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March 30, 2009

VIA ELECTRONIC FILING

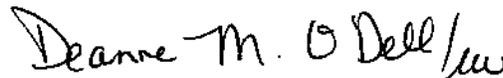
James McNulty
Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
2nd Fl., 400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of PPL Electric Utilities Corporation for Approval
of a Rate Mitigation Plan
Docket No. P-2009-2091280

Dear Secretary McNulty:

On behalf of Direct Energy Services, LLC enclosed for filing please find its original Prehearing Memorandum along with the electronic filing confirmation page with regard to the above-referenced matter. Copies have been served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell
For WolfBlock LLP

DMO/lww
Enclosure

cc: Hon. Veronica Smith w/enc.
Cert. of Service w/enc.

HAR:89314.1/DIR023-249436

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the Direct Energy Services, LLC's Prehearing Memorandum upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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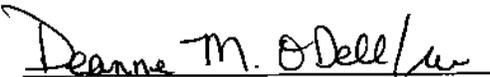
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Deanne M. O'Dell, Esq.

Date: March 30, 2009

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PPL ELECTRIC :
UTILITIES CORPORATION FOR : **Docket No. P-2009-2091280**
APPROVAL OF A RATE :
MITIGATION PLAN :

PREHEARING MEMORANDUM OF DIRECT ENERGY SERVICES, LLC

Direct Energy Services, LLC ("Direct Energy") submits this prehearing memorandum pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and the notice of the prehearing conference issued by the Office of the Administrative law Judge.

I. HISTORY OF PROCEEDING

On February 19, 2009, PPL Electric Utilities Corporation ("PPL") filed the above-captioned petition for approval of a rate mitigation plan ("RMP") for its residential and small commercial and industrial ("Small C&I") customers. PPL proposes to enable eligible customers to voluntarily elect to defer a portion of PPL's January 1, 2010 forecasted rate increase. Deferred amounts, plus carrying charges, would be recovered by the end of 2012.

Direct Energy is licensed by the Commission at No. A-110164 to provide electricity and related services to all classes of retail customers throughout Pennsylvania, including PPL's service territory. Direct Energy is the North American affiliate of Centrica plc, a leading provider of energy and energy-related services with over 30 million customer relationships worldwide. In North America, Direct Energy has over 3 million gas and electricity customers, and over 5 million customer relationships. Direct Energy has a unique business model and extensive experience in providing energy services to residential customers, small and large C&I

customers, and government entities. The majority of Direct Energy's customers are residential and mass market (small business) customers.

II. SERVICE LIST

RESA's attorneys in this matter are:

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III. ISSUES

Direct Energy is concerned that any phase-in plan be competitively neutral, and PPL's proposed plan appears to be so. Direct Energy does not generally oppose the nature of the plan. However, Direct Energy observes that PPL's plan has not proposed any of the rate mitigation measures suggested in the Commission's Default Service Policy Statement, as the phase-in plan does not actually mitigate higher electricity prices, only the payment of those higher prices. To help to provide PPL's customers with competitive choices to mitigate higher Default Service prices in PPL's service territory in the year before the other major Pennsylvania electric utilities' rate caps expire, Direct Energy submits that PPL's plan should include, at a minimum, a purchase of receivables ("POR") program. POR is a proven way of encouraging competitive suppliers to participate in a market.

Direct Energy reserves the right to address other issues raised by other parties as they may affect Direct Energy's interests in this matter.

IV. WITNESSES AND SUBJECTS OF TESTIMONY

Direct Energy intends to present the following witness in this proceeding who will testify concerning the rate mitigation measures encouraged in the Commission's Default Service Policy Statement ("§§ 69.1812 – 69.1817. Retail Market Issues") but not included in PPL's plan.

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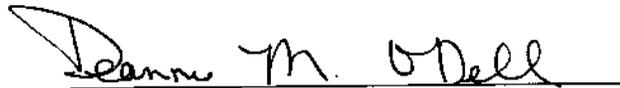
V. PROPOSED LITIGATION SCHEDULE AND DISCOVERY

Direct Energy will participate in the development of a litigation schedule that is acceptable to the ALJ and the parties. Direct Energy does not oppose reasonable modifications to the Commission's discovery rules to facilitate resolution of this proceeding in a timely manner.

VI. SETTLEMENT DISCUSSIONS

Direct Energy is willing to participate in settlement discussions.

Respectfully submitted,



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Date: March 30, 2009