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December 28, 2007

VIA EXPRESS MAIL


Honorable James J. McNulty
Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17105-3265

Re: Policies to Mitigate Potential Electricity
Docket No. M-00061957

Dear Secretary McNulty:

In accordance with the Pennsylvania Public Utility Commission's ("PAPUC") Order entered May 17, 2007 in the above-referenced proceeding, I enclose an original and five copies of Pike County Light & Power Company's Customer Outreach and Education Plan. Please contact me if you have any questions regarding this matter. Please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

Very truly yours,


John L. Carley
Assistant General Counsel

Enclosure

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

Policies to Mitigate Potential Electricity
Price Increases

Docket No. M-00061957

Pike County Light & Power Company
Consumer Education Plan

Introduction

In its Order entered May 17, 2007 in the above-referenced proceeding (“Order”), the Pennsylvania Public Utility Commission (“PAPUC”) ordered Pike County Light & Power Company (“PCL&P” or the “Company”) and the state’s other electric distribution companies (“EDCs”) to file consumer education plans, tailored to their individual service territories, that will help customers mitigate the effect of wholesale energy price increases. This document sets forth PCL&P’s consumer education plan (“Plan”). PCL&P is in a somewhat different position than the other Pennsylvania EDCs. It is the only EDC that is affiliated with the NYISO, rather than PJM. The Company also is one of the state’s smallest EDCs with approximately 4,500 electric customers, 3,600 of whom are residential energy consumers. The majority of these customers currently receive their commodity service from third party suppliers, i.e., Electric Generation Suppliers.

Moreover, the Company’s rate caps were removed effective January 1, 2006. Accordingly, PCL&P’s customers are already quite aware of the fact that rate caps in the PCL&P service territory have ended. In fact, PCL&P and certain of its customers have entered into a settlement agreement, currently before the PAPUC, in which PCL&P has agreed to engage in various customer education efforts.¹ These efforts are included in the summary of the activities that the Company will engage in during 2008, which is attached hereto as Exhibit A.

Activities Taken as of December 31, 2007

The Order (pp. 6-7) specifically directed that each EDC’s customer education plan should address certain “Energy Education Standards.” To date, the Company has addressed each of the Standards as set forth below.

- *The generation component of retail electric rates charged to customers by electric utilities has been capped since 1996, and that the cap for that customer’s service territory will expire on _____ (as per territory).*

¹ County of Pike, et al., v. Pike County Light & Power Company, Docket No.: C-20065942, et al. (consolidated).

As noted above, PCL&P's rate caps were removed effective January 1, 2006.

- *The rate charged for generation service will change after the rate cap expires, and may significantly increase.*

As noted above, PCL&P's rate caps were removed effective January 1, 2006.

- *Customers can take certain steps before the expiration of the rate cap, and other steps at the time the rate caps expire, that may help them control the size of their electric bills.*

As noted above, PCL&P's rate caps were removed effective January 1, 2006. Since then, the Company has facilitated the implementation of an opt out aggregation program that ultimately resulted in Direct Energy Services ("Direct Energy") providing discounted electric commodity service to many of the Company's customers.

Currently, 83% of PCL&P's total customer base of 4,500 are participating in the aggregation program and receiving electricity supply from Direct Energy.

PCL&P continues to communicate with all of its customers regarding electric supply rates, competitive options available to them, forms of payment assistance and how to apply, as well as steps they can take to control costs and manage their energy expense.

With its small customer population, PCL&P implemented a direct mail strategy as the single most cost-effective way to communicate with its customers. Highlights of the Company's efforts in 2006 and 2007 include the following:

- In February 2007, direct mail letters on PCL&P's special payment assistance program for income eligible customers having difficulty paying their energy bills. Called *New Start*, the program was specifically designed for PCL&P customers with unpaid balances of up to \$250. Customers in this category who agree to sign a payment agreement and participate in Budget Billing, if they are not already enrolled, and make consecutive on-time payments receive a maximum credit of \$250 over 12 months in their PCL&P account.
- Direct mail letters providing information on the Low Income Home Energy Assistance Program ("LIHEAP") and promoting The Neighbor Fund, PCL&P's energy payment assistance program, also were mailed in February 2006 and 2007. The Neighbor Fund awards grants to those who do not meet the eligibility requirements of the federally funded LIHEAP. In Pike County, as a price increase mitigation measure, The Neighbor Fund extends assistance to customers who may already have benefited from LIHEAP but still need additional help.

