

LAW OFFICES

DRINKER BIDDLE & REATH LLP

ORIGINAL

SUITE 900  
901 FIFTEENTH STREET, N.W.  
WASHINGTON, DC 20005-2333  
(202) 842-8800

PHILADELPHIA NATIONAL BANK BUILDING  
1345 CHESTNUT STREET  
PHILADELPHIA, PA 19107-3496  
TELEPHONE: (215) 988-2700  
FAX: (215) 988-2757

SUITE 300  
105 COLLEGE ROAD EAST  
P.O. BOX 627  
PRINCETON, NJ 08542-0627  
(609) 716-6500  
SUITE 300  
1000 WESTLAKES DRIVE  
BERWYN, PA 19312-2409  
(610) 993-2200

July 21, 1998

Mr. John M. Quain, Chairman  
COMMONWEALTH OF PENNSYLVANIA  
Pennsylvania Public Utility Commission  
Harrisburg, Pennsylvania

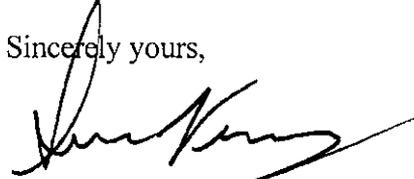
RECEIVED  
98 JUL 21 PM 2:55  
PA.P.U.C. BUREAU  
SECRETARY'S BUREAU

Re: **Application of Pennsylvania Power & Light Company for  
Approval of Restructuring Plan Under Section 3806 of the  
Public Utility Code**  
**Docket No.: R-00973954**

KJR

Dear Chairman Quain:

On behalf of Titanium Hearth Technologies, Inc. I hereby submit for filing the enclosed Petition to Intervene.

Sincerely yours,  
  
Susan M. Kennedy

SMK:pd  
Enclosure

DOCUMENT  
FOLDER

28

**ORIGINAL**

Application of Pennsylvania : COMMONWEALTH OF  
Power & Light Company for : PENNSYLVANIA BEFORE THE  
Approval of Restructuring : PENNSYLVANIA PUBLIC UTILITY  
Plan Under Section 2806 of the : COMMISSION  
Public Utility Code : Docket No: R-00973954

**PETITION FOR LEAVE TO  
INTERVENE OUT OF TIME**

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PA.P.U.C.  
SECRETARY'S BUREAU

Intervenor Titanium Hearth Technologies, Inc., by and through its undersigned attorneys, hereby petitions to intervene out of time in the above proceeding for the reasons set forth below:

1. Titanium Hearth Technologies is a large industrial customer of Pennsylvania Power & Light with estimated charges of nearly \$2 million under current rates. It will be greatly affected by any change in the PRS Rate Structures.

2. Titanium Hearth Technologies was recently informed by Pennsylvania Power & Light that Pennsylvania Power & Light was planning on submitting a compliance filing which would take the position that the PR-1 Rate under which Titanium Hearth Technologies takes service was to be discontinued. Titanium Hearth Technologies has not yet seen this filing.<sup>1</sup>

3. As set forth in attached Exhibit A to this petition, the discontinuation of the PR-1 Rate will cause serious economic harm to Titanium Hearth Technologies and further would be directly contrary to the Orders of the PUC and representations made to Titanium Hearth Technologies by Pennsylvania Power & Light.

4. Until it was recently informed of Pennsylvania Power & Light's planned compliance filing, Titanium Hearth Technologies was not aware of any plans to discontinue the PR-1 Rate. In fact, it had been previously assured by Pennsylvania Power & Light that the PR-1 Rate would continue. Based upon these assurances and representations, Titanium Hearth Technologies committed significant investment dollars for expansion of its facilities in the Commonwealth of Pennsylvania.

<sup>1</sup> Titanium Hearth Technologies, Inc. reserves the right to supplement this filing upon receipt of the compliance filing.

**DOCKETED**  
AUG 06 1998

**DOCUMENT  
FOLDER**

5. Titanium Hearth Technologies is aware that presently various parties are in settlement negotiations with Pennsylvania Power & Light which are being coordinated by the Pennsylvania Public Utility Commission. Pennsylvania Power & Light's recent compliance filing is one of the subjects of these settlement discussions.

6. Titanium Hearth Technologies has not been allowed to participate in these settlement discussions because it is not presently a party to the above-captioned action.

7. Titanium Hearth Technologies respectfully petitions to be allowed to intervene to be able to participate in these settlement discussions.

8. Allowing intervention will not only permit Titanium Hearth Technologies to fairly present its position and views but will also benefit all parties by ensuring that any settlement reached will not be subject to further challenge or litigation .

9. Titanium Hearth Technologies could not have intervened earlier as it did not have a basis for intervention until it was recently informed of Pennsylvania Power & Light's planned compliance filing which purports to eliminate the PR-1 Rate Structure.

WHEREFORE, Titanium Hearth Technologies respectfully requests that it be granted leave to intervene.

Dated: July 21, 1998



Philip J. Mause  
Gregg R. Melinson  
Susan M. Kennedy  
DRINKER BIDDLE & REATH  
1345 Chestnut Street  
Philadelphia, PA 19107

Attorneys for Titanium  
Hearth Technologies, Inc.

