

AARP Stmt 1
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R-00049255

TESTIMONY OF EDWARD ESSL

AARP PENNSYLVANIA ON

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PPL'S PROPOSAL TO RAISE ELECTRIC RATES

Good afternoon. My name is Edward Essl and I am a member of AARP Pennsylvania's Consumer Issues Task Force. AARP has 1.8 million members age 50 and over in Pennsylvania, many of whom are rate paying customers of PPL Electric Utilities Corporation.

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AARP Pennsylvania appreciates the opportunity to share our views with regard to PPL's proposal to raise electric rates by 8 percent. Although all those served by PPL will be affected, older Americans are particularly vulnerable to unexpected rapid increases in energy prices. Despite the fact that they consume approximately the same amount of energy as do younger people, older Americans devote a higher percentage of total spending to residential energy, and they are acutely sensitive to summer heat and winter cold. Older people also spend a greater proportion of their income on home heating costs (even after adjusting for weather and home size). Low-income older households spend an average of 13 percent of their income on residential energy. However, about one out of every four low-income older households spends 19 percent or more of their entire income on home energy bills. Too often, low-income older people must choose between risking their health and comfort by cutting back on energy expenditures and reducing spending for other basic necessities.

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In the telecommunications industry, federal law and many state laws have broadly defined “universal service” to include the concept of affordability. The requirement of affordability means that all consumers should be able to purchase a level of service that meets their daily needs at an affordable price and that no one should have to forego other necessities in life such as medicine or food in order to use necessary telecommunications services. Moreover, this concept recognizes that just and reasonable rates may still be unaffordable for some consumers. Although they should, lawmakers have not adopted a similar policy for consumers of household energy services.

PPL has, in the past, acted with concern for its senior and low income customers. The magnitude of this requested rate increase reverses the company’s conservative rate structure and jeopardizes the health and welfare of many of their faithful customers, many of whom reside in rural central Pennsylvania, PPL’s service core area.

When reviewing a rate increase proposal such as PPL’s we ask that you look at the impact of such a request on all consumers, but particularly on low- and fixed-income consumers. An increase of this magnitude can mean the difference between paying electric bills and meeting other basic needs such as buying groceries, filling a necessary prescription, having telephone service, or paying for health care. AARP urges the Commission to vigilantly review this expansive rate increase request with an eye toward protecting those most economically vulnerable from suffering further erosion in living standards. You have the power to make it better. We urge you to use it in protecting low income consumers. Thank you.

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your letter or request for formal complaint form to the Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265.

3. You can be a witness at a public input hearing. You will have an opportunity to present your views in person to the PUC judge hearing the case, and to company representatives. All testimony given under oath becomes part of the official record. These hearings will be held in the service area of PPL Electric Utilities.

Notice of Proposed Rate Changes

PPL Electric Utilities Corporation (PPL Electric) is filing a request with the Pennsylvania Public Utility Commission (PUC) to increase your electric service rates as of Jan. 1, 2005. This notice describes the company's rate request, the PUC's role and what actions you can take.

PPL Electric has requested an overall rate increase of \$221.6 million* per year.

** This amount includes an increase of \$164.4 million in distribution rates and an increase of \$57.2 million in a pass-through of charges that PPL Electric pays for transmission services it purchases under tariffs regulated by the Federal Energy Regulatory Commission (FERC).*

If the entire request is approved, the total bill for a residential customer using 900 kilowatt-hours would increase from \$77.47 to \$85.09 per month, or 9.8 percent.**

The total bill for a commercial customer using 1,000 kilowatt-hours with a maximum demand of 3 kilowatts would increase from \$104.04 to \$113.90, or 9.5 percent.**

The total bill for an industrial customer using 150,000 kilowatt-hours with a maximum demand of 500 kilowatts



PPL Electric Utilities

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would increase from \$11,670 to \$12,340 or 5.7 percent.**

*** These amounts represent total PPL Electric rates, which include rates for energy, rates for delivering energy to you, recovery of transition costs, and a pass-through of transmission charges, which are regulated by FERC.*

To find out your customer class or how the requested increase may affect your electric delivery service, contact PPL Electric Utilities at 1-800-342-5775, weekdays from 8 a.m. to 5 p.m.

