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November 6, 2009

VIA HAND DELIVERY

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.

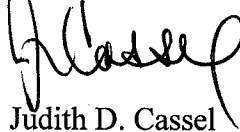
Dear Secretary McNulty:

Enclosed is an original Statement in Support of Joint Petition for Settlement, on behalf of
FirstEnergy Solutions in the above subject matter. 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



Judith D. Cassel

JDC:kdd
Enclosure

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A PROFESSIONAL CORPORATION

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PPL ELECTRIC UTILITIES :
CORPORATION REQUESTING APPROVAL :
OF A VOLUNTARY PURCHASE OF : Docket No. P-2009-2129502
ACCOUNTS RECEIVABLES PROGRAM :
AND MERCHANT FUNCTION CHARGE :

**FIRSTENERGY SOLUTIONS CORP. STATEMENT IN SUPPORT OF JOINT
PETITION FOR SETTLEMENT**

FirstEnergy Solutions, Corp., (hereinafter referred to as “FES”) hereby respectfully submits its Statement in Support of Joint Petition for Settlement, filed October 30, 2009, and as revised on November 5, 2009, in this proceeding. For the reasons set forth below, FES believes that the Joint Petition for Settlement (“Settlement”) is in the public interest and should be approved. As a result of settlement discussions, the following parties (collectively “Settling Parties) have agreed upon the terms embodied in the Joint Settlement: PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Retail Energy Supply Association (“RESA”), Dominion Retail, Inc. (“Dominion”), Direct Energy Services, LLC (“Direct”), FirstEnergy Solutions Corp. (“FES”) and Constellation New Energy, Inc. (“Constellation”)

I. BACKGROUND AND PROCEDURAL HISTORY

On or about September 10, 2009, PPL filed its Petition seeking to implement a purchase of receivables program (“POR”) and a merchant function charge (“MFC”). PPL’s Petition proposed to implement the POR Program effective January 1, 2010. PPL’s POR program proposes to unbundle generation-related uncollectible account expense from base rates and to purchase EGS’s receivables at a discount.

On September 24, 2009, a Petition to Intervene was filed by Dominion Retail, Inc. (“Dominion”), and the Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention. On September 25, 2009, the Secretary of the Commission issued a Secretarial Letter which set forth an expedited schedule for this proceeding. On September 29, 2009, the PPL Industrial Customer alliance (“PPLICA”) filed its Petition to Intervene.

On September 30, 2009, the Office of Consumer Advocate (“OCA”) filed its Answer to the Petition and FES filed its Petition to Intervene, Constellation NewEnergy Inc. (“Constellation”) filed its Petition to Intervene, and the Office of Trial Staff (“OTS”) entered its Notice of Appearance. On October 5, 2009, Direct Energy Services, LLC (“Direct Energy”) and Retail Energy Supply Association (“RESA”) filed their Petitions to Intervene.

On October 7, 2009, the Prehearing Conference was convened. At the Prehearing Conference, PPL served its prepared direct testimony, and all Petitions to Intervene were granted. On October 16, 2009, OCA, RESA and Dominion served their written direct testimony.

An evidentiary hearing was held on October 22, 2009, at which time the pre-filed written testimony and exhibits were admitted into the record, and various witnesses presented oral rebuttal testimony and were cross-examined.

Following the evidentiary hearing, the parties engaged in settlement discussions. As a result of those discussions, a settlement of all but two issues was achieved by the parties subsequent to the conclusion of the hearings, but prior to the submission of Main and Reply Briefs. A Joint Petition for Settlement was filed on October 30, 2009, which reflected the settlement of several issues, with only two issues being preserved for litigation.

II. SUMMARY OF SETTLEMENT TERMS

The Settlement includes the following terms, which were unanimously agreed upon by the Settling Parties:

1. PPL Electric's POR Program and MFC are to be approved for the year 2010 as set forth in the form of tariff supplement provided as in the Appendix to the Joint Petition.

2. Under the POR Program, PPL will purchase EGS accounts receivables for residential shopping customers who take service under Rate Schedules RS, RTS(R) and RTD(R) at a discount of 1.37%. This discount rate reflects an uncollectible accounts expense percentage factor of 1.34% and a POR administrative factor of .05%.

3. In order to be eligible for the residential POR Program, an EGS must choose consolidated EDC billing for their residential customer accounts and must sell all of its residential customer accounts receivables to PPL Electric.