## Summary of Titanium Hearth Technologies Inc's Position

### I. Introduction

Titanium Hearth Technologies Inc. ("THT") submits this summary of issues in preparation for the proposed settlement conference scheduled for July 16, 1998 in accordance with the PUC's July 10, 1998 letter.

THT does not take issue with the Commissions June 15, 1998 and July 9, 1998 Restructuring Orders per se. What THT challenges is Pennsylvania Power & Light Company's ("PP&L's") proposed interpretation of these restructuring orders as allowing a discontinuance of the PR-1 Rate under which THT takes service. PP&L has informed THT that its proposed compliance filing will contain such a discontinuation of the PR-1 rate. THT submits that such a discontinuation of the PR-1 rate should not be allowed because it would be inconsistent with the Electric Generation Consumer Choice and Competition Act, 66 Pa.C.S. §2801 et seq ("The Competition Act"), and the Restructuring Orders and would be contrary to sound economic policy.

### II. Background

Titanium Hearth Technologies is a large customer of Pennsylvania Power & Light Company with estimated 1998 charges of nearly \$2 million under current rates. It employs over 300 people in Pennsylvania and its activities contribute significantly to economic development in Berks County.

THT has committed to invest \$36 million to continue and significantly expand its operations in the Commonwealth of Pennsylvania. The proposed expansion will create 50 to 100 jobs in the next two years.

In reaching its decision to expand operations in Pennsylvania as opposed to other states, a critical factor to THT was the comparative electricity costs. Given the aggressive domestic and international competition that THT faces, its electrical costs is one of the deciding factors in determining the competitive viability of production at a given site. This cost factor was especially crucial for the instant decision because the proposed operation expansion will increase THT's electric demand by roughly 60% over the next three years.

THT made its decision to expand in Pennsylvania in reliance upon PP&L's specific representations regarding electric rates and the continuation of the PR-1 Rate. Based on these representations and the resultant projected cost estimates, THT decided to make the significant investment to expand its operations in the Commonwealth.

### III. The PRS Rate Structures

THT is served under rate structure PR-1. The PR-1 rate structure was implemented by PP&L on a "experimental basis" largely because its implementation involved certain complexities not normally associated with other rate schedules. Customers served under PR-1 must pay rates which vary on an hour by hour basis from extremely high charges to very low charges. This is because the generation rate paid by the customer under PR-1 is a function of the marginal generating costs on the PJM pool. Because of the nature of the rate design, customers served under this rate can never impose greater costs on PP&L than the payments they

make under the rate structure. Customers are periodically informed of PP&L's anticipated costs for different periods of time and are thereby able to schedule their operations so as to minimize their electric bills and PP&L's costs. THT has received no complaint from PP&L indicating that the rate structure presents any operational problems that should lead to its discontinuance.

#### IV. The Continuation of Competitive Rates

THT did not independently intervene in PP&L's restructuring proceeding because PP&L's initial restructuring plan provided for the continuation of rates such as PR-1. THT was encouraged by the Restructuring Order approved by the Commission because the Order clearly requires the continuation of competitive rates such as PR-1. THT has also acted under the assumption that the price cap provisions of the Competition Act require the continuation of rates such as PR-1.

THT was surprised to learn this month that PP&L planned to submit a compliance filing which would discontinue the PR-1 rate on December 31, 1998. PP&L makes the dubious argument that, because such rates will not be in effect on January 1, 1999, they are not subject to the price cap, and, PP&L is free to raise the rates of customers previously served under such rates.

THT submits that PP&L's interpretation is in violation of the legally mandated price cap and that under the Competition Act, 66 Pa. C.S. §§ 2801 et seq., PP&L is not permitted to discontinue the PR-1 rate. Under Section 2804 (4)(i)(A) of the Act, the charges PP&L imposes on THT may not exceed the charges "approved by the commission for such service as of the effective date of this chapter." PP&L's price cap obligation is, therefore, not affected by any

provision terminating the PR-1 rate prior to January 1, 1999. PP&L must continue to make the rate available or must take other measures that assure that THT not be required to pay higher charges than those in effect as of the effective date of the Competition Act.

PP&L's planned discontinuance of the PR-1 rate is also inconsistent with the PUC's Restructuring Order which requires that rates such as PR-1 continue to be made available as long as PP&L is collecting transition costs. Section VII, E, of the Restructuring Order clearly requires the continuation of the PR-1 rate. Section VII, E, recognizes at the outset that many of PP&L's incentive rates "are scheduled to terminate in the relatively near future." Nevertheless, the Restructuring Order requires that all such rates be offered during the phase-in of competition. In addition, even after the phase-in is completed, the Restructuring Order does not permit PP&L to terminate such rates. Instead, the Restructuring Order implies that such rates will continue for existing customers by providing that, after the phase-in is completed, "the incentive rate schedule shall be closed to new customers." PP&L's action in terminating the PR-1 rate prior to the phase-in is a blatant violation of the Restructuring Order.

