

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

**Joint Petition of Metropolitan Edison Company and  
Pennsylvania Electric Company for Approval of a Voluntary  
Prepayment Plan**

**PUBLIC MEETING  
February 26, 2009  
2066692-ALJ  
Docket No. P-2008-2066692**

**STATEMENT OF COMMISSIONER KIM PIZZINGRILLI**

In May of 2007 the Commission approved a plan to assist retail electric customers through the expiration of the generation rate caps.<sup>1</sup> As part of this plan, we adopted a policy statement that encourages electric distribution companies to offer a rate mitigation option to residential and small commercial customers if the total retail rate would increase by more than 25% at the time the rate caps end.<sup>2</sup> The Commission has since approved rate change mitigation proposals that were filed by PPL Electric Utilities, Inc. and Allegheny Power in response to this policy statement.

Metropolitan Edison Company and Pennsylvania Electric Company filed a joint rate mitigation proposal, identified as the Voluntary Prepayment Plan (VPP), in September of 2008. These companies then negotiated a settlement agreement with the Office of Consumer Advocate and Office of Small Business Advocate. The presiding Administrative Law Judge has recommended approval of the settlement, and no party has objected to this recommendation.

Pursuant to this settlement, residential and small commercial customers have the option of enrolling in the VPP. Participating customers will pay a charge equivalent to 9.6% of their current average price on a monthly basis through December 31, 2010. These payments will accrue interest, paid by these companies, at an annual rate of 7.5%. The prepaid amounts and the interest will then be applied as a credit to participating customers' bills for a two year period beginning on January 1, 2011. Customers may choose to leave the VPP at any time. The program is competitively neutral as it will be available to both default service and shopping customers. These credits will provide customers a series of gradual rate increases as opposed to a more significant increase on January 1, 2011.

At the time of our approval of the PPL Rate Stabilization Plan, I stated that these programs would not represent the Commission's sole effort to help PPL's customers manage this transition. We will do the same for the customers of these companies. The Commission is now monitoring the implementation of rate transition consumer education

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<sup>1</sup> *Policies to Mitigate Electric Price Increases*, Docket M-00061957 (Final Order entered May 17, 2007).

<sup>2</sup> *Default Service and Retail Electric Markets*, Docket M-00072009 (Final Policy Statement Order entered May 10, 2007). 52 Pa. Code §§ 69.1801, *et seq.*

programs approved last year for Met-Ed and Penelec.<sup>3</sup> The Commission will also be reviewing a post-rate cap energy procurement plan recently filed by these companies to ensure that a prudent mix of energy supply is obtained at the lowest reasonable rates, as required by Act 129 of 2008.

Finally, the companies will provide notice to their customers at the time the Commission acts on the VPP, before implementing it and during the term of the opt-in program. In addition, the companies will continue to educate consumers and provide information regarding the expiration of the rate caps, and that energy efficiency and conservation measures are available to assist customers in managing the size of their energy bills. I find that the plan is consistent with the policy guidance we have provided electric distribution companies and is in the public interest.

**February 26, 2009**  
Date

**KIM PIZZINGRILLI, COMMISSIONER**

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<sup>3</sup> *Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company Consumer Education Plan for 2008-2012*, Docket Nos. 2008-2032261, M-2008-2032262, M-2008-2032263 (Final Order entered August 25, 2008).