- Ongoing promotions on Budget Billing. Throughout the year, and particularly during the winter heating and summer cooling months, PCL&P encouraged customers to enroll in Budget Billing. While the billing option does not reduce customers' annual energy expense, it levelizes monthly payments to a predictable amount, thereby helping customers manage their household budgets.
- Practical energy-efficiency and conservation tips in @home, a customer newsletter/bill insert. Mailed eight times each year as a bill insert, @home is a consistent communications link between the Company and its customers. From information on payment assistance programs to energy-efficiency and conservation, this newsletter provides practical tips on ways to reduce and control energy use throughout the year. In 2007, this publication was sent to all PCL&P customers in February, March, April, May, June, September, October and November.
- Ongoing Website promotions. PCL&P utilizes and updates its Website (www.oru.com) to provide as many service transactions as possible for the customer's convenience, as well as to offer energy-efficiency tips and updated information on assistance programs, along with contact information.
- Local news media coverage on market-based rates for PCL&P. To help educate customers on the new market-based rates effective January 1, 2008, the Company's Vice President - Customer Service, James O'Brien, made a presentation to a public audience of Pike County Commissioners and customers on October 24, 2007. This educational and informative presentation on market-based pricing was reported on by local television stations and newspapers. A Company press release also was distributed on the same day.
- Direct mail letter to all PCL&P customers to provide notice of the change to their electric service rates beginning January 1, 2008. Mailed in December 2007, the letter: (i) provided information on PCL&P customers' fixed supply rate and when those rates would expire; (ii) explained the introduction of market-based pricing as ordered by the PAPUC; and (iii) provided details of the customers' three options, namely:
 - (1) Choose PCL&P's default service and receive the market-based rate for supply;
 - (2) Participate in the aggregation program with Direct Energy; or
 - (3) Switch to ConEdison Solutions and receive a fixed rate.
- Direct mail distribution of the Shopping Guide published by the Office of Consumer Advocate ("OCA"). To assist customers in making an informed

decision on purchasing electricity supply, OCA's Shopping Guide compares the different rates currently being offered in the energy market. The Shopping Guide was incorporated in the direct mail letter referenced above.

- Ongoing direct mail letters to new customers moving into the PCL&P service territory. Along with a copy of their Rights and Responsibilities as a PCL&P customer, new residential and business customers are informed of their option to become a full-service customer of PCL&P or choose to purchase their supply from Direct Energy or another Electric Generation Supplier. As with other direct mail communications, the letter explains the customers' options and provides comparative rates, contact information and opt-out convenience.
- Drive to Web promotions. In the December 2007 mailing to customers, the Company directs customers who need additional information on market-based rates, price comparisons and customers' competitive options to the Company's Website at www.oru.com. There, the customer also is provided with contact information for Direct Energy and ConEdison Solutions and a link to the OCA.
- A January 2008 bill insert is going to all full-service PCL&P customers explaining that their statement reflecting December usage is a transitional bill that shows prorated market-based rates that will be fully implemented in January 2008.

Even with 83% of its customers already receiving their electricity supply from an Electric Generation Supplier, and even with the presence of ConEdison Solutions as an alternate Electric Generation Supplier for customers, going forward in 2008 and beyond, PCL&P will continue to keep its customers informed of their competitive options in the energy marketplace. The Company is committed to maintaining as well as enhancing its efforts to provide easily accessible information on energy-efficiency and conservation through direct mail, customer newsletters, bill inserts and its Website.

Finally, in order to target as many customer segments as cost effectively as possible, the Company will continue its strategy of employing direct mail in 2008 and beyond.

Activities to be Taken in 2008

Exhibit A to this Report summarizes the consumer education-related activities that the Company will engage in during 2008. To a great extent these activities build on those undertaken during 2007. The Company is still in the process of quantifying the incremental costs that it will incur in implementing its proposed consumer education

plan. Once quantified, the Company will supplement this Report, as well as propose the mechanism to recover said costs. Finally, the Company intends to review its consumer education-related activities during 2008. Based upon such re-evaluation, the Company may file a revised consumer education plan for implementation in 2008.

