

ORIGINAL

PPL ELECTRIC UTILITIES CORPORATION

Exhibit PRM 1 Fair Rate of Return Supporting Data

Witness: Paul R. Moul
Docket No. R-00072155

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PPL ELECTRIC UTILITIES CORPORATION

EXHIBIT

TO ACCOMPANY

THE DIRECT TESTIMONY

OF

PAUL R. MOUL, MANAGING CONSULTANT
P. MOUL & ASSOCIATES

MAR 29 2007

Exhibit PRM 1

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAUPPL Electric Utilities Corporation
Index of Schedules

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PPL Electric Utilities Corporation
Proposed Rate of Return
Based upon Investor Provided Capital

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long-Term Debt	46.41%	5.93%	2.75%
Preferred and Preference Stock	10.46%	6.24%	0.65%
Common Equity	<u>43.13%</u>	11.50%	<u>4.96%</u>
Total	<u>100.00%</u>		<u>8.36%</u>

Indicated levels of fixed charge coverage assuming that the Company could actually achieve its proposed rate of return:

Pre-tax coverage of interest expense based upon a 41.4935% composite federal and state income tax rate (12.34% ÷ 2.75%)	4.49 x
Post-tax coverage of interest expense (8.36% ÷ 2.75%)	3.04 x
Post-tax coverage of interest expense and preferred stock dividends (8.36% ÷ 3.40%)	2.46 x

PPL Electric Utilities Corporation
Capitalization and Financial Statistics
2001-2005, Inclusive

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	
	(Millions of Dollars)					
Amount of Capital Employed						
Permanent Capital	\$ 2,894.0	\$ 2,708.0	\$ 2,787.0	\$ 2,726.0	\$ 2,799.0	
Short-Term Debt	\$ 42.0	\$ 42.0	\$ -	\$ 15.0	\$ -	
Total Capital	<u>\$ 2,936.0</u>	<u>\$ 2,750.0</u>	<u>\$ 2,787.0</u>	<u>\$ 2,741.0</u>	<u>\$ 2,799.0</u>	
Capital Structure Ratios						
Based on Permanent Capital:						<u>Average</u>
Long-Term Debt ⁽¹⁾	52.5%	51.1%	54.3%	54.9%	63.8%	55.3%
Preferred and Preference Stock	1.8%	1.9%	1.8%	3.0%	2.9%	2.3%
Common Equity ⁽²⁾	45.7%	47.0%	43.8%	42.1%	33.3%	42.4%
	<u>100.0%</u>	<u>100.0%</u>	<u>99.9%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term ⁽¹⁾	53.2%	51.9%	54.3%	55.2%	63.8%	55.7%
Preferred and Preference Stock	1.7%	1.9%	1.8%	3.0%	2.9%	2.3%
Common Equity ⁽²⁾	45.1%	46.3%	43.8%	41.8%	33.3%	42.1%
	<u>100.0%</u>	<u>100.1%</u>	<u>99.9%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity ⁽²⁾	11.2%	5.9%	2.1%	3.8%	10.9%	6.8%
Operating Ratio ⁽³⁾	88.1%	90.9%	90.7%	90.0%	84.4%	88.8%
Coverage incl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	2.19 x	1.44 x	1.22 x	1.33 x	1.89 x	1.61 x
Post-tax: All Interest Charges	1.81 x	1.40 x	1.13 x	1.25 x	1.61 x	1.44 x
Overall Coverage: All Int. & Pfd. Div.	1.79 x	1.39 x	1.12 x	1.17 x	1.45 x	1.38 x
Coverage excl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	2.19 x	1.44 x	1.22 x	1.33 x	1.89 x	1.61 x
Post-tax: All Interest Charges	1.81 x	1.40 x	1.13 x	1.25 x	1.61 x	1.44 x
Overall Coverage: All Int. & Pfd. Div.	1.79 x	1.39 x	1.12 x	1.17 x	1.45 x	1.38 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Effective Income Tax Rate	31.9%	9.5%	39.1%	24.7%	31.7%	27.4%
Internal Cash Generation/Construction ⁽⁵⁾	289.7%	291.6%	164.7%	154.3%	282.8%	236.6%
Gross Cash Flow/ Avg. Total Debt ⁽⁶⁾	40.1%	37.3%	27.7%	26.0%	31.8%	32.6%
Gross Cash Flow Interest Coverage ⁽⁷⁾	4.15 x	3.83 x	2.95 x	2.99 x	3.04 x	3.39 x
Common Dividend Coverage ⁽⁸⁾	6.42 x	22.75 x	14.34 x	5.05 x	4.54 x	10.62 x

See Page 2 for Notes.

PPL Electric Utilities Corporation
Capitalization and Financial Statistics
2001-2005, Inclusive

Notes:

- (1) Excluding the Transitional Funding Obligations that were issue for stranded generating assets, and whose debt service is covered through dedicated revenue collections.
- (2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (7) Gross Cash Flow plus interest charges divided by interest charges.
- (8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Utility COMPUSTAT

Electric Group
Capitalization and Financial Statistics ⁽¹⁾
2001-2005, Inclusive

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	
	(Millions of Dollars)					
Amount of Capital Employed						
Permanent Capital	\$ 5,514.8	\$ 5,357.0	\$ 5,209.5	\$ 5,103.6	\$ 4,098.4	
Short-Term Debt	<u>\$ 193.8</u>	<u>\$ 131.8</u>	<u>\$ 176.4</u>	<u>\$ 219.5</u>	<u>\$ 227.0</u>	
Total Capital	<u>\$ 5,708.6</u>	<u>\$ 5,488.8</u>	<u>\$ 5,385.9</u>	<u>\$ 5,323.1</u>	<u>\$ 4,325.4</u>	
Market-Based Financial Ratios						<u>Average</u>
Price-Earnings Multiple	16 x	18 x	18 x	14 x	12 x	16 x
Market/Book Ratio	140.5%	135.8%	127.4%	129.1%	134.2%	133.4%
Dividend Yield	4.5%	4.7%	5.1%	4.7%	5.0%	4.8%
Dividend Payout Ratio	75.0%	81.9%	90.5%	68.2%	60.6%	75.2%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	51.8%	52.0%	53.5%	54.5%	52.6%	52.9%
Preferred Stock	1.5%	1.6%	1.8%	2.1%	2.7%	1.9%
Common Equity ⁽²⁾	<u>46.8%</u>	<u>46.4%</u>	<u>44.7%</u>	<u>43.5%</u>	<u>44.7%</u>	<u>45.2%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term	53.4%	52.9%	54.9%	55.7%	54.6%	54.3%
Preferred Stock	1.4%	1.6%	1.8%	2.0%	2.6%	1.9%
Common Equity ⁽²⁾	<u>45.2%</u>	<u>45.5%</u>	<u>43.3%</u>	<u>42.2%</u>	<u>42.8%</u>	<u>43.8%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity ⁽²⁾	8.3%	8.1%	7.8%	9.3%	8.4%	8.4%
Operating Ratio ⁽³⁾	91.8%	89.5%	88.5%	87.2%	86.9%	88.8%
Coverage incl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	2.53 x	2.96 x	2.73 x	2.73 x	2.58 x	2.71 x
Post-tax: All Interest Charges	1.99 x	2.20 x	2.05 x	2.09 x	1.96 x	2.06 x
Overall Coverage: All Int. & Pfd. Div.	1.94 x	2.16 x	1.98 x	2.01 x	1.88 x	1.99 x
Coverage excl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	2.50 x	2.93 x	2.70 x	2.72 x	2.56 x	2.68 x
Post-tax: All Interest Charges	1.95 x	2.17 x	2.01 x	2.07 x	1.94 x	2.03 x
Overall Coverage: All Int. & Pfd. Div.	1.91 x	2.12 x	1.95 x	1.99 x	1.86 x	1.97 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	2.0%	3.2%	4.5%	1.6%	2.3%	2.7%
Effective Income Tax Rate	38.8%	35.3%	38.6%	36.9%	46.1%	39.1%
Internal Cash Generation/Construction ⁽⁵⁾	72.0%	115.6%	140.5%	117.5%	127.3%	114.6%
Gross Cash Flow/ Avg. Total Debt ⁽⁶⁾	14.6%	19.9%	21.7%	19.2%	18.2%	18.7%
Gross Cash Flow Interest Coverage ⁽⁷⁾	3.42 x	4.27 x	4.23 x	3.49 x	3.47 x	3.78 x
Common Dividend Coverage ⁽⁸⁾	2.87 x	4.07 x	4.63 x	4.13 x	5.10 x	4.16 x

See Page 2 for Notes.

Electric Group
Capitalization and Financial Statistics
2001-2005, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) *Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.*
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (7) Gross Cash Flow plus interest charges divided by interest charges.
- (8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Basis of Selection

The Electric Group includes companies that (i) they are listed in the "Electric Utility (East)" section of The Value Line Investment Survey, (ii) their stock is traded on the New York Stock Exchange, (iii) they operate in the Northeastern and Southeastern regions of the U.S., (iv) they are not currently the target of a publicly-announced merger or acquisition, and (v) they do not have a significant amount of electric generation that is unregulated.

Ticker	Company	Corporate Credit Ratings		Stock Traded	S&P Stock Ranking	Value Line Beta
		Moody's	S&P			
CHG	CH Energy Group	A2	A	NYSE	A-	0.85
CV	Central Vermont P.S.	Baa3	BB+	NYSE	B	0.70
ED	Consolidated Edison	A1	A	NYSE	B+	0.75
EAS	Energy East Corp.	Baa1	BBB+	NYSE	B+	0.95
NU	Northeast Utilities	Baa1	BBB	NYSE	B	0.90
NST	NSTAR	A1	A+	NYSE	A-	0.80
POM	Pepco Holdings	Baa2	BBB	NYSE	B	0.90
UIL	UIL Holdings	Baa2	-	NYSE	B	0.95
	Average	<u>Baa1</u>	<u>BBB+</u>		<u>B+</u>	<u>0.85</u>

Note: Ratings are those of utility subsidiaries

Source of Information: Utility COMPUSTAT

Standard & Poor's Public Utilities
Capitalization and Financial Statistics ⁽¹⁾
2001-2005, Inclusive

	2005	2004	2003	2002	2001	
	(Millions of Dollars)					
Amount of Capital Employed						
Permanent Capital	\$ 14,644.5	\$ 14,562.2	\$ 14,658.8	\$ 14,236.2	\$ 13,783.4	
Short-Term Debt	\$ 485.3	\$ 278.7	\$ 276.6	\$ 952.3	\$ 1,204.1	
Total Capital	<u>\$ 15,129.8</u>	<u>\$ 14,840.9</u>	<u>\$ 14,935.4</u>	<u>\$ 15,188.5</u>	<u>\$ 14,987.5</u>	
Market-Based Financial Ratios						<u>Average</u>
Price-Earnings Multiple	18 x	15 x	13 x	15 x	17 x	16 x
Market/Book Ratio	195.5%	180.1%	149.0%	151.3%	183.6%	171.9%
Dividend Yield	3.7%	3.8%	4.2%	5.0%	4.1%	4.2%
Dividend Payout Ratio	58.9%	73.3%	59.9%	75.3%	64.1%	66.3%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	56.6%	58.3%	59.8%	60.4%	58.9%	58.8%
Preferred Stock	1.2%	1.5%	1.6%	1.8%	2.3%	1.7%
Common Equity ⁽²⁾	<u>42.2%</u>	<u>40.2%</u>	<u>38.6%</u>	<u>37.8%</u>	<u>38.9%</u>	<u>39.5%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term	58.5%	59.7%	61.3%	63.5%	62.9%	61.2%
Preferred Stock	1.2%	1.5%	1.6%	1.6%	2.1%	1.6%
Common Equity ⁽²⁾	<u>40.3%</u>	<u>38.8%</u>	<u>37.2%</u>	<u>34.9%</u>	<u>35.0%</u>	<u>37.2%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity ⁽²⁾	10.9%	11.1%	9.8%	7.7%	14.5%	10.8%
Operating Ratio ⁽³⁾	83.0%	84.5%	84.9%	84.5%	85.9%	84.6%
Coverage incl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	3.01 x	2.88 x	2.51 x	2.36 x	2.84 x	2.72 x
Post-tax: All Interest Charges	2.41 x	2.32 x	2.07 x	1.95 x	2.22 x	2.19 x
Overall Coverage: All Int. & Pfd. Div.	2.37 x	2.28 x	2.03 x	1.90 x	2.17 x	2.15 x
Coverage excl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	2.97 x	2.85 x	2.47 x	2.31 x	2.80 x	2.68 x
Post-tax: All Interest Charges	2.37 x	2.29 x	2.03 x	1.90 x	2.18 x	2.15 x
Overall Coverage: All Int. & Pfd. Div.	2.34 x	2.25 x	1.99 x	1.86 x	2.13 x	2.11 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	0.9%	3.1%	1.7%	2.6%	2.0%	2.1%
Effective Income Tax Rate	31.6%	26.3%	40.9%	29.4%	28.1%	31.3%
Internal Cash Generation/Construction ⁽⁵⁾	110.4%	127.2%	128.0%	90.6%	88.6%	109.0%
Gross Cash Flow/ Avg. Total Debt ⁽⁶⁾	19.7%	19.7%	20.3%	18.2%	17.7%	19.1%
Gross Cash Flow Interest Coverage ⁽⁷⁾	4.20 x	4.21 x	4.34 x	3.98 x	3.57 x	4.06 x
Common Dividend Coverage ⁽⁸⁾	4.12 x	4.83 x	5.20 x	4.07 x	3.83 x	4.41 x

See Page 2 for Notes.

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
2001-2005, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account
- (3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) as a percentage of average total debt.
- (7) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Annual Reports to Shareholders
Utility COMPUSTAT

Standard & Poor's Public Utilities

Company Identities ⁽¹⁾

	Ticker	Credit Rating ⁽²⁾		Common Stock Traded	S&P Stock Ranking	Value Line Beta
		Moody's	S&P			
Allegheny Energy	AYE	Baa3	BB+	NYSE	B-	1.85
Ameren Corporation	AEE	A2	BBB+	NYSE	A-	0.75
American Electric Power	AEP	Baa2	BBB	NYSE	B	1.20
CMS Energy	CMS	Ba1	BB	NYSE	C	1.45
CenterPoint Energy	CNP	Baa3	BBB	NYSE	B	0.65
Consolidated Edison	ED	A1	A	NYSE	B+	0.65
Constellation Energy Group	CEG	A3	BBB+	NYSE	B	0.95
DTE Energy Co.	DTE	Baa1	BBB	NYSE	B+	0.70
Dominion Resources	D	Baa1	BBB	NYSE	B+	0.95
Duke Energy	DUK	Baa2	BBB	NYSE	B+	1.20
Edison Int'l	EIX	Baa1	BBB+	NYSE	B	1.05
Entergy Corp.	ETR	Baa2	BBB	NYSE	B+	0.85
Exelon Corp.	EXC	A3	BBB+	NYSE	B+	0.80
FPL Group	FPL	A1	A	NYSE	A-	0.80
FirstEnergy Corp.	FE	Baa2	BBB	NYSE	B+	0.75
Keyspan Energy	KSE	A3	A	NYSE	B	0.85
NICOR Inc.	GAS	A1	AA	NYSE	B	1.15
NiSource Inc.	NI	Baa2	BBB	NYSE	B	0.80
PG&E Corp.	PCG	Baa1	BBB	NYSE	B	1.10
PPL Corp.	PPL	Baa1	A-	NYSE	B	1.00
Peoples Energy	PGL	A1	A-	NYSE	B	0.85
Pinnacle West Capital	PNW	Baa2	BBB-	NYSE	A-	0.90
Progress Energy, Inc.	PGN	Baa1	BBB	NYSE	B+	0.80
Public Serv. Enterprise Inc.	PEG	Baa1	BBB	NYSE	B+	0.90
Sempra Energy	SRE	A2	A	NYSE	B	1.00
Southern Co.	SO	A2	A	NYSE	A-	0.65
TECO Energy	TE	Baa2	BBB-	NYSE	B-	1.00
TXU CORP	TXU	Baa3	BBB-	NYSE	B	1.05
Xcel Energy Inc	XEL	A3	BBB+	NYSE	B	0.80
Average for S&P Utilities		<u>Baa1</u>	<u>BBB+</u>		<u>B</u>	<u>0.95</u>

Note: ⁽¹⁾ Includes companies contained in S&P Utility Compustat. AES Corp. and Dynegy, Inc. are not included.

⁽²⁾ Ratings are those of utility subsidiaries

Source of Information: Moody's Investors Service
Standard & Poor's Corporation
Standard & Poor's Stock Guide
Value Line Investment Survey for Windows

PPL Electric Utilities Corporation
Capitalization and Related Capital Structure Ratios
Actual at December 31, 2006 and Estimated at December 31, 2007

	Actual at December 31, 2006			Estimated at December 31, 2007		
	Amount	Ratios		Amount	Ratios	
	Outstanding	Excl. S-T Debt	Incl. S-T Debt	Outstanding	Excl. S-T Debt	Incl. S-T Debt
Long-Term Debt	⁽¹⁾ \$ 1,341,642,525	46.91%	46.23%	\$ 1,330,139,000	46.41%	45.55%
Preferred and Preference Stock	299,535,060	10.47%	10.32%	299,918,977	10.46%	10.27%
Common Equity						
Common stock	363,833,249			363,833,249		
Additional Paid-in Capital	⁽²⁾ 438,188,585			436,862,668		
Retained earnings	417,123,566			435,571,566 ⁽³⁾		
Total Common Equity	1,219,145,400	42.62%	42.01%	1,236,267,483	43.13%	42.34%
Total Permanent Capital	2,860,322,985	100.00%	98.56%	2,866,325,460	100.00%	98.16%
Short-Term Debt	42,034,000		1.44%	53,679,000		1.84%
Total Capital Employed	\$ 2,902,356,985		100.00%	\$ 2,920,004,460		100.00%

Notes: ⁽¹⁾ Includes current portion of long-term debt.

⁽²⁾ Additional paid-in capital reflects an adjustment for the unamortized premiums and unrecovered original issuance costs on reacquired preferred and preference stock (\$983,840 in 2006 and \$599,923 in 2007) and Ice Storm adjustment (\$942,000 in 2006).

⁽³⁾ Forecast based on:

Retained Earnings at December 31, 2006	\$ 417,123,566
2007 adjusted income available to common equity	114,448,000
2007 common dividend payments	(96,000,000)
Retained Earnings at December 31, 2007	<u>\$ 435,571,566</u>

Source of Information: Company provided data

PPL Electric Utilities Corporation
Calculation of the Embedded Cost of Long-Term Debt
Actual at December 31, 2006

<u>Series</u>	<u>Date of Maturity</u>	<u>Principal Amount Outstanding</u>	<u>Percent to Total</u> ⁽¹⁾	<u>Effective Cost Rate</u>	<u>Weighted Cost Rate</u> ⁽²⁾
<u>First Mortgage Bonds</u>					
7.700%	10/01/09	\$ 325,000	0.02%	7.78%	0.00%
7.375%	03/01/14	10,290,000	0.75%	7.55%	0.06%
<u>Pollution Control Bonds</u>					
3.125%	11/01/08	90,000,000	6.55%	3.74%	0.24%
4.750%	02/15/27	108,250,000	7.88%	4.88%	0.38%
4.700%	09/01/29	115,500,000	8.40%	4.83%	0.41%
<u>Senior Secured Bonds</u>					
5.875%	08/15/07	254,866,000	18.54%	6.25%	1.16%
6.250%	08/15/09	485,785,000	35.34%	6.53%	2.31%
4.300%	06/01/13	100,000,000	7.28%	4.47%	0.33%
4.950%	12/15/15	100,000,000	7.28%	5.01%	0.36%
5.150%	12/15/20	100,000,000	7.28%	5.20%	0.38%
<u>Conemaugh Scrubber Note</u>					
3.970%	06/01/27	9,475,000	0.69%	4.04%	0.03%
		1,374,491,000	100.00%		5.66%
Unamortized Call Premium		(32,848,475)			
Long Term- Debt		<u>\$ 1,341,642,525</u>			
Annualized Cost		\$ 77,796,191			
Amortization of Loss on Recquired Debt		<u>3,362,000</u>			
Total Cost		<u>\$ 81,158,191</u>			<u>6.05%</u>

Notes: ⁽¹⁾ Includes current portion of long-term debt.

⁽²⁾ As calculated on page 3 of this schedule.

Source of Information: Company provided data

PPL Electric Utilities Corporation
Calculation of the Embedded Cost of Long-Term Debt
Estimated at December 31, 2007

<u>Series</u>	<u>Date of Maturity</u>	<u>Principal Amount Outstanding</u>	<u>Percent to Total</u>	<u>Effective Cost Rate</u>	<u>Weighted Cost Rate</u>
		(1)			(2)
First Mortgage Bonds					
7.700%	10/01/09	\$ 325,000	0.02%	7.78%	0.00%
7.375%	03/01/14	10,290,000	0.76%	7.55%	0.06%
Pollution Control Bonds					
3.125%	11/01/08	90,000,000	6.62%	3.74%	0.25%
4.750%	02/15/27	108,250,000	7.96%	4.88%	0.39%
4.700%	09/01/29	115,500,000	8.50%	4.83%	0.41%
Senior Secured Bonds					
6.250%	08/15/09	485,785,000	35.73%	6.53%	2.33%
4.300%	06/01/13	100,000,000	7.36%	4.47%	0.33%
4.950%	12/15/15	100,000,000	7.36%	5.01%	0.37%
5.150%	12/15/20	100,000,000	7.36%	5.20%	0.38%
5.700%	07/15/17	240,000,000	17.65%	5.70%	1.01%
Conemaugh Scrubber Note					
3.970%	06/01/27	9,475,000	0.70%	4.04%	0.03%
		1,359,625,000	100.00%		5.56%
Unamortized Call Premium		(29,486,000)			
Long Term- Debt		<u>\$ 1,330,139,000</u>			
Annualized Cost		\$ 75,595,150			
Amortization of Loss on Reacquired Debt		<u>3,337,000</u>			
Total Cost		<u>\$ 78,932,150</u>			<u>5.93%</u>

Notes: (1) Includes current portion of long-term debt.

(2) As calculated on page 3 of this schedule.

Source of Information: Company provided data

PPL Electric Utilities Corporation
Calculation of the Effective Cost of Long-Term Debt by Series

<u>Series</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Average Term in Years</u> ⁽¹⁾	<u>Principal Amount Outstanding</u>	<u>Premium/Discount & Expense</u>	<u>Net Proceeds</u>	<u>Net Proceeds Ratio</u>	<u>Effective Cost Rate</u> ⁽²⁾
<u>First Mortgage Bonds</u>								
7.700%	10/01/94	10/01/09	15.0	\$ 325,000	\$ 2,285	\$ 322,715	99.30%	7.78%
7.375%	03/01/94	03/01/14	20.0	10,290,000	185,342	10,104,658	98.20%	7.55%
<u>Pollution Control Bonds</u>								
3.125%	02/12/03	11/01/08	6.0	90,000,000	2,810,269	87,189,731	96.88%	3.74%
4.750%	05/17/05	02/15/27	10.0	108,250,000	1,909,012	106,340,988	98.24%	4.88%
4.700%	02/23/05	09/01/29	25.0	115,500,000	2,130,296	113,369,704	98.16%	4.83%
<u>Senior Secured Bonds</u>								
5.875%	08/01/01	08/15/07	6.0	254,866,000	4,803,150	250,062,850	98.12%	6.25%
6.250%	08/01/01	08/15/09	8.0	485,785,000	8,353,850	477,431,150	98.28%	6.53%
4.300%	05/23/03	06/01/13	10.0	100,000,000	1,397,971	98,602,029	98.60%	4.47%
4.950%	12/20/05	12/15/15	10.0	100,000,000	500,574	99,499,426	99.50%	5.01%
5.150%	12/20/05	12/15/20	15.0	100,000,000	500,574	99,499,426	99.50%	5.20%
5.700%	07/15/07	07/15/17	10.0	240,000,000	all-in rate	240,000,000	100.00%	5.70%
<u>Conemaugh Scrubber Note</u>								
3.970%	06/04/97	06/01/27	30.0	9,475,000	110,606	9,364,394	98.83%	4.04%

Notes: ⁽¹⁾ Determined by taking into account the effect of the annual sinking fund requirements which are met by the retirement of bonds which reduce the term of each issue.

⁽²⁾ The effective cost for each issue is the yield to maturity using as inputs the average term of issue, coupon rate, and net proceeds ratio.

Source of Information: Company provided data

PPL Electric Utilities Corporation
Calculation of the Embedded Cost of Preferred and Preference Stock
Actual at December 31, 2006

<u>Series</u>	<u>Principal Amount Outstanding</u>	<u>Percent to Total</u>	<u>Effective Cost Rate</u>	<u>Weighted Cost Rate</u> ⁽¹⁾
3.35%	\$ 2,060,500	0.69%	3.37%	0.02%
4.60%	2,861,400	0.95%	4.79%	0.05%
4.40%	11,767,600	3.92%	4.46%	0.17%
4.50%	24,752,400	8.24%	5.03%	0.41%
6.75%	9,077,000	3.02%	6.82%	0.21%
6.25%	<u>250,000,000</u>	<u>83.19%</u>	6.39%	<u>5.32%</u>
	300,518,900	<u>100.00%</u>		<u>6.18%</u>
Unamortized Call Premium	<u>(983,840)</u>			
Total Preferred and Preference Stock	<u>\$ 299,535,060</u>			
Annualized Cost	\$ 18,572,068			
Amortization of Loss on Redeemed Stock	<u>383,917</u>			
Total Cost	<u>\$ 18,955,985</u>			<u>6.33%</u>

Notes: ⁽¹⁾ As calculated on page 3 of this schedule.

