should coordinate its WRAP program with Act 129 and other programs serving low-income customers. Lorrie Koons St. No. 1, p. 18. In Rebuttal Testimony, the Company explained that it has worked collaboratively with the Commission, utilities and other interested parties in coordinating low-income weatherization programs. PPL Electric St. No. 1-R, p. 37. In addition, under the Settlement, PPL Electric agreed to include a description of its efforts to coordinate WRAP services with other low-income weatherization programs in its Revised USP Plan. Settlement ¶ 38. PPL Electric has included this description of its WRAP program coordination efforts as Attachment 1 to the WRAP section of its Revised USP Plan. As shown therein, the Company has a comprehensive plan and makes substantial efforts to coordinate its WRAP program with other weatherization programs. For these reasons, PPL Electric believes that these provisions of the Settlement are reasonable.

C. CEO In-Home Energy Display Pilot

In this case, CEO explained that it had received a federal grant to install in-home display devices for low-income customers with weatherized homes and to evaluate whether the customers that receive in-home displays will reduce their electric usage (“CEO Pilot Program”). CEO St. No. 1, pp. 3-4. As part of its project, CEO requested that PPL Electric provide an incentive to CEO Pilot Program participants by reducing their frozen OnTrack arrearage by an additional \$250. CEO also requested that PPL Electric cooperate with CEO in providing information to conduct the CEO Pilot Program. CEO St. No. 1, p. 6.

PPL Electric and OTS objected to CEO's request that PPL Electric provide additional arrearage forgiveness for CEO Pilot Program participants. Both parties expressed several concerns with this proposal, including the potential for the incentive to skew the pilot results. PPL Electric St. No. 1-R, p. 23; OTS St. No. 1-R, p. 3. The Settlement does not adopt CEO's proposal for PPL Electric to provide an incentive to CEO's Pilot Program participants.

The Settlement does, however, provide that PPL Electric will work collaboratively with CEO in its Pilot Program and, subject to customers' consent, provide referrals to CEO for its Pilot Program, provide kWh information, and provide information regarding the value of weatherization work performed. Settlement ¶ 36. PPL Electric also will provide information regarding WRAP contractors so that CEO can coordinate the scheduling of weatherization work with the installation of in-home energy display devices. Settlement ¶ 36. PPL Electric believes that this provision is reasonable for purposes of the Settlement because it will assist CEO in performing its Pilot Program.

D. Meetings with Key Area Agencies on Aging

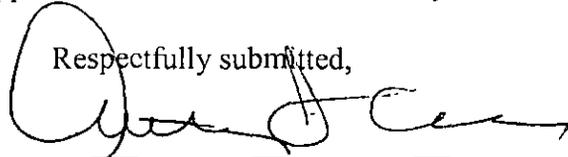
Under the Settlement, PPL Electric has agreed to meet with key Area Agencies on Aging in its service territory to review and discuss the Company's programs and services for low-income customers; LIHEAP; credit and collection procedures; and various billing options and services (e.g., third-party notification). Prior to holding these meetings, PPL Electric will provide an agenda to parties in this proceeding and give parties the opportunity to provide input on the agenda. PPL Electric will retain its sole discretion in determining whether to make any changes to its meeting agenda. PPL Electric further agreed to consider changes, if any, to its programs and services for low-income customers based on information obtained from these meetings. Settlement ¶ 39.

PPL Electric believes that this Settlement provision is in the public interest because it will ensure that the key Area Agencies on Aging in the Company's service territory receive important education about the Company's programs and services for low-income customers. This should assist senior citizens, many who are on a fixed income, in learning more about the Company's services.

III. CONCLUSION

The Settlement is the result of detailed examination of PPL Electric's universal service programs, multiple rounds of testimony and compromise by all parties. PPL Electric believes that a fair and reasonable compromise has been achieved in this case, as is evident by the fact that the Settlement resolves all issues and has been agreed to or not opposed by all parties in this proceeding. PPL Electric fully supports this Settlement and respectfully requests that the ALJ and the Commission expeditiously review and approve the Settlement in its entirety.

Respectfully submitted,



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Date: February 18, 2011

Attorneys for PPL Electric Utilities Corporation

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

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