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October 5, 2009

**Via Electronic Filing**

James McNulty, Secretary  
PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265

Re: Petition of PPL Electric Utilities Corporation Requesting Approval of a Voluntary Purchase of Accounts Receivables Program and Merchant Function Charge, Docket No. P-2009-2129502

Dear Secretary McNulty:

On behalf of Direct Energy Services, LLC enclosed for filing please find the original of its 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 yours,

Deanne M. O'Dell, Esq.

DMO/lww

Enclosure

cc: Hon. Louis G. Cocheres, w/enc.  
Cert. of Service w/enc.

## CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy Direct Energy's Prehearing Memo 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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Deanne M. O'Dell, Esq.

Dated: October 5, 2009

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :  
Requesting Approval of a Voluntary Purchase :  
of Accounts Receivables Program and : Docket No. P-2009-2129502  
Merchant Function Charge :

**PREHEARING MEMORANDUM OF DIRECT ENERGY SERVICES, LLC.**

Pursuant to 52 Pa. Code §§ 5.71-5.75 and the September 25, 2009 Secretarial Letter of the Pennsylvania Public Utility, Direct Energy Services, LLC ("Direct Energy") submits this Prehearing Conference Memorandum in the above-captioned proceeding.

**I. Representation**

Direct Energy will be represented by the following counsel in this matter:

Daniel Clearfield, Esquire  
Kevin J. Moody, Esquire  
Deanne M. O'Dell, Esquire  
Carl Shultz, Esquire  
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**II. History of the Proceeding and Presently Identified Issues**

On May 15, 2009, the Commission entered a Tentative Order expressing its intention to direct PPL to "improve conditions for retail competition" by implementing certain retail market enhancements including a Purchase of Receivables ("POR") program. By Final Order adopted August 6, 2009 the Commission directed PPL to file tariff supplements necessary to implement a

POR program. In response, on September 10, 2009, PPL filed the Petition in this proceeding which seeks approval of its proposed POR Program to be effective on January 1, 2010. On September 17, 2009, PPL filed the pro forma tariff supplements. By Secretarial Letter dated September 15, 2009, the Commission assigned PPL's Petition to the Office of Administrative Law Judge and a Prehearing Conference is scheduled for October 7, 2009.

Direct Energy has currently identified the following issues regarding PPL's Petition:

- PPL proposes to modify the Commission's directive regarding "all-in/all-out" provisions. The plan should be at a minimum modified to allow full flexibility for EGS offerings and billing options to non-residential customers effective January 1, 2010.
- PPL proposes to require EGSs to certify that purchased receivables are associated with basic electric supply services. The plan should be modified to be clear that "basic electric supply services" is consistent with how that term is defined by the Commission's regulations and includes all types of electric generation services, including "green generation."
- PPL proposes a residential customer discount of 1.37% for residential customers and a .17% discount for small commercial industrial customers. More information is necessary about the appropriateness of these discount rates to ensure that they are not excessively high.
- Direct Energy also supports exploration of the other issues identified by the Retail Energy Supply Association ("RESA").

#### **IV. Proposed Witnesses and Subject Matter of Testimony**

At this time, Direct Energy expects to present the testimony of the following witness:

Ronald M. Cerniglia  
Director – National Advocacy  
Governmental & Regulatory Affairs  
Direct Energy Services, LLC

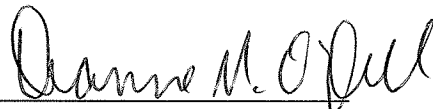
The purpose of Mr. Cerniglia's testimony will be to evaluate PPL's proposal and offer recommendations about how it can be improved to increase the chances of success. Direct Energy reserves the right to amend this witness list as may be necessary depending on the course

of the proceeding and will provide the Presiding Officer as well as the other parties in this matter reasonable notice if such amendment becomes necessary.

**VI. Procedural Schedule**

Direct Energy supports the procedural schedule set forth by RESA in its Prehearing Memorandum.

Respectfully submitted,



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