Source of Information: Company provided data

PPL Electric Utilities Corporation
Calculation of the Embedded Cost of Preferred and Preference Stock
Estimated at December 31, 2007

<u>Series</u>	<u>Principal Amount Outstanding</u>	<u>Percent to Total</u>	<u>Effective Cost Rate</u>	<u>Weighted Cost Rate</u> ⁽¹⁾
3.35%	\$ 2,060,500	0.69%	3.37%	0.02%
4.60%	2,861,400	0.95%	4.79%	0.05%
4.40%	11,767,600	3.92%	4.46%	0.17%
4.50%	24,752,400	8.24%	5.03%	0.41%
6.75%	9,077,000	3.02%	6.82%	0.21%
6.25%	250,000,000	83.19%	6.39%	5.32%
	300,518,900	100.00%		6.18%
Unamortized Call Premium	<u>(599,923)</u>			
Total Preferred and Preference Stock	<u>\$ 299,918,977</u>			
Annualized Cost	\$ 18,572,068			
Amortization of Loss on Redeemed Stock	<u>141,156</u>			
Total Cost	<u>\$ 18,713,224</u>			<u>6.24%</u>

Notes: ⁽¹⁾ As calculated on page 3 of this schedule.

Source of Information: Company provided data

PPL Electric Utilities Corporation
Calculation of the Effective Cost of Preferred and Preference Stock by Series

<u>Series</u>	<u>Date of Issue</u>	<u>Principal Amount Outstanding</u>	<u>Discount and Expense</u>	<u>Net Proceeds</u>	<u>Net Proceeds Ratio</u>	<u>Effective Cost Rate</u> ⁽¹⁾
3.35%	05/02/46	\$ 2,060,500	\$ 10,370	\$ 2,050,130	99.50%	3.37%
4.60%	10/21/48	2,861,400	113,048	2,748,352	96.05%	4.79%
4.40%	08/05/52	11,767,600	162,966	11,604,634	98.62%	4.46%
4.50%	12/10/45	24,752,400	2,606,595 ⁽²⁾	22,145,805	89.47%	5.03%
6.75%	10/05/93	9,077,000	90,879	8,986,121	99.00%	6.82%
6.25%	04/06/06	250,000,000	5,451,816	244,548,184	97.82%	6.39%

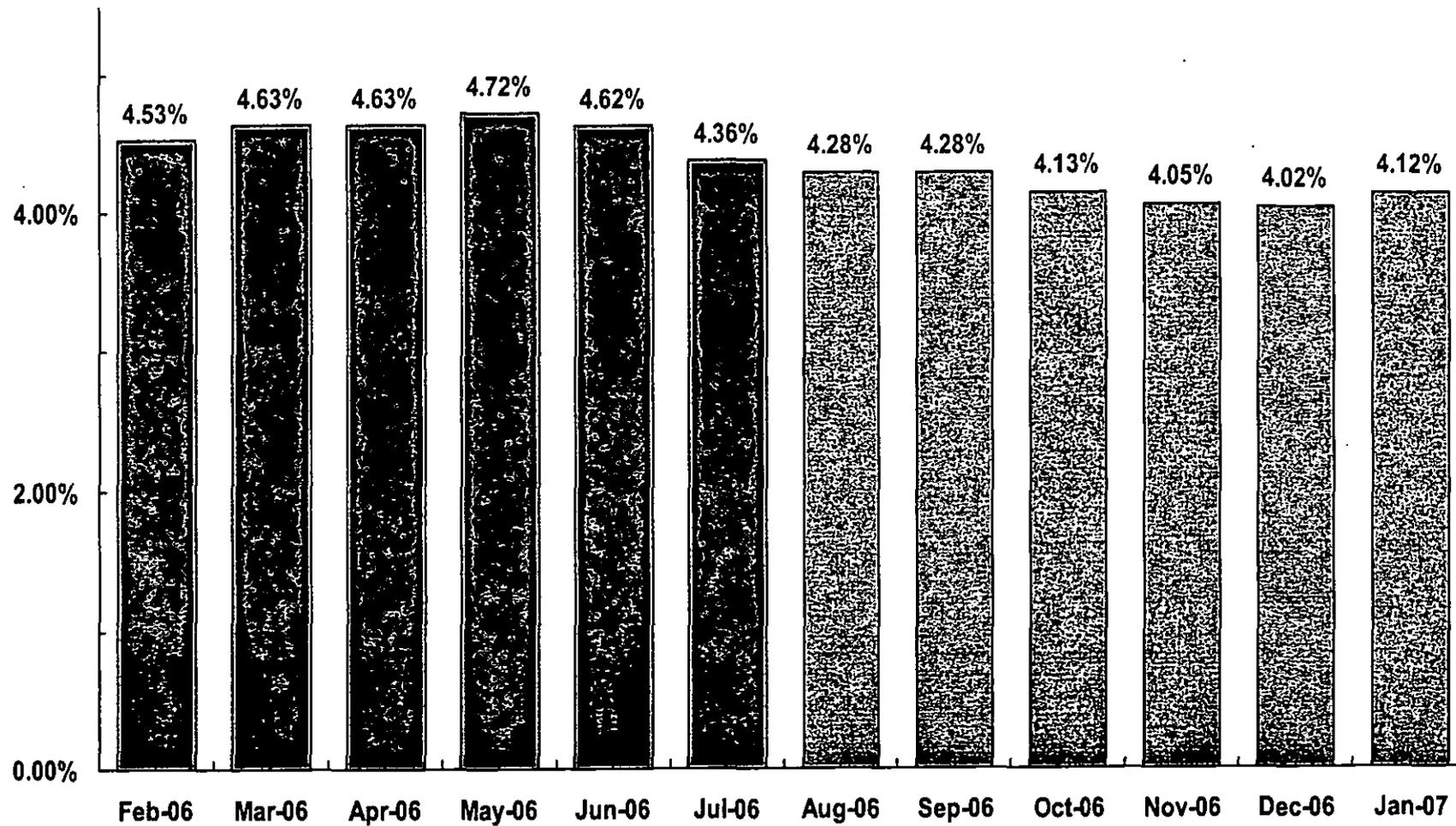
Notes: ⁽¹⁾ Series without sinking fund requirements are outstanding in perpetuity. For those series, the effective cost rate is the nominal dividend rate divided by the net proceeds ratio.

⁽²⁾ Includes \$40,639 premium, \$112,687 expense, and prorated portion of \$2,534,547 attributable to cost of Company refinanced issues carried forward.

Source of Information: Company provided data

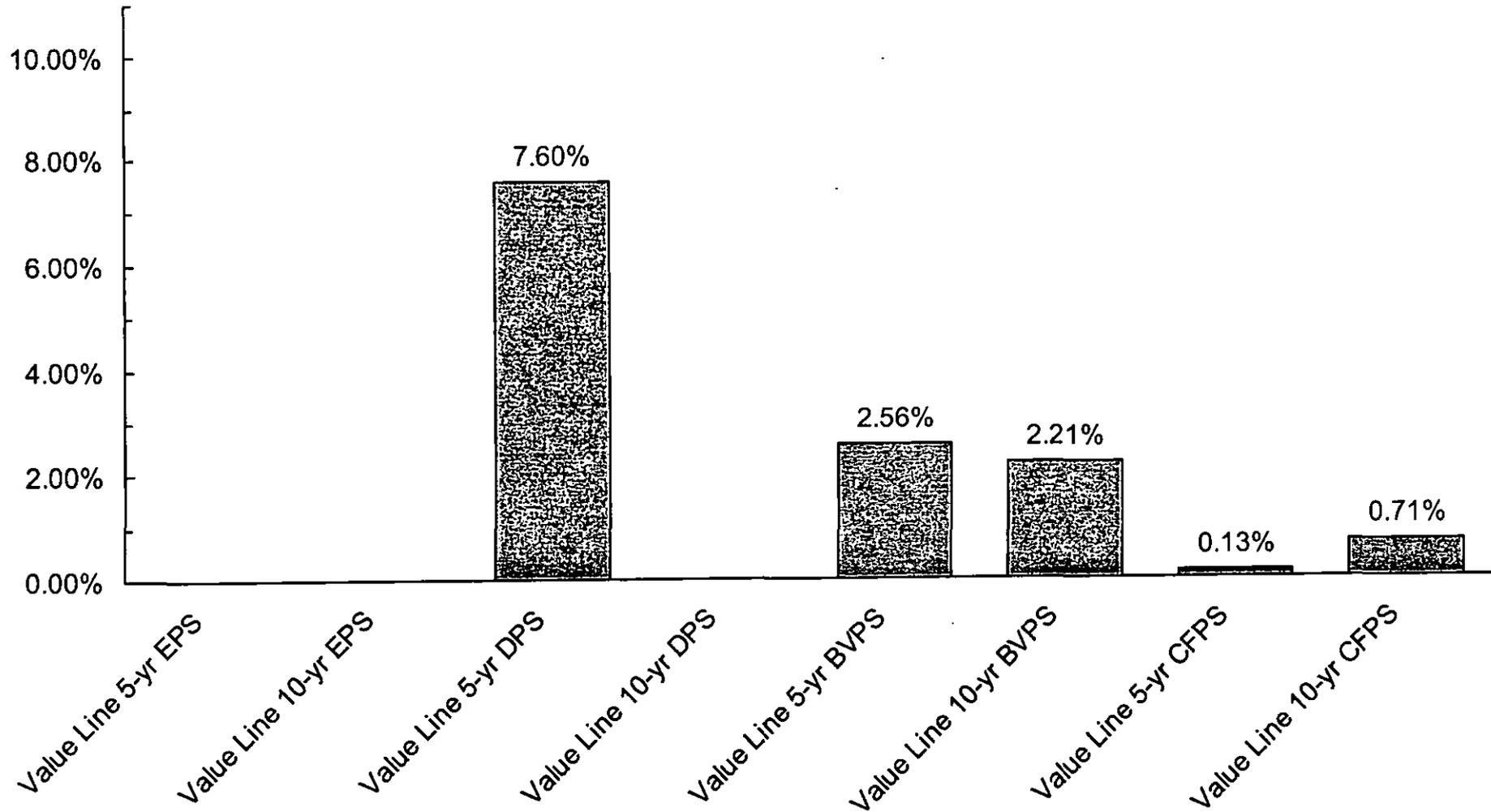
Electric Group

Monthly Dividend Yields



Electric Group

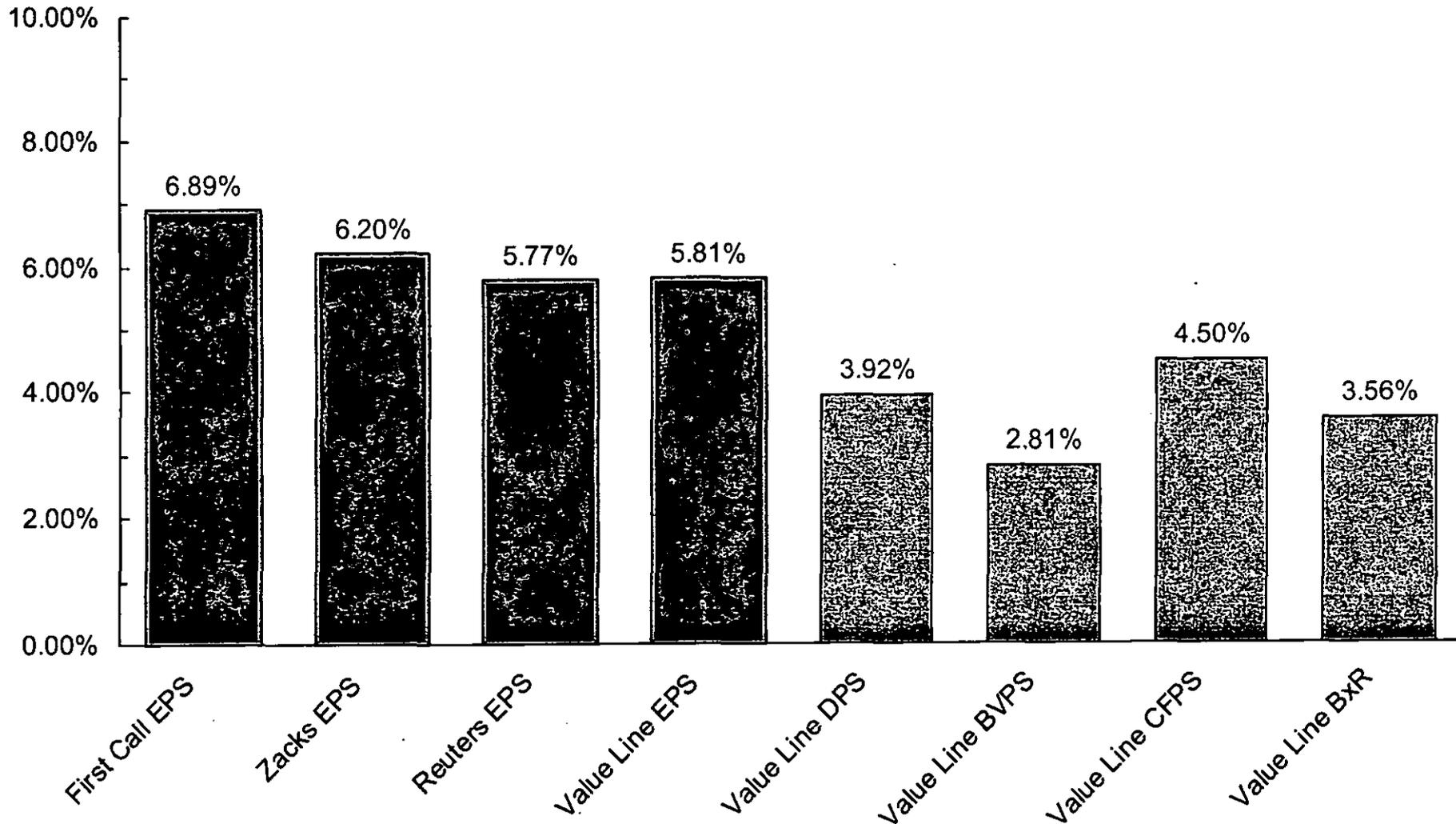
Historical Growth Rates



Earnings per Share=EPS Book Values per Share=BVPS
 Dividends per Share=DPS Cash Flow per Share=CFPS
 Percent Retained to Common Equity=BxR

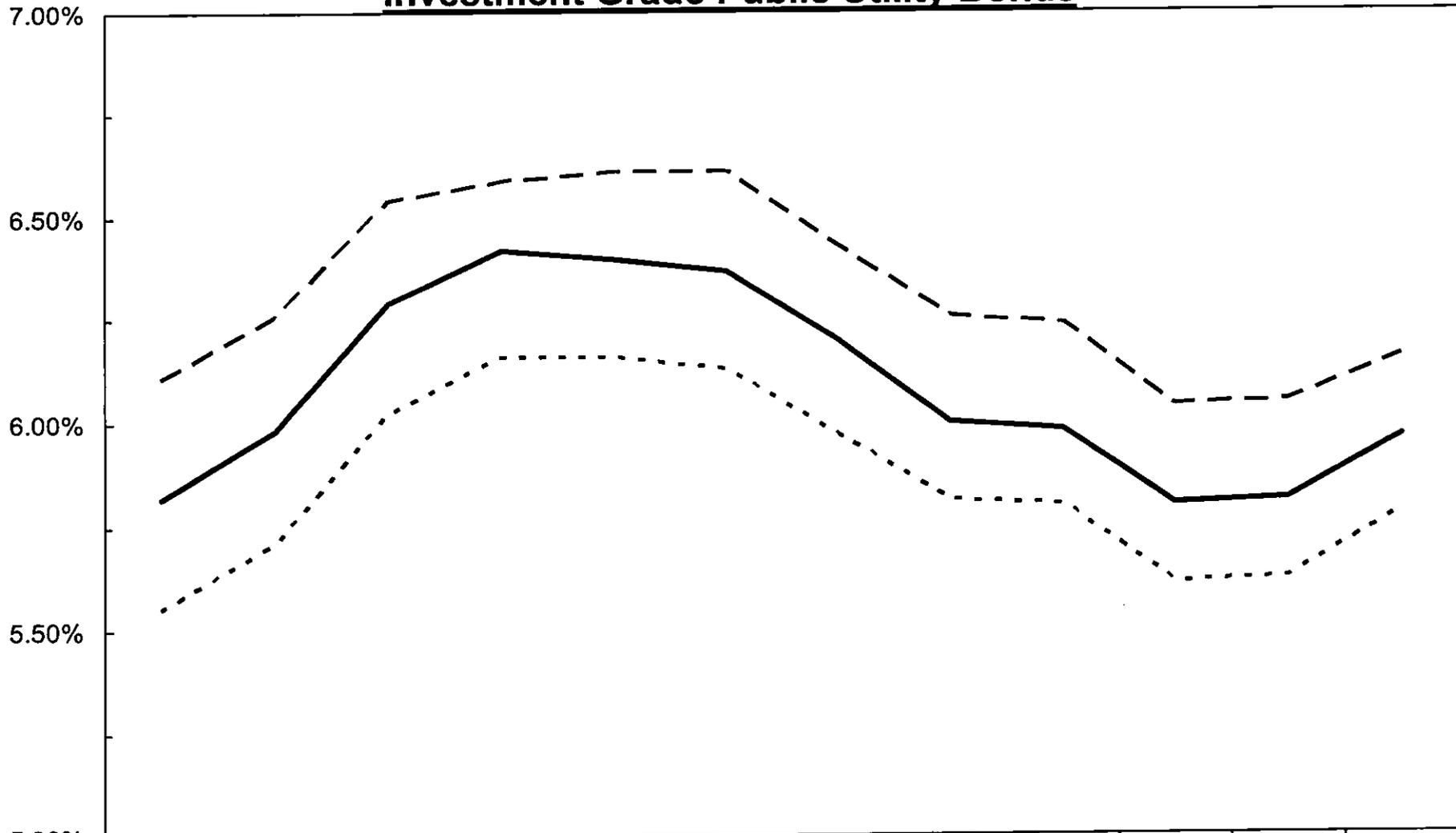
Electric Group

Five-Year Projected Growth Rates



Earnings per Share=EPS Book Values per Share=BVPS
 Dividends per Share=DPS Cash Flow per Share=CFPS
 Percent Retained to Common Equity=BxR

Interest Rates for Investment Grade Public Utility Bonds



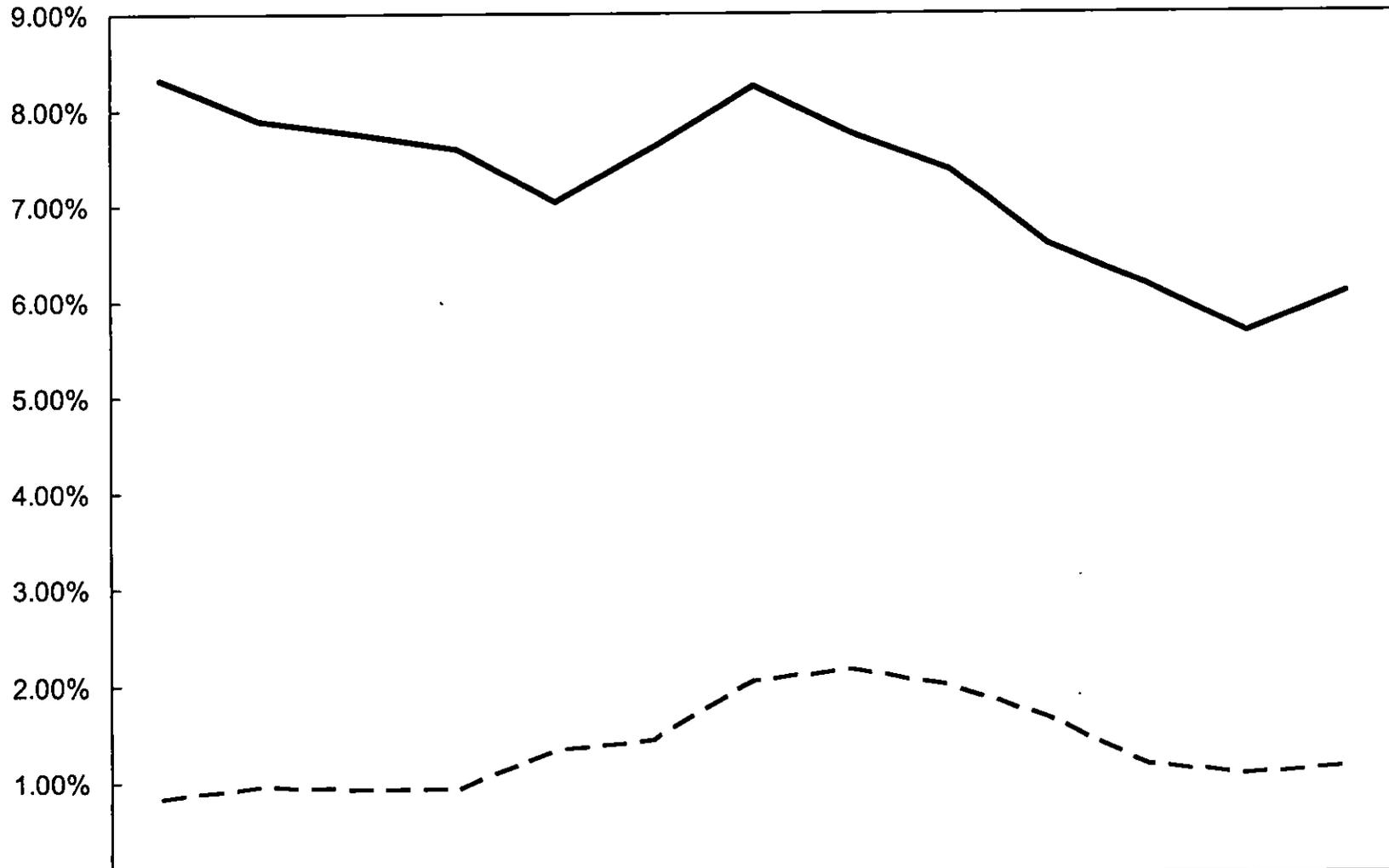
	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07
- - - Aa	5.55%	5.71%	6.02%	6.16%	6.16%	6.13%	5.97%	5.81%	5.80%	5.61%	5.62%	5.78%
— A	5.82%	5.98%	6.29%	6.42%	6.40%	6.37%	6.20%	6.00%	5.98%	5.80%	5.81%	5.96%
- - - Baa	6.11%	6.26%	6.54%	6.59%	6.61%	6.61%	6.43%	6.26%	6.24%	6.04%	6.05%	6.16%

**Interest Rates for Investment Grade Public Utility Bonds
Yearly for 2001-2005 and 2006
and the Twelve Months Ended January 2007**

<u>Years</u>	<u>Aa Rated</u>	<u>A Rated</u>	<u>Baa Rated</u>	<u>Average</u>
2001	7.58%	7.76%	8.03%	7.72%
2002	7.19%	7.37%	8.02%	7.53%
2003	6.40%	6.58%	6.84%	6.61%
2004	6.04%	6.16%	6.40%	6.20%
2005	5.44%	5.65%	5.93%	5.67%
Five-Year Average	<u>6.53%</u>	<u>6.70%</u>	<u>7.04%</u>	<u>6.75%</u>
2006	5.84%	6.07%	6.32%	6.08%
<u>Months</u>				
Feb-06	5.55%	5.82%	6.11%	5.83%
Mar-06	5.71%	5.98%	6.26%	5.98%
Apr-06	6.02%	6.29%	6.54%	6.28%
May-06	6.16%	6.42%	6.59%	6.39%
Jun-06	6.16%	6.40%	6.61%	6.39%
Jul-06	6.13%	6.37%	6.61%	6.37%
Aug-06	5.97%	6.20%	6.43%	6.20%
Sep-06	5.81%	6.00%	6.26%	6.03%
Oct-06	5.80%	5.98%	6.24%	6.01%
Nov-06	5.61%	5.80%	6.04%	5.82%
Dec-06	5.62%	5.81%	6.05%	5.83%
Jan-07	5.78%	5.96%	6.16%	5.96%
Twelve-Month Average	<u>5.86%</u>	<u>6.09%</u>	<u>6.33%</u>	<u>6.09%</u>
Six-Month Average	<u>5.77%</u>	<u>5.96%</u>	<u>6.20%</u>	<u>5.98%</u>
Three-Month Average	<u>5.67%</u>	<u>5.86%</u>	<u>6.08%</u>	<u>5.87%</u>

