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October 6, 2009

VIA ELECTRONIC FILING AND FIRST-CLASS MAIL

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

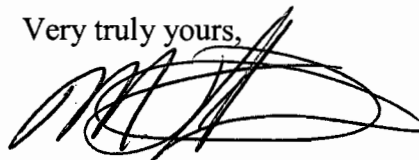
Re: Petition of PPL Electric Utilities Corporation Requesting Approval of a Voluntary Purchase of Accounts Receivables Program and Merchant Function Charge;
Docket No. P-2009-2129502

Dear Secretary McNulty:

Enclosed for filing with the Commission is the Prehearing Conference Memorandum of Constellation NewEnergy, Inc. in the above captioned matter. The e-filing receipt is attached to the paper copy.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



Melanie J. Tambolas

MJT/dc
Enclosures

cc: Honorable Louis G. Cocheres (via Federal Express)
All parties on attached Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of PPL Electric Utilities
Corporation Requesting Approval of a
Voluntary Purchase of Accounts
Receivables Program and Merchant
Function Charge**

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Docket No. P-2009-2129502

**PREHEARING MEMORANDUM OF
CONSTELLATION NEWENERGY, INC.**

Pursuant to 52 Pa. Code §§ 5.222, Constellation NewEnergy, Inc. (“Constellation”), by and through its undersigned counsel, hereby submits this Prehearing Conference Memorandum in the above-captioned proceeding.

I. PROCEDURAL HISTORY

Consequent to the Pennsylvania Public Utility Commission’s (“Commission’s”) ruling in the PPL Electric Utilities Corporation Retail Markets proceeding, Docket No. M-2009-2104271, on or about September 10, 2009, PPL Electric Utilities Corporation (“PPL Electric”) filed a Petition requesting approval of a voluntary Purchase of Receivables (“POR”) program, and the imposition of a Merchant Function Charge (“MFC”) (the “Petition”).

On or about September 17, 2009, PPL Electric filed a pro-forma tariff to implement the proposed POR program and MFC.

The Commission issued a Secretarial Letter on September 25, 2009, assigning this matter to the Office of Administrative Law Judge and scheduling a Prehearing Conference to occur on October 7, 2009, before the Honorable Administrative Law Judge Louis Cocheres.

By Hearing Notice dated September 30, 2009, the Prehearing Conference was scheduled for 10:00 a.m. on Wednesday, October 7, 2009.

On October 1, 2009, Constellation filed a Petition to Intervene in this proceeding indicating that as a potential supplier of retail power and demand response services within the territory of PPL Electric, Constellation falls squarely within the test articulated for intervention in this proceeding: that is, Constellation possesses “[a]n interest which may be directly affected and which is not adequately represented by existing participants, and as to which the petitioner may bound by the action of the Commission in the proceeding.” 52 Pa. Code. § 5.72(a)(1). No party has opposed Constellation’s Petition to Intervene, and it is ripe for decision.

II. IDENTIFICATION OF ISSUES

Constellation is at this time still formulating its position on the issues presented by the Petition. Based on a preliminary review of the Petition, Constellation expects that it may address the following issues: (i) the level of the proposed discount rates, (ii) eligibility or so-called “all-in/all-out requirements,” and (iii) the definition of “basic electric service.”

Constellation reserves the right to address all issues as it deems appropriate.

III. WITNESSES

Constellation reserves the right to present direct, rebuttal, and surrebuttal fact and expert testimony, to the extent it deems necessary, in this proceeding. Constellation expects to present expert testimony by:

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Vice President, Energy Policy
Director of Retail Energy Policy
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550 Washington St #300, St. 1100
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Once discovery has begun and the positions of all parties to this proceeding have been made known, Constellation will notify the Administrative Law Judge and all parties of the identity of any additional witnesses it intends to call.

IV. SERVICE ON CONSTELLATION

Constellation consents to accept electronic delivery documents on the deadline for their filing, if followed by hard copy delivery by first class mail. Constellation respectfully requests that service be made to both Divesh Gupta and its counsel of record in this matter:

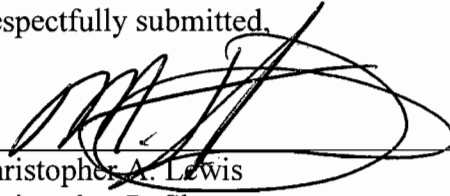
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V. SETTLEMENT

Constellation is amenable to meeting with PPL Electric and all other parties for the purpose of discussing settlement of the entire matter or discrete issues.

Respectfully submitted,



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Counsel to Constellation NewEnergy, Inc.

Dated: October 6, 2009

CERTIFICATE OF SERVICE

I hereby certify that this day I have served a true copy of the foregoing Prehearing Conference Memorandum on behalf of Constellation NewEnergy, Inc. upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code § 1.54.

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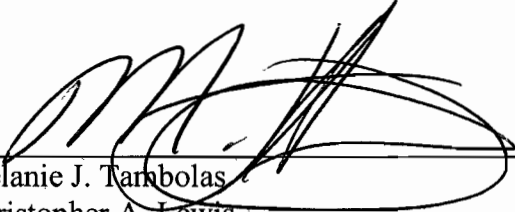
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