This problem is compounded in the case of a customer like THT which has acted in reliance upon representations by PP&L that the PR-1 rate and associated riders would continue in effect. PP&L provided THT assurances that it planned to continue the PR-1 rate and encouraged THT to expand its operations in Pennsylvania based upon these assurances. Pennsylvania's ability to attract industrial expansion will be undermined if companies like THT find that their reliance upon assurances designed to encourage them to expand operations in Pennsylvania turns out to be misplaced.

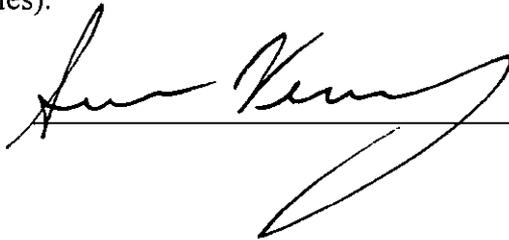
V. Conclusion

For the above-stated reasons, THT respectfully requests that the PUC not allow PP&L to discontinue the PRS rate program and the PR-1 rate.

VERIFICATION

I, Susan M. Kennedy, hereby state that the facts set forth above and in attached Exhibit A are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: July 21, 1998

A handwritten signature in cursive script, appearing to read "Susan Kennedy", is written over a horizontal line. The signature is fluid and extends to the right of the line.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed on attached Service Rider , in accordance with the requirements of § 1.54.

A handwritten signature in black ink, appearing to read "Ann King", is written over a horizontal line.

RIDER A

LAW OFFICES

**DRINKER BIDDLE & REATH LLP**

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July 21, 1998

Mr. John M. Quain, Chairman  
COMMONWEALTH OF PENNSYLVANIA  
Pennsylvania Public Utility Commission  
Harrisburg, Pennsylvania

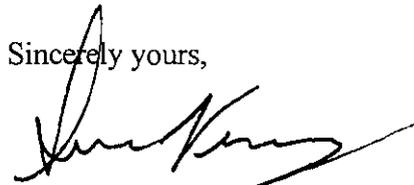
Re: **Application of Pennsylvania Power & Light Company for  
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Sincerely yours,



Susan M. Kennedy

SMK:pd  
Enclosure

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July 21, 1998

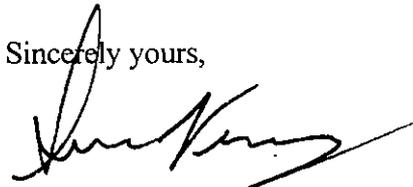
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COMMONWEALTH OF PENNSYLVANIA  
Pennsylvania Public Utility Commission  
Harrisburg, Pennsylvania

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Sincerely yours,



Susan M. Kennedy

SMK:pd  
Enclosure

Pennsylvania Public Utility Commission v. Irwin A.  
Popowsky, Consumer Advocate

R-00973954

---

NOTICE OF PETITION by Irwin A. Popowsky, Consumer  
Advocate, at No. 2004 C.D. 1998, Commonwealth Court of  
Pennsylvania, from the order of the Commission dated  
June 15, 1998 in the above-captioned proceeding.

B-00983720

Filed: July 23, 1998

**DOCKETED**  
AUG 25 1998

**DOCUMENT**  
301 1998



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

July 23, 1998

The Honorable Mario M. Scavello  
Mayor, Mount Pocono Borough  
Municipal Building  
303 Pocono Boulevard  
Mount Pocono, PA 18344

DOCUMENT R-973954  
FOLDER

Dear Mayor Scavello:

Thank you for your recent letter to Governor Tom Ridge concerning your views about the recent decisions of the Public Utility Commission regarding the final restructuring plan for the Pennsylvania Power and Light Company (PP&L) under the Electricity Generation Customer Choice and Competition Act.

PP&L filed a Petition for Reconsideration on June 26, 1998, before the Commission requesting the Commission to increase the amount of stranded costs PP&L could recover from \$2.86 billion to approximately \$4 billion. In its original restructuring plan filed in April of 1998, PP&L had requested \$4.04 billion in stranded cost recovery.

At its Public Meeting of July 9, 1998, the Commission denied PP&L's reconsideration request. PP&L is now free to pursue its appeals which the utility filed before the federal courts and the Commonwealth Court of Pennsylvania challenging the Commission's Order. Currently, settlement negotiations between the Commission, PP&L and other parties are in progress in an attempt to resolve the appeals.

We appreciate having the benefit of your views on this matter and I have taken the liberty of forwarding your correspondence to the Secretary of the Commission for inclusion into the official file of this proceeding.