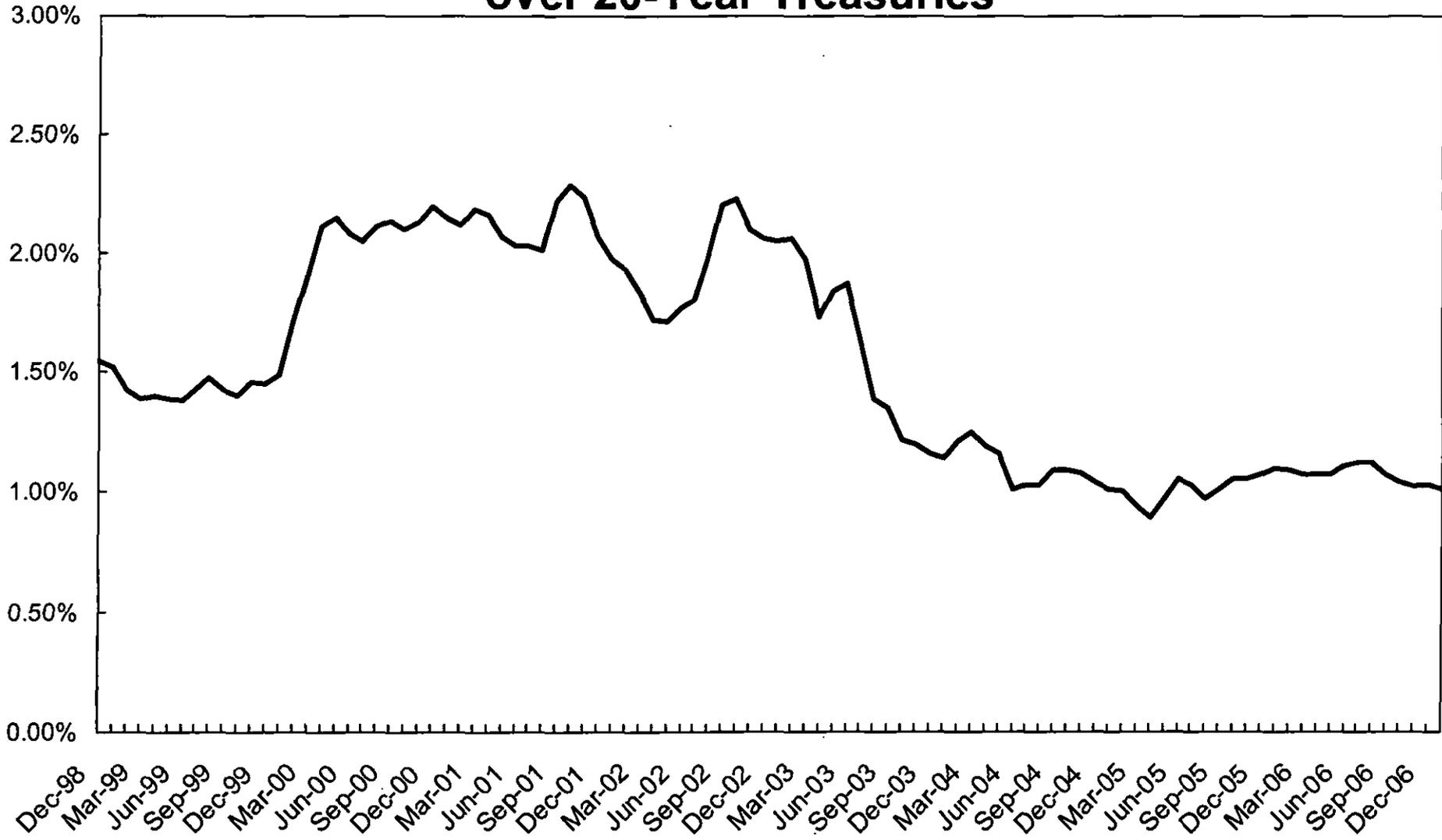
Source: Mergent Bond Record

Yields on A-rated Public Utility Bonds and Spreads over 20-Year Treasuries



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
— A-rated Public Utility	8.31%	7.89%	7.75%	7.60%	7.04%	7.62%	8.24%	7.76%	7.37%	6.58%	6.16%	5.65%	6.07%
- - Spread vs. 20-year	0.82%	0.94%	0.92%	0.91%	1.32%	1.42%	2.01%	2.13%	1.94%	1.62%	1.12%	1.01%	1.08%

Interest Rate Spreads A-rated Public Utility Bonds over 20-Year Treasuries



A rated Public Utility Bonds
over 20-Year Treasuries

Year	A-rated Public Utility	20-Year Treasuries	
		Yield	Spread
Dec-88	6.91%	5.36%	1.55%
Jan-89	6.97%	5.45%	1.52%
Feb-89	7.09%	5.66%	1.43%
Mar-89	7.26%	5.87%	1.39%
Apr-89	7.22%	5.82%	1.40%
May-89	7.47%	6.08%	1.39%
Jun-89	7.74%	6.36%	1.38%
Jul-89	7.71%	6.28%	1.43%
Aug-89	7.91%	6.43%	1.48%
Sep-89	7.93%	6.50%	1.43%
Oct-89	8.06%	6.66%	1.40%
Nov-89	7.94%	6.48%	1.46%
Dec-89	8.14%	6.69%	1.45%
Jan-00	8.35%	6.86%	1.49%
Feb-00	8.25%	6.54%	1.71%
Mar-00	8.28%	6.38%	1.90%
Apr-00	8.29%	6.18%	2.11%
May-00	8.70%	6.55%	2.15%
Jun-00	8.36%	6.28%	2.08%
Jul-00	8.25%	6.20%	2.05%
Aug-00	8.13%	6.02%	2.11%
Sep-00	8.23%	6.09%	2.14%
Oct-00	8.14%	6.04%	2.10%
Nov-00	8.11%	5.98%	2.13%
Dec-00	7.84%	5.64%	2.20%
Jan-01	7.60%	5.65%	2.15%
Feb-01	7.74%	5.62%	2.12%
Mar-01	7.68%	5.49%	2.19%
Apr-01	7.94%	5.78%	2.16%
May-01	7.99%	5.92%	2.07%
Jun-01	7.85%	5.82%	2.03%
Jul-01	7.78%	5.75%	2.03%
Aug-01	7.59%	5.58%	2.01%
Sep-01	7.75%	5.53%	2.22%
Oct-01	7.63%	5.34%	2.29%
Nov-01	7.57%	5.33%	2.24%
Dec-01	7.83%	5.76%	2.07%
Jan-02	7.66%	5.69%	1.97%
Feb-02	7.54%	5.61%	1.93%
Mar-02	7.76%	5.93%	1.83%
Apr-02	7.57%	5.85%	1.72%
May-02	7.52%	5.81%	1.71%
Jun-02	7.42%	5.65%	1.77%
Jul-02	7.31%	5.51%	1.80%
Aug-02	7.17%	5.19%	1.98%
Sep-02	7.08%	4.87%	2.21%
Oct-02	7.23%	5.00%	2.23%
Nov-02	7.14%	5.04%	2.10%
Dec-02	7.07%	5.01%	2.06%
Jan-03	7.07%	5.02%	2.05%
Feb-03	6.93%	4.87%	2.06%
Mar-03	6.79%	4.82%	1.97%
Apr-03	6.64%	4.91%	1.73%
May-03	6.38%	4.52%	1.84%
Jun-03	6.21%	4.34%	1.87%
Jul-03	6.57%	4.92%	1.65%
Aug-03	6.78%	5.39%	1.39%
Sep-03	6.56%	5.21%	1.35%
Oct-03	6.43%	5.21%	1.22%
Nov-03	6.37%	5.17%	1.20%
Dec-03	6.27%	5.11%	1.16%
Jan-04	6.15%	5.01%	1.14%
Feb-04	6.15%	4.94%	1.21%
Mar-04	5.97%	4.72%	1.25%
Apr-04	6.35%	5.16%	1.19%
May-04	6.62%	5.46%	1.16%
Jun-04	6.48%	5.45%	1.01%
Jul-04	6.27%	5.24%	1.03%
Aug-04	6.14%	5.07%	1.07%
Sep-04	5.98%	4.89%	1.09%
Oct-04	5.94%	4.85%	1.09%
Nov-04	5.97%	4.89%	1.08%
Dec-04	5.92%	4.88%	1.04%
Jan-05	5.78%	4.77%	1.01%
Feb-05	5.61%	4.61%	1.00%
Mar-05	5.83%	4.89%	0.94%
Apr-05	5.64%	4.75%	0.89%
May-05	5.53%	4.56%	0.97%
Jun-05	5.40%	4.35%	1.05%
Jul-05	5.51%	4.48%	1.03%
Aug-05	5.50%	4.53%	0.97%
Sep-05	5.52%	4.51%	1.01%
Oct-05	5.79%	4.74%	1.05%
Nov-05	5.88%	4.83%	1.05%
Dec-05	5.80%	4.73%	1.07%
Jan-06	5.75%	4.65%	1.10%
Feb-06	5.82%	4.73%	1.09%
Mar-06	5.98%	4.91%	1.07%
Apr-06	6.29%	5.22%	1.07%
May-06	6.42%	5.35%	1.07%
Jun-06	6.40%	5.29%	1.11%
Jul-06	6.37%	5.25%	1.12%
Aug-06	6.20%	5.08%	1.12%
Sep-06	6.00%	4.93%	1.07%
Oct-06	5.98%	4.94%	1.04%
Nov-06	5.80%	4.78%	1.02%
Dec-06	5.81%	4.78%	1.03%
Jan-07	5.96%	4.95%	1.01%

S&P Composite Index and S&P Public Utility Index
Long-Term Corporate and Public Utility Bonds
Yearly Total Returns
1928-2006

Year	S & P Composite Index	S & P Public Utility Index	Long Term Corporate Bonds	Public Utility Bonds
1928	43.61%	57.47%	2.84%	3.08%
1929	-8.42%	11.02%	3.27%	2.34%
1930	-24.90%	-21.96%	7.98%	4.74%
1931	-43.34%	-35.90%	-1.85%	-11.11%
1932	-8.19%	-0.54%	10.82%	7.25%
1933	53.99%	-21.87%	10.38%	-3.82%
1934	-1.44%	-20.41%	13.84%	22.61%
1935	47.67%	76.63%	9.61%	16.03%
1936	33.92%	20.69%	6.74%	8.30%
1937	-35.03%	-37.04%	2.75%	-4.05%
1938	31.12%	22.45%	6.13%	8.11%
1939	-0.41%	11.26%	3.97%	6.76%
1940	-9.78%	-17.15%	3.39%	4.45%
1941	-11.59%	-31.57%	2.73%	2.15%
1942	20.34%	15.39%	2.60%	3.81%
1943	25.90%	46.07%	2.83%	7.04%
1944	19.75%	18.03%	4.73%	3.29%
1945	36.44%	53.33%	4.08%	5.92%
1946	-8.07%	1.26%	1.72%	2.98%
1947	5.71%	-13.16%	-2.34%	-2.19%
1948	5.50%	4.01%	4.14%	2.65%
1949	18.79%	31.39%	3.31%	7.16%
1950	31.71%	3.25%	2.12%	2.01%
1951	24.02%	18.63%	-2.69%	-2.77%
1952	18.37%	19.25%	3.52%	2.99%
1953	-0.99%	7.85%	3.41%	2.08%
1954	52.62%	24.72%	5.39%	7.57%
1955	31.56%	11.26%	0.48%	0.12%
1956	6.56%	5.06%	-6.81%	-6.25%
1957	-10.78%	6.36%	8.71%	3.58%
1958	43.36%	40.70%	-2.22%	0.18%
1959	11.96%	7.49%	-0.97%	-2.29%
1960	0.47%	20.26%	9.07%	9.01%
1961	26.89%	29.33%	4.82%	4.65%
1962	-8.73%	-2.44%	7.95%	6.55%
1963	22.80%	12.36%	2.19%	3.44%
1964	16.48%	15.91%	4.77%	4.94%
1965	12.45%	4.87%	-0.46%	0.50%
1966	-10.06%	-4.48%	0.20%	-3.45%
1967	23.98%	-0.63%	-4.95%	-3.63%
1968	11.06%	10.32%	2.57%	1.87%
1969	-8.50%	-15.42%	-8.09%	-6.66%
1970	4.01%	16.56%	18.37%	15.90%
1971	14.31%	2.41%	11.01%	11.59%
1972	18.98%	8.15%	7.26%	7.19%
1973	-14.66%	-18.07%	1.14%	2.42%
1974	-26.47%	-21.55%	-3.06%	-5.28%
1975	37.20%	44.49%	14.64%	15.50%
1976	23.84%	31.81%	18.65%	19.04%
1977	-7.18%	8.64%	1.71%	5.22%
1978	6.56%	-3.71%	-0.07%	-0.98%
1979	18.44%	13.58%	-4.18%	-2.75%
1980	32.42%	15.08%	-2.76%	-0.23%
1981	-4.81%	11.74%	-1.24%	4.27%
1982	21.41%	26.52%	42.56%	33.52%
1983	22.51%	20.01%	6.26%	10.33%
1984	6.27%	26.04%	16.88%	14.82%
1985	32.16%	33.05%	30.09%	26.48%
1986	18.47%	28.53%	19.85%	18.16%
1987	5.23%	-2.92%	-0.27%	3.02%
1988	16.81%	18.27%	10.70%	10.19%
1989	31.49%	47.80%	16.23%	15.61%
1990	-3.17%	-2.57%	6.78%	8.13%
1991	30.55%	14.61%	19.89%	19.25%
1992	7.67%	8.10%	9.39%	8.65%
1993	9.99%	14.41%	13.19%	10.59%
1994	1.31%	-7.94%	-5.76%	-4.72%
1995	37.43%	42.15%	27.20%	22.81%
1996	23.07%	3.14%	1.40%	3.04%
1997	33.36%	24.69%	12.95%	11.39%
1998	28.58%	14.82%	10.76%	9.44%
1999	21.04%	-8.85%	-7.45%	-1.69%
2000	-9.11%	59.70%	12.87%	9.45%
2001	-11.88%	-30.41%	10.65%	5.85%
2002	-22.10%	-30.04%	16.33%	1.63%
2003	28.70%	26.11%	5.27%	10.01%
2004	10.87%	24.22%	8.72%	6.03%
2005	4.91%	16.79%	5.87%	3.02%
2006 (p)	15.80%	20.95%	3.24%	3.94%
Geometric Mean	10.10%	8.80%	5.85%	5.45%
Arithmetic Mean	12.03%	11.14%	6.17%	5.73%
Standard Deviation	20.13%	22.55%	8.57%	7.89%
Median	14.31%	11.74%	4.14%	4.45%

**Tabulation of Risk Rate Differentials for
S&P Public Utility Index and Public Utility Bonds
For the Years 1928-2006, 1952-2006, 1974-2006, and 1979-2006**

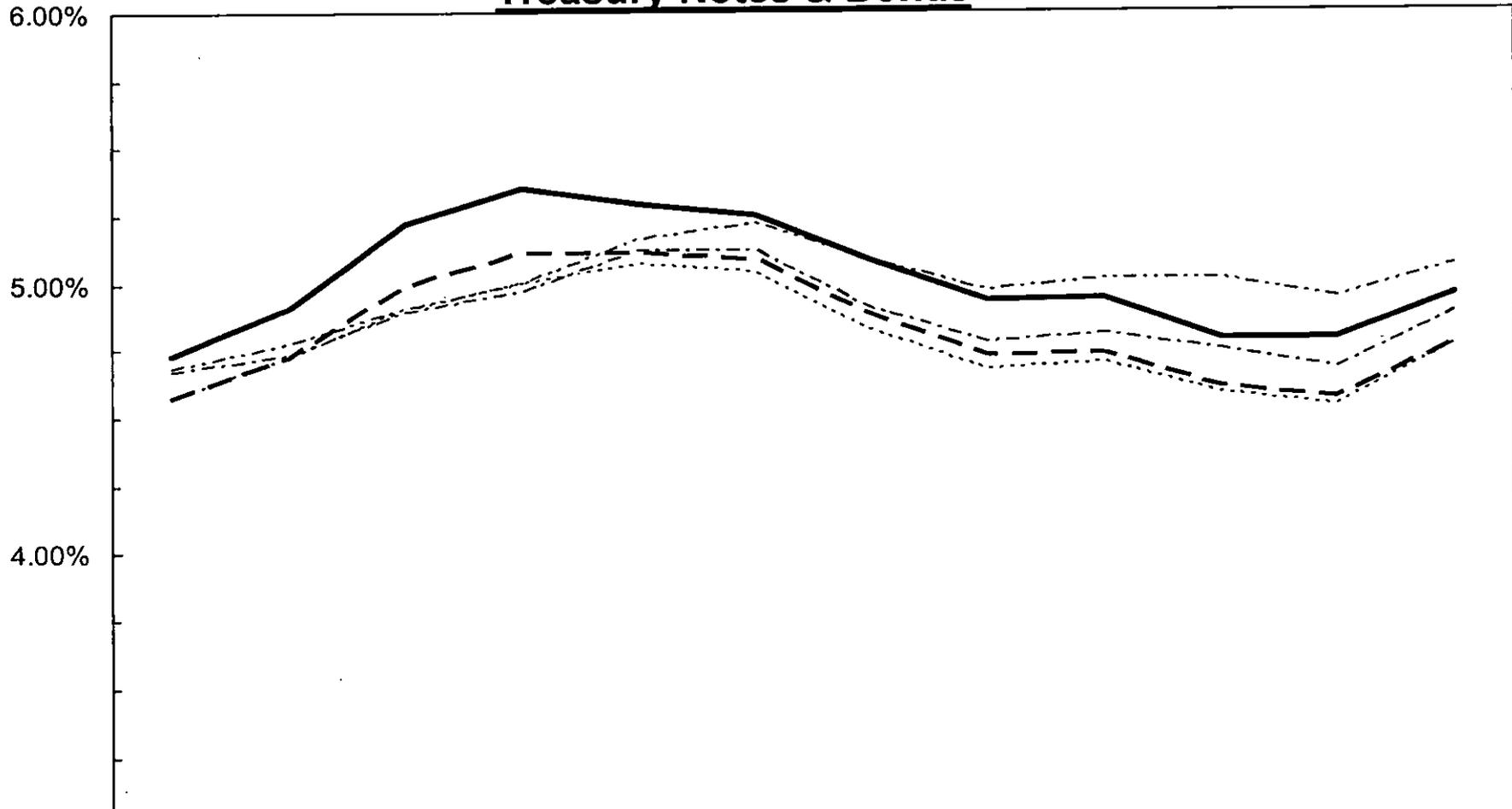
<u>Total Returns</u>	<u>Range</u>		<u>Midpoint</u>	<u>Point Estimate</u>	<u>Average of the Midpoint of Range and Point Estimate</u>
	<u>Geometric Mean</u>	<u>Median</u>		<u>Arithmetic Mean</u>	
<u>1928-2006</u>					
S&P Public Utility Index	8.80%	11.74%		11.14%	
Public Utility Bonds	<u>5.45%</u>	<u>4.45%</u>		<u>5.73%</u>	
Risk Differential	<u>3.35%</u>	<u>7.29%</u>	<u>5.32%</u>	<u>5.41%</u>	<u>5.37%</u>
<u>1952-2006</u>					
S&P Public Utility Index	10.99%	13.58%		12.53%	
Public Utility Bonds	<u>6.17%</u>	<u>4.94%</u>		<u>6.47%</u>	
Risk Differential	<u>4.82%</u>	<u>8.64%</u>	<u>6.73%</u>	<u>6.06%</u>	<u>6.40%</u>
<u>1974-2006</u>					
S&P Public Utility Index	12.79%	15.08%		14.77%	
Public Utility Bonds	<u>8.55%</u>	<u>8.65%</u>		<u>8.90%</u>	
Risk Differential	<u>4.24%</u>	<u>6.43%</u>	<u>5.34%</u>	<u>5.87%</u>	<u>5.61%</u>
<u>1979-2006</u>					
S&P Public Utility Index	13.42%	15.94%		15.27%	
Public Utility Bonds	<u>8.96%</u>	<u>9.05%</u>		<u>9.29%</u>	
Risk Differential	<u>4.46%</u>	<u>6.89%</u>	<u>5.68%</u>	<u>5.98%</u>	<u>5.83%</u>

**Value Line Betas for
Electric Group**

<u>Company</u>	<u>Beta</u>
CH Energy Group	0.85
Central Vermont P.S.	0.70
Consolidated Edison	0.75
Energy East Corp.	0.95
Northeast Utilities	0.90
NSTAR	0.80
PEPCO Holdings	0.90
UIL Holdings	<u>0.95</u>
Average	<u><u>0.85</u></u>

Source of Information:
Value Line Investment Survey
March 2, 2007

Yields on Treasury Notes & Bonds



	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07
----- 1-Year	4.68%	4.77%	4.90%	5.00%	5.16%	5.22%	5.08%	4.97%	5.01%	5.01%	4.94%	5.06%
- 2-Year	4.67%	4.73%	4.89%	4.97%	5.12%	5.12%	4.90%	4.77%	4.80%	4.74%	4.67%	4.88%
..... 5-Year	4.57%	4.72%	4.90%	5.00%	5.07%	5.04%	4.82%	4.67%	4.69%	4.58%	4.53%	4.75%
- - - 10-Year	4.57%	4.72%	4.99%	5.11%	5.11%	5.09%	4.88%	4.72%	4.73%	4.60%	4.56%	4.76%
———— 20-Year	4.73%	4.91%	5.22%	5.35%	5.29%	5.25%	5.08%	4.93%	4.94%	4.78%	4.78%	4.95%

**Yields for Treasury Constant Maturities
Yearly for 2001-2005 and 2006
and the Twelve Months Ended December 2006**

<u>Years</u>	<u>1-Year</u>	<u>2-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>7-Year</u>	<u>10-Year</u>	<u>20-Year</u>
2001	3.49%	3.83%	4.09%	4.56%	4.88%	5.02%	5.63%
2002	2.00%	2.64%	3.10%	3.82%	4.30%	4.61%	5.43%
2003	1.24%	1.65%	2.10%	2.97%	3.52%	4.02%	4.96%
2004	1.89%	2.38%	2.78%	3.43%	3.87%	4.27%	5.04%
2005	3.62%	3.85%	3.93%	4.05%	4.15%	4.29%	4.64%
Five-Year Average	<u>2.45%</u>	<u>2.87%</u>	<u>3.20%</u>	<u>3.77%</u>	<u>4.14%</u>	<u>4.44%</u>	<u>5.14%</u>
2006	4.93%	4.82%	4.77%	4.75%	4.76%	4.79%	4.99%
<u>Months</u>							
Feb-06	4.68%	4.67%	4.64%	4.57%	4.56%	4.57%	4.73%
Mar-06	4.77%	4.73%	4.74%	4.72%	4.71%	4.72%	4.91%
Apr-06	4.90%	4.89%	4.89%	4.90%	4.94%	4.99%	5.22%
May-06	5.00%	4.97%	4.97%	5.00%	5.03%	5.11%	5.35%
Jun-06	5.16%	5.12%	5.09%	5.07%	5.08%	5.11%	5.29%
Jul-06	5.22%	5.12%	5.07%	5.04%	5.05%	5.09%	5.25%
Aug-06	5.08%	4.90%	4.85%	4.82%	4.83%	4.88%	5.08%
Sep-06	4.97%	4.77%	4.69%	4.67%	4.68%	4.72%	4.93%
Oct-06	5.01%	4.80%	4.72%	4.69%	4.69%	4.73%	4.94%
Nov-06	5.01%	4.74%	4.64%	4.58%	4.58%	4.60%	4.78%
Dec-06	4.94%	4.67%	4.58%	4.53%	4.54%	4.56%	4.78%
Jan-07	5.06%	4.88%	4.79%	4.75%	4.75%	4.76%	4.95%
Twelve-Month Average	<u>4.98%</u>	<u>4.86%</u>	<u>4.81%</u>	<u>4.78%</u>	<u>4.79%</u>	<u>4.82%</u>	<u>5.02%</u>
Six-Month Average	<u>5.01%</u>	<u>4.79%</u>	<u>4.71%</u>	<u>4.67%</u>	<u>4.68%</u>	<u>4.71%</u>	<u>4.91%</u>
Three-Month Average	<u>5.00%</u>	<u>4.76%</u>	<u>4.67%</u>	<u>4.62%</u>	<u>4.62%</u>	<u>4.64%</u>	<u>4.84%</u>

Source: Federal Reserve statistical release H.15

Measures of the Risk-Free Rate

The forecast of Treasury yields
per the consensus of nearly 50 economists
reported in the Blue Chip Financial Forecasts dated January 1, 2007

<u>Year</u>	<u>Quarter</u>	<u>1-Year Treasury Bill</u>	<u>2-Year Treasury Note</u>	<u>5-Year Treasury Note</u>	<u>10-Year Treasury Note</u>	<u>30-Year Treasury Bond</u>
2007	First	5.0%	4.8%	4.6%	4.6%	4.8%
2007	Second	4.9%	4.8%	4.7%	4.7%	4.8%
2007	Third	4.9%	4.8%	4.7%	4.8%	4.9%
2007	Fourth	4.8%	4.8%	4.8%	4.8%	5.0%
2008	First	4.8%	4.8%	4.8%	4.9%	5.0%
2008	Second	4.8%	4.8%	4.8%	4.9%	5.1%

THE VALUE LINE

Investment Survey®

Part 1
Summary & Index

File at the front of the Ratings & Reports binder. Last week's Summary & Index should be removed.

January 19, 2007

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The Median of Estimated **PRICE-EARNINGS RATIOS** of all stocks with earnings

18.4

26 Weeks Ago	Market Low	Market High
17.3	14.1	19.6

The Median of Estimated **DIVIDEND YIELDS** (next 12 months) of all dividend paying stocks under review

1.7%

26 Weeks Ago	Market Low	Market High
1.7%	2.4%	1.6%

The Estimated Median Price **APPRECIATION POTENTIAL** of all 1700 stocks in the hypothesized economic environment 3 to 5 years hence

40%

26 Weeks Ago	Market Low	Market High
50%	115%	40%

ANALYSES OF INDUSTRIES IN ALPHABETICAL ORDER WITH PAGE NUMBER

Numeral in parenthesis after the industry is rank for probable performance (next 12 months).