EXHIBIT A

PIKE COUNTY LIGHT & POWER CO. CUSTOMER OUTREACH AND EDUCATION PLAN -- 2008

Objectives	Core Messages	Strategies	Mediums	Timeline
<p>Establish a Community Advisory Council (CAC) as an effective forum for two-way communications between PCL&P and community members representing various segments of customer base.</p>	<p>The CAC is another means for PCL&P and its customers to communicate with each other.</p>	<p>Conduct quarterly CAC meetings, establish a forum for customers to raise questions, issues and concerns about rates, services and billing, and, at the same time, keep customers updated on vegetation management activities, as well as infrastructure and electric reliability projects.</p>	<p>News releases as appropriate Updates in @your service, consumer newsletter / bill insert and other printed materials, as appropriate</p>	<p>Quarterly at a minimum, and ongoing, as appropriate A minimum of six newsletter / bill inserts annually</p>
<p>Inform all customers of new market-based pricing beginning in January 2008.</p>	<p>In the competitive energy marketplace, a PCL&P customer has three options: stay with PCL&P's market based rates, aggregate with others and obtain supply from Direct Energy Services, or switch to other Electric Generation Suppliers (e.g., ConEdison Solutions).</p>	<p>Educate the customer on retail market options to the fullest extent.</p>	<p>Direct mail on Understanding Your Electric Bill, a line-by-line explanation of important elements of the electric bill for residential and commercial customers.</p>	<p>February 2008</p>
<p>Participate in activities and events sponsored by the Pike County Chamber of Commerce and the Tri-County Chamber of Commerce.</p>	<p>By assigning employees to represent the Company at local business groups, PCL&P makes itself more available to the business community to answer questions about its rates and services, supply options, and energy efficiency.</p>	<p>Partnering with established business organizations helps to expand, retain and attract local businesses to Pike County and keeps open lines of communication with local civic leaders on wide range of price and service issues.</p>	<p>Advertising in local business and/or trade newsletters / publications Participation in trade shows and fairs</p>	<p>Determined by requirements for specific events and promotions</p>
<p>Open a full service walk-in Customer Service Center in Pike County in 2008.</p>	<p>Beginning in 2008, customers can have face-to-face, one-on-one contact with PCL&P Customer Service Representatives at the Company's walk-in service center.</p>	<p>Further address the need to establish stronger links to all types of customers, particularly those with special needs and limited income. Provide information as needed by customers on rates and service, supply options, billing and payment options and low income programs.</p>	<p>Weekly and daily newspapers Web site home page Bill inserts and other customer mailings Local radio and TV coverage</p>	<p>Ongoing</p>
<p>Increase contributions to local United Way agencies by \$4,000 annually, thereby providing additional assistance to customers in need.</p>	<p>Increases the Company involvement with local agencies in a partnership to assist customers in need.</p>	<p>Provide enhanced support to customers who rely on social service agencies for human services assistance.</p>	<p>Company Web site Cable TV news coverage</p>	<p>As appropriate</p>
<p>Reach out to eligible customers and inform them of available payment assistance programs and services, particularly during the winter heating season.</p>	<p>When customers have trouble paying their winter heating bills, options like LIHEAP, The Neighbor Fund and PCL&P's New Start Program, are viable payment assistance options for seniors, income-eligible consumers or others faced with emergency financial crises.</p>	<p>Communicate various energy assistance programs available to customers and emphasize the benefits of early application and complete documentation.</p>	<p>Bill inserts and customer newsletter Local newspapers, radio and cable TV news coverage Direct mail</p>	<p>Seasonal schedule, as appropriate</p>

PIKE COUNTY LIGHT & POWER CO. CUSTOMER OUTREACH AND EDUCATION PLAN -- 2008

Objectives	Core Messages	Strategies	Mediums	Timeline
<p>Position the Company as the source of credible, practical and valuable information for residential and business customers on energy-efficiency and money-saving ways to use electricity.</p> <p>Establish a separate residential and business customer newsletter solely for PCL&P customers.</p>	<p>By managing their electric usage and implementing efficiency measures, customers can reduce their expenses without sacrificing comfort and safety.</p> <p>Mail newsletter / bill insert to residential and business customers for the purpose of providing pertinent news and practical information on the Company's projects, programs and services of value to its customers in Pike County.</p>	<p>Energy efficiency and conservation are critical to managing energy costs.</p> <p>Printed communications are another avenue of communicating with customers.</p>	<p>Newspapers, local radio and cable TV Customer newsletters and bill inserts Free energy management workshops for business and residential customers Participation in trade shows and fairs</p> <p>Direct mail / bill insert</p>	<p>Ongoing</p> <p>A minimum of six issues per year.</p>