Sincerely,

Rosemary Chivetta, Esq.  
Director of Legislative Affairs

cc: The Hon. Tom Ridge  
Chairman John Quain  
Secretary James McNulty

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SECRETARY'S BUREAU

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Municipal Building  
303 Pocono Boulevard  
Mount Pocono, PA 18344

  
**MOUNT POCONO  
BOROUGH**

(717) 839-8436  
Fax (717) 839-0981

INCORPORATED  
1927

June 9, 1998

The Honorable Thomas J. Ridge  
Harrisburg, PA 17120

Dear Governor Ridge:

As a community leader, I feel that it is imperative to speak out in support of P P & L, Inc. (Pennsylvania Power and Light) and the most recent PUC decision turning down their request to recover all of its stranded cost. P P & L, Inc. has been a continued leader in our county in many respects:

1. They have marketed our area attracting many out of state companies, therefore creating new job opportunities. For example: the Amber Milling project in Pocono Summit.
2. P P & L, Inc. has been a leader in our county in assisting financing of industrial land acquisitions.
3. P P & L, Inc. has been a leader in our area for investing in community and economic development activities. They have taken an enlightened approach to projects that have regional impact.
4. P P & L, Inc. has an outstanding community partnership program, assisting companies, municipalities, and non-profits, creating a partnership to revitalize communities. This program has awarded Mount Pocono a \$45,000 grant to help revitalize its downtown.
5. The PUC rejected the judges recommendation to permit P P & L, Inc. to recover approximately \$4.0 billion of their stranded cost, and ruled that they could only recover \$2.86 bill of stranded cost.

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JUL 28 1998

June 9, 1998  
Page 2 of 2

6. P P & L, Inc. has continually reduced operating cost and has not increased its electric costs to its customers in the past 12 years. How many Public Utilities can make the same claim? In fact, P P & L, Inc. electric costs are among the lowest in our state.

I truly believe that a strong and profitable P P & L, Inc will mean a continued investment in the communities in which it serves in our commonwealth. Please sir, help assist P P & L, Inc in its appeal of the PUC decision.

Sincerely,



Mario M. Scavello, Mayor  
Mount Pocono Borough



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

July 23, 1998

Mr. Donald A. Vizi  
President/CEO  
Pocono Mountains Chamber of Commerce  
556 Main Street  
Stroudsburg, PA 18360-2093

R-973954

Dear Mr. Vizi:

Thank you for your recent letter to Governor Tom Ridge concerning your views about the recent decisions of the Public Utility Commission regarding the final restructuring plan for the Pennsylvania Power and Light Company (PP&L) under the Electricity Generation Customer Choice and Competition Act.

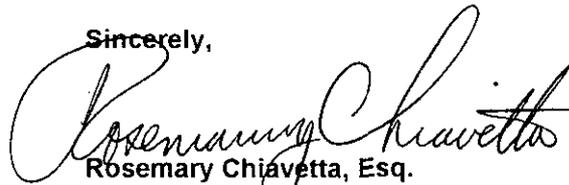
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At its Public Meeting of July 9, 1998, the Commission denied PP&L's reconsideration request. PP&L is now free to pursue its appeals which the utility filed before the federal courts and the Commonwealth Court of Pennsylvania challenging the Commission's Order. Currently, settlement negotiations between the Commission, PP&L and other parties are in progress in an attempt to resolve the appeals.

We appreciate having the benefit of your views on this matter and I have taken the liberty of forwarding your correspondence to the Secretary of the Commission for inclusion into the official file of this proceeding.

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FOLDER

Sincerely,

  
Rosemary Chiavetta, Esq.  
Director of Legislative Affairs

cc: The Hon. Tom Ridge  
Chairman John Quain  
Secretary James McNulty

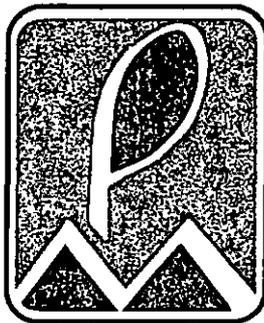
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**Pocono  
Mountains  
Chamber of  
Commerce**



556 Main Street  
Stroudsburg, PA 18360-2093

Phone: 717-421-4433

Fax: 717-424-7281

June 10, 1998

Governor Thomas Ridge  
Room 225 Main Capitol  
Harrisburg, PA 17120

Dear Governor Ridge:

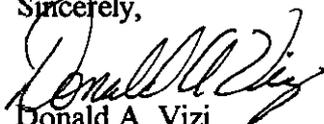
On behalf of the Pocono Mountains Chamber of Commerce, which represents approximately 1,600 businesses throughout the Poconos, I am writing to express the chamber's support of the Pennsylvania Power & Light Company in their efforts to recover stranded costs through the Public Utility Commission.

PP&L is a valued member of the chamber and an outstanding partner in the community. Their personnel have given key leadership to the chamber, the United Way of Monroe County, the Monroe County Industrial Development Authority and other important organizations. In addition to countless hours of volunteer service through their staff, PP&L has provided financial support to many significant projects including the chamber's Community Loan Guarantee Program.

It would be most unfortunate if the actions of the PUC damage the financial stability of PP&L, thus forcing the company to lessen its substantial - and much needed - contributions to the community.

We strongly urge your support of PP&L in this matter. Thank you for your consideration.