	PAGE		PAGE		PAGE		PAGE
Advertising (21)	1917	Educational Services (19)	1577	Internet (17)	2228	*R.E.I.T. (89)	1171
Aerospace/Defense (24)	543	Electrical Equipment (46)	1001	Investment Co. (18)	955	Recreation (61)	1841
Air Transport (4)	253	Electric Util. (Central) (63)	695	Investment Co.(Foreign) (42)	358	Restaurant (76)	291
Apparel (28)	1651	Electric Utility (East) (70)	157	Machinery (57)	1331	Retail Automotive (29)	1666
Auto & Truck (58)	101	Electric Utility (West) (50)	1774	Manuf. Housing/RV (93)	1546	Retail Building Supply (86)	875
Auto Parts (73)	780	Electronics (31)	1021	Maritime (75)	275	Retail (Special Lines) (55)	1705
Bank (74)	2101	Entertainment (11)	1861	Medical Services (51)	630	Retail Store (8)	1676
Bank (Canadian) (32)	1563	Entertainment Tech (84)	1590	Medical Supplies (48)	181	Securities Brokerage (5)	1421
Bank (Midwest) (72)	613	Environmental (54)	349	Metal Fabricating (78)	564	Semiconductor (25)	1046
Beverage (Alcoholic) (49)	1530	Financial Svcs. (Div.) (38)	2130	*Metals & Mining (Div.) (3)	1220	Semiconductor Equip (2)	1083
Beverage (Soft Drink) (83)	1536	Food Processing (43)	1481	Natural Gas (Distrib.) (92)	459	Shoe (39)	1694
Biotechnology (33)	664	Food Wholesalers (85)	1525	Natural Gas (Div.) (52)	440	Steel (General) (79)	575
Building Materials (71)	845	Foreign Electronics (34)	1554	Newspaper (80)	1905	Steel (Integrated) (67)	1411
Cable TV (1)	812	Furn/Home Furnishings (65)	889	Office Equip/Supplies (7)	1127	Telecom. Equipment (41)	745
Canadian Energy (68)	426	Grocery (81)	1513	Oilfield Svcs/Equip. (40)	1936	Telecom. Services (9)	718
Cement & Aggregates (64)	882	Healthcare Information (35)	655	Packaging & Container (20)	920	*Thrift (91)	1161
*Chemical (Basic) (14)	1232	Home Appliance (66)	119	Paper/Forest Products (69)	905	Tire & Rubber (-)	114
Chemical (Diversified) (10)	1959	Homebuilding (95)	861	Petroleum (Integrated) (45)	405	Tobacco (77)	1570
Chemical (Specialty) (15)	476	Hotel/Gaming (16)	1877	Petroleum (Producing) (88)	1926	Toiletries/Cosmetics (82)	801
Coal (80)	527	Household Products (56)	938	Pharmacy Services (37)	770	Trucking (90)	265
Computers/Peripherals (36)	1098	*Human Resources (6)	1288	Power (94)	959	Water Utility (96)	1416
Computer Software/Svcs (13)	2173	Industrial Services (23)	323	*Precious Metals (53)	1211	Wireless Networking (87)	1457, 508
Diversified Co. (47)	1374	Information Services (44)	372	Precision Instrument (30)	125		
*Drug (59)	1242	*Insurance (Life) (62)	1197	Publishing (12)	1891		
E-Commerce (27)	1438	Insurance (Prop/Cas.) (22)	586	Railroad (26)	282		

*Reviewed in this week's issue.

In three parts: This is Part 1, the Summary & Index. Part 2 is Selection & Opinion. Part 3 is Ratings & Reports. Volume LXII, No. 21.

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Table 7
Basic Series and Portfolios

Summary Statistics of
Annual Returns
From 1926 to 2006

Asset Class	Annual Return	Volatility	Correlation
Large Company Stocks	10.4	12.3	20.1
Small Company Stocks	12.7	17.4	32.7
Long-Term Corporate Bonds	5.9	6.2	8.5
Long-Term Government Bonds	5.4	5.8	9.2
Intermediate-Term Government Bonds	5.3	5.4	5.7
U.S. Treasury Bills	3.7	3.8	3.1
Inflation	3.0	3.1	4.3
90% Stocks/10% Bonds	10.1	11.7	18.1
70% Stocks/30% Bonds	9.3	10.3	14.5
50% Stocks/50% Bonds	8.4	9.0	11.5
30% Stocks/70% Bonds	7.3	7.7	9.3
10% Stocks/90% Bonds	6.1	6.4	8.8

E = Estimated

Comparable Earnings Approach
Using All Value Line Non-Utility Companies with
Timeliness of 3 & 4; Safety Rank of 1, 2 & 3; Financial Strength of B, B+, B++, A, A+ & A++
Price Stability of 75 to 100; Betas of .70 to .95; and Technical Rank of 3

Company	Industry	Timeliness Rank	Safety Rank	Financial Strength	Price Stability	Beta	Technical Rank
Abbott Labs.	MEDSUPPL	3	1	A++	80	0.85	3
ABM Industries Inc.	INDUSRV	3	3	B++	80	0.80	3
Air Products & Chem.	CHEMDIV	3	2	B++	90	0.85	3
Alexander & Baldwin	MARITIME	4	3	B+	85	0.95	3
Allergan Inc.	DRUG	3	2	A+	80	0.85	3
Alliant Techsystems	DEFENSE	3	3	B+	80	0.90	3
Allied Capital Corp.	FINANCL	3	2	B++	80	0.85	3
AmerisourceBergen	MEDSUPPL	3	3	B++	75	0.80	3
Applebee's Int'l	RESTRNT	4	3	B++	75	0.85	3
AplarGroup	PACKAGE	4	3	B+	90	0.95	3
Arbitron Inc.	INFOSER	3	3	B+	85	0.80	3
Arrow Int'l	MEDSUPPL	3	2	A	80	0.70	3
Assoc. Banc-Corp	BANKMID	4	2	B++	100	0.90	3
Bank of Hawaii	BANK	3	2	B++	100	0.85	3
BB&T Corp.	BANK	3	1	A	100	0.95	3
Becton Dickinson	MEDSUPPL	3	1	A+	90	0.85	3
Bemis Co.	PACKAGE	3	1	A+	95	0.95	3
Berkley (W.R.)	INSPRPTY	3	3	B+	85	0.90	3
BOK Financial	BANKMID	3	2	B++	95	0.90	3
Burlington Northern	RAILROAD	3	2	B++	85	0.95	3
Campbell Soup	FOODPROC	3	2	B++	100	0.75	3
Capitol Fed. Fin'l	THRIFT	3	2	B++	95	0.70	3
CLARCOR Inc.	PACKAGE	4	2	B++	80	0.95	3
Coca-Cola Enterprises	BEVERAGE	3	3	B	75	0.70	3
Commerce Bancshs.	BANKMID	4	1	A	100	0.90	3
Compass Bancshares	BANK	4	2	B++	100	0.90	3
Constellation Brands	ALCO-BEV	3	3	B	75	0.75	3
CVS Corp.	DRUGSTOR	3	2	A	75	0.85	3
DaVita Inc.	MEDSERV	3	3	B	75	0.85	3
Dolph Fin'l 'A'	INSLIFE	3	3	B+	90	0.95	3
Dentaply Int'l	MEDSUPPL	4	2	B++	95	0.70	3
Dionex Corp.	INSTRMNT	4	3	B+	75	0.95	3
Domino's Pizza	RESTRNT	3	3	B	80	0.85	3
Donaldson Co.	MACHINE	3	2	B++	80	0.85	3
Dun & Bradstreet	INFOSER	3	3	B	95	0.80	3
Ecolab Inc.	CHEMSPEC	3	1	A	100	0.80	3
Edwards Lifesciences	MEDSUPPL	4	2	B++	85	0.70	3
Fifth Third Bancorp	BANKMID	3	1	A+	95	0.90	3
First Horizon National	BANKMID	4	2	B++	95	0.85	3
First Midwest Bancorp	BANKMID	4	2	B++	95	0.90	3
Froddie Mac	FINANCL	3	2	A	85	0.90	3
Gannett Co.	NWSPAPER	3	1	A++	95	0.85	3
Gen'l Dynamics	DEFENSE	3	1	A++	85	0.85	3
Genuine Parts	AUTO-OEM	3	1	A++	100	0.85	3
Genworth Fin'l	INSLIFE	4	2	B++	95	0.85	3
HCC Insurance Hldgs.	INSPRPTY	3	3	B+	85	0.90	3
Health Mgmt. Assoc.	MEDSERV	4	3	B+	80	0.75	3
Hillenbrand Inds.	DIVERSIF	3	2	A	90	0.75	3
Hormel Foods	FOODPROC	4	1	A	95	0.75	3
Huntington Bancshs.	BANKMID	3	2	B++	100	0.90	3
IHOP Corp.	RESTRNT	4	3	B	75	0.90	3
ITT Corp.	DIVERSIF	3	1	A	90	0.85	3
Journal Communications	NWSPAPER	3	3	B+	95	0.90	3
Lee Enterprises	NWSPAPER	3	2	B+	100	0.80	3
Lilly (Eli)	DRUG	3	1	A++	80	0.85	3
Liz Claiborne	APPAREL	4	1	A+	85	0.90	3
Marriott Int'l	HOTELGAM	3	3	B++	85	0.85	3
Minerals Techn.	CHEMSPEC	4	2	B++	85	0.85	3
New York Community	THRIFT	4	3	B+	80	0.90	3
New York Times	NWSPAPER	3	1	A	95	0.90	3
NIKE Inc. 'B'	SHOE	3	1	A+	85	0.85	3
Northrop Grumman	DEFENSE	3	2	B++	90	0.80	3
Old Nat'l Bancorp	BANKMID	3	2	B++	100	0.75	3
PepsiCo Inc.	BEVERAGE	3	1	A++	100	0.75	3
Pfizer Inc.	DRUG	3	1	A++	85	0.85	3
Pitney Bowes	OFFICE	3	1	A	100	0.90	3
Praxair Inc.	CHEMSPEC	3	2	B++	95	0.95	3
Protective Life	INSLIFE	4	2	B++	95	0.95	3
Regis Corp.	COSMETIC	4	3	B+	75	0.90	3
Republic Services	ENVIRONM	3	3	B+	95	0.70	3
RPM Int'l	CHEMSPEC	3	3	B	75	0.95	3
Ruddick Corp.	GROCERY	4	3	B+	85	0.85	3
Schain (Henry)	MEDSUPPL	3	3	B+	75	0.75	3
Scotts Miracle-Gro	HOUSEPRD	3	2	B++	85	0.95	3
Selective Ins. Group	INSPRPTY	4	3	B+	85	0.90	3
ServiceMaster Co.	INDUSRV	3	3	B+	85	0.85	3
Sigma-Aldrich	CHEMSPEC	3	1	A	95	0.85	3
Snap-on Inc.	MACHINE	3	2	A	85	0.95	3
Speedway Motorsports	RECREATE	3	3	B	90	0.70	3
Tootsie Roll Ind.	FOODPROC	3	1	A+	100	0.75	3
Triarc Cos. 'A'	RESTRNT	3	3	B	90	0.75	3
V.F. Corp.	APPAREL	3	2	A	90	0.90	3
Valspar Corp.	CHEMSPEC	3	3	B+	95	0.85	3
Washington Federal	THRIFT	4	1	A+	100	0.90	3
Waste Connections	ENVIRONM	4	3	B+	80	0.85	3
Weis Markets	GROCERY	4	1	A	90	0.80	3
Wiley (John) & Sons	PUBLISH	4	3	B+	90	0.75	3
Wilmington Trust	BANK	4	1	A	95	0.95	3
Average		3	2	B++	88	0.86	3
Electric Group	Average	3	2	B++	93	0.85	3

Comparable Earnings Approach
Five-Year Average Historical Earned Returns
for Years 2001-2005 and
Projected 3-5 Year Returns

Company	2001	2002	2003	2004	2005	Average	Projected 2009-11
Abbott Labs.	32.5%	30.4%	28.8%	24.6%	27.1%	28.2%	23.0%
ABM Industries Inc.	12.5%	12.1%	8.2%	9.5%	9.6%	10.4%	14.5%
Air Products & Chem.	16.7%	15.0%	13.1%	13.8%	15.6%	14.8%	23.0%
Alexander & Baldwin	9.5%	8.0%	10.0%	11.2%	11.7%	10.1%	13.0%
Allergan Inc.	27.1%	24.5%	42.4%	33.2%	30.4%	31.5%	20.0%
Alliant Techsystems	15.5%	27.0%	28.8%	22.4%	24.5%	23.6%	13.0%
Allied Capital Corp.	14.8%	14.7%	10.0%	12.6%	33.3%	17.1%	22.5%
AmerisourceBergen	4.9%	10.8%	11.2%	10.8%	8.3%	9.2%	11.5%
Applobe's Int'l	21.1%	21.1%	21.6%	22.3%	24.7%	22.2%	21.5%
AptarGroup	13.8%	11.8%	10.2%	10.7%	12.3%	11.8%	11.5%
Arbitron Inc.	-	-	-	NMF	67.8%	67.8%	53.5%
Arrow Int'l	14.3%	13.1%	13.3%	12.5%	8.3%	12.3%	12.5%
Assoc. Banc-Corp	16.8%	16.6%	17.0%	12.8%	13.8%	15.4%	13.5%
Bank of Hawaii	9.4%	11.9%	17.0%	21.3%	26.2%	17.2%	20.0%
BB&T Corp.	17.9%	17.9%	10.7%	14.3%	14.9%	15.1%	16.0%
Becton Dickinson	16.8%	19.3%	19.6%	22.0%	22.9%	20.5%	20.0%
Bemis Co.	15.8%	17.3%	13.8%	13.8%	12.0%	14.5%	14.5%
Berkley (W.R.)	NMF	10.4%	17.0%	19.5%	20.7%	16.9%	14.5%
BOK Financial	15.2%	13.8%	12.9%	12.8%	13.1%	13.6%	12.0%
Burlington Northern	10.4%	9.6%	9.1%	11.6%	16.1%	11.4%	16.5%
Campbell Soup	-	-	161.8%	74.7%	55.7%	97.4%	34.0%
Capitol Fed. Fin'l	7.4%	9.1%	5.3%	4.8%	7.5%	6.8%	7.5%
CLARCOR Inc.	15.3%	14.8%	14.7%	14.9%	15.8%	15.1%	13.5%
Coca-Cola Enterprises	NMF	14.8%	15.5%	11.1%	9.1%	12.6%	9.5%
Commerce Bancsha.	14.3%	14.1%	14.2%	15.4%	16.7%	14.9%	13.0%
Compass Bancshares	15.8%	16.3%	18.3%	18.1%	18.0%	17.3%	12.5%
Constellation Brands	14.4%	16.4%	11.2%	11.3%	12.8%	13.2%	11.5%
CVS Corp.	14.0%	13.6%	14.1%	13.1%	14.1%	13.8%	13.5%
DaVita Inc.	19.5%	210.3%	53.2%	41.5%	24.4%	69.8%	20.0%
Delphi Fin'l 'A'	NMF	11.1%	10.6%	11.6%	11.7%	11.3%	11.5%
Dentsply Int'l	18.0%	17.5%	15.4%	13.6%	17.4%	16.4%	15.0%
Dionex Corp.	24.5%	21.0%	19.7%	22.6%	24.9%	22.5%	21.0%
Domino's Pizza	-	-	-	-	-	-	NMF
Donaldson Co.	23.7%	22.7%	21.3%	19.4%	21.1%	21.6%	17.0%
Dun & Bradstreet	-	-	NMF	NMF	NMF	-	53.0%
Ecoteb Inc.	21.4%	21.9%	21.2%	20.0%	19.4%	20.8%	24.5%
Edwards Lifesciences	13.7%	15.4%	15.2%	16.6%	18.1%	15.8%	17.0%
Fifth Third Bancorp	18.2%	19.3%	20.2%	17.1%	18.4%	18.2%	15.0%
First Horizon National	20.7%	22.3%	25.0%	22.3%	19.1%	21.9%	15.5%
First Midwest Bancorp	18.4%	18.3%	17.8%	18.6%	18.6%	18.3%	20.5%
Freddie Mac	15.0%	32.2%	15.3%	9.0%	13.3%	17.0%	14.5%
Gannett Co.	14.5%	16.8%	14.4%	16.1%	16.0%	15.6%	11.5%
Gen'l Dynamics	20.8%	20.2%	16.8%	16.8%	18.0%	18.5%	15.0%
Genuine Parts	15.4%	17.3%	15.3%	15.5%	16.2%	15.9%	17.0%
Gonworth Fin'l	-	-	6.1%	8.7%	9.2%	8.0%	9.0%
HCC Insurance Hldgs.	7.7%	12.8%	13.7%	11.8%	11.4%	11.4%	13.5%
Health Mgmt. Assoc.	15.6%	18.3%	17.3%	16.4%	15.4%	16.6%	13.5%
Hillenbrand Inds.	17.7%	19.8%	21.1%	17.5%	18.8%	19.0%	15.5%
Hormel Foods	18.3%	17.0%	14.8%	15.6%	16.1%	16.4%	16.0%
Huntington Bancshs.	12.1%	14.8%	17.0%	15.7%	16.1%	15.1%	14.0%
IHOP Corp.	12.6%	11.2%	11.1%	12.0%	14.9%	12.4%	20.0%
ITT Corp.	20.4%	30.5%	19.7%	18.7%	18.2%	21.5%	17.5%
Journal Communications	-	13.6%	14.4%	16.0%	12.6%	14.2%	10.5%
Lee Enterprises	9.7%	9.6%	9.7%	9.8%	10.3%	9.8%	9.0%
Lilly (Eli)	42.4%	32.7%	28.6%	28.1%	29.1%	32.2%	27.0%
Liz Claiborne	19.1%	19.5%	17.7%	17.3%	15.8%	17.7%	12.5%
Marriott Int'l	11.6%	13.0%	11.6%	4.6%	22.8%	12.8%	17.5%
Minerals Techn.	10.2%	9.1%	7.3%	7.9%	6.9%	8.3%	8.5%
New York Community	10.8%	17.3%	11.3%	11.1%	8.8%	11.8%	12.0%
New York Times	22.2%	24.1%	21.5%	20.9%	15.4%	20.8%	11.5%
NIKE Inc. 'B'	16.9%	17.4%	18.5%	19.8%	21.5%	18.8%	16.0%
Northrop Grumman	5.5%	4.8%	4.8%	6.4%	7.4%	5.8%	11.5%
Old Nat'l Bancorp	15.5%	14.8%	9.8%	9.6%	12.1%	12.4%	14.0%
PepsiCo Inc.	34.6%	37.7%	30.0%	29.6%	32.2%	32.8%	32.0%
Pfizer Inc.	45.6%	47.9%	19.5%	23.6%	22.9%	31.9%	22.5%
Pliny Bowes	62.4%	67.0%	52.3%	46.0%	48.1%	55.2%	42.0%
Praxair Inc.	19.6%	23.4%	18.8%	19.3%	21.1%	20.4%	22.0%
Protective Life	10.1%	10.0%	9.8%	10.9%	12.1%	10.6%	11.5%
Regis Corp.	15.6%	15.8%	15.4%	15.3%	13.6%	15.1%	12.0%
Republic Services	12.1%	12.6%	11.3%	12.7%	15.8%	12.9%	20.5%
RPM Int'l	9.6%	11.8%	14.1%	14.5%	14.7%	13.0%	18.0%
Ruddick Corp.	10.8%	12.3%	12.1%	11.8%	11.3%	11.7%	13.0%
Schein (Henry)	12.8%	13.7%	13.9%	12.3%	13.2%	13.2%	16.0%
Scotts Miracle-Gro	3.1%	17.0%	14.3%	11.5%	9.8%	11.1%	15.0%
Selective Ins. Group	4.5%	6.1%	7.7%	12.8%	14.0%	9.0%	13.5%
ServiceMaster Co.	9.4%	14.0%	19.4%	17.4%	17.1%	15.5%	19.0%
Sigma-Aldrich	17.4%	14.8%	19.3%	19.2%	20.9%	18.3%	18.5%
Snap-on Inc.	13.8%	12.7%	7.8%	7.4%	9.9%	10.3%	11.5%
Speedway Motorsports	12.9%	12.5%	12.4%	12.7%	14.1%	12.9%	12.0%
Tootsie Roll Ind.	12.9%	12.6%	12.1%	11.3%	10.8%	11.9%	9.0%
Triarc Cos. 'A'	2.7%	NMF	NMF	0.5%	NMF	1.6%	15.0%
V.F. Corp.	14.3%	22.4%	20.1%	18.7%	18.3%	18.8%	17.5%
Valspar Corp.	7.9%	16.3%	12.9%	14.3%	13.9%	13.1%	12.0%
Washington Federal	13.0%	15.0%	13.8%	11.8%	12.3%	13.2%	15.0%
Waste Connections	10.3%	12.8%	12.2%	10.9%	12.0%	11.6%	15.5%
Weis Markets	10.1%	10.4%	9.5%	10.0%	10.5%	10.1%	10.5%
Wiley (John) & Sons	23.5%	22.3%	20.7%	23.0%	31.0%	24.1%	13.5%
Wilmington Trust	18.2%	18.0%	16.8%	15.7%	17.1%	17.2%	15.5%
Average						18.4%	16.8%
Median						15.1%	15.0%

ORIGINAL

PPL ELECTRIC UTILITIES CORPORATION

**Exhibit TRD 1
Fact Sheets of Universal Service Programs**

**Witness: Timothy R. Dahl
Docket No. R-00072155**

REC'D

2007 MAR 29 PM 12:52

IN PUC
SECRETARY'S BUREAU

OnTrack Payment Program Customer Fact Sheet



Esta hoja de información está disponible en español. Llame por favor a su representante de la agencia si usted prefiere una hoja de información en español.

What is the OnTrack Payment Program?

OnTrack is a special payment plan for PPL customers with limited incomes who are struggling to pay the full cost of their electric service. The program offers a special reduced monthly payment based on family size, income and electric use, and a chance to erase any debt you owe PPL for customers enrolled in **OnTrack**, PPL will:

- Provide a reduced monthly payment as coverage for your electric service.
- Cancel a portion of any debt you owe PPL every month you make your **OnTrack** payment.
- Provide energy education and weatherization services.

Who is OnTrack for?

If your verified household income is not more than the following maximums, you may be eligible.

2007 Income Limits	
Household Size	Gross Annual Household Income
1 person	\$15,315
2 persons	\$20,535
3 persons	\$25,755
4 persons	\$30,975
5 persons	\$36,195
6 persons	\$41,415
Each additional person	\$5,220

What are the Rules of the OnTrack Payment Program?

To stay in the **OnTrack** Payment Program, you must:

- Pay the **OnTrack** payment amount in full each month by the due date.
- Verify type of installed heat source with the OnTrack caseworker.
- Notify the agency contact person if your situation changes.
- Keep electric use at or below the usage amount before OnTrack enrollment.
- Apply for and cooperate with WRAP (Winter Relief Assistance Program).
- Apply for energy assistance LIHEAP/Crisis (if eligible).

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SECRETARY'S BUREAU

What Happens if I Miss an OnTrack Payment?

- At the first missed payment, the account enters the PPL collection process, which may result in loss of electric service.
- PPL will send a letter to remind you that you missed an OnTrack payment(s).
- To avoid loss of electric service and removal from the OnTrack Program, you must pay the missed OnTrack payment(s).

What if My Income Changes?

If you lose your job or face a financial crisis, call your agency caseworker.

How Much Electricity Can I Use?

- OnTrack customers need to conserve electricity.
- As part of **OnTrack**, someone will explain how your household can conserve energy and your home could be weatherized.
- PPL pays the difference between your monthly OnTrack payment and the amount you actually owe each month (Program Benefits). **The most that PPL can pay annually is \$1,400 for installed electric heat and \$560 for non-electric heat.**
- PPL will review your account and send a letter to let you know if you are getting close to your benefits limit.
- If your electric has increased beyond your benefit limits, we may either increase your payment amount or remove you from OnTrack.
- If you have changes in your household that may increase electric use, call your agency contact person to report the changes.

How Long Can I Stay in OnTrack?

- If you reach these maximum benefits, PPL may remove you from OnTrack and you may re-apply 12-months from the date of your original OnTrack enrollment.
- If you do not reach your maximum benefits, you may remain in the program long enough to pay your PPL debt as long as you make your OnTrack payments by the due date. See table below for timeline.

Overdue Amount at Time of Enrollment	Timeframe for Clearing Debt
Less than \$1,000	12 months
\$1,001 - \$2,000	18 months
\$2,001 - \$3,000	24 months
More than \$3,000	36 months

How Do I Stay in the Program?

- Pay your OnTrack payment by the due date every month
- Control your electric use
- Cooperate with WRAP
- Notify caseworker of any changes in household and/or income

Follow the program rules and after 12-months, we will review your account. If you are still eligible for the program, your **OnTrack** payment amount may change.

For more information, please call: 1-800-358-6623.

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2006-2007
**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM
(LIHEAP) FACT SHEET**



Get assistance with your heating bill!

LIHEAP is a two-part program for low-income families.

1. *Cash grants* help pay heating bills. The grant is given once a year and is sent directly to your utility company.
2. *Crisis grants* help families who have an emergency and are in danger of being without heat. Emergencies include broken heating equipment, fuel shortage or termination of service.

Both programs open **November 6, 2006** and close **March 22, 2007**.

To Qualify:

- You do not need to have an unpaid heating bill
- You do not need to receive public assistance
- You may either rent or own your home
- Your yearly income before taxes is at or less than:

Family Size	Gross Annual Income
1	\$14,700
2	\$19,800
3	\$24,900
4	\$30,000
5	\$35,100
6	\$40,200
7	\$45,300
8	\$50,400
Each additional person	\$5,100

To Apply:

- Call or visit your local County Assistance Office. You will find the address and phone number in the blue pages of the phone book, or
- Go to the following web site: <http://www.compass.state.pa.us>
- You will need a recent heating bill, and the following information for all members of your household:
 - Name
 - Date of birth
 - Social Security Number
 - Proof of all sources of income (except SSI or Public Assistance)

PPL OPERATION HELP



2007 Fact Sheet

What is Operation HELP?

It is a PPL-sponsored fuel fund that helps pay the energy bills of low-income customers. The fund is supported by donations from customers, employees, and the Company.

What are the income guidelines for Operation HELP?

2007 Income Limits	
Household Size	Gross Annual Income
1 person	\$ 20,420
2 persons	\$ 27,380
3 persons	\$ 34,340
4 persons	\$ 41,300
5 persons	\$ 48,260
6 persons	\$ 55,220
7 persons	\$ 62,180
8 persons	\$ 69,140
Each additional person	\$ 6,960

Are there other eligibility guidelines?

Yes, in addition to income, the agencies administering Operation HELP look for extenuating circumstances and hardships. It is important to remember that customers don't automatically receive HELP assistance.

How can customers apply for Operation HELP?

Please call 1-800-358-6623.

What does Operation HELP offer?

Operation HELP will help pay for any type of home energy bill (e.g., electric, oil, gas) and all payments are made directly to energy vendors.

When can customers apply for Operation HELP assistance?

Customers can apply at any time because Operation HELP runs year-round. However, applicants can receive HELP assistance only ONE time annually.

**Winter Relief Assistance Program
(WRAP)
Fact Sheet**



WRAP is a program to help low-income customers reduce their electric bill and increase their comfort. WRAP provides free measures and services to qualified customers.