The rates requested by PPL Electric Utilities may be found in Tariff-Electric Pa. PUC No. 201. You may examine the material filed with the PUC, which explains the requested increase and the reasons for it. Copies of this material are available on PPL's Web site at www.pplrateinfo.com, and are kept at the following PPL Electric Utilities offices:

- Two North Ninth Street, Allentown
- 827 Hausman Road, Allentown
- 600 Larch Street, Scranton
- 344 South Poplar Street, Hazleton
- 1801 Brookwood Street, Harrisburg
- 651 Delp Road, Lancaster
- 4810 Lycoming Mall Drive, Montoursville

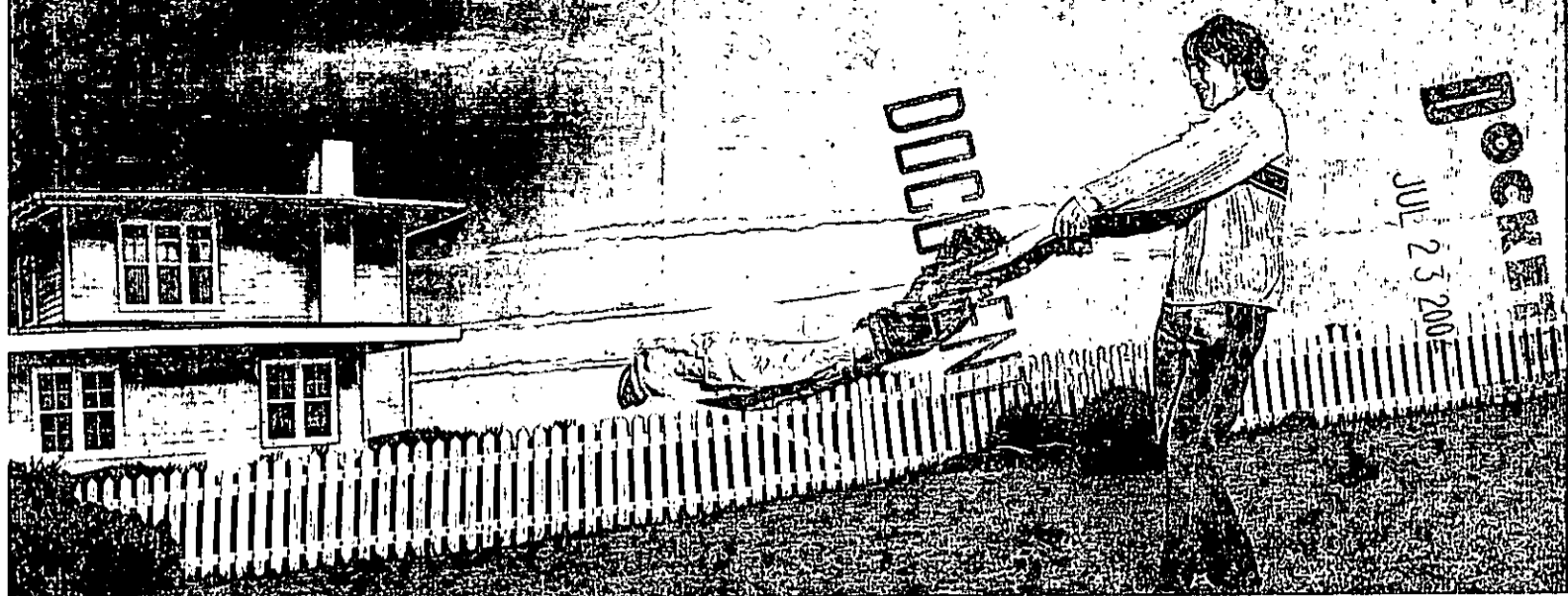
Upon request, PPL Electric Utilities will send you the Statement of Reasons explaining why the increase has been requested.

The state agency that approves rates for public utilities is the PUC. The PUC will examine the requested increase and can prevent existing rates from changing until it investigates and holds hearings on the request. The company must provide that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some or none of the request, or may reduce existing rates.