Sincerely,

  
Donald A. Vizi  
President/CEO

DOCKETED  
JUL 28 1998





COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

July 23, 1998

Mr. Robert J. Dillman  
President  
East Stroudsburg University  
200 Prospect Street  
East Stroudsburg, PA 18301-2999

R-973954

Dear Mr. Dillman:

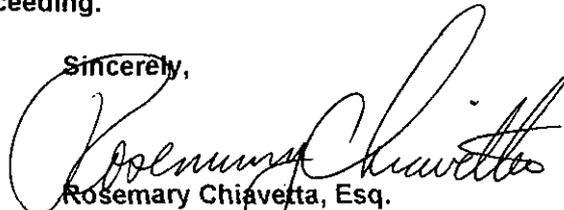
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At its Public Meeting of July 9, 1998, the Commission denied PP&L's reconsideration request. PP&L is now free to pursue its appeals which the utility filed before the federal courts and the Commonwealth Court of Pennsylvania challenging the Commission's Order. Currently, settlement negotiations between the Commission, PP&L and other parties are in progress in an attempt to resolve the appeals.

We appreciate having the benefit of your views on this matter and I have taken the liberty of forwarding your correspondence to the Secretary of the Commission for inclusion into the official file of this proceeding.

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Sincerely,  
  
Rosemary Chiavetta, Esq.  
Director of Legislative Affairs

cc: The Hon. Tom Ridge  
Chairman John Quain  
Secretary James McNulty

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159616

Office of the President

200 Prospect Street  
East Stroudsburg, PA  
18301-2999

717-422-3545  
717-422-3478 Fax



June 4, 1998

The Honorable Tom Ridge, Governor  
Governor's Office  
508 C Main Capitol  
Harrisburg, PA 17101

Dear Governor Ridge:

I am writing to express my concern over the recent decision by the Public Utilities Commission to reduce the recommendation of the administrative law judge to allow PP&L to recover \$4.5 billion of standard costs. This company has been a tremendous asset to Monroe County and the rural areas of eastern Pennsylvania. This decision by the PUC will have an adverse impact upon our region and the services that this company will be able to provide to eastern Pennsylvania. As an active citizen and as a representative of a large higher education institution, it is clear that involvement by companies like PP&L in the local community is critical to our success. Unfortunately, the loss of this revenue will severely constrain the company's commitment to be an active player in the life of Monroe County and other parts of our region.

I realize that there may not be much that can be done to correct or modify this decision by the PUC. However, I strongly urge that an expression of concern be raised with the Commission on their decision. The record of involvement of PP&L with various constituent communities over the years has been outstanding. It would be a great loss to see this effort reduced because of the decision by the PUC to reduce the requested recovered costs. Thank you.

Sincerely,

Robert J. Dillman  
President

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FOLDER

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JUL 28 1998

RJD:ims

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# Commission on Economic Opportunity

165 AMBER LANE  
PO Box 1127  
WILKES-BARRE, PA 18703-1127  
(717) 826-0510  
(800) 822-0359  
FAX: (717) 829-1665  
E-MAIL: ceo@sunlink.net

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KJR  
July 23, 1998

**VIA FEDERAL EXPRESS**

Mr. James McNulty, Secretary  
Pennsylvania Public Utility Commission  
North Office Building, Room B-20  
North Street and Commonwealth Avenue  
Harrisburg, PA 17105-3265

JUL 23 1998

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

RE: Application of Pennsylvania Power and Light Company for Approval of Its Restructuring  
Plan Under Section 2806 of the Public Utility Code  
Docket No. R-00973954

Dear Mr. McNulty:

Enclosed for filing in the above-captioned proceedings are an original and nine (9) copies  
of the COMMENTS IN PENNSYLVANIA POWER & LIGHT COMPANY COMPLIANCE  
FILING along with a diskette copy in Microsoft Word 6.0 format.

As indicated on the attached Certificate of Service, I have served copies of the enclosed  
COMMENTS to all active parties in the above proceeding.

If you have any questions regarding this filing, please call.

DOCUMENT  
FOLDER

Sincerely,

  
Eugene M. Brady  
Executive Director

Enclosures

cc: Certificate of Service

80

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

---

APPLICATION OF PENNSYLVANIA  
POWER & COMPANY FOR APPROVAL  
OF RESTRUCTURING PLAN UNDER  
SECTION 2806 OF THE PUBLIC  
UTILITY CODE

---

DOCKET NO. R-00973954

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COMMENTS ON COMPLIANCE FILING OF  
PENNSYLVANIA POWER & COMPANY  
REGARDING RESTRUCTURING PLAN

OF

(CEO)

**DOCKETED**

JUL 30 1998

DOCUMENT  
FOLDER

The Commission on Economic Opportunity  
165 Amber Lane  
P.O. Box 1127  
Wilkes-Barre, Pennsylvania 18703-1127

ACTIVE INTERVENOR AND COMPLAINANT

---

Dated: July 23, 1998

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**APPLICATION OF PENNSYLVANIA  
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**DOCKET NO. R-00973954**

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COMMENTS ON COMPLIANCE FILING OF  
PENNSYLVANIA POWER & COMPANY  
REGARDING RESTRUCTURING PLAN

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**Introduction.**

The Electric Generation and Customer Choice Act for the first time imposed a mandate that electric distribution utilities (EDUs) provide universal service and energy conservation policies, activities, and services, including Customer Assistance Programs (CAPs) and Low Income Usage Reduction Programs (LIURPs). In fulfilling this mandate, the Act charged the Commission with ensuring that such programs are appropriately funded and available in each electric distribution territory. The Act further directed that the Commission encourage the use of community-based organizations as direct providers of services or programs which reduce energy consumption or otherwise assist low income customers to afford electric services. §2804(9).