To qualify for WRAP, customers must:

- Be eighteen years of age or older.
- Be an individually metered PPL Customer.
- Own or rent a house or apartment. (If a renter, PPL will contact landlord for permission)
- Live in a home that has not received WRAP services for at least seven years.
- Use the residence as a primary home (Not vacation home)
- Meet income guidelines.

What are the income guidelines for WRAP?

2007 Income Limits	
Household Size	Gross Annual Income
1 person	\$ 20,420
2 persons	\$ 27,380
3 persons	\$ 34,340
4 persons	\$ 41,300
5 persons	\$ 48,260
6 persons	\$ 55,220
7 persons	\$ 62,180
8 persons	\$ 69,140
Each additional person	\$ 6,960

WRAP Services and Measures depend on:

- The amount of electricity you use
- The type of heating system
- The type of water heater
- The results of an in-home audit.

Measures that may be included:

- Energy Education
- Installation of Compact Florescent Lights
- Changing/cleaning Heating/Cooling Filters
- Replacement of Waterbed Coils with a Foam Mattress
- Refrigerator Replacement
- Water Heating Measures (electric water heating customers only)
- Attic, Floor, and Wall Insulation; Duct Insulation
- Blower Door Testing for Air Leakage (Drafts)
- Door and Window Weather-stripping
- "Whole House" Foaming and Caulking
- Door Sweeps and Thresholds

To apply, or for more information, contact PPL at 1-800-342-5775.



CARES FACT SHEET

What is CARES?

CARES is a special service for customers who cannot pay the full amount of their electric bills because of **TEMPORARY** personal or family hardships.

If there is a good payment history and the customer is faced with a problem beyond their control, CARES can protect their account from shut-off for a period of 2 - 3 months.

Eventually the customer will have to pay for the electricity they use, but CARES will give them referrals to "get back on their feet," apply for assistance, etc. before they make a payment arrangement with PPL.

Who is eligible for CARES assistance?

Any residential customer, regardless of income, is eligible for assistance through CARES.

What type of hardships would qualify for CARES?

- Illness, injury or medical bills significantly reduces household income
- Previously good-paying customers with temporary hardship situation
- Recent loss of job or major reduction in household income
- Abandoned spouse or low-income elderly
- Confused and disoriented customer

Customers who qualify and want to apply for CARES should call PPL at 1-800-342-5775.

PPL ELECTRIC UTILITIES CORPORATION

**Exhibit TRD 2
List of Agencies that Administer PPL Electric's Programs**

**Witness: Timothy R. Dahl
Docket No. R-00072155**

**PPL Electric Utilities Corporation
Winter Relief Assistance Program (WRAP)
Contractor List - 2007**

Lehigh Region

Weatherization Contractor/Inspector/Solar Installer/Solar Pilot Maintenance

Community Action Committee of Lehigh Valley (CACLV)

Mr. Richard Yudt, Director of Energy Partnership

1337 E. 5th St.

Bethlehem, PA 18015

Phone: 610-691-5620

Fax: 610-691-6582

E-mail: ryudt@caclv.org

Executive Director, Mr. Alan Jennings

Weatherization Auditor/Installer (subcontractor to CACLV)

Custom Weatherization

Mr. Otis McNeil

2045 Willow Park Rd.

Bethlehem, PA 18020

Phone: 610-861-5290

E-mail: omcneil@rcn.com

Weatherization Auditor/Installer (subcontractor to CACLV)

Ohm Weatherization and Building Science

Mr. Michael Ohm

3208 Easton Ave.

Bethlehem, PA 18020

Phone: 610-882-9927

Fax: 610-822-9709

E-mail: Mohm@rcn.com

Weatherization Auditor/Installer/Solar Installer (subcontractor to CACLV)

Ohm Weatherization and Renewable Energy

Mr. John Ohm

3208 Easton Ave.

Bethlehem, PA 18020

Phone: 610-758-8271

Fax: 610-822-9709

E-mail: Johm@rcn.com

Weatherization Auditor/Installer (subcontractor to CACLV)

Subjin Insulation Services

Mr. Michael Subjin

1636 Dennis St.

Bethlehem, PA 18020

Phone: 610-814-3273

E-mail: Subjin@rcn.com

Weatherization Contractor/Solar Installer

EIC, Inc.

Mr. Kyle Haddock, Regional Manager

780 Eden Rd.

Lancaster, PA 17601

Phone: 973-713-1393

Fax: 973-328-4358

E-mail: EIC_NJ@msn.com

Baseload Contractor/Inspector

Mr. John Billiard
1201 South Blvd.
Bethlehem, PA 18017
Phone: 610-865-9788
Fax: 610-776-5579
E-mail: jbilliard@aol.com

Northeast Region**Weatherization Contractor/Solar Installer/Solar Pilot Maintenance**

Commission on Economic Opportunity (CEO)
Mr. Jerry Astolfi, Director of Physical Projects
32-34 Union St.
Kingston, PA 18704
Phone: 570-288-8458
Fax: 570-287-6921
E-mail: ceokingston@verizon.net
Executive Director, Mr. Eugene Brady, 165 Amber Lane, P.O. Box 1127, Wilkes-Barre, PA 18703

Weatherization Contractor

Carbon County Action Committee for Human Services (CCAC)
Mr. Angelo Santore, Weatherization Coordinator
267 S. Second St.
Lehighton, PA 18235
Phone: 610-377-6400
Fax: 610-377-3431
E-mail: asantore@pplelectricweb.com
Director, Ms. Kim Miller

Weatherization Contractor

The Redevelopment Authority of the County of Wayne (WCRA)
Mr. Tom Lamberton, Weatherization Coordinator
216 Willow Ave, P.O. Box 1066
Honesdale, PA 18431
Phone: 570-253-4882
Fax: 570-253-8932
E-mail: wcra@ezaccess.net
Director, Ms. Jackie Young

Weatherization Contractor

Schuylkill Community Action (SCA)
Mr. Terry Sadusky, Weatherization Coordinator
498 Nicholas St.
Pottsville, PA 17901
Phone: 570-622-0568
Fax: 570-622-0832
E-mail: scawx@verizon.net
Executive Director, Mr. Theodore Dreisbach 206 N. Second St. Pottsville, PA 17901

Weatherization Contractor/Solar Installer

EIC, Inc.
Mr. Kyle Haddock, Regional Manager
780 Eden Rd.
Lancaster, PA 17601
Phone: 973-713-1393
Fax: 973-328-4358
E-mail: EIC_NJ@msn.com

Baseload Contractor/Inspector

Ms. Lynn Wright
14 Westside Dr.
Newfoundland, PA 18445
Phone: 570-676-5850
Fax: 570-493-9786
E-mail: lmwright18445@yahoo.com

Inspector

John Smith
1446 Bunting St.
Pottsville, PA 17901
Phone: 570-544-2613
E-mail: Joh01@comcast.net

Susquehanna Region**Weatherization Contractor/Solar Installer/Solar Pilot Maintenance**

SEDA-Council of Governments (Seda-COG)
Mr. Doug Diehl, Weatherization Director
201 Furnace Rd.
Lewisburg, PA 17837
Phone: 570-524-4491
Fax: 570-524-9190
E-mail: fmiklosi@seda-cog.org

Weatherization Contractor

STEP, Inc.
Mr. Terry Roller, Director of Housing Services
2138 Lincoln St.
PO Box 3568
Williamsport, PA 17701
Phone: 570-326-0587
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Ms. Pam Denlinger, Owner
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Phone: 570-995-5747 or 1-800-211-6589
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Weatherization Contractor

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Weatherization Contractor/Solar Installer/Solar Pilot Maintenance

SEDA Council of Governments (Seda-COG)
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HVAC/Plumbing

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Auditor

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Operation HELP Agencies – Counties Served

Organization	Phone	Counties Served
Carbon County Action Committee	610/377-6400	Carbon
Casa Guadalupe Center	610/435-9902	Bucks, Lehigh, Northampton,
Christian Churches United	717/230-9550	Dauphin, Perry, York, Juniata, Cumberland
Columbia County Human Services	570/387-6501	Columbia
Commission on Economic Opportunity	570/826-0510	Luzerne
Community Action Program of Lancaster County	717/299-7301	Lancaster, Lebanon, Berks, Chester
Montour County Human Services	570/271-3028	Montour
Open Line, Inc.	215/679-4112	Montgomery
Schuylkill Community Action	570/622-1995	Schuylkill
STEP, Inc.	570/327-5485	Lycoming, Clinton
The Salvation Army	570/421-3050	Monroe
The Salvation Army	570/969-6399	Lackawanna
TREHAB, Inc.	570/253-8941	Pike, Wayne, Wyoming, Susquehanna
Union-Snyder Office of Human Resources	570/374-0181	Union, Snyder, Northumberland

OnTrack Agencies – Counties Served

Organization	Telephone	Served Counties
Community Action Committee of the Lehigh Valley 1337 East 5 th Street Bethlehem, PA 18015	610/691-5620	Lehigh, Monroe Northampton, Bucks, Montgomery
Community Action Commission of the Capital Region 1514 Derry Street Harrisburg, PA 17104	717/232-9757	Dauphin, Juniata, Perry, Cumberland, York
Schuylkill Community Action 217 Center Street Tamaqua, PA 18252 <i>or</i> 225 North Centre Street Pottsville, PA 17901	570/622-1995	Schuylkill
TREHAB, Inc. 1225 Main Street Honesdale, PA 18431	570/253-8941	Susquehanna, Pike, Wayne, Wyoming, Lackawanna
Community Action Program of Lancaster County 601 South Queen Street P. O. Box 599 Lancaster, PA 17608	717/299-7301	Lancaster, Lebanon, Berks, Chester, York
STEP, Inc. 2138 Lincoln Street P. O. Box 3568 Willamsport, PA 17701	570/327-5485	Clinton, Lycoming
Union-Snyder Community Action Agency 713 Bridge Street, Suite 10 Selinsgrove, PA 17870	570/374-0181	Union, Snyder, Northumberland
Columbia County Department of Human Services 700 Sawmill Road Suite 102 Bloomsburg, PA 17815	570/387-6501	Columbia
Commission on Economic Opportunity 165 Amber Lane, P. O. Box 1127 Wilkes Barre, PA 18702	570/826-0510	Luzerne, Carbon
Montour County Department of Human Services 112 Woodbine Lane, Suite 3 Danville, PA 17821	570/271-3028	Montour

PPL ELECTRIC UTILITIES CORPORATION

**Exhibit TRD 3
Universal Service & Energy Conservation Plan**

**Witness: Timothy R. Dahl
Docket No. R-00072155**

OnTrack

PPL Electric Utilities Corporation OnTrack Payment Program

1. Program Description

Overview

OnTrack is a special payment program for low-income households at or below 150 percent of the federal poverty level who are payment-troubled. OnTrack is PPL Electric Utilities Corporation's ("PPL Electric" or the "Company") Customer Assistance Program ("CAP") and is one of its Universal Service Programs ("USP"). This program, funded by customers and administered by community-based organizations, started as a pilot in 1993.

The primary features of OnTrack include:

- A reduced payment arrangement based on ability to pay
- Arrearage forgiveness over a specified period of time
- Protection against shutoff of electric service
- Referrals to other community programs and services

Customers who consistently meet their monthly OnTrack payment arrangements receive two major benefits:

- complete elimination of their indebtedness to PPL Electric, and
- protection against shutoffs.

PPL Electric uses the amount of their outstanding balance at the time of enrollment to establish the following debt forgiveness timetable.

Overdue Amount at Enrollment	Timeframe to Clear Debt
Less than \$1,000	12 Months
\$1,001 - \$2,000	18 Months
\$2,001 - \$3,000	24 Months
\$3,001 or greater	36 Months

Background

In July 1992, the Public Utility Commission ("PUC" or the "Commission") adopted a Policy Statement that established guidelines for Customer Assistance Programs. The Commission encouraged all electric and gas utilities to implement CAP pilots.

After receiving approval from the Commission for its pilot proposal, PPL Electric implemented OnTrack in December 1993. The pilot began in one region and

expanded to all regions by June 1994. The Company agreed to enroll 2,000 low-income customers in OnTrack. PPL Electric stopped the pilot program enrollments on July 31, 1995.

On December 3, 1996, Governor Tom Ridge signed a law that increased competition in the electric utility industry. The new law gave consumers the opportunity to choose their electric generation supplier. The legislation urged the electric distribution companies to continue their various assistance programs (e.g., CARES, Operation HELP, OnTrack and WRAP).

As a result of its August 12, 1998 Settlement Agreement with all interested parties, PPL Electric agreed to significantly expand OnTrack expenditures from 1999 through 2002. During this four-year period, the program's annual budget increased from \$5.875 million in 1999 to \$11.7 million in 2002. In December 2004, as part of base rate case proceeding at Docket No. R-0049255, the Commission approved an annual funding level of \$13.2 million for OnTrack.

On January 13, 2005, PPL Electric submitted a proposal to the Commission to amend its Universal Service and Energy Conservation Plan by conducting a pilot program. In addition to reducing energy usage for certain CAP participants, the pilot program's other key objectives included managing the expenditure of CAP credits, improving customer's understanding of their CAP benefits and energy usage, and motivating customers to save energy.

On February 9, 2005, the Commission approved PPL Electric's request to implement this two-year pilot program to manage CAP credits. The Commission's Secretarial Letter directed PPL Electric to implement this program on March 1, 2005 and to conclude it on March 31, 2007. The Commission also directed PPL Electric to submit its internal evaluation of the pilot program to the Bureau of Consumer Service no later than April 1, 2007. On February 1, 2007, the Company submitted the final pilot evaluation to the Commission.

Key Objectives

Given the revised CAP funding levels (\$13.2 million) established in PPL Electric's most recent base rate proceeding effective January 1, 2005, the Company increased the number of active OnTrack participants. PPL Electric has developed an effective strategy to increase the Company's ability to target low-income customers that are overdue and payment troubled. The key objectives for OnTrack are to:

- Administer a cost-effective program.
- Provide expanded services to low-income households.
- Identify for enrollment those customers who meet the OnTrack guidelines.
- Adhere to all PUC reporting requirements and policies.

- Identify and implement improvements to strengthen the effectiveness of OnTrack.

Statement of Purpose

In performing the collection functions, PPL Electric gives careful attention to the wide variety of circumstances that can affect customers. Financial hardships, physical disabilities, family problems and poor money management are but a few of the factors that can lead to non-payment of electric bills and, ultimately, overdue receivables and write-offs.¹ The Company considers each customer's situation in determining the appropriate collection action. PPL Electric has structured and implemented OnTrack in ways that address the needs of low-income customers while balancing business, financial, regulatory and social interests.

The four primary objectives of the OnTrack program are to:

- Improve customers' bill-payment habits and attitudes.
- Stabilize or reduce customers' energy usage.
- Decrease uncollectible balances for program participants.
- Determine overall impact on PPL Electric's overdue accounts receivable.

Other ancillary objectives and areas of interest for PPL Electric include: learning more about the reasons why some customers cannot pay their bills, comparing OnTrack procedures to traditional collection methods and improving coordination with other assistance programs.

Payment Plan Proposal

A key feature of the OnTrack program is to establish payment plans based on customers' ability to pay. In order to provide sufficient flexibility in selection and an appropriate payment plan, the system calculates the following four payment options for each OnTrack participant:

- Minimum payment
- Percent of bill payment
- Percent of income payment
- Annualized average payment

The system calculates the minimum payment by taking the customer's estimated monthly budget amount and subtracting the billing deficiency (i.e., \$150/month for electric heat and \$58/month for non-electric heat) and adding the \$5

¹ Note: The Commission entered an Order on December 7, 2005, at Docket No. M-00981036 approving PPL Electric's transfer of \$4 million from consumer education funding to OnTrack (\$1.5 million in 2006 and \$1.5 million in 2007) and \$1.0 million to WRAP in 2006.

arrearage co-payment. The Company bases percent of bill and percent of income payments on the following:

Income Categories	Percent of Bill Payment	Percent of Income Payment
0 - 50% Poverty	50%	5%
51 - 100% Poverty	70%	7%
101 - 150% Poverty	80%	9%

PPL Electric calculates the percent of bill payment by multiplying the estimated annual bill by the applicable percent of bill amount, adding the \$60 annual arrearage co-payment and dividing the total by 12 months. The Company calculates the percent of income payment by multiplying the annual gross income by the applicable percent of income, adding the \$60 annual arrearage co-payment and dividing the total by 12 months.

Each payment calculation for the above categories includes an annualized average payment amount as a point of reference. This amount shows what the OnTrack applicant had paid to PPL Electric over the past 12 months. The total amount paid excludes energy assistance payments such as LIHEAP.

To improve accuracy and efficiency, the Company's customer service system automatically generates all OnTrack payment calculations. The system suggests a recommended payment amount. It looks for the payment calculations (i.e., minimum payment, percent of bill and percent of income) that are closest to the annualized average payment calculation. However, with permission from PPL Electric, OnTrack agency representatives have the flexibility to choose another payment amount based on customers' needs and circumstances.

CAP evaluation work done by the RETEC Group, New Haven, Connecticut, demonstrated that the best predictor of customers' success or failure is the difference between their CAP payment amounts and what they managed to pay prior to joining the program. In other words, if CAP payment plans are set too high, even though they are within the percentage of income guidelines, customers default because they cannot make the payments. This is particularly true for electric heat customers. Compared with other electric utilities in Pennsylvania, PPL Electric has the highest saturation of electrically heated homes.

PPL Electric analyzed the annual electric bills of low-income customers who had received assistance through CARES, Operation HELP, WRAP, LIHEAP and public welfare. Their average monthly bills for heating and non-heating customers were \$125 and \$75, respectively. When these customers made payments, the average payments were \$87 for heating customers and \$48 for non-heating customers. PPL Electric believes the four payment options keep OnTrack customers' payment plans affordable.

PPL Electric chose a four-tiered payment plan approach for several reasons:

1. A broader payment plan methodology is likely to expand the eligible population for the program. For example, a strict percentage of income plans would exclude many electric heat customers because their monthly OnTrack payments would be unaffordable.
2. A multi-payment plan approach gives the OnTrack agencies more flexibility in selecting appropriate payment agreements.
3. One of the primary objectives of OnTrack is to improve customers' bill-payment habits. The ability to offer options that fit customers' circumstances result in an increase in payments.
4. The use of different payment plans allows PPL Electric to evaluate which options work best.

2. Control Features

Minimum Payment Terms

Minimum monthly payment levels are \$30 - \$40 for heating customers and \$12 - \$18 for non-heating customers. Annual revenue shortfall contributions for heating customers and non-heating customers are restricted to \$1,800 and \$700, respectively. In addition, PPL Electric waives all late payment charges for OnTrack participants.

Consumption Limits

Unless there are extenuating circumstances, participants are required to reduce their energy usage to the leveled billing amount. Failure to reduce kWh consumption could lead to dismissal from the program.

Household kWh consumption limits for OnTrack participants could be adjusted for extenuating circumstances including, but not limited to, the following:

- Addition of a family member
- Serious illness or medical condition
- kWh consumption increase beyond control of customer
- Severe weather conditions
- Structural damage to home

The OnTrack administering agencies are responsible for reviewing the individual situations and for recommending changes to consumption limits if warranted by the circumstances. Agency representatives explain the customer's responsibility

related to their annual kWh usage restrictions at the time of enrollment. If appropriate, the caseworkers review energy usage during re-certification interviews.

Usage Study

EIC, Inc. conducted a detailed study of 23 high-usage OnTrack customers to determine the reasons for their usage. EIC completed the field study in January 2004. The Company used the results of this study to make appropriate changes in policies, procedures and training.

With approval from the Commission, PPL Electric conducted a two-year Managing CAP Credits Pilot ("MCCP") for OnTrack and WRAP customers identified as high energy users. The Company completed this pilot February 1, 2007. This pilot is central to developing and implementing a new strategic directive to help consumers maximize their revenue shortfall benefit limits (i.e., CAP Credits) and to provide energy education to help customers make informed and wise energy choices in their electric usage. The pilot also incorporates a stay-out provision for customers whose reported gross income exceeds their mortgage/rent or whose lifestyle choices are in conflict with the philosophy and purpose of CAP. This strategy allows the Company to position OnTrack and WRAP to operate more efficiently and cost effectively.

Customer Education

Energy conservation education could play an important role in helping OnTrack customers control their energy usage. Through the OnTrack program, PPL Electric attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kWh consumption. Customers receive consumer education in the following areas:

- Low-cost/no-cost energy conservation tips
- Explanation of weatherization measures installed
- Home heating and cooling systems
- Electric bill and analysis of usage

To eliminate redundant service, PPL Electric channels this aspect of the program through its Winter Relief Assistance Program ("WRAP"). This program provides free weatherization services to qualified homeowners and renters.

Weatherization

If applicable, community-based organization ("CBOs") and PPL Electric refer OnTrack participants to WRAP² if their annual energy usage exceeds 6,000 kWh. The Company offers WRAP to OnTrack customers who have electric heat or

² Customers who have received WRAP services within the last seven years are ineligible.

electric water heating, as well as baseload customers whose annual consumption is at least 6,000 kWh. Under the umbrella of universal service programs, the Company provides weatherization measures, specifically approved appliance replacements and energy conservation education services to qualified customers. All installed measures must meet PUC's payback criteria. Weatherization activities for WRAP include energy audits, infiltration control, insulation measures, water heating treatment, appliance replacement and energy education.

Enrollment in OnTrack does not automatically qualify an applicant for WRAP measures. However, the Company gives preference to OnTrack applicants who have high usage and large overdue balances. It is not PPL Electric's intent to make WRAP services available only to OnTrack customers at the expense of other deserving customers.

3. Default and Appeal Process

Default Process

The OnTrack payment plan cannot function properly without the commitment and cooperation of customers, social services agencies and PPL Electric. Customers' non-compliance with any of the primary OnTrack components could lead to dismissal from the program. Failure to perform one or more of the following OnTrack customer responsibilities could also result in dismissal from the program.

1. Customers are responsible to submit their OnTrack payment and arrearage co-payment during each current billing period. The consequence for non-payment is immediate initiation of termination procedures.
2. Participants must maintain historic electric consumption limits to remain in the program.
3. OnTrack program participants must provide access to their electric meters.
4. OnTrack participants must provide verification of household income at least annually and report changes in the household immediately. The exception is for OnTrack participants when a third party verifies their income (i.e., LIHEAP or Supplemental Security Income).

Failure to provide income verification data when requested can result in dismissal from the program. OnTrack customers have two opportunities to provide verification of income. The first is at the initial intake and the

second is at recertification. A failure to report an increase in income or a decrease in family size could lead to dismissal from the program if there are no extenuating circumstances or conditions.

5. The CBOs urge OnTrack participants to apply for the Low-Income Home Energy Assistance Program ("LIHEAP") benefits at the time of enrollment, if applicable.³ PPL Electric annually initiates LIHEAP outreach efforts to encourage OnTrack customers to apply for benefits. See Appendix 1 for a copy of the Company's outreach plan.

Since applicants can choose where to send their LIHEAP payments (primary or secondary fuel vendor), eligible OnTrack participants are encouraged to apply for LIHEAP and to direct the grant to their electric bill. The Company will conduct outreach mailings to eligible participants to encourage increased awareness of LIHEAP.

The Company will continue to have its Customer Programs Directors meet with LIHEAP agencies to encourage OnTrack-eligible customers to direct their grants to their electric bills.

6. Participation in programs such as weatherization, energy conservation education, budget counseling and other related service are requirements for OnTrack customers.

The case management approach for the OnTrack program requires the coordination of both internal and external resources. These resources allow OnTrack customers to have a greater degree of control over their lives. The CBOs explain all of the program referrals in advance to OnTrack participants and include them in the OnTrack Certification Agreement.

PPL Electric extends every reasonable consideration to OnTrack participants to avoid dismissal from the program. The CBOs explain program requirements and benefits up-front, communicate regularly with participants if problems arise, and carefully evaluate extenuating circumstances. PPL Electric dismisses customers from OnTrack for other reasons such as voluntary withdrawal or they are no longer a customer. The Company returns customers who voluntarily withdraw to the normal collection process.

Appeal Process

OnTrack participants maintain all their PUC dispute and informal/formal complaint rights outlined in Chapter 56. Clearly, PPL Electric does not accept all applicants and it dismisses others for defaulting on OnTrack requirements. For

³ The income guidelines for OnTrack and LIHEAP are 150 percent of the federal poverty level. In Pennsylvania, LIHEAP normally runs from November through March.

those who believe they were unfairly treated, the following appeal procedures are available:

Step 1: The applicant discusses his or her rejection/dismissal from the program with the regional Customer Programs Director, who investigates the reasons for rejection or dismissal.

Step 2: If the customer is dissatisfied with the results of the discussion with the regional Customer Programs Director, he/she can file an Informal Complaint with the PUC.

4. Reinstatement Policy

Reinstatement occurs when a customer has made up his or her missed CAP payments and still meets the enrollment criteria. Currently, PPL Electric does not have a stay-out policy (e.g., no reinstatement for 12 months after dismissal) provided customers pay their OnTrack catch-up amounts.

5. Eligibility Criteria

OnTrack offers qualified customers payments less than current bills, arrearage forgiveness and a chance to get a fresh start with PPL Electric. In addition, the Company coordinates referrals with other low-income assistance programs such as WRAP, Operation HELP and LIHEAP, as well as other programs administered by the CBOs that administer OnTrack for PPL Electric.

PPL Electric designed OnTrack specifically for low-income customers with household income at or below 150 percent of the poverty level who are unable to pay their electric service bills in full. Eligibility criteria for OnTrack include:

- Households at or below 150 percent of the poverty level
- Payment troubled – defaulted one or more payment agreements in a 12-month period
- Must have a source of income

6. Projected Needs Assessment

Potential Participants

Matching the proper assistance program with each potential applicant is an overriding objective in PPL Electric's administration of the universal service programs. PPL Electric personnel, as well as the community-based organizations that cooperate with the Company in administering these programs, seek to ensure that eligible residential customers have an opportunity to successfully maximize the benefits available to them via OnTrack, WRAP, Operation HELP, LIHEAP and other related programs.

