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October 6, 2009

Secretary James J. McNulty  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

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 please find the Prehearing Conference Memorandum of FirstEnergy Solutions  
in the above subject matter, which was filed electronically today. Copies have been served in  
accordance with the attached Certificate of Service.

If you have any questions, please feel free to contact me.

Very truly yours,

STEVENS & LEE



Michael A. Gruin

Enc.

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A PROFESSIONAL CORPORATION

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PREHEARING CONFERENCE MEMORANDUM  
OF  
FIRST ENERGY SOLUTIONS CORP.**

Pursuant to 52 Pa. Code Section §5.222, FirstEnergy Solutions Corp., (“FES”) respectfully submits the following Prehearing Conference Memorandum in the above-captioned matter.

**I. INTRODUCTION**

FES is a subsidiary of FirstEnergy Corp., a diversified energy services holding company headquartered in Akron, Ohio. FES provides wholesale and retail energy and related products to customers located primarily in the Mid-Atlantic and Midwest regions of the United States.

FES is represented in this matter by Renardo L. Hicks. All correspondence, notices, documents, orders or other communications with respect to the above-captioned proceedings should be addressed Mr. Hicks at the following address:

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## II. BACKGROUND

On or about September 10, 2009, PPL Electric Utilities, Inc. (“PPL”) filed the above-captioned Petition seeking to implement a purchase of receivables program (“POR”) and a merchant function charge (“MFC”). PPL’s filing would create a new POR program for the year 2010. The POR and MFC, if implemented as proposed, will have a direct effect on the retail rates charged by PPL, and will also impact the offers made by retail suppliers, including FES.

On September 17, 2009, PPL filed a pro forma tariff supplement necessary for implementing POR program and MFC.

By Secretarial Letter dated September 25, 2009, this proceeding was assigned to Administrative Law Judge Louis Cocheres for hearing and certification of the record to the Commission for final decision at the November 19, 2009 public meeting.

On September 30, 2009, FES filed a Petition to Intervene in this proceeding.

## III. ISSUES

FES has several concerns regarding PPL’s filing in this matter and its implementation of the Commission’s Tentative Order in the matter of *PPL Electric Utilities Corporation Retail Markets at Docket No.M-2009-2104271*, including, but not limited to, the following:

1. FES is concerned that the proposed residential customer discount of 1.37% is too large and does not satisfy the Commission guideline of “little or no discount” as set forth in the Tentative Order. This discount will have a direct and substantial impact on the competitiveness of offers from FES.

2. FES also has concerns regarding whether the proposed plan is indeed voluntary as suggested by PPL in its filing. The POR program is purportedly designed to be a voluntary

program, yet PPL proposes to force EGSs that take advantage of consolidated EDC billing to also participate in the POR program.

3. FES is also concerned about the credit check provision of the proposed POR program, relative to the temporary nature of the filing. FES expects the majority of EGS contracts signed with customers to extend beyond December 31, 2010. Being forced to accept all customers, regardless of credit, leaves an EGS exposed to increased credit risk should PPL significantly change the terms of the program starting January 1, 2011. Due to this uncertainty, an EGS must be allowed to perform a credit check on any customer that signs a contract that continues beyond December 31.

#### **IV. WITNESSES**

FES has not yet determined whether it intends to introduce written, prefiled, direct testimony in this proceeding, but reserves the right to do so in accordance with the schedule developed in this matter. The Company also reserves the right to identify and present the testimony of witnesses, as necessary, in the rebuttal phase of these proceedings, in accordance with the schedule adopted in this proceeding. Additionally, FES expects to cross-examine witnesses presented by other parties in this proceeding.

#### **V. DISCOVERY**

FES does not propose any modifications to the Commission's regulations pertaining to the conduct of discovery.

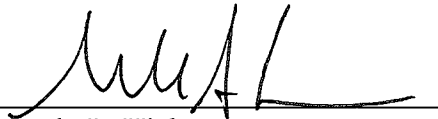
## VI. SCHEDULE

FES intends to participate in all hearings scheduled in this proceeding and has no objection to the times or locations presented by the Commission in its Secretarial Letter dated September 25, 2009. That schedule provides for evidentiary hearings to be held on October 22 and 23, 2009; Main Briefs to be filed by noon on October 30, 2009 and Reply Brief to be filed by noon on November 6, 2009.

## VII. SETTLEMENT

Settlement negotiations have not been initiated by the parties. However, FES remains open to the amicable resolution of this matter. Furthermore, if full settlement cannot be achieved, FES intends to work with the parties to reach agreement on as many factual and legal issues as possible, to limit the number of issues in dispute and to streamline this proceeding to the greatest extent possible.

Respectfully submitted,



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Michael A. Guin  
PA Attorney ID No. 78625  
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Counsel for FirstEnergy Solutions Corp.

Dated: October 6, 2009

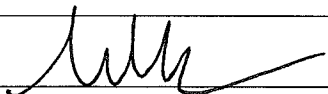
**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Prehearing Conference Memorandum has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

**VIA ELECTRONIC MAIL**

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Date: October 6, 2009

  
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Michael A. Gruin, Esq.