At its June 4, 1998 Public Meeting, the Commission issued its Opinion and Order regarding Pennsylvania Power & Light Company's (PP&L's) Restructuring Plan Filing which, among other

things, addressed PP&L's proposal for meeting its universal service and energy conservation obligations. The Opinion and Order made a number of findings, including the following:

- PP&L did not base its proposed universal service and energy conservation plan on a needs assessment;
- PP&L's proposed funding levels for the CAP and LIURP programs are insufficient to meet the needs of PP&L's customers beyond 1999;
- PP&L could develop and implement cost-effective water heat and baseload only programs for PP&L's 122,000 non-electric heat low-income customers;
- Two-thirds of PP&L's low-income customers are non-heating customers that should be served;
- A low income renewables program lends itself to development through a pilot program;

Based on these and other findings, the Commission directed PP&L to address or include the following universal service and energy conservation issues its compliance filing:

- Fund OnTrack at the following funding levels: \$5.875 million in 1999, \$8.0 million in 2000, \$10.0 million in 2001, and \$11.7 million in 2002.
- Fund LIURP at \$4.7 million.
- Develop a renewables pilot program as part of the LIURP funding level.
- Expand program availability for LIURP to serve an appropriate number of its non-heating low-income customers.
- Redirect existing low income uncollectible and other collections expenses to substantially fund increased On Track participation;
- Make the OnTrack generation benefit portable so it will not be lost if a customer chooses a competitive supplier;
- Ensure that ratepayer funded utility programs are designed to primarily serve low income customers below that 150% level.

Pursuant to the Commission's June 4, 1998 Opinion and Order, PP&L submitted its compliance filing regarding its restructuring plan on July 17, 1998. This filing failed to address any of the above issues.

**Recommendation:**

**Require PP&L to submit, as part of the Compliance Filing, the company's Plan for Universal Service and Energy Conservation Programs.** The following elements should be included:

**Universal Service and Energy Conservation Review Board**

Funding for universal service and energy conservation programs will come from the ratepayers. As such, ratepayers should have a say in the design and implementation of the programs.

**Recommendation:**

- **Require PP&L to establish and fund a Universal Service and Energy Conservation Review Board as part of its Universal Service Administrative Structure.** The Review Board should include representatives from PP&L, the PUC, OCA, local Community-Based Organizations, and residential and low income residential ratepayers. The purpose of the Review Board would be to advise PP&L on program design and implementation to ensure that the policy goals of the PUC and the Customer Choice Act continue to be met.

**2. Use of Community-Based Organizations.**

Section 2804(9) of the Customer Choice Act directs the Commission to encourage the use of community-based organizations as direct providers of services or programs which reduce energy consumption or otherwise assist low income customers to afford electric services. Though PP&L

has a long history of including community-based organizations in the delivery of low income energy services, PP&L should still be required to detail its plans for meet this mandate.

**Recommendation:**

- **Require PP&L to re-submit its compliance filing to include a detailed plan for encouraging the use of community-based organizations in the delivery of its universal service and energy conservation program services, including CAP and LIURP.** This plan should include an inventory of all community-based organizations within its service territory that have the necessary technical skills and experience to provide CAP, LIURP, and other program services. Additionally, this plan should specify the means by which community-based organizations can apply to PP&L to become service providers, including a listing any minimum qualifications required of a service provider.

**3. Outreach**

One of the purposes of this compliance filing is to propose a workable structure for meeting the Commission’s mandate that universal service and energy conservation programs be appropriately funded and available in PP&L’s service territory. The Commission’s Order in this proceeding has defined minimum funding increases to be met over the next four years, as well as changes to PP&L’s LIURP program availability. An aggressive outreach program will be key to ensuring that the Commission’s mandates are reached. PP&L’s compliance filing fails to address this issue.

**Recommendation:**

- **Require PP&L to submit a detailed, four-year outreach plan for meeting the Commission’s Universal Service and Energy Conservation Mandates.** This plan should be subject to review by the PUC and all interested stakeholders, and include its plans for using Community-based organizations to conduct program outreach. The Commission Order requires significant changes in PP&L’s LIURP, including a renewables pilot program and significant increases in water heat and baseload only customer

participation. The design of the outreach program will be a substantial factor in determining whether the program meets its goals.

4. **Universal Service and Energy Conservation Expenditures.**

In the past, utilities have budgeted funds for CAP, LIURP, and other universal service type programs, but failed to expend the funds during the budget year. Procedures should be in place to ensure that these practices are discouraged, if not eliminated, in the future.