The Company used data from the 2000 U. S. Census data as well as past program performance to arrive at the recommended funding level. The 2000 U. S. Census data indicates the following:

- Approximately 17.6 percent (200,250) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.

The Company's past performance indicates the following:

- Approximately 19.7 percent (240,310) of PPL Electric's residential customers have an overdue balance; of that number, 33.1 percent (79,543) report an annual household income at or below 150 percent of federal poverty level.
- Approximately 70.7 percent of the 28,943 residential customers with active PPL Electric payment plans report an annual household income at or below 150 percent of federal poverty level.

To assist the most needy, PPL Electric regularly identifies and contacts residential customers who meet the income guidelines and have overdue balances. Depending on factors such ability to pay, payment history and extenuating circumstances, the Company routinely refers these customers to OnTrack, Operation HELP, CARES and LIHEAP.

PPL Electric conducted a survey in May 2003 and again in June to identify OnTrack customers' major barriers, challenges and needs. The Company used these findings to improve communications and the overall delivery of the OnTrack program.

Half of the survey responses showed that one of the biggest problems is the fact that many customers do not speak English well enough to communicate effectively with program administrators. Another one-third of the agencies surveyed reported that low literacy levels often prevent customers from understanding and complying with the requirements of the program. Still other customers are lost because they are wary of participating in the program because its benefits are unclear to them or because they are hesitant to trust PPL Electric. The language barrier difficulty, combined with literacy levels, contributes to customers either not applying for OnTrack or not following through with enrollment requirements. In addition, once enrolled, some drop out of the program before they reach full debt forgiveness. Others may not receive full benefits because they do not fully understand the relationship between energy consumption, actual bill and their role in controlling their household usage.

The survey suggests that PPL Electric can reach “hard-to-reach” and “under-served” populations best by improving and expanding our publicity/advertising mechanisms. Other suggestions include becoming better equipped to work with non-English speakers, placing more emphasis on ensuring that customers understand and are comfortable with the program, and involving more community organizations in the advertising referral processes. The Company has taken steps in the area by providing written communication in both English and Spanish and by contracting with Network Omni for translation of multiple languages. CBOs who administer the OnTrack program in areas with a high Hispanic population have one or more bi-lingual caseworkers on staff.

Referrals

PPL Electric has found that the primary source of potential OnTrack participants is referrals from the Company's Revenue Collection group. Revenue Collection representatives have daily contacts with low-income, payment-troubled customers with overdue balances and routinely refer these customers to the community-based organizations who administer the program. During 2006, for example, Revenue Collection personnel made nearly 40,000 referrals to administering organizations prompted by information provided by customers. Of this number, 53 percent (21,230) either did not follow-up with the agency contacts or, after follow-up, were ineligible because documentation proved them to be over the income limits for OnTrack.

In addition, other sources of potential participants include:

- Company-generated lists of low-income customers who currently have overdue balances
- OnTrack administering agencies
- Other community-based organizations
- Other universal service programs such as WRAP, CARES and Operation HELP
- Department of Public Welfare and LIHEAP

Income Eligible Customers with Overdue Balances

PPL Electric seeks to identify and enroll the most qualified customers in the OnTrack program, whose income meets the poverty guidelines and who have overdue balances. For example, special efforts are conducted as needed throughout the year to reach these customers before they are subject to service termination.

- The Company advertises in local newspapers and runs promotional articles for OnTrack, WRAP and Operation HELP through bill inserts in an effort to generate referrals. The Company also makes this communication available in Spanish.

- PPL Electric's Customer Programs Directors give presentations to community-based organizations.

PPL Electric repeats this approach periodically to identify and refer other customers who meet similar profiles. The Company provides periodic training and distributes OnTrack materials to its customer service representatives annually.

Program Proposed Enhancements and Recommendations

PPL Electric continually seeks effective methods and systems to help achieve the OnTrack Payment Program goals. PPL Electric will attempt to enroll as many customers as allowed under its annual budget. Through process improvements and a reduction in administrative costs, the Company projects enrollments of 22,000 to 24,000 active OnTrack participants 2007 through 2009 and beyond.

In addition, the PUC's Bureau of Consumer Services and PPL Electric discussed recommendations and findings regarding the MCCP evaluation of OnTrack high energy users. The Company agrees to implement key findings that will add value to the program.

Although the ten (10) OnTrack CBOs have demonstrated an effective capacity to administer the program, it is evident that PPL Electric must employ additional means to meet the present and future production requirements and keep administrative costs within the program guidelines. The Company plans to implement or has already implemented the following changes:

- Reduce administrative costs by continuing to use PPL Electric's customer service representatives to work OnTrack collection issues, rather than CBO caseworkers.
- Automate the default process:
 - After first missed payment, initiate the collection process.
 - After second missed payment, remove customer from OnTrack program.
 - Customer will continue in collections until payment(s) are made, at which time they can be reinstated in OnTrack.
 - Company believes it is in the customer's best interest to act when the customer is one or two payments in arrears rather than wait until PPL Electric starts its residential seasonal collection process in April.
- If the customer's account shows LIHEAP funds posted within the last heating season (defined as the last 16 months to include situations when currently in a heating season), the Company's system will

automatically recertify the customer for another year in the OnTrack program at the same payment amount. The automatic recertification is in effect for the second consecutive program year; the agency will request proof of income to evaluate payment plan and update information at the end of the two-year period.

- If the customer's main source of income is SSI (Supplemental Security Income) or those with third-party verification and the most recent income statement is less than 375 days, the Company's system will automatically recertify the customer for another year in the OnTrack program at the same payment amount. The automatic recertification is in effect for the second consecutive program year; the agency will request proof of income to evaluate payment plan and update information at the end of the two-year period.
- Continue using streamlined approaches for enrollment and re-certification (e.g., phone, mail and automatic re-certification).
- Follow applicable provisions outlined in Chapter §56.116 for OnTrack customers with medical certifications:

“Whenever service is restored or termination postponed under the medical emergency procedures, the ratepayer shall retain a duty to equitably arrange to make payment on all bills.”
- PPL Electric recommends that if an OnTrack customer fails to comply with this provision, the Company should remove the customer from OnTrack and advise the customer to enter a regular payment agreement with the Company.
- PPL Electric proposes that the CBO caseworkers follow the Department of Public Welfare's LIHEAP guidelines, as included under the annual LIHEAP State Plan, to determine annual gross household income and annual gross income for self-employment as stated in Chapter §601.81 through §601.103.
- PPL Electric recommends that OnTrack participants who own a rental unit must be one of the occupants at the premise and cannot own multiple properties.
- PPL Electric proposes that OnTrack applicant household members must permanently reside in Pennsylvania.
- PPL Electric recommends that caseworkers count all OnTrack applicant household members regardless of relationship, including a

roomer who is a relative of a household member, when determining household size and income.

7. Projected Enrollment Levels

PPL Electric will attempt to increase enrollments to include as many customers as allowed under its annual budget and through process improvements that result in reductions in administrative costs. The projected enrollment levels are as follows:

Year	OnTrack Enrollment Target
2007	22,000
2008	23,000
2009	24,000

8. Program Budget

In PPL Electric's most recent base rate proceeding, in which new rates became effective on January 1, 2005, the Commission approved \$13.2 million for OnTrack's annual funding. The Company increased the expenditure in 2006 by transferring, with Commission approval, \$4 million in unused Customer Choice funds to OnTrack (\$3 million) and WRAP (\$1 million). The Commission endorsed PPL Electric's proposal to expand an additional \$1.5 million for OnTrack in 2006 and 2007.

In the three-year plan, PPL Electric proposes an increase for OnTrack to \$19 million. This increase will allow the Company to maintain OnTrack enrollment targets between 22,000 and 24,000 customers who would benefit from participation in the program.

Year	Funding Level
2007	\$19 Million
2008	\$19 Million
2009	\$19 Million

Proposed Changes

- Incorporate OnTrack high energy usage as a best practice into standard WRAP.
- Implement an OnTrack stay-out provision for non-compliance with WRAP.
- Provide energy education for OnTrack customers ineligible for WRAP.

- This includes households that received WRAP within the past seven years and homes that do not receive landlord consent for WRAP measures and customers that use less than 6,000 kWh.
- Automate system-generated letters to alert OnTrack customers who exceed their maximum CAP benefit limits at various intervals (i.e., 25 percent, 50 percent, 75 percent and 100 percent).
- Implement a stay-out provision for customers who exceed their CAP benefit limits. These customers will remain ineligible until their next OnTrack anniversary date.
- Automate OnTrack removal process after six (6) months of enrollment if customer remains at premise with mortgage/rent exceeding reported income. Customer would remain ineligible for OnTrack while at the same residence and the same reported income.

9. Plans to Use Community-Based Organizations

PPL Electric will continue to use community-based organizations to administer the OnTrack Payment Program. Presently, these ten (10) community-based organizations have 55 caseworkers at 27 sites (main office locations and satellite offices) using 53 PPL Electric-provided personal computers to administer the program.

OnTrack administering agencies have the responsibility to take referrals from the various sources, contact the customers to conduct initial screening for potential program participation and arrange personal interviews to determine eligibility and finalize enrollment. Thereafter, the administering agency serves as the primary OnTrack contact with customers and works with them throughout their participation in the program.

Administering agencies enroll and maintain customers on-line in real time through direct connections with PPL Electric's Customer Service System (CSS). The Company has provided appropriate letters to aid in customer contact, along with the necessary training in the use of CSS and the administration of OnTrack. The Company has given this information to each agency and their caseworkers in a comprehensive manual entitled "OnTrack Payment Program Procedures and Processes."

The list of OnTrack agencies, phone numbers and counties served follows:

OnTrack Agencies – Counties Served

Organization	Telephone	Served Counties
Community Action Committee of the Lehigh Valley 1337 East 5 th Street Bethlehem, PA 18015	610/691-5620	Lehigh, Monroe Northampton, Bucks, Montgomery
Community Action Commission of the Capital Region 1514 Derry Street Harrisburg, PA 17104	717/232-9757	Dauphin, Juniata, Perry, Cumberland, York
Schuylkill Community Action 217 Center Street Tamaqua, PA 18252 <i>or</i> 225 North Centre Street Pottsville, PA 17901	570/622-1995	Schuylkill
TREHAB, Inc. 1225 Main Street Honesdale, PA 18431	570/253-8941	Susquehanna, Pike, Wayne, Wyoming, Lackawanna
Community Action Program of Lancaster County 601 South Queen Street P. O. Box 599 Lancaster, PA 17608	717/299-7301	Lancaster, Lebanon, Berks, Chester, York
STEP, Inc. 2138 Lincoln Street P. O. Box 3568 Willamsport, PA 17701	570/327-5485	Clinton, Lycoming
Union-Snyder Community Action Agency 713 Bridge Street, Suite 10 Selinsgrove, PA 17870	570/374-0181	Union, Snyder, Northumberland
Columbia County Department of Human Services 700 Sawmill Road Suite 102 Bloomsburg, PA 17815	570/387-6501	Columbia
Commission on Economic Opportunity 165 Amber Lane, P. O. Box 1127 Wilkes Barre, PA 18702	570/826-0510	Luzerne, Carbon
Montour County Department of Human Services 112 Woodbine Lane, Suite 3 Danville, PA 17821	570/271-3028	Montour

10. Organizational Structure of PPL Electric Staff

Corporate administration of PPL Electric's OnTrack Payment Program is the responsibility of the Regulatory Programs & Business Services group of the Customer Services department. The staff provides program oversight and field personnel are responsible for the day-to-day administration of OnTrack. The key personnel include:

General Office Staff:

- Robert M. Geneczko – Vice President-Customer Services
- Timothy R. Dahl – Mgr.-Regulatory Programs & Business Services
- Evelyn Soto – Customer Relations Specialist

Regional Customer Programs Directors:

- Judith A. Grant – Lehigh Region
- Gladys T. Malone – Southwest Region – Lancaster
- Florence M. McNelis – Northeast Region – Hazleton
- Joy E. Schmalzle – Northeast Region – Scranton
- Angela R. Tracy – Susquehanna – Harrisburg

Regional Administrative Support:

- Wendy D. Armen – Northeast Region
- Debra L. Sager – Southwest Region

11. Differences Between Approved Plan and the Proposed Plan

For the most part, PPL Electric is conducting the OnTrack Payment Program consistent with the guidelines and procedures of the PUC-approved plan and those changes that emanated from the Commission's CAP Policy Statement adopted May 8, 1999. All major policies regarding intake, payment plans, account monitoring and program referrals remain the same except for the following:

1. PPL Electric revised its eligibility criteria to include households at or below 150 percent of the poverty level who have one or more broken payment agreements in a 12-month period.
2. Currently, PPL Electric's system automatically re-certifies LIHEAP, Supplement Security Income or those with third-party verified income.

Automatic recertification is defined as follows:

- For LIHEAP, if funding has posted within the last 16 months to include heating season.
 - For SSI or third-party verification, if most recent income statement is less than 375 days.
3. PPL Electric automated the mailing of routine letters as much as practical. The Company made all letters available in both English and Spanish.
 4. The Company updated OnTrack formulas to increase CAP credit benefit limits to \$700 for non-electric heat and \$1,800 for electric heat.
 5. PPL Electric offers energy education opportunities to customers to help them make wise energy choices.
 6. The Company continues tracking the number of OnTrack enrollments and re-certifications completed by phone and mail to ensure the Company and CBOs are serving the hard-to-reach customers. In 2006, the CBOs completed 86.8 percent of enrollments by mail, 6.8 percent by phone and 6.4 percent by office visits. This switch in business practice by the CBOs has allowed the caseworks to serve more customers and operate a more cost-effective program.

USP Outreach Strategies	
Activity	Timeline
Develop outreach queries by operating area	As needed
Monitor volume of referral pre-cut and post-cut season	March, April, July, September, October, November
Review, monitor, and track: <ul style="list-style-type: none"> • Monthly report activity • Referral WFM activity • Budget activity 	Ongoing
Advertising: <ul style="list-style-type: none"> • Newspapers • Presentations at non-USP agencies 	As Needed
Outreach mailings: <ul style="list-style-type: none"> • To customers identified by various queries • To non-USP agencies 	As Needed
Internal presentations: <ul style="list-style-type: none"> • To the collection group to encourage referrals to OnTrack, Operation HELP, WRAP and LIHEAP 	Pre-cut season
OnTrack/WRAP referrals: <ul style="list-style-type: none"> • Enhancements • Training of CSRs/CAs 	Pre-cut season and 4 th Quarter
Bill Insert: <ul style="list-style-type: none"> • To help promote OnTrack, WRAP, Operation HELP and LIHEAP 	Pre-cut season

WRAP

**PPL Electric Utilities Corporation
Winter Relief Assistance Program (WRAP)**

1. Program Description

Overview

The Winter Relief Assistance Program ("WRAP") reduces electric bills and improves living comfort for low-income customers. PPL Electric Utilities Corporation ("PPL Electric" or the "Company") has funded and administered the program since 1985. Contractors install weatherization measures and provide energy education services.

There are three classifications of WRAP job types:

Full Cost – The customer has installed electric heat and uses electric heat as the primary heating source.

Low Cost – The customer has an electric water heater and there is the potential to install water heating measures.

Baseload – The customer uses a minimum of 6,000 annual kWh.

The WRAP services and measures installed by contractors depend on the customer's use of electricity and the result of a home energy audit. PPL Electric encourages customers to participate as "partners" in the audit and energy education session(s) so that they can maximize their savings' success.

Background

In 1985, the Pennsylvania Public Utility Commission ("PUC" or the "Commission") directed the Company to design a \$2,000,000 weatherization program for customers at or below 150 percent of poverty level. At that time customers needed to have electric heat or an electric water heater to qualify.

In 1988, the PUC required that all covered electric and gas utilities in Pennsylvania establish a low-income usage reduction program ("LIURP") for customers in their service territories. WRAP became PPL Electric's LIURP program and the Company agreed to expand program funding to \$3,023,000. The Company also added energy education as part of WRAP. In 1998, PPL Electric conducted a refrigerator replacement pilot that included the installation of "baseload" measures for households without electric heat or electric water heating.

In 1999, PPL Electric implemented the concept of universal service programs for low-income customers as part of the settlement agreement associated with utility restructuring. Universal service programs include WRAP (LIURP), OnTrack, CARES and Operation HELP. The Company agreed to make the following changes to WRAP as part of its settlement agreement with the PUC:

- Expand annual funding from \$3,023,000 to \$4,700,000
- Serve “an appropriate” amount of non-heating customers
- Implement and evaluate Solar Water Heating and Photovoltaic Pilots

In addition to WRAP, PPL Electric started the Keep Warm program for customers that had annual incomes between 150–200 percent of the federal poverty level in 1996. Keep Warm was originally part of PPL Electric’s Community Partnership Program and was designed to assist the “working poor” in reducing their electric bills. The PUC granted approval for the Company to incorporate Keep Warm as part of WRAP in 2000, thus giving the program an overall budget of \$5,700,000.

The PUC granted PPL Electric an increase in distribution rates in 2005. As part of the rate case settlement, the Company agreed to:

1. Increase annual WRAP funding from \$5,700,000 to \$6,250,000.
2. Incorporate Solar Water Heating (“SWH”) as part of WRAP with an average annual budget of \$400,000.

PPL Electric received approval from the PUC in 2005 to transfer a total of \$1,000,000 in unspent Customer Choice Education funding as part of WRAP. The Company applied this funding to its 2006 budget.

Objectives

The primary objectives for WRAP are to:

1. Reduce the energy usage and electric bills of low-income customers.
2. Increase the ability to pay/decrease arrearages of low-income customers.

Secondary objectives include:

1. Improve comfort for low-income customers.
2. Promote safer living conditions of low-income customers through the reduction of secondary heating devices.
3. Maintain/establish partnerships with social service agencies, community based organizations and local contractors to ensure maximum and timely assistance.

4. Make tailored referrals to Company and other assistance programs such as OnTrack, Operation HELP, LIHEAP and other weatherization programs.

Energy Survey

PPL Electric uses the energy survey or "audit" to identify what measures and services the contractor will install in the customer's home. Decisions made during the audit are based on:

1. Customer interview/occupant practices
2. Electric usage history
3. Site-specific diagnosis
4. Prioritization of measures
5. PUC payback criteria

In 2002, PPL Electric implemented Audit & Diagnostics Priority Lists for baseload, low-cost and full-cost (with and without combustion appliances) job types. The objectives of the Priority Lists are:

1. To achieve an average kWh savings of 10 percent between the pre- and post-WRAP period.
2. To comply with PA State Weatherization Health & Safety standards.
3. To provide customers in PPL Electric's service area with an equal opportunity for receiving WRAP services and measures.

The content on the Priority Lists may change based on the Company's consumption savings and evaluation results, changes in state regulations, the implementation of new measures/technologies, and changes in customer demographics and housing stock. PPL Electric will meet with WRAP contractors on a regular basis to review and possibly modify audit criteria.

PPL Electric will generally assign an electric heat job for full-cost audit and a non-electric heat job for baseload audit. The contractor can change the job type depending on audit findings and the potential for usage reduction measures. For example, a baseload job with high summer usage attributed to central cooling may become a full-cost job, whereas a baseload job with high summer usage attributed to a swimming pool filter and a dehumidifier will remain a baseload job.

Installation of Measures – Baseload

All WRAP customers are eligible for baseload measures. Standard measures and services include:

- Energy education
- Installation of Compact Fluorescent Lights (CFLs)

- Refrigerator replacement
- Air conditioner replacement
- Waterbed replacement with a mattress
- Changing or cleaning of heating/cooling filters
- Dryer venting (electric dryer)
- Water heater set-back (electric water heater)
- Water heater pipe insulation
- Other measures that meet PUC payback criteria

PPL Electric has no limit on the amount of money spent on baseload measures in a home. However, measures must meet the PUC's payback criteria as defined in the *WRAP Standards and Field Guide*. The Company approves exceptions on a case-by-case basis.

Effective 2008, WRAP contractors can spend up to \$200 per baseload job on comfort and safety measures (e.g., caulking, door sweeps and carbon monoxide detectors). Baseload customers often complain of comfort problems. Minor comfort measures may improve the quality of life for customers, many of whom are not eligible for other weatherization programs.

Installation of Measures – Low Cost

If a baseload customer has an electric water heater and has the potential for major water heating measures, PPL Electric may upgrade the WRAP job to “low cost” at the time of the baseload audit (or downgrade the job during the full-cost audit).

Low-cost measures include:

- Water heater replacement
- Gravity Film Exchange (GFX)
- Repair of water leaks
- Water pipe insulation, if done in conjunction with other measures
- Showerheads/aerators, if done in conjunction with other measures
- Solar Water Heating
- All baseload measures
- Other measures that meet PUC payback criteria

The Company has no limit on the amount of money spent on low-cost measures. With the exception of solar water heating, measures must meet the PUC's payback criteria as defined in the *WRAP Standards and Field Guide*.

Installation of Measures: Full Cost

Customers with installed electric heat are normally eligible for full-cost WRAP. The baseload auditor can also upgrade a job when full-cost measures will reduce

electric energy. This includes homes with de facto electric heat or high cooling usage. Conversely, full-cost WRAP jobs may be reclassified as “baseload” or “low cost.” This often happens when WRAP has previously installed measures, the home has major safety issues that impact weatherization, or the landlord does not consent to WRAP.

Standard full-cost measures include:

- Blower door testing and associated air sealing
- Attic, wall and floor insulation
- Sealing of attic bypasses
- Attic vents and hatches
- Crawl space and header insulation
- Heating equipment repair/retrofit/replacement
- Central cooling system repair and replacement
- Duct insulation and repair
- Caulking and weather-stripping
- Door sweeps
- Storm windows
- Window tints
- Window replacement
- Thermostat replacement/programmable thermostats
- Other measures that meet the PUC payback criteria
- Water heating measures, if customer has an electric water heater
- Baseload measures

The PUC LIURP guidelines suggest a seven- or twelve-year payback for most measures. In 2002, PPL Electric implemented an aggregate payback formula based on the customer’s electric seasonal usage. The Company assigns a “shell allowance” for each full-cost job based on the payback formula. The shell allowance serves as a spending guideline for full-cost measures in order to reduce electric usage. Examples of shell measures include insulation and air sealing.

Incidental Repairs – Contractors can make small incidental repairs needed for the installation of other weatherization measures. As a general guideline, the suggested spending allowance for incidental repairs is 20 percent of the shell allowance.

Comfort Repairs – Contractors can repair, replace or add (rare) electric heating equipment in homes where there is inadequate heat to maintain comfort. These cases will usually result in an increase in electric usage. As a result, PPL Electric may not analyze them in the pre- to post-usage evaluation of WRAP.

Health & Safety – Contractors are required to conduct combustion safety testing before installing any measures that will affect the air change per hour in a home (e.g., insulation, caulking and weather-stripping). Contractors may spend up to \$250 in diagnostic health and safety measures.

If a home “fails” combustion and safety tests, contractors are required to fix any combustion problems before installing full-cost measures. Contractors should use funds from the state weatherization program, gas utilities or CRISIS wherever possible. If other funding sources are not possible, PPL Electric may approve the replacement or repair of combustion equipment or provide the customer with baseload/low-cost services.

Indoor Air Quality – Contractors may choose to do air-sealing measures in homes where there are comfort and/or moisture problems, even if the home is below the minimum ventilation guidelines (MVG). If the home is below MVG before or after the installation of WRAP measures, contractors should add mechanical ventilation to ensure proper indoor air quality.

Energy Education

Energy education is a critical component of WRAP. All WRAP customers are eligible for at least one site energy education session. There are three types of sessions:

Initial – The educator works with the customer to itemize electric costs and to influence choices that will save energy and improve comfort and safety. For baseload/low-cost customers, the educator conducts the initial energy education session during the audit or the installation of measures. The educator conducts the initial session for full-cost customers during the audit or as part of the post-installation inspection.

Follow-up Session – The educator offers the follow-up session to full-cost customers in conjunction with the inspection or within six months after the installation of measures. Educators can conduct follow-up education as a site visit or phone session. The educator reviews the installed measures, discusses any changes in electric usage with the customer and continues to work with the customer to influence good choices.

Remedial Energy Education – PPL Electric offers remedial energy education to customers whose usage has increased by at least ten percent after the installation of measures. The educator conducts remedial sessions by phone. The goals of the session are to identify reason(s) for the usage increase and to influence energy habits where feasible.

In addition to the formal education sessions, WRAP contractors are required to integrate education into all aspects of WRAP. This is especially critical for

the auditor who uses the customer interview and bill analysis to make key recommendations.

OnTrack Education

Effective 2008, educators will be required to explain and review the OnTrack bill and benefit levels to OnTrack customers as part of WRAP energy education. The Company will train educators on the "How Much Electricity Am I Using?" form or equivalent. The Company will also offer phone education to OnTrack customers that are likely to exceed their benefit levels and are not eligible for WRAP.

Quality Assurance

PPL Electric requires an attempted site inspection for at least 60 percent of all full-cost WRAP jobs, 10 percent of jobs that received baseload/low-cost measures and 100 percent for jobs with solar water heating installation. PPL Electric will also use phone inspections and follow-up calls on a periodic basis.

The objectives of the inspection are:

1. To ensure that all installed measures listed on the WRAP Job Ticket are in accordance with PPL Electric's standards.
2. To identify major missed opportunities and adherence to the Priority Lists.
3. To gather customer satisfaction data.

The inspector records any customer concerns or problems on an inspection action sheet. The contractor has 30 days to respond to the customer.

The Company uses contractors to conduct most inspections. WRAP installers can also be inspectors as long as they don't inspect their own work.

2. Program Eligibility

Participation Eligibility

Customers must meet the criteria listed below to qualify for WRAP.

- Household gross income is at or below 200 percent of poverty level.
- Customer is at least eighteen years old.
- Customer's home has its own electric meter.
- Customer's home is a primary home, not a "second" or vacation home.
- PPL Electric has not performed WRAP services to the premise in the past seven years.