The PUC may change the amount requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested.

There are three ways to challenge a request to change rates:

1. You can file a formal complaint. If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint you assure yourself of the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before Jan. 1, 2005. If no formal complaints are filed, the PUC may grant all, some or none of the request without holding a hearing before a judge.
2. You can send a letter telling why you object to the requested increase. Send



PROTECTING OUR ENVIRONMENT STARTS AT HOME.

5 STEPS YOU CAN TAKE TO REDUCE AIR POLLUTION

ENERGY STAR Action Guide

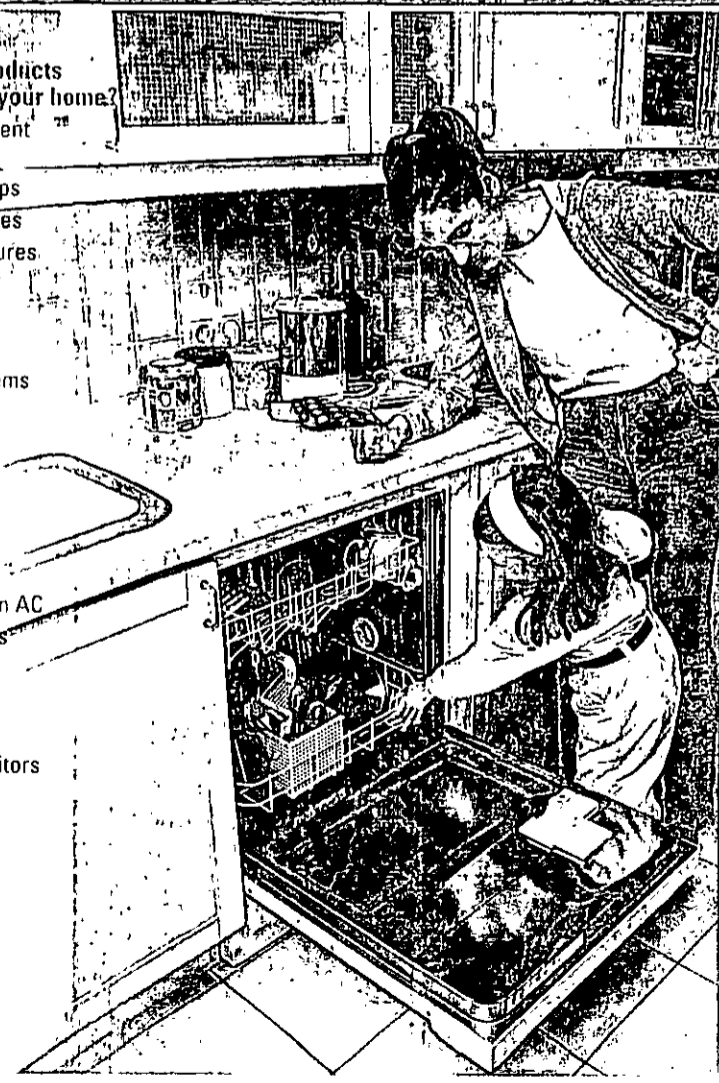


ENERGY STAR Action Guide

STEP 2

ENERGY STAR Products
How many are in your home?

- Compact Fluorescent Light Bulbs
- Table & Floor Lamps
- Indoor Light Fixtures
- Outdoor Light Fixtures
- Ceiling Fans
- TVs
- DVD Players
- Home Audio Systems
- Cordless Phones
- Clothes Washers
- Refrigerators
- Dishwashers
- Dehumidifiers
- Water Coolers
- Central AC & Room AC
- Furnaces & Boilers
- Thermostats
- Ventilating Fans
- Windows
- Computers & Monitors
- Printers
- Copiers
- Scanners
- Fax Machines



Look for products that have earned the ENERGY STAR

Ask for us by name. You'll get the features and performance you want AND help reduce air pollution. Look for ENERGY STAR qualified products in more than 40 product categories, including lighting, home electronics, heating and cooling equipment, and appliances. If you are building or buying a new home, ask about ENERGY STAR — we qualify those too.