**Recommendation:**

- **Require PP&L to expend all mandated Universal Service and Energy Conservation funds within the budget year.** Any funds not spent during any budget year should be added to the next years budget, and usage and/or other eligibility criteria should be adjusted to ensure that all funds are expended during subsequent years.

5. **OnTrack Customer Assistance Program.**

PP&L's compliance filing is silent on OnTrack CAP funding. The Commission's Opinion and Order calls for the following funding levels, in millions:

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$5.875	\$8.0	\$10.0	\$11.7

**Recommendation.**

- **Require PP&L to submit a detailed, four-year plan for meeting the Commission's mandated CAP funding goals.** This plan should include program measure to be delivered, eligibility requirements for each programs, outreach plans, and plans for use of community-based organizations in the delivery of services. Given that the funding for CAP comes from the ratepayers, and not PP&L, this plan should be developed through a process that solicits input stakeholders in the local communities.

6. **Low Income Usage Reduction Program.**

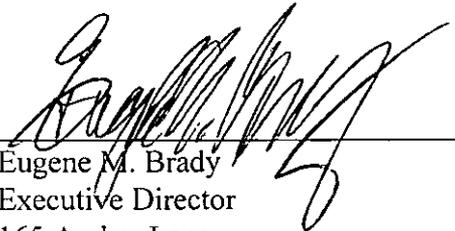
PP&L's compliance filing is silent on its plans for meeting the Commission's funding, renewables pilot, and water heat/baseload only program expansion mandates. The Commission should require PP&L to re-submit its compliance filing to include the following recommended changes regarding its LIURP.

**Recommendations:**

- **Require PP&L to submit a detailed, four-year plan for meeting the Commission's funding, renewables pilot, and water heat/baseload only program mandates.** This plan should include the mandated \$4.7 million annual budget, proposed new programs and measures to be delivered, eligibility requirements, outreach plans, and plans for use of community-based organizations in the delivery of services. Given that the funding for LIURP comes from ratepayers, and not PP&L, this plan should be developed through a process that solicits input stakeholders in the local communities.

**WHEREFORE**, the Commission on Economic Opportunity respectfully submits that CEO's comments and recommendations regarding PP&L's compliance filing in response to the Commission's Opinion and Order in the matter of PP&L's Restructuring Plan Application.

Respectfully submitted,



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Eugene M. Brady  
Executive Director  
165 Amber Lane  
P.O. Box 1127  
Wilkes-Barre, PA 18703-1127

Dated: July 23, 1998

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

JUL 27 1998

APPLICATION OF PENNSYLVANIA POWER  
AND LIGHT COMPANY :  
POWER COMPANY FOR APPROVAL :  
OF RESTRUCTURING PLAN UNDER :  
SECTION 2806 OF THE PUBLIC :  
UTILITY CODE :

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

DOCKET NO: R-00973954

CERTIFICATE OF SERVICE

I hereby certify that on July 23, 1998, I served a true copy of COMMENTS on the PENNSYLVANIA POWER & LIGHT COMPANY COMPLIANCE FILING upon the active parties listed below:

**Via Federal Express:**

Mr. James McNulty, Secretary  
Pennsylvania Public Utility Commission  
North Office Building, Room B-20  
North Street and Commonwealth Avenue  
Harrisburg, PA 17105-3265

Paul E. Russell, Esquire  
Pennsylvania Power & Light Company  
2 North Ninth Street  
Allentown, PA 18101

Donald A. Kaplan, Esquire  
Preston, Gates, Ellis, Rouvelas & Meeds  
Suite 500  
1735 New York Avenue NW  
Washington DC 20006

Zahmed Kaloko  
PA PUC CEEP  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Lisa M. Helpert, Esquire  
Preston, Gates, Ellis, Rouvelas & Meeds  
Suite 500  
1735 New York Avenue NW  
Washington, DC 20006

Donald H. Muth  
PA PUC Bureau of FUS  
P.O. Box 3265  
North Office Building  
Harrisburg, PA 17105-3265

Glenn Barton  
PA PUC Bureau of Audits  
P.O. Box 3265  
Harrisburg, PA 17105-3265

John F. Povilaitis, Esquire  
PA PUC Law Bureau  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Irwin A. Popowsky, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1921

Johnnie E. Simms, Esquire  
PA PUC Office of Trial Staff  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Via First Class Mail:**

Bernard A. Ryan, Esquire  
Small Business Advocate  
Suite 1102 Commerce Building  
300 North Second Street  
Harrisburg, PA 17101

David M. Kleppinger, Esquire  
McNess, Wallace & Nurick  
P.O. Box 1166  
100 Pine Street  
Harrisburg, PA 17108

Warren W. Mack, President  
Ahlstrom Development Corp.  
4350 LaJolla Village Drive  
Suite 210  
San Diego, CA 92122

Richard L. Caplan, Esquire  
Caplan & Luber, LLP  
40 Darby Road  
Paoli, PA 19301

Craig G. Goodman, Esquire  
Equitable Resources  
3333 K Street NW  
Suite 425  
Washington DC 20007

Ginny Kreidler RMI Inc. 111  
Presidential Blvd.  
Suite 127  
Balacynwyd, PA 19004

