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June 27, 2005

Pennsylvania Public Utility Commission

Attention: Secretary

2nd Floor

400 North Street

Harrisburg, PA 17120

RE: Rulemaking Re Electric Distribution Companies' Obligation
to Serve Retail Customers at the Conclusion of the Transition Period
Pursuant to 66 Pa. C.S. §2807(e)(2)
Docket No. L-00040169

To the Commission:

In response to the comments received by the Public Utility Commission ("Commission") on April 27, 2005 regarding the proposed definitions of the obligation of electric distribution companies to serve retail customers at the conclusion of their respective transition periods, the Allegheny Conference on Community Development hereby submits its reply comments for the Commission's consideration. The Allegheny Conference on Community Development and Affiliates is the private sector leadership organization focused on improving economic growth and the quality of life in the 10-county southwestern Pennsylvania region.

The Conference urges the Commission to recognize that Pennsylvania is not an island, and that the state's competitiveness is determined not only by the regulatory structure which exists within the Commonwealth, but by the actions of neighboring states and by the federal government. Pennsylvania needs to be able to attract and retain manufacturing firms. For many of these firms, electric service is a major cost of production, and they could be significantly impacted by the rules adopted by the Commission. Many of the states that Pennsylvania competes with for industrial development, such as Kentucky and West Virginia, allow utilities to offer low-cost, long-term fixed rates to certain classes of customers, particularly large commercial and industrial users. In order for Pennsylvania to remain competitive for these large users of electricity, service providers in Pennsylvania must be able to offer electricity under service and rate packages that have similar characteristics.

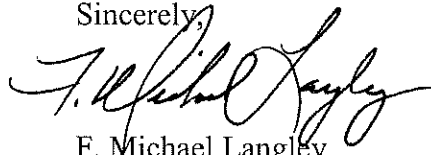
Uncompetitive electric service in Pennsylvania could cause large commercial and industrial companies to scale back or shut down operations, resulting in lost jobs and revenue for the Commonwealth.

To this end, it is critical that the Commission develop rules that give service providers flexibility to offer the most competitive and attractive electric service packages, especially for large commercial and industrial customers, as long as these packages do not significantly negatively impact electric service for other rate classes. For example, the Commission should not make competitive solicitations mandatory. The competitive bidding process is one, but not the only, reasonable method for procuring default power service. Service providers should have the flexibility to pursue other means of obtaining power on behalf of specific customers if they can demonstrate that these alternative means will result in electric service options that are more desirable for those customers without negatively impacting other customers. A number of comments received by the Commission on April 27th support this position, including those from the Office of Consumer Advocate, Direct Energy Services, LLC, and UGI Utilities, Inc.

Similarly, the default service provider should be able to offer fixed price options if customers are seeking these options. While it would certainly be desirable if the market would provide electric service and rate packages competitive with those in other states with regulated systems, until it is known for certain that this will occur, the Commission should give the default service providers the flexibility to offer packages that are as competitive as possible with the packages that are available in other states. No credible evidence has been presented that restrictive or onerous rules for default service will facilitate competition.

We urge the Commission to insure that its rules enable Pennsylvania to provide a competitive environment for job creation and business investment.

Sincerely,



F. Michael Langley
Chief Executive Officer