- Customer has lived in the home for at least nine months.
- Customer has installed electric heat or uses a minimum of 6,000 kWh per year.

If an apartment building contains at least three units and at least two-thirds of the tenants qualify for WRAP, PPL Electric may provide weatherization measures and services to all tenants in the building.

A customer does not need to have an overdue amount with PPL Electric to be eligible for WRAP. If there is a surplus of customers eligible for WRAP, the Company gives priority to customers who have the highest electric usage history, greatest arrearages and lowest income.

Customer Consent

The Company requires customers who apply for WRAP to sign a Customer Partnership Agreement/Consent Form. In addition to authorizing WRAP work, the agreement encourages customers to be actively involved in the WRAP processes.

Landlord Consent

Homeowners and renters are eligible for WRAP. PPL Electric has historically required that the landlord sign a consent form before the customer receives any weatherization work.

In 2005–2006, the Company conducted and evaluated a Managing CAP Credits Pilot (“MCC Pilot”). The pilot results showed an 18 percent reduction in electric consumption for high electric usage customers that received site energy education and baseload measures. As a result of the pilot, PPL Electric will offer energy education and limited baseload measures (e.g., Compact Fluorescent Lights, refrigerator replacement if owned by the renter) in 2008–2009 for qualified WRAP customers that do not receive landlord consent.

Lifestyle

The MCCP Pilot targeted OnTrack customers whose rent or mortgage exceeded their gross reported income, “high usage” customers that used more than 36,000 annual kWh, and OnTrack customers that exceeded their benefit levels.

Pilot findings showed that lifestyle choices contributed to high usage in some households. The majority of pilot participants reduced their usage after the audit and education session and prior to the installation of any full-cost measures.

In 2008, PPL Electric proposes to provide baseload or partial WRAP where lifestyle choices account for the major usage in the household. The Company

also plans on offering baseload WRAP when a family's income is less than their monthly rent or mortgage payment and, if sold, the next occupant is not likely to be low income. This will enable the Company to serve more customers through WRAP and will allow the program to operate more efficiently and cost effectively.

Program Ineligibility

PPL Electric currently mails energy education materials to customers not eligible for WRAP and, when appropriate, refers customers to other weatherization programs. The Company also provides phone energy education to ineligible customers upon request.

Effective 2008, PPL Electric will provide energy education materials and weatherization kits to customers not eligible for WRAP. This includes households that received WRAP within the past seven years or use less than 6,000 annual kWh. The Company will select a third-party vendor to assemble and mail the kits and provide customer follow-up.

PPL Electric will continue to provide phone energy education to low-income customers not eligible for WRAP upon request. The Company projects that it will cost \$60,000 per year to serve "ineligible" customers and the funding will come from the overall LIURP budget.

3. Needs Assessment

Participant Eligibility

Based on the 2000 U. S. Census data, PPL Electric estimates that there are 200,250 households at or below 150 percent of poverty level. This equates to 17.6 percent of the Company's residential rate base.

PUC guidelines allow PPL Electric to provide WRAP for up to 20 percent of total WRAP recipients that are between 150–200 percent of poverty level. Census data does not track customers at this income level. However, the Company promotes the extended income guidelines in all WRAP communications and accepts all qualified candidates that apply for the program.

PPL Electric does not track the number of customers that are under 18-years old, living in secondary homes or living in a residence without a PPL Electric account. The Company "holds" all applications from customers with less than nine months at a premise until they meet the residency requirement.

PPL Electric automatically disqualifies a WRAP application if the premise received WRAP within the past seven years or if the household uses less than 6,000 kWh and does not have installed electric heat.

PPL Electric's database "WRAP V" reports that 18,055 homes received WRAP from 1999–2006. Based on marketing data, the Company estimates that 20 percent or 40,500 households do not meet the minimum usage criteria for WRAP. This drops the number of potentially eligible customers to 127,528. Historical data reveals that the number of customers that "need" WRAP is far less than the number of potential customers.

Approximately 60 percent of WRAP referrals come from OnTrack recipients. Over the past seven years, the Company has promoted WRAP through bill inserts, newspaper ads, radio, television and direct mail. Less than two percent of income-eligible customers respond to any type of advertising and less than 5,000 applicants generally meet the income and residency requirements for WRAP per year.

PPL Electric periodically conducts outbound calling to low-income customers with high consumption. While reasonably effective, the Company is only able to identify low-income customers that have made at least one payment arrangement on their electric bills in the past twelve months. A total of 76 percent of customers pay their electric bills on a regular basis (or never pay) and are not identified as "low income" in PPL Electric's Customer Support System ("CSS") database. Many of these customers are satisfied with their electric bills and comfort and are unlikely to apply for WRAP. Others are unhappy with their heating bills and comfort but do not qualify for full-cost measures.

Between 34–44 percent of accepted WRAP applications do not result in completed WRAP jobs. The most common reasons for incompleteness include:

1. Closed account/customer moved
2. Low usage/no potential for installed WRAP measures
3. No landlord consent
4. No response from customer
5. Customer refused WRAP

PPL closes about six percent of WRAP applications due to no landlord consent. In 2008, PPL Electric plans to offer site energy education and baseload measures to renters who do not get approval for WRAP. This could increase the number of completed jobs by up to 250 jobs per year.

Potential for WRAP Measures and Services

The need for WRAP funding is not directly proportional to the amount of customers served. The amount of WRAP dollars allocated to each home varies with the job type, household consumption and the potential to install WRAP measures.

In 2006, the Company spent an average of \$2,597 for a full-cost job as compared to \$799 for a baseload job. PPL Electric's records show that the percent of baseload jobs increased from 40 to 48 percent over the past seven years. An estimated 40 percent of full-cost households use multiple fuels and have limited potential for electric usage reduction. By the same token, the consumption of the average residential baseload customer has increased by 16 percent since 2000, whereas consumption for electric heat customers remains static.

PPL Electric expects that the amount of completed baseload jobs will outpace the completed number of full-cost jobs in years 2008–2009. There are several reasons for this. The Company has weatherized electrically-heated homes for over 21 years. A number of homes have received WRAP multiple times; each time a home receives WRAP, the potential for major measures diminishes.

Some homes are beyond the scope of full-cost weatherization (e.g., combustion problems, mold and no interior walls). The Company offers baseload or low-cost measures in these situations.

PPL Electric continues to investigate new technologies that will reduce electric energy usage. The Company also plans on offering low-cost comfort measures to improve the quality of life for non-electric heat customers (see Page 4).

WRAP became the first weatherization program in Pennsylvania to offer solar water heating as a standard measure in 2005. However, less than two percent of WRAP recipients meet the solar eligibility criteria.

4. Outreach and Intake

Promoting WRAP

Comprehensive and well-planned outreach is an essential component of WRAP. PPL Electric advertises WRAP in a bill insert at least once a year so that all residential customers can learn about WRAP. The Company also promotes WRAP on its website.

The Company also requires that all eligible OnTrack customers participate in WRAP and approximately sixty percent of WRAP customers are OnTrack participants.

Depending on the availability of qualified applicants, the Company will use some or all of the following outreach methods:

- Presentations and special mailings to social service agencies, senior citizen groups and low-income audiences

- Presentations to employee groups such as Customer Service Representatives (“CSRs”), Collection Assistants, Customer Contact Representatives and Servicemen
- Telephone contact of payment-troubled customers and/or customers who live in low-income neighborhoods
- Telephone contact of housing authorities and multi-unit project managers
- Print and radio advertising
- Television
- Word-of-mouth

PPL Electric’s research indicates that some customers are “underserved” or “hard to reach.” These customer groups include people who use English as a second language or are illiterate, mentally challenged individuals without caseworkers, and customers who do not have phone access or access to traditional advertising. Survey research concludes that there is no single way to effectively reach underserved customers. PPL Electric staff will identify and partner with various organizations that can promote WRAP to customers in need. Examples of organizations include Head Start, church organizations, Area Agencies on Aging and agencies that serve Spanish-speaking communities.

The Company tracks the number of WRAP applicants and “how they heard about WRAP” through the WRAP database system. Outreach efforts should be planned, when possible, to avoid a huge backlog of eligible customers.

Intake

In 2007–2009, PPL Electric will generally use four methods of intake:

1. Customer Contact Center referrals – Customer Service Reps and Collection Assistants refer payment-troubled customers or customers experiencing hardships to WRAP. The WRAP coordinator in the appropriate area follows up with a letter and/or phone call.
2. OnTrack Agency referrals – Customers who apply for OnTrack are required to apply for WRAP. The Company will provide a list of new and recertified OnTrack customers to a designated call center for WRAP intake and follow-up. OnTrack caseworkers may also make electronic WRAP referrals directly to PPL Electric. The Company will remove customers from OnTrack that do not comply with WRAP.
3. Advertising – Customers call a designated call center in response to WRAP outreach or advertising. The representative usually completes the application with the customer over the phone. PPL Electric also uses call centers to do outbound calling for customers at or below 150 percent of poverty level with high electric usage.

4. Direct referrals – The customer or a caseworker calls the PPL Electric Customer Contact Center (1-800-342-5775) or the WRAP toll-free number (1-877-342-5972). The customer can also request WRAP information via the Company’s website. A PPL Electric employee responds to inquiries and mails the customer an application or completes the application with the customer over the phone.

5. Funding and Enrollment Levels

In PPL Electric’s most recent rate base proceeding, in which new rates became effective January 1, 2005, the Commission approved \$6.25 million for WRAP funding. The Company voluntarily agreed to spend an additional \$550,000 in 2007. The Company proposes to increase WRAP expenditures to \$7,250,000 in 2008 and 2009. This reflects a 16 percent increase over the 2005 rate case settlement.

Approximately one-third of residential customers have electric heat. Based on historical data and patterns, the Company projects that the amount of households served through baseload WRAP will surpass those homes that receive full-cost WRAP.

The chart below depicts the 2007–2009 funding levels and projected enrollment by job type:

Year	Expenditures	Full Cost	Low Cost	Baseload
2007	\$6,800,000	1,500	150	1,340
2008	\$7,250,000	1,360	164	1,631
2009	\$7,250,000	1,360	164	1,631

In addition to the projected numbers by WRAP job type listed above, the Company expects to serve an additional 900 customers not eligible for WRAP through energy education, weatherization kits and referral services.

6. Future Enhancements and Technologies

Program Enhancements

In 2005–2006, Applied Public Policy Research Institute for Study and Evaluation (APPRISE) conducted a third-party process and impact of evaluation of WRAP. APPRISE offered thirty-six recommendations, the majority of which the Company and the Commission accepted. PPL Electric plans to hire a consultant to support the following recommendations:

1. Update the cost-effectiveness calculations for the audit decision making trees so they take into account changes of prices, as well as the best estimates for costs and savings (2008).
2. Create a more concise standards and field guide. Create separate and more detailed guides that discuss specific program standards for more specific contracting areas (2008).
3. Revise the audit forms and determine where they can be consolidated (2008–2009).

As part of the Managing CAP Credits Pilot Evaluation, PPL Electric recommends developing and implementing a WRAP Deferral Policy or “when to walk away” from a WRAP job. The Company plans to hire a consultant to work with WRAP contractors to develop this policy, possibly in conjunction with the field guide revision.

PPL Electric will spend up to \$30,000 per year on consultant work. The Company will apply any unspent consulting work to WRAP services and measures.

Computer Enhancements

PPL Electric developed and implemented a web-based job ticket in 2006. The job ticket interfaces with the WRAP V database system and provides a standard method for invoicing and reporting. The job ticket currently has over 40 users who have provided 46 recommended enhancements. The Company plans to implement many of the recommendations in 2007–2008, and to build an interface that will automatically download invoices to PPL’s Financial Department. The Company will allocate a portion of the WRAP budget for technical enhancements each year.

Pilots

PPL Electric is receptive to implementing new measures and technologies as part of WRAP. Suggestions and ideas for pilots come from the PUC, other utilities, WRAP contractors and PPL Electric employees.

The Company will continue to investigate potential pilot measures in 2007–2009 and, if feasible, seek approval from the PUC to implement.

Renewable Measures

PPL Electric will continue to offer solar water heating as a standard WRAP measure as part of the overall WRAP budget.

The Company funded the installation of 45 Solar Water Heating systems and 45 Photovoltaic systems as part of the Pennsylvania Renewable Pilot. As part of the Final Order, PPL Electric agreed to perform a final inspection on each system and, upon customer request, remove the system at the end of a five-year period. The warranty period expires for the majority of systems in 2007–2008 and the WRAP budget will fund the final inspection and any maintenance or system removal costs.

7. Organizational Structure

The Regulatory Programs & Business Services section of PPL Electric's Customer Services Department administers WRAP. A Customer Relations Specialist provides field support and is responsible for the overall WRAP budget and regulatory reporting.

Customer Programs Directors ("CPDs") manage all universal service programs in their respective areas. A CPD is located in Allentown, Hazleton, Scranton/Honesdale, Harrisburg/Montoursville and Lancaster (five in total).

Each area has one or more support people who assign work to contractors, handle customer calls and enter information into the WRAP database system. (For a list of PPL Electric employees that support WRAP, refer to Appendix 1.)

8. Contractor Selection, Requirements and Support

Contractor Selection and Requirements

PPL Electric uses contractors to install weatherization measures and conduct audits, inspections and energy education sessions. The Company's Customer Programs Directors select contractors from qualified and reputable weatherization agencies and local private contractors. Weatherization contractors may use sub-contractors for specialized work (e.g., electrical, plumbing and heating equipment repair).

PPL issues WRAP contracts on an annual basis. The Company expects contractors to conform to all federal, state and local requirements. Materials and the installation of materials must comply with WRAP standards. In addition, contractors must meet the following requirements:

1. Complete and invoice all work within a specified time mutually agreed upon by PPL Electric and the contractor.
2. Complete an approved WRAP assessment (audit) form and adhere to the audit priority lists as a guideline for each job.

3. Submit a web-based job ticket that includes itemized material and labor costs for each job.
4. Submit invoices in accordance with the policies issued by the Company's Financial Department.
5. Provide a one-year warranty on all labor and materials. (The Company requires a two-year warranty on solar water heating installations.)
6. Correct problems upon notification and no later than thirty days.
7. Correct problems identified by PPL Electric as emergencies within 24 hours. Contractors should provide customers with their names and phone numbers upon completion of work.
8. Attend required meetings and training provided by PPL Electric.
9. Adhere to a performance review (minimum once per year).

PPL Electric assigns work to contractors based on customer need, location, skill sets, experience and ability to handle increased workload. Habitual delays may result in the assignment of work to another contractor(s). (For a current list of contractors and scope of work, refer to Appendices 2 and 3.)

Solar Water Heating Contractors

The Company requires that all WRAP organizations integrate preliminary solar site selection and energy education as part of the delivery method of WRAP, usually during the audit. Additionally, WRAP contractors can choose to bid on solar water heating installation work.

Solar installers must have at least one member who successfully completed the statewide training or equivalent. Each organization must have a licensed and experienced plumber on staff, or have an agreement with a local plumber to carry out installation labor as required to meet all permits and codes.

If PPL Electric cannot find a qualified WRAP contractor(s) in a specific area, the Company will open the bidding process to non-WRAP installers.

Training

PPL Electric provides specialized training for WRAP contractors on an ongoing basis. In 2007–2009, the Company will reserve at least \$50,000 of the annual WRAP budget for contractor training. PPL Electric applies any unspent training budget to WRAP measures and services.

Over the next three years, PPL Electric will continue to offer sponsorships to the annual Affordable Comfort Conference and will pay for contractors to attend training courses/events on a situational basis. In addition, the Company will work with WRAP contractors and/or external consultants to develop and conduct the following training:

- Combustion and back draft testing
- Mold/mildew/indoor air quality
- Zonal pressure diagnostics/pressure pan testing
- Insulation and air sealing techniques
- Infrared technology
- OnTrack education
- Electric consumption tools (e.g., Bill Analyzer)
- New measures/pilot measures, as needed
- New weatherization techniques, as needed
- Changes in Company policies and procedures, as needed

The Company offers a training stipend to contractors who attend mandatory training. This is to help offset productivity losses and does not apply to training at the job site.

Equipment

The weatherization contractors purchase the majority of tools and equipment used for WRAP. However, there are situations when PPL Electric purchases equipment for contractor use to implement new and pilot technologies, or to support a sudden increase in workflow.

In 2007–2009, the Company will reserve \$40,000 per year for the purchase of contractor equipment. Funding will be used for the following:

- Purchase of at least one infrared camera as a pilot measure in an area where there is a high concentration of electric heat customers (2006–2008)
- Purchase of specialized diagnostic and monitoring equipment, as needed
- Purchase of carbon monoxide testing equipment, as needed
- Upgrade of PPL Electric-owned computers and printers, as needed

The contractor must agree to store and care for the equipment and return any loaned equipment to the Company upon termination of the contract. PPL Electric will use any unspent money from the equipment budget for direct measures and services.

Performance

PPL Electric will conduct a performance review with individual WRAP contractors at least once per year. The Company evaluates contractors on their ability to complete assigned work on time, quality of their work, cost-effectiveness and customer satisfaction. The performance review also gives contractors the opportunity to express any problems and concerns and to make suggestions for improvement.

PPL Electric may request additional meetings and/or training for contractors that do not meet WRAP requirements. If performance does not improve, the Company may terminate the WRAP contract.

9. Reporting and Evaluation

Reporting

PPL Electric is required to submit the following reports to the PUC on an annual basis on or near the following dates:

1. LIURP Productivity Report – February 28
2. USP Report (LIURP Section) – April 1
3. LIURP Annual Report – April 30
4. LIURP Annual Narrative Report – April 30

The reports due on April 30 reflect jobs completed in the calendar year two years prior to the due date. In other words, PPL Electric will submit jobs completed in 2007 in the 2009 LIURP report. This gives the Company the opportunity to collect twelve months of post-WRAP data for analysis.

Information in the reports includes, but is not limited to:

1. Number of homes weatherized by job type
2. Annual expenditures
3. Annual household income and source of income
4. Number of household members by USP age categories
5. Cost per job
6. Name of WRAP contractor(s) for each job
7. Measures installed and their associated material and labor costs
8. Costs for administration, field support, inspection and energy education
9. Twelve months pre- and post-electric usage and billing amounts
10. Customers who are on OnTrack (CAP) or receive fuel assistance during the pre- and post-periods
11. Outreach efforts
12. Customer satisfaction information
13. Program goals and future initiatives

The Company analyzes trends and patterns of electric savings' results in the narrative report. The information for the reports comes from the WRAP V database and reporting system, Company accounting reports, and customer postcards and phone calls.

Evaluation

The Commission requires that PPL Electric's universal service programs undergo an independent evaluation every six years. The Company's next universal service evaluation report is due in 2008. PPL Electric's universal service programs budget will fund the cost of the evaluation; up to 15 percent will be funded by the LIURP budget.

10. Conclusion

PPL Electric is committed to providing affordable and reliable service to low-income customers. In 2007–2009, the Company plans to serve more customers by increasing WRAP funding and providing more services to renters and baseload customers. The Company also plans to expand energy education for OnTrack customers and to continue to strengthen the link between OnTrack and WRAP.

**2007 WRAP Contact List
PPL Electric Utilities**

Lehigh Area

Judith A. Grant	Customer Programs Director	484-634-3395
Jane H. Land	WRAP Coordinator	484-634-3322

Northeast Area

Joy E. Schmalzle	Customer Programs Director (Scranton) (Honesdale)	570-348-1537 570-253-7020
Florence M. McNeilis	Customer Programs Director (Hazleton)	570-459-7567
Diane L. Cosner	WRAP Coordinator	570-348-1554
Wendy D. Armen	Customer Rep A	570-348-1596

Susquehanna Area

Angela R Tracy	Customer Programs Director	570-368-5267
Ann M. Miller	WRAP Coordinator	570-368-5206

Harrisburg Area

Angela R. Tracy	Customer Programs Director	717-257-5707
James G. Matter	WRAP Coordinator	717-257-5780

Lancaster Area

Gladys T. Malone	Customer Programs Director	717-560-2412
Dorothy H. Nikolaus	WRAP Coordinator	717-560-2648

Staff

Timothy R. Dahl	Mgr.-Regulatory Programs. & Business Svcs.	484-634-3297
Linda M. Melenchek	Customer Relations Specialist (Lehigh) (Harrisburg)	484-634-3214 717-257-5652
Debra L. Sager	Rep B (Harrisburg S.C.)	717-257-5772
Peter D. Gennaro	Business Consultant (IT Support)	484-634-3955

**PPL Electric Utilities Corporation
Winter Relief Assistance Program (WRAP)
Contractor List - 2007**

Lehigh Region:

Weatherization Contractor/Inspector/Solar Installer/Solar Pilot Maintenance

Community Action Committee of Lehigh Valley (CACLV)

Mr. Richard Yudt, Director of Energy Partnership

1337 E. 5th. St.

Bethlehem, PA 18015

Phone: 610-691-5620

Fax: 610-691-6582

E-mail: ryudt@caclv.org

Executive Director, Mr. Alan Jennings

Weatherization Auditor/Installer (subcontractor to CACLV)

Custom Weatherization

Mr. Otis McNeil

2045 Willow Park Rd.

Bethlehem, PA 18020

Phone: 610-861-5290

E-mail: omcneil@rcn.com

Weatherization Auditor/Installer (subcontractor to CACLV)

Ohm Weatherization and Building Science

Mr. Michael Ohm

3208 Easton Ave.

Bethlehem, PA 18020

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Fax: 610-822-9709

E-mail: Mohm@rcn.com

Weatherization Auditor/Installer/Solar Installer (subcontractor to CACLV)

Ohm Weatherization and Renewable Energy

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Fax: 610-822-9709

E-mail: Johm@rcn.com

Weatherization Auditor/Installer (subcontractor to CACLV)

Subjin Insulation Services

Mr. Michael Subjin

1636 Dennis St.

Bethlehem, PA 18020

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E-mail: Subjin@rcn.com

Weatherization Contractor/Solar Installer

EIC, Inc.
Mr. Kyle Haddock, Regional Manager
780 Eden Rd.
Lancaster, PA 17601
Phone: 973-713-1393
Fax: 973-328-4358
E-mail: EIC_NJ@msn.com

Baseload Contractor/Inspector

Mr. John Billiard
1201 South Blvd.
Bethlehem, PA 18017
Phone: 610-865-9788
Fax: 610-776-5579
E-mail: jbilliard@aol.com

Northeast Region

Weatherization Contractor/Solar Installer/Solar Pilot Maintenance

Commission on Economic Opportunity (CEO)
Mr. Jerry Astolfi, Director of Physical Projects
32-34 Union St.
Kingston, PA 18704
Phone: 570-288-8458
Fax: 570-287-6921
E-mail: ceokingston@verizon.net
Executive Director, Mr. Eugene Brady, 165 Amber Lane, P.O. Box 1127, Wilkes-Barre, PA 18703

Weatherization Contractor

Carbon County Action Committee for Human Services (CCAC)
Mr. Angelo Santore, Weatherization Coordinator
267 S. Second St.
Lehigh, PA 18235
Phone: 610-377-6400
Fax: 610-377-3431
E-mail: asantore@pplelectricweb.com
Director, Ms. Kim Miller

Weatherization Contractor

The Redevelopment Authority of the County of Wayne (WCRA)
Mr. Tom Lamberton, Weatherization Coordinator
216 Willow Ave, P.O. Box 1066
Honesdale, PA 18431
Phone: 570-253-4882
Fax: 570-253-8932
E-mail: wcra@ezaccess.net
Director, Ms. Jackie Young

Weatherization Contractor

Schuylkill Community Action (SCA)
Mr. Terry Sadusky, Weatherization Coordinator
498 Nicholas St.
Pottsville, PA 17901
Phone: 570-622-0568
Fax: 570-622-0832
E-mail: scawx@verizon.net
Executive Director, Mr. Theodore Dreisbach 206 N. Second St. Pottsville, PA 17901

Weatherization Contractor/Solar Installer

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Inspector

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E-mail: Joh01@comcast.net

Susquehanna Region

Weatherization Contractor/Solar Installer/Solar Pilot Maintenance

SEDA-Council of Governments (Seda-COG)
Mr. Doug Diehl, Weatherization Director
201 Furnace Rd.
Lewisburg, PA 17837
Phone: 570-524-4491
Fax: 570-524-9190
E-mail: fmiklosi@seda-cog.org

Weatherization Contractor

Mr. STEP, Inc.
Terry Roller, Director of Housing Services
2138 Lincoln St.
PO Box 3568
Williamsport, PA 17701
Phone: 570-326-0587
Fax: 570-322-2197
E-mail: teroller@stepcorp.org
Director, Ms. Janet Alling

Weatherization Contractor/Solar Installer/Inspector

Solair Energy, Inc.
Ms. Pam Denlinger, Owner
P.O. Box 275
Ralston, PA 17763
Phone: 570-995-5747 or 1-800-211-6589
Fax: 570-995-9116
E-mail: pam@solaireenergy.com

Harrisburg Area

Weatherization Contractor

Dauphin County Weatherization (DCW)
Mr. Craig Williard, Director
200 First St.
Millersburg, PA 17601
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Fax: 717-692-2293
E-mail: dcweath@epix.net

Weatherization Contractor

Rovegno's of Carlisle
Mr. Rick Rovegno, Director
401 E. Louther St.
Carlisle, PA 17013
Phone: 717-249-6061
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E-mail: gensler@pa.net

Weatherization Contractor/Solar Installer/Solar Pilot Maintenance

SEDA Council of Governments (Seda-COG)
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201 Furnace Rd.
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Baseload Contractor/Inspector

Jim Nunley
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Baseload Contractor/Inspector

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Solar Installer

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570-995-5747 or 1-800-211-6589
Fax: 570-995-9116
E-mail: pam@solairenergy.com

Solar Installer

Solartech of PA
Mr. Greg Hess, Project Manager
P.O. Box 281
Camp Hill, PA 17011
Phone: 717-856-1228
E-mail: sales@solartechofPA.com

HVAC/Plumbing

Donley's Heating and Air Conditioning
Mr. Don Donley, Owner
P.O. Box 7454
Steelton, PA 17713
Phone: 717-939-1139

Lancaster Area

Weatherization Contractor/Solar Installer

Energy Conservation Center (Community Action Program of Lancaster)
Mr. John Adams, Program Coordinator
127 N. Concord St.
Lancaster, PA 17603
Phone: 717-291-1052
Fax: 717-390-8857
E-mail: jadams@caplanc.org
Director, Ms. Theresa Ditzler

Auditor

Mr. John Adams
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Drumore, PA 17518
E-mail: Kipadams@yahoo.com

Auditor/Baseload Contractor/Inspector

Pure Energy
Ms. A. Tamasin Sterner, Owner
10 N. Bausman Dr.
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717-293-8990
Fax: 717-293-1952
E-mail: tsterner@redrose.net

Inspector

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Solar Installer

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PPL Electric Service Area (General)

Solar Inspector

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Solar Inspector

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Inspector/Solar Inspector/Solar Maintenance/Technical Consultant

Ohm Weatherization and Renewable Energy

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Fax: 610-822-9709

E-mail: Johm@rcn.com

Inspector/Technical Consultant

Therma View

Mr. Larry Armanda, Owner

2877 Euclid Ave.

S. Williamsport, PA 17701

Phone: 570-326-6240

E-mail: Larmanda@comcast.net

**2007 WRAP Contractors
Scope of Services**

Company	Full Cost Audit	Full Cost Install.	Low Cost Install.	Baseload Audit & Install	Energy Education	Inspection	Solar Installer	Solar Inspection	Other
John "Kip" Adams	X								
K.E. Barnes Consulting				X	X	X			
John Billiard				X	X	X			
Carbon County Action Committee	X	X	X	X	X				
Commission on Economic Opportunity	X	X	X	X	X		X		
Community Action Committee of the Lehigh Valley	S	S	S	S	X	X	S		
Dauphin County Weatherization	X	X	X	X	X				
Donley's Heating & A/C									X
EIC, Inc.	X	X	X	X	X		S		
The Energy Conservation Center (Lancaster CAP)		X	X				S		
Jim Nunley				X	X	X			
Ohm Wx & Renewable Energy						X		X	X
Pure Energy	X			X	X	X		X	
The Redevelopment Authority of Wayne County	X	X	X	X	X				
Rovegno's of Carlisle	X	X	X		X				
Schuylkill Community Action	X	X	X	X	X				
Seda-Council of Governments	X	X	X	X	X		X		
John Smith					X	X			
Solair Energy, Inc.	X	X	X	X	X	X	X	X	
Solartech of PA Inc.							X		
STEP	X	X	X	X	X				
Therma View						X			X
Michael W. Williams				X	X	X		X	
Lynn M. Wright				X	X	X			

"X" indicates that the Contractor performs the work. The Contractor may sub-contract specialty work such as furnace repair.

