

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17105-3265**

**Petition of PPL Electric Utilities Corporation for Approval  
of a Rate Stabilization Plan**

**PUBLIC MEETING  
AUGUST 7, 2008  
AUG-2008-OSA-0118\*  
Docket No. P-2008-2021776**

**JOINT STATEMENT OF COMMISSIONERS KIM PIZZINGRILLI AND  
ROBERT F. POWELSON**

In May of 2006, the Commission initiated an investigation to develop policies to mitigate the impact of rate increases that will follow the expiration of rate caps. The investigation concluded in May 2007, and at that time the Commission identified several components of a plan to assist customers in the transition to market prices. The elements of the plan included increased consumer education, revisions to low-income customer assistance policies, timely completion of the default service rulemaking, support for energy efficiency and conservation measures, and continued, aggressive representation of Pennsylvania's interests before the Federal Energy Regulatory Commission.

As part of this plan, the Commission encouraged electric distribution companies to develop rate mitigation options that help customers manage higher energy bills following the expiration of rate caps. The Commission codified this recommendation in its policy statement *Default Service and Retail Electric Markets*, Docket M-00061957 (Final Policy Statement Order entered May 17, 2007).<sup>1</sup> Specifically, all electric distribution companies were encouraged to offer a rate change mitigation option to customers if the total retail rate would increase by more than 25% following the expiration of the rate cap.

PPL Electric Utilities, Inc.'s Rate Stabilization Plan (RSP), as described by the settlement agreement, complies with the policy statement in that it is voluntary, competitively neutral, and open to residential, small commercial, small industrial, and street lighting customers. Statements in support of the settlement have been filed by various parties, including the Office of Consumer Advocate, the Office of Small Business Advocate, the Office of Trial Staff, and the Retail Energy Supply Association. Parties who participated in the case and filed statements of non-opposition include Executive Agencies of the Commonwealth of Pennsylvania, the PP&L Industrial Customer Alliance, Direct Energy Services, LLC, the Pennsylvania Utility Law Project, and the Commission on Economic Opportunity. The Parties supporting the Settlement Petition believe that the terms are in the public interest and balance the interests of PPL, its customers and the interests of the Joint Petitioners. The Settlement Petition provides a tool to enable customers to mitigate the expected generation rate increase by phasing it in over a multi-year period and thereby avoiding a significant increase when the cap expires at the end of 2009. We find that the plan is reasonable, in the public interest, and that it should be approved.

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<sup>1</sup> Published in the *Pennsylvania Bulletin* on September 15, 2007. Pa.B. 5019; 52 Pa. Code §§ 69.1801 – 69.1817.

We would like to take this opportunity to stress some additional points about rate mitigation plans:

- While our approval of this plan, and Allegheny Power's rate phase-in plan at the July 17, 2008 public meeting<sup>2</sup>, are consistent with the current policy statement, we will continue to work closely with the Pennsylvania General Assembly regarding legislation on the subject of rate cap expiration and mitigation. Should legislation pass, the Commission will work diligently to implement any changes in law.
- Customers who do not participate in the RSP will not incur any costs as a result of its implementation by PPL. As part of the settlement, PPL has commented that the RSP will be paid for out of its existing revenues, and that it will not seek to recover incremental costs associated with the RSP through rates. *See* Joint Petition for Settlement, paragraph 42.

In closing, it is important to note that approval of this plan does not represent the sole effort to assist PPL customers through this transition. The Commission has approved enhancements for PPL's low-income customer assistance programs.<sup>3</sup> The Commission has also recently reviewed and approved a consumer education plan by which PPL will educate customers about rate cap expiration and provide practical information to help them manage their energy usage.<sup>4</sup> Finally, we remain supportive of ongoing efforts to develop and implement reasonable and cost-effective energy efficiency, conservation and demand side response programs in PPL's service territory and throughout Pennsylvania.

**August 7, 2008**  
Date

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**KIM PIZZINGRILLI, COMMISSIONER**

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**ROBERT F. POWELSON, COMMISSIONER**

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<sup>2</sup> *Petition of the West Penn Power Company d/b/a Allegheny Power for Approval of its retail Electric Default Service Program and Competitive Procurement Plan for Service at the Conclusion of the Restructuring Transition Period*, Docket P-00072342 (Order entered July 25, 2008).

<sup>3</sup> *Pennsylvania Public Utility Commission, et al. v. PPL Electric Utilities, Inc.*, Docket R-00072155 (Order issued December 6, 2007).

<sup>4</sup> *PPL Electric Utilities, Inc. Consumer Education Plan for 2008-2012 Submitted in Compliance with May 10, 2007, Final Order*; Docket M-2008-2032279 (Final Order entered July 18, 2008).