4. EGSs participating in the residential POR Program will agree not to reject for enrollment a new residential customer covered by the residential POR Program based on credit-related issues and agree not to require a deposit for providing service. Any customer who wishes to be served by an EGS participating in the residential POR Program will be accepted by that EGS, if that EGS is actively serving the residential customer class.

5. EGS customers on consolidated EDC billing will be able to select budget billing. The Company will pay EGSs based on actual billed supplier charges less the POR discount (versus budget amounts), and suppliers will not be impacted in any way by the budget billing program. The Company will inform customers that they can select a supplier and their budget payment plan will only be impacted to the extent necessary to assure that savings are reflected.

6. Under the POR Program, the Company will purchase EGS accounts receivables for small Commercial and industrial ("C&I") shopping customers who take service under Rate Schedules GS-1, GS-3, GH-1(R), GH2(R), IS-1(R), BL, SA, SM(R), SHS, SE, TS(R) and SI-

1(R), and standby service for the foregoing rate schedules at a discount of 0.17%. The discount rate reflects an uncollectible accounts expense percentage factor of 0.12% and a POR administrative factor of 0.05%. An EGS that chooses the Company's consolidated EDC billing option for all or a portion of its small C&I customers will be allowed to submit those customer into the POR Program. An EGS may continue to issue its own bills [dual billing] for all or a portion of its small C&I customers, but will not be eligible to participate in the POR Program for those small C&I customers that receive dual billing.

7. The Company will monitor individual EGS uncollectible percentages for small C&I customers and will adjust the discount rate for an individual EGS based upon the provisions contained therein. This shall not apply to EGSs that use EDC consolidated billing for all of their small C&I accounts and sells all of their small C&I accounts receivables to the Company.

8. EGSs are permitted to perform credit checks and require deposits for small C&I customers and are permitted to deny service based on credit-related issues.

9. For 2010, the Company will be permitted to unbundle its generation-related uncollectible accounts expense from distribution rates and collect them from default service customers through the MFC charges effective January 1, 2010.

10. The Company will reduce its distribution rates by the amount of the generation supply-related uncollectible accounts expense included in the Company's most recent distribution rate case at Docket No. R-00072155.

11. The Company has modified the 12-month minimum stay provision for the POR Program to coincide with the end of the term of the program on December 31, 2010 and has clarified that the minimum stay provision does not prohibit an EGS from enrolling a customer on a shorter-term product.

12. The Company agrees to continue its existing POR Program for large C&I customers for 2010. EGSs will be permitted to perform credit checks, require deposits and deny service to large C&I customers for credit-related issues.

13. The Company agrees not to request recovery of the difference between the cost of purchased receivables and amounts actually collected for 2010 as part of its uncollectible accounts expense in its next base rate case.

14. The Settlement covers the terms of the POR Program and unbundling solely for 2010, and all parties reserve their full rights as to all issues commencing January 1, 2011.

15. Following Commission approval of the Settlement and up to December 31, 2009, the Company will hold bi-weekly conference calls with Parties to report on the status of the Company's implementation of the POR Program.

All issues regarding termination/reconnection of residential customers for non-payment of EGS charges are reserved for litigation. In addition, all issues regarding the definition of "basic supply services" are reserved for litigation.

III. STATEMENT IN SUPPORT OF SETTLEMENT

The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "the Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense, and uncertainty of litigation".¹

FES supports the Settlement and believes it is in the best interests of the Parties and the public. The Settlement is in the public interest because it effectively addresses the issues raised and avoids any unnecessary additional expense of litigation. The Settlement is also in the public interest because it will conserve the resources of the Commission and the Parties. PPL's POR Program will facilitate the Commission's goals of promoting competition in the electric

markets, through an effective purchase of accounts receivable program, after the electric rate caps are removed. The POR Program should provide greater choices in electricity products and services to the small C&I customer class. The modifications made to the POR, as reflected in the Settlement, satisfactorily address the concerns of EGS's such as FES, including concerns related to the voluntary nature of the proposed plan, and the amount of uncollectibles an EGS would have to incur prior to triggering an increase in the discount rate.

For all the reasons outlined above, FES believes that the Settlement is in the public interest and should be approved by the Commission.

WHEREFORE, for the public interest considerations set forth herein, FirstEnergy Solutions, Corp respectfully requests that the presiding Administrative Law Judge and the