William Schmitt  
Local 1600 IBEW  
540 Grange Road  
P.O. Box 470  
Trexlerstown, PA 18087

Elizabeth R. Benson  
Energy Associates  
7303 Timber Lane  
Falls Church, VA 22046-2735

Alan Kohler, Esquire  
Wolf, Block, Schorr & Solis-Cohen  
305 North Front Street  
Harrisburg, PA 17105-1236

Billie E. Ramsey, Executive Director  
ARIPPA  
1300 Market Street  
Lemoyne, PA 17043

Louis J. Carter, Esquire  
7300 City Line Avenue  
Philadelphia, PA 19151-2291

Edwin D. Hill  
IBEW  
200 Corporate Center Drive  
Suite 301  
Corapolis, PA 15108

J Kennedy & Associates, Inc  
Suite 475  
35 Glenlake Parkway  
Atlanta, GA 30328

Todd S. Stewart, Esquire  
Malatesta, Hawke & McKeon  
100 North Tenth Street  
P.O. Box 1778  
Harrisburg, PA 17120

D Jane Drennan, Esquire  
Drennan & Associates  
1216 16<sup>th</sup> Street NW  
Washington DC 20036

David A. McCormick, Esquire  
Department of the Army  
Office of the Judge Advocate General  
901 North Stuart Street  
Arlington, VA 22203-1837

Joan O. Brandeis, Esquire  
Schnader, Harrison, Segal & Lewis  
Suite 3600  
600 Market Street  
Philadelphia, PA 19103-4252

Alan J. Barak, Esquire  
Mid-Atlantic Energy Project  
1417 Blue Mountain Parkway  
Harrisburg, PA 17112

Stephen J. Selden, Esquire  
Bethlehem Steel Corp.  
Eighth & Eaton Avenues  
Bethlehem, PA 18016

Norman J. Kennard, Esquire  
Malatesta, Hawke & McKeon  
100 North Tenth Street  
Harrisburg, PA 17101

Noel H. Trask, Esquire  
PECO Energy Co.  
2301 Market Street  
Philadelphia, PA 19101-8699

Lisa Yoho  
Director of Regulatory Affairs  
The Eastern Group, inc.  
2900 Eisenhower Ave.  
Suite 300  
Alexandria, VA 22314

Sarah T. Tomalty, Esquire  
Drennan & Associates  
1216 16<sup>th</sup> Street NW  
Washington, DC 20036

James Melia, Esquire  
Kirkpatrick & Lockhart  
The Payne Shoemaker Building  
240 North Third Street  
Harrisburg, PA 17101-1507

Wayne M. Thomas, Esquire  
Kohn, Nast & Graff, PC  
1101 Market Street  
24<sup>th</sup> Floor  
Philadelphia, PA 19107

Robert P. Haynes III, Esquire  
Mette, Evans & Woodside  
3401 North Front Street  
Harrisburg, PA 17110-0950

Eric J. Epstein  
2308 Brandywine Drive  
Harrisburg, PA 17110

Stephen L. Huntoon, Esquire  
PECO Gas Supply Co.  
2301 Market Street  
Philadelphia, PA 19101-8699

Kenneth Zielonis, Esquire  
Stevens & Lee  
208 North Third Street  
Suite 310  
Harrisburg, PA 17101

Noel H. Trask, Esquire  
PECO Energy Co.  
2301 Market Street  
Philadelphia, PA 19101-8699

Paul E. Nordstrom, Esquire  
901 15<sup>th</sup> Street NW  
Washington, DC 20005

Scot H. Debroff, Esquire  
PA PUC Office of Trial Staff  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Scott J. Rubin, Esquire  
International Brotherhood of  
Electrical Workers  
Local 1600  
3 Lost Creek Drive  
Selingsgrove, PA 17870

Terrance J. Fitzpatrick, Esquire  
Ryan, Russel, Ogden & Seltzer  
800 North Third Street  
Suite 101  
Harrisburg, PA 17102

Usher Fogel, Esquire  
Roland, Fogel, Koblenz & Carr  
1 Columbia Place  
Albany, NY 12207

John L. Munsch, Esquire  
Allegheny Power  
800 Cabin Hill Drive  
Greensburg, PA 15601

Craig A. Doll, Esquire  
Delmarva Power & Light  
214 State Street  
Harrisburg, PA 17101

Harry S. Geller, Esquire  
PA Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101

Michael A. Stosser, Esquire  
Kraft Foods, Inc.  
815 Connecticut Avenue NW  
Suite 200  
Washington, DC 20006-4004

Linda C. Smith, Esquire  
Dilworth, Paxson, Kalish & Kauffman  
Suite 403  
305 North Front Street  
Harrisburg, PA 17101-1236

Joseph A. Dworetzky, Esquire  
Hangley, Aronchick, Segal & Pudlin  
12<sup>th</sup> Floor  
One Logan Square  
Philadelphia, PA 19103-6933



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Eugene M. Brady, Executive Director  
Commission on Economic Opportunity

July 23, 1998