

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Re: County of Pike, et al. v.
Pike County Light & Power
Company

Public Meeting: February, 28 2008
FEB-2008-OSA-0100*
Docket No. C-20065942, et al.

STATEMENT OF VICE CHAIRMAN CAWLEY

Before us is a nonunanimous Joint Petition for Settlement filed with this Commission on July 3, 2007. I vote to approve the settlement only because the County of Pike and the Delaware Valley School District have agreed to it.

Neither the Office of Consumer Advocate ("OCA") nor the Office of Small Business Advocate ("OSBA") joined in the settlement, and the latter expressed serious reservations because the settling parties have committed to little more than "the joint exploration of various infrastructure improvements and their costs, and an effort to determine if the ratepayers are willing to bear the costs involved."

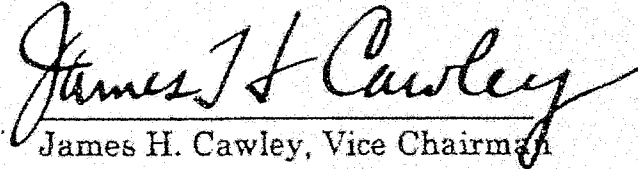
Pike County Light and Power Company (the "Company") agreed to construct certain designated short term and long term projects in order to enhance the reliability of its distribution system in Northeast Pennsylvania. However, these proposed projects, some of which may be under construction right now, will come at a cost, a cost which these rate payers may not be able to bear. Estimated costs for all the short term projects range from \$1.3 million to \$2.1 million, while long term projects commencing in 2010 may cost rate payers an additional \$17.3 million.

The Company only has 4,574 customers from which to recover these infrastructure investments. This customer base may simply be too small to absorb such costs, and thus may be better served by incorporation into a larger company or cooperative. That was the OCA's original position, although, for the time being and subject to continuing monitoring, that Office is willing to accede to the settlement terms without becoming a signatory to them. I reluctantly accede as well, especially in view of OSBA's skeptical observation.

It will be absolutely vital that customers participate in all future dialogues regarding construction of these facilities, especially the more costly long term projects. For this purpose, this settlement establishes a Community Advisory Council, composed of two Company representatives and a broad range of Pike County governmental and consumer representatives, who will need to provide critical feedback as to the affordability and benefits

of these projects. I strongly encourage the Company to listen closely to the cost concerns of Council participants, and to provide public information regarding these meetings so that consumers are aware of the costs and benefits of these future projects (especially the long term projects targeted for 2010).

February 28, 2008


James H. Cawley, Vice Chairman