"S" indicates that the Contractor sub-contracts the work on a regular basis to a PPL Electric approved sub-contractor(s).

Operation HELP

PPL Electric Utilities Corporation Operation HELP

1. Program Description

Overview

Operation HELP is a hardship fund supported by donations from PPL Electric Utilities (“PPL Electric” or the “Company”), its employees, retirees and customers. The program targets low-income customers who have overdue balances and an inability to pay the full amount of their energy bills. Operation HELP defines low income as households that have annual incomes at or below 200 percent of the federal poverty level.

The primary features of Operation HELP include:

- Direct financial assistance for overdue energy bills
- Protection against shutoffs
- Referrals to other programs and services

A key feature of Operation HELP is that the program operates year-round throughout the Company’s service area. As a result of ongoing donations from contributors, PPL Electric disburses funding quarterly to the 14 community-based organizations (“CBOs”) that administer Operation HELP. Funding for the program pays for any type of home energy bill (e.g., gas, coal, oil and electric).

Background

Begun in March 1983, Operation HELP was one of the first utility-sponsored hardship funds in the nation. Through its annual promotional campaign, PPL Electric encourages customers to contribute by adding an extra \$1, \$2, or \$5 to their monthly electric bill or by sending in one-time, lump-sum checks. Over 20,000 customers give to Operation HELP via their electric bill payments. PPL Electric’s customer service system has the flexibility to allow customers to give any amount to the program and to choose a specific period of time (over the winter months).

Employees may support Operation HELP as customers or through payroll deduction. Over 30 percent of employees (approximately 1,400) give to the program via payroll deduction. In addition, PPL Electric encourages retirees to give in two ways: pension deduction or a one-time separate check donation.

Key Objectives

The overall objectives of Operation HELP are as follows:

- Provide financial assistance to qualified low-income families who are having difficulty paying the full amount of their energy bills.
- Offer financial assistance to low-income households that are ineligible for the federally funded Low Income Home Energy Assistance Program (“LIHEAP”).
- Coordinate and expand the activities of CBOs that provide energy-related assistance.
- Administer a year-round cost-effective program.

General Administration

PPL Electric partners with 14 CBOs that have solid reputations and experience in delivering services to administer Operation HELP. The administration of the program is a collaboration between these organizations and the Company. The primary duties include the following:

PPL Electric:

- Collect and disburse contributions to the CBOs.
- Provide corporate funding to support the effective administration of the program.
- Process Operation HELP payments.
- Solicit donations annually from customers, employees and retirees.
- Maintain close working relationships with the CBOs.
- Conduct procedural audits to review performance.

Operation HELP CBOs:

- Conduct intake and verify applicants’ eligibility.
- Process Operation HELP authorization forms.
- Send timely payments directly to energy vendors.
- Refer applicants to other assistance programs.
- Establish a separate account for processing donations and disbursements.
- Maintain detailed program records and arrange for an annual financial audit of Operation HELP.

Control Features

The decision to donate to any charitable cause involves several factors. One of the most important is the belief by contributors that the charitable organization uses their funds prudently. PPL Electric requires that the Operation HELP administering organizations have a Certified Public Accounting (“CPA”) firm conduct an annual financial audit of the program. Most of the CBOs complete their Operation HELP audit in conjunction with their annual federal and state-funded program audits.

To supplement the CPA audit, PPL Electric conducts annual procedural audits of the CBOs that administer Operation HELP. The primary purposes of the audit include:

- Review the CBOs’ record keeping procedures.
- Identify problem areas.
- Discuss the findings with the CBOs and implement corrective action where necessary.
- Monitor the CBOs adherence to Operation HELP guidelines and procedures.
- Ensure the proper expenditure of donations.

PPL Electric prepares monthly reports that monitor and track the CBOs’ performance. The Company provides monthly feedback (e.g., electronic copy of reports) to the agencies regarding Operation HELP results. PPL Electric also conducts an annual meeting with the CBOs to discuss Operation HELP and the Company’s other universal service programs.

The Company uses its outside auditor to review internal procedures and records regarding Operation HELP. The audit includes, among other things, a review of record-keeping procedures and a reconciliation of donations from a sampling of customers.

PPL Electric has registered Operation HELP with the Pennsylvania Department of State’s Bureau of Charitable Organizations. The Company provides a report (e.g., projected receipts) to the Bureau as part of the annual registration process.

2. Eligibility Criteria

PPL Electric established the eligibility criteria in cooperation with the Operation HELP administering organizations. As a general rule, customers with limited incomes and other hardships are eligible for assistance.

Under the Operation HELP guidelines, a customer can receive assistance once in a calendar year. However, the Company gives the CBOs the flexibility to

review referrals on a case-by-case basis if customers have compelling and extenuating circumstances. The Operation HELP organizations must consult with PPL Electric's Customer Programs Directors ("CPDs") to discuss the individual cases with extenuating circumstances. The CPDs have responsibility for the day-to-day administration for the Company's universal service programs. The CBOs appreciate this flexibility to address individual needs.

Operation HELP applicants are not automatically eligible for assistance by virtue of their income, age or family circumstances. The Company targets program funds for income-eligible customers confronted with hardships and an inability to pay the full amount of their energy bills. PPL Electric does not use customer, employee or retiree donations for administrative expenses, weatherization measures, food, winter clothing or promotional activities.

When interviewing applicants for Operation HELP, the CBOs generally consider the following factors:

- Death of primary wage earner
- Serious injury or illness to primary wage earner
- Life-threatening or health-threatening situations
- Families with infants
- Households with elderly or disabled occupants
- Eligibility for LIHEAP
- PPL Electric overdue amount and payment history

3. Projected Needs Assessment

The need for energy assistance clearly exceeds the resources currently available through Operation HELP. Although donations have increased over the years, the program cannot serve all eligible households. PPL started Operation HELP to address customers' needs and to supplement LIHEAP's efforts. Nevertheless, the Company is committed to increasing donations and to improving implementation processes.

The Company used the 2000 U. S. Census data as well as past program performance to arrive at the recommended funding level. The 2000 U. S. Census data indicates the following:

- Approximately 17.6 percent (200,250) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.

The Company's past performance indicates the following:

- CARES customers generally have an overdue balance or tend to be low income.
- Approximately 19.7 percent (240,310) of PPL Electric's residential customers have an overdue balance; of that number, 33.1 percent (79,543) report an annual household income at or below 150 percent of federal poverty level.
- Approximately 70.7 percent of the 28,943 residential customers with active PPL Electric payment plans report an annual household income at or below 150 percent of federal poverty level.

Depending on factors such as overdue amount, payment history and extenuating circumstances, the Company's customer service representatives refer these customers to programs like its Customer Assistance Program ("CAP") known as OnTrack, the Company's Low-Income Usage Reduction Program ("LIURP") known as the Winter Referral Assistance Program ("WRAP"), Customer Assistance and Referral Evaluation Service ("CARES"), Operation HELP and the Low Income Home Energy Assistance Program ("LIHEAP") when available.

A recent internal analysis of PPL Electric's universal service programs showed that at least 22,000 to 24,000 low-income customers could benefit from OnTrack, which is a special payment program for low-income customers with household income at 150 percent or below of the federal poverty guidelines.

On the other hand, because the Company uses 200 percent of the federal poverty guidelines for the Operation HELP program, PPL Electric projects it can assist about 3,500 customers 2007 through 2009 with the purposed budget funding of \$1.1 million.

4. Projected Enrollment Levels

PPL Electric based its projected enrollment levels for 2007 through 2009 on estimated funding amounts for Operation HELP from all donation sources (e.g., PPL Electric, customers and employees) and the average grant amount. Historically, the average Operation HELP grant is about \$236 per customer. The projected enrollment levels are as follows:

Year	Enrollment Level
2007	3,500
2008	3,500
2009	3,500

5. Program Budget

The projected level of donations from PPL Electric, its customers, employees and retirees determines the number of customers assisted annually. The Company will continue to actively solicit donations from these groups from 2007 through 2009. Solicitation activities will include, but are not limited to, the following:

Method	Timeframe	Audience
Bill Insert	December	All Customers
Enrollment Form	December	All Customers
Return Postcard	December	EFT Customers ¹
PPL Electric President Letter	December	Employees and Retirees
News Release	December	General Public

In addition, PPL Electric conducts other fund-raising activities (e.g., golf tournament and cookbook sale) for the program. The Company's tariff has a provision that directs all final bills with balances under one dollar to the Operation HELP fund.

The projected budget amounts shown below for 2007 through 2009 will remain relatively flat.

Year	Funding Level
2007	\$1,100,000
2008	\$1,100,000
2009	\$1,100,000

6. Plans to Use Community-Based Organizations

PPL Electric partners with 14 CBOs to administer Operation HELP throughout its 10,000 square mile service area in central and eastern Pennsylvania. Almost all of these CBOs have administered the program since its inception in March 1983. Many of them were involved in the planning meetings the Company conducted in 1982 to develop the guidelines and procedures for Operation HELP. The CBOs use approximately 33 caseworkers at 32 sites (main and satellite offices) to administer the program.

The Operation HELP CBOs process referrals, schedule and conduct interviews, determine eligibility, refer applicants to other assistance programs, and send payments to energy vendors. In addition, The Company has implemented a process improvement whereby the CBOs enter the information directly into a database via a web-based authorization form. PPL Electric's database is a repository for record keeping, analysis of program performance and to generate

¹ EFT (electronic fund transfer) pertains to customers who have given PPL Electric permission to deduct their bill payments and donations automatically from their bank accounts.

various reports. The authorization forms include demographic and funding data for every customer assisted by Operation HELP.

The following table includes the 14 Operation HELP administering organizations and the counties they serve.

Organization	Phone	Counties Served
Carbon County Action Committee	610/377-6400	Carbon
Casa Guadalupe Center	610/435-9902	Bucks, Lehigh, Northampton,
Christian Churches United	717/230-9550	Dauphin, Perry, York, Juniata, Cumberland
Columbia County Human Services	570/387-6501	Columbia
Commission on Economic Opportunity	570/826-0510	Luzerne
Community Action Program of Lancaster County	717/299-7301	Lancaster, Lebanon, Berks, Chester
Montour County Human Services	570/271-3028	Montour
Open Line, Inc.	215/679-4112	Montgomery
Schuylkill Community Action	570/622-1995	Schuylkill
STEP, Inc.	570/327-5485	Lycoming, Clinton
The Salvation Army	570/421-3050	Monroe
The Salvation Army	570/969-6399	Lackawanna
TREHAB, Inc.	570/253-8941	Pike, Wayne, Wyoming, Susquehanna
Union-Snyder Office of Human Resources	570/374-0181	Union, Snyder, Northumberland

7. Organizational Structure of PPL Electric Staff

The Regulatory Programs & Business Services (RP&BS) group oversees the administration of Operation HELP. RP&BS is part of the Customer Services department. RP&BS staff provides program oversight and field personnel manage the day-to-day administration of Operation HELP.

General Office Staff:

- Robert M. Geneczko – Vice President-Customer Services
- Timothy R. Dahl – Mgr.-Regulatory Programs & Business Services
- Evelyn Soto – Customer Relations Specialist

Regional Customer Programs Directors:

- Judith A. Grant – Lehigh Region
- Gladys Malone – Southwest Region – Lancaster
- Florence M. McNelis – Northeast Region – Hazleton
- Joy Schmalzle – Northeast Region – Scranton
- Angela Tracy – Susquehanna Region

General Office Administrative Support:

- Sharon L. Gallagher – Steno/Clerk
- Maryellen Schnalzer – Steno/Clerk

Regional Administrative Support:

- Danette A. Weidner – Steno/Clerk

The five regional Customer Programs Directors and the Customer Relations Specialist report to the Manager-Regulatory Programs & Business Services. This manager reports directly to the Vice President-Customer Services.

8. Differences Between Approved Plan and the Proposed Plan

PPL Electric has consistently administered Operation HELP according to long-established guidelines and procedures. There have been no major changes in the program since the approval of the Company's universal service and energy conservation plan for the years 2004-2006. The Company has, however, made two system changes:

- Implementation of a process improvement whereby the CBOs intake-worker enters the customer demographics and authorized grant amounts directly into a database via a web-based authorization form.

- Implementation of a control whereby the CBOs' intake-worker enters the customer's Social Security Number ("SSN"). This process triggers accounts assisted twice in a calendar year to avoid duplication of grants by a single household.
- The third change in 2006, Casa Guadalupe Center of Allentown, PA replaced the Community Action Committee of the Lehigh Valley as the Operation HELP CBO for Bucks, Lehigh and Northampton counties.

CARES

PPL Electric Utilities Corporation CARES

1. Program Description

Overview

The Customer Assistance and Referral Evaluation Service (CARES) program is a special referral service for customers with temporary hardships such as illness, injury, loss of job or high medical bills. The program recognizes that people are sometimes victims of circumstances beyond their control. These conditions create hardships that are difficult to address without some type of assistance. CARES helps play the role in responding to customers who have special circumstances.

The primary features of CARES include:

- Protection against shutoff of electric service
- Referrals to other programs and services
- Possible financial assistance for overdue electric bills

The program is available to residential customers, regardless of income level, who face a temporary hardship that could result in the loss of electric service. PPL Electric Utilities ("PPL Electric" or the "Company") defines temporary as a time period of three months or less. The Company refers low-income customers with long-term problems to its Customer Assistance Program ("CAP") known as OnTrack.

Background

PPL Electric started CARES as a six-month pilot program in 1980-81. The Company conducted the pilot in three areas: Lancaster, Harrisburg and Hazleton. Following an extensive evaluation of the pilot, the Company implemented CARES as a system-wide program in February 1982. PPL Electric appointed CARES Representatives in each region and they reported to the Consumer Affairs Directors.

In April 1995, PPL Electric merged the positions of Consumer Affairs Director and CARES Representative into a new position called Customer Assistance Representative. PPL Electric renamed this position as the Customer Programs Director ("CPD") in March 1997. The CPD provides the day-to-day administration of the Company's four major universal service programs: WRAP, OnTrack, Operation HELP and CARES. In addition, the CPD develops and maintains effective working relationships with a variety of community-based organizations ("CBOs") and supports outreach efforts for LIHEAP.

The primary objectives of the CARES program are to:

- Help customers experiencing temporary hardships to manage their overdue electric bills by providing them with information and resources.
- Make tailored referrals to Company and/or community assistance programs.
- Maintain and/or establish partnerships with community-based organizations to ensure maximum and timely assistance for CARES customers.
- Act as an internal advocate for payment-troubled customers.

Program Design

Referrals/Assistance Coordination

PPL Electric's support staff communicates directly with CARES customers. They attempt to match customers' needs with existing Company and/or community programs. The CPDs or support staff analyzes customer accounts and circumstances to determine the basic cause(s) of their bill-payment problems. They refer customers to appropriate programs and services offered by various agencies or PPL Electric.

Home Visits

The CPDs do not normally conduct home visits for CARES participants. Given the breadth of the CPDs' responsibilities regarding all of PPL Electric's universal service programs, it is impractical for them to conduct home visits. If there were a particularly difficult and compelling situation, they would attempt to schedule a home visit. However, these types of situations are rare. The CPDs do help coordinate home visits conducted by caseworkers from CBOs, such as the Area Agency on Aging (AAA). The frail elderly are vulnerable and the AAA caseworkers have the appropriate skill set and ability to conduct effective home visits.

Networking

Another key responsibility of the CPDs is to establish close working relationships with CBOs and departments within PPL Electric. Social service agencies and other community groups are essential to the success of CARES because they provide the needed services for payment-troubled customers. The CPDs have established a strong network of agencies throughout PPL Electric's service area.

The Company has nearly 25 years of experience in working effectively with CBOs.

CARES Credits

A unique feature of PPL Electric's CARES program is a provision for CARES Credits. The CPDs use these credits to help pay electric bills for customers who have run out of options. There are circumstances where neither PPL Electric nor social service agencies can provide sufficient and/or timely assistance to customers. Programs may have closed (e.g., LIHEAP) or the customer is ineligible for services because his or her household income is above program guidelines.

The CPDs have a maximum of \$30,000 annually in CARES Credits (\$6,000 per CPD) which come from PPL Corporation's annual donation to Operation HELP. No formal guidelines exist for the use of CARES Credits because PPL Electric applies the funds on a case-by-case basis. The CPDs often use the credits for customers confronted with high medical bills or the death of the primary wage earner. In 2006, for example, the Company applied \$32,868 in CARES Credits to 177 accounts, with an average grant of \$186.

Eligibility Criteria

Referrals to CARES come from three primary sources: PPL Electric's Customer Contact Center ("CCC"), social agency caseworkers and self-referrals. PPL Electric established referral criteria for CCC employees and CBO caseworkers to use as a screening device to ensure appropriate referrals to CARES services. In practice, the CCC telephone representatives refer most customers to the program.

Customer Contact Center (CCC) employees and CBO caseworkers refer customers to CARES when the following conditions exist:

- Illness, injury or high medical bills
- Previously good-paying customers with temporary hardship situation
- Recent loss of job or major reduction in household income
- Abandoned spouse
- Confused and disoriented customer

The above referral criteria cannot, of course, cover every customer situation or hardship. The CCC representatives and agency caseworkers use their judgment and discretion in referring customers to CARES who do not precisely match the referral criteria. If unusual conditions exist, the support staff consults with a Customer Programs Director to determine the best solution for the customer.

2. Projected Needs Assessment

The program is available to any residential customer regardless of income. However, CARES bases eligibility on customers' individual needs and concerns, and targets households with temporary hardships.

Due to the unpredictable nature of the above criteria, the Company used the 2000 U. S. Census data as well as past program performance to arrive at the recommended funding level. The 2000 U. S. Census data indicates the following:

- Approximately 17.6 percent (200,250) of PPL Electric's residential customers had an annual household income at or below 150 percent of the federal poverty level.

The Company's past performance indicates the following:

- CARES customers generally have an overdue balance or tend to be low income.
- Approximately 19.7 percent (240,310) of PPL Electric's residential customers have an overdue balance; of that number, 33.1 percent (79,543) report an annual household income at or below 150% of federal poverty level.
- Approximately 70.7 percent of the 28,943 residential customers with active PPL Electric payment plans report an annual household income at or below 150% of federal poverty level.

The number of low-income households with overdue balances and other hardships has certainly provided a sufficient number of referrals to CARES in the past. However, with the implementation of OnTrack, the Company statistics show that the number of CARES referrals has decreased. PPL Electric's 25 years of experience with the program supports the conclusion that CARES will continue to serve the needs of a specific segment of residential customers.

3. Projected Enrollment Levels

PPL Electric bases the projected enrollment levels for 2007 through 2009 on its historical experience with CARES. In 2006, for example, there were 795 customer referrals to the program. Of this total, 177 (22.3 percent) received CARES Credits applied to their account. The Company projects that the number of CARES referrals will remain at approximately 800 annually. PPL Electric now refers most customers to OnTrack, which is a special payment program, instead of CARES. Because OnTrack offers a long-term solution, it is often a better alternative than CARES.

The projected enrollment levels will remain flat as shown in the table below for 2007 through 2009:

Year	Enrollment Level
2007	800
2008	800
2009	800

4. Program Budget

The annual expenditure for CARES is approximately \$80,000: \$50,000 for staff who support the program and \$30,000 for CARES Credits. There is no specific operating and maintenance budget for CARES per se. PPL Electric estimates that the time spent by the CPDs and other staff in support of the program is valued at \$50,000 annually. As noted earlier, the CPDs use the remaining \$30,000 of CARES Credits to assist customers who need help and have run out of options.

The projected budget amounts shown below for 2007 through 2009 will remain relatively flat.

Year	Funding Level
2007	\$80,000
2008	\$82,000
2009	\$84,000

5. Plans to Use Community-Based Organizations

PPL Electric recognizes the importance of establishing and maintaining its network of contacts and working relationships with the CBOs. Simply put, CARES could not function without the cooperation and assistance of local organizations. Public-private partnerships can best provide services and programs to residential customers and particularly low-income households. Because of the significant expansion of funding for universal service programs at PPL Electric and the increased responsibilities of the CPDs, the role of CBOs is more important than ever.

Although the total number of agency contacts is more extensive, the following list is a fair representation of agencies that the CPDs work with regularly to address customer problems.

Lehigh Region

- Area Agencies on Aging
- Carbon County Action Committee
- Casa Guadalupe
- Children and Youth Protective Services
- Community Action Committee of the Lehigh Valley
- Conference of Churches
- Consumer Credit Counseling Service
- Lehigh County Assistance Office
- Lehigh County Office of Adult Services
- Lehigh Valley Hospital Center
- Monroe County Assistance Office
- Northampton County Assistance Office
- Open Line, Inc.
- Pathways
- Second Harvest Food Bank
- The Salvation Army – Stroudsburg

Northeast Region

- Area Agencies on Aging
- Area Office of Aging
- Columbia County Human Services
- Commission on Economic Opportunity
- Consumer Credit Counseling Service
- County Assistance Offices
- Montour County Human Services
- Penn State Cooperative Extension
- Schuylkill Community Action
- Scranton/Lackawanna Human Development Agency
- The Salvation Army
- TREHAB, Inc.

Susquehanna Region

- Area Agencies on Aging
- County Assistance Offices
- Interdiscipline Human Resource Council
- STEP, Inc.
- Union/Snyder Office of Human Resources

Southwest Region – Lancaster

- Catholic Charities
- Central Pennsylvania Legal Services
- Community Action Program of Lancaster County
- Consumer Credit Counseling Service
- Council of Churches
- Hospice of Lancaster
- Spanish-American Civic Association
- Tabor Community Services
- United Way LINC

Southwest Region – Harrisburg

- Area Agencies on Aging
- Christian Churches United
- Consumer Credit Counseling Service
- County Assistance Offices
- Cumberland County Community Services
- Cumberland County Human Services
- Dauphin County Food Bank
- New Hope Ministries
- The Salvation Army
- Tri-County Commission on Community Action
- Urban League of Metropolitan Harrisburg

6. Organizational Structure of PPL Staff

Regulatory Programs & Business Services (RP&BS) has oversight responsibility for CARES. RP&BS is part of the Customer Services department and provides direction for the program. The Customer Programs Directors conduct the day-to-day administration of CARES.

General Office Staff:

- Robert M. Geneczko – Vice President-Customer Services
- Timothy R. Dahl – Mgr.-Regulatory Programs & Business Services
- Evelyn Soto – Customer Relations Specialist

General Office Administrative Support:

- Sharon L. Gallagher – Steno/Clerk
- Suzanne M. Hartzell – Steno/Clerk
- Maryellen Schnalzer – Steno/Clerk

Regional Customer Programs Directors:

- Judith A. Grant – Lehigh Region
- Gladys Malone – Southwest Region – Lancaster
- Florence M. McNelis – Northeast – Hazleton
- Joy E. Schmalzle – Northeast – Scranton
- Angela Tracy – Susquehanna Region

Regional Administrative Support:

- Staff Support – Scranton

7. Differences between Approved Plan and the Proposed Plan

PPL Electric is conducting CARES consistent with long-established guidelines and procedures. All major policies regarding eligibility, payment plans, referrals to other assistance programs, and CARES Credits remain the same. The only difference is the shift of \$30,000 CARES Credits to Operation HELP matching credits. The Company has the flexibility to shift these credits back and forth as needed between CARES and Operation HELP.