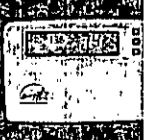
Change five lights

Change a light and you help change the world. Replace your five most frequently used lights, or the bulbs in them, with ones that have earned the ENERGY STAR, and you'll use less energy, which means less pollution from power plants. If every household did this, together we'd prevent more than one trillion pounds of greenhouse gases.



Heat and cool smartly

Improve the performance of your heating and cooling system. Have it serviced annually by a licensed contractor, and remember to clean or replace air filters regularly. To avoid heating or cooling an empty house, use an ENERGY STAR qualified programmable thermostat. And when it's time to replace old equipment, choose an ENERGY STAR qualified model, and make sure it's sized and installed properly. If just one household in 10 did this, the change would prevent more than 17 billion pounds of greenhouse gases.



ENERGY STAR
It's a good sign.

The ENERGY STAR program is a voluntary partnership between consumers, their families and many of the most respected brand names. All of us are working together to achieve a common goal: to protect the environment for future generations by changing to more energy-efficient practices now. Since the fossil fuel-based energy used in a typical home can cause twice as much air pollution as the average car, the U.S. Environmental Protection Agency encourages homeowners to make their homes more energy efficient. The government awards the ENERGY STAR to those products, companies, homes and services that meet specifications established by the EPA and the Department of Energy. It's our future. Together, we can make a change for the better.



Seal up your home

Drafty windows and doors, cold walls or ceilings, and high energy bills are all symptoms of air leaks (usually in the attic and basement) and poor insulation. Seal air leaks, add insulation, and choose ENERGY STAR qualified windows when replacing old windows. That way you'll improve the comfort and durability of your home, save energy and help protect the environment.



Tell family and friends

Slip it into a conversation with your mother. Talk about it at a neighbor's barbecue. Pass it on at a PTA meeting or at work. We're asking you to help spread the word that energy efficiency is good for your home and good for our environment. Already Americans have purchased one billion ENERGY STAR qualified products and last year alone reduced pollution equivalent to taking 18 million cars off the road. But we still have a long way to go. Tell five people and together we can help our homes help us all.

6 STEPS YOU CAN TAKE TO REDUCE AIR POLLUTION

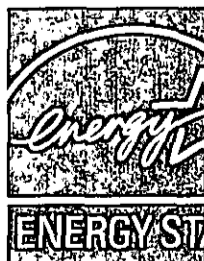
1. Change five lights
2. Look for products that have earned the ENERGY STAR
3. Heat and cool smartly
4. Seal up your home
5. Tell family and friends

To learn more about what you can do, visit us at energystar.gov or call **1-888-STAR-YES**.

