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March 23, 2009

VIA ELECTRONIC FILING

James McNulty, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
2nd Fl., 400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

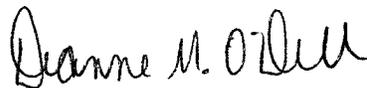
Re: Petition of PPL Electric Utilities Corporation for Approval
to Offer Customers a Voluntary Alternative Energy
Program and to Bank Alternative Energy Credits;
Docket No. P-2008-2021398

Dear Secretary McNulty:

Enclosed is the original Prehearing Memorandum of the Retail Energy Supply Association ("RESA"), in the above-referenced matter, which was filed electronically today. As evidenced by the Certificate of Service, the parties have been served in the manner indicated.

If you have any questions regarding this filing, please contact me at your convenience.

Sincerely,



Deanne M. O'Dell
For WolfBlock LLP

DMD/jls
Enclosure

cc: Hon. David A. Salapa (w/enc)
Certificate of Service (w/enc)

HAR:89155.1/MID051-250994

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval to Offer :
Customers a Voluntary Alternative : Docket No. P-2008-2021398
Energy Program and to Bank :
Alternative Energy Credits :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of RESA's Prehearing Memorandum upon the parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

VIA E-MAIL & FIRST CLASS MAIL

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Date: March 23, 2009

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Deanne M. O'Dell, Esquire

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PPL ELECTRIC :
UTILITIES CORPORATION FOR :
APPROVAL TO OFFER CUSTOMERS :
A VOLUNTARY ALTERNATIVE : Docket No. P-2008-2021398
ENERGY PROGRAM AND TO BANK :
ALTERNATIVE ENERGY CREDITS :**

**PREHEARING MEMORANDUM OF
THE RETAIL ENERGY SUPPLY ASSOCIATION**

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, Section 5.222 of the Commission's regulations, 52 Pa. Code § 5.222, and in response to the prehearing conference notice issued February 25, 2009, the Retail Energy Supply Association (“RESA”) submits this Prehearing Memorandum.

HISTORY OF PROCEEDING

On January 23, 2008, PPL Electric Utilities Corporation (“PPL”) filed its petition proposing to offer residential and small C&I customers the ability to purchase Alternative Energy Credits (“AECs”) on a voluntary basis. These customers can purchase one or more 100 kWh blocks of AECs per month without limit at a rate of \$.025/kWh or \$2.50 per 100 kWh block. PPL is not proposing any recovery of its own incremental costs to provide the program. The AECs will come from a mix of wind sources (Tier I) and from large-scale hydropower sources (Tier II). PPL is seeking approval to bank excess AECs it purchases. PPL will not count AECs supplied under the program toward its AEPS obligations but will retire them.

By Order dated February 25, 2009, RESA was granted permission to intervene as a party in this matter. RESA is a trade association of power marketers, independent power producers, and a broad range of companies within the Mid-Atlantic marketplace, each of whom support the

electric services industry and seek to develop a more competitive power industry.¹ RESA members are licensed to sell electric energy in the markets of Pennsylvania's major electric distribution companies ("EDCs"), including PPL's service territory.

ISSUES

RESA's primary concern in this matter is the development of a competitive market which substantially impacts RESA members as well as the ultimate consumers of electricity. More specifically, PPL asserts that its proposed plan does not need to be consistent with the Commission default service regulations, specifically, 52 Pa. Code § 54.187(a)-(k). PPL takes this position even though the Commission has not yet had the opportunity to address this issue and has made clear its willingness to entertain arguments regarding it.²

¹ RESA's members include Commerce Energy, Inc; Consolidated Edison Solutions, Inc; Direct Energy Services, LLC; Gexa Energy; Hess Corporation; Integrys Energy Services, Inc.; Liberty Power Corp.; Reliant Energy Retail Services, LLC; Sempra Energy Solutions; Strategic Energy, LLC; SUEZ Energy Resources NA, Inc. and US Energy Savings Corp. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

² *Pennsylvania Public Utility Commission v. UGI Utilities, Inc.*, Docket No. P-00072332, Order entered October 25, 2007 (the direct question of the applicability of 52 Pa. Code § 54.187 was not before the Commission because UGI agreed to seek a waiver of it to the extent necessary). *Green Mountain Energy Company v. PECO Energy Company*, Docket No. R-00016938C001, Opinion and Order entered July 18, 2003 at 6. Even though the tariff was approved as a result of a directive from the Commission prior to the adoption of Section 54.187, the Commission made clear that it would not "forever foreclose the possibility of a good faith challenge" to such a tariff on the basis of the impact such a tariff would have on competitive markets. *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, Final Rulemaking Order entered May 10, 2007 at 41 ("The Commission will keep an open mind on the appropriateness of renewable energy default service products, such as PECO's Wind Tariff.")

Further, PPL takes the position that its program should not be considered default service. Petition at ¶ 20. Such a position raises concerns under the Electricity Choice Act because the Act provides no basis for an electric distribution company to provide generation services other than default service. 66 Pa. C.S. § 2801(3).

WITNESS/SUBJECT OF TESTIMONY

RESA does not anticipate presenting a witness in this proceeding, but intends to participate otherwise. RESA will inform the ALJ and the parties as soon as possible if RESA decides to present a witness.

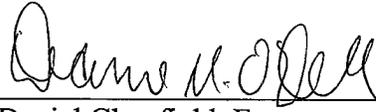
PROPOSED LITIGATION AND DISCOVERY SCHEDULE

RESA has no objection to modifications of the Commission's discovery rules consistent with the changes that have been adopted in other Commission proceedings. RESA is also amenable to a reasonable litigation schedule that accommodates the interests of the parties, including expediting the matter through written stipulations in lieu of hearings to address factual matters.

SETTLEMENT

RESA is willing to engage in settlement discussions, and notes that it participated in preliminary discussions held in the Spring of 2008.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Deanne M. O'Dell", is written over a horizontal line.

Daniel Clearfield, Esq.
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Dated: March 23, 2009

Attorneys for the Retail Energy Supply
Association