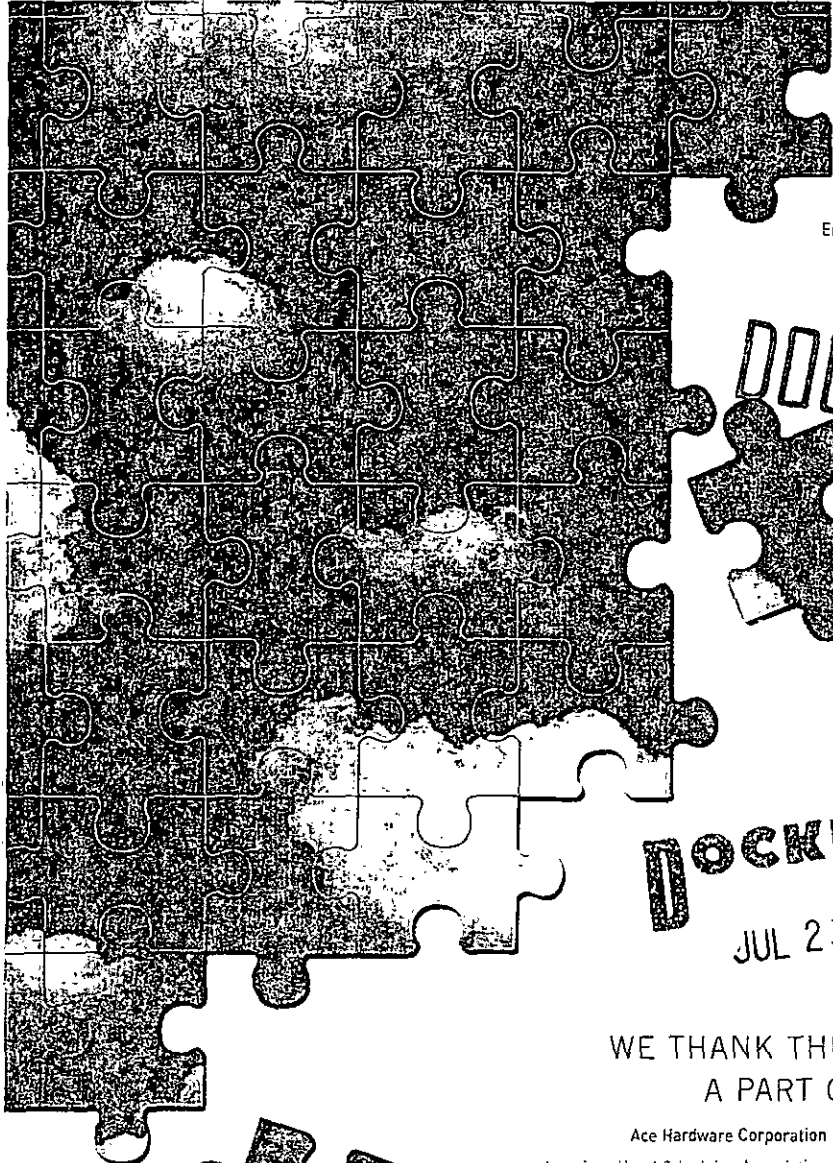
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 David Powers Homes
 Eastman Kodak Company
 eI3 Corporation
 Ence Homes
 Energy Services Group
 Engle Homes Colorado, a division of TOUSA Homes, Inc.
 Food Lion, LLC
 Fremont Unified School District
 GE Consumer Products
 General Motors Corporation
 Giant Eagle, Inc.
 Good Earth Lighting, Inc.
 Gorell Enterprises, Inc.
 Hines
 Lennox Industries Inc.
 Lowe's Companies, Inc.
 MaGrann Associates
 Nevada ENERGY STAR Partners
 Pardee Homes
 Providence Health System
 Pulte Homes Nevada Operations
 Sea Gull Lighting Products, Inc.
 Serviayne Systems, LLC
 PENNSYLVANIA
 Transwestern Commercial Services
 University of Michigan
 USAA Real Estate Company
 Veridian Homes
 D.R. Wastchak, LLC
 Whirlpool Corporation

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WE THANK THESE LEADERS FOR BEING
 A PART OF THE BIGGER PICTURE.

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| Ace Hardware Corporation | Pacific Gas and Electric Company ✓ |
| American Hotel & Lodging Association | Panasonic ✓ |
| CenterPoint Energy | Sacramento Municipal Utility District ✓ |
| Efficiency Vermont and Partners | San Diego Gas and Electric ✓ |
| The Home Depot | Sears, Roebuck and Co. ✓ |
| The Institute for Sustainable Energy at Eastern Connecticut State University | Sierra Pacific Power Company ✓ |
| Maytag Corporation | Southern California Edison ✓ |
| Minnesota Power, an ALLETE Company | Southern California Gas Company ✓ |
| Nevada Power Company | Southern Minnesota Municipal Power Agency |
| New England Joint Management Committee | Sponsoring Organizations of NEEP |
| New York State Energy Research and Development Authority | Vermont Energy Investment Corporation |
| Northwest Energy Efficiency Alliance | Vermont Gas Systems |
| Oncor Electric Delivery Company | Wisconsin's Focus on Energy Program |

CONGRATULATIONS TO THE 2004 ENERGY STAR AWARD WINNERS
 For helping Americans prevent the greenhouse gas emissions equivalent to about 1.8 million cars
 and for protecting our environment for future generations. ENERGY STAR is a program administered
 by the US Environmental Protection Agency and the US Department of Energy (designed to help
 businesses and individuals protect the environment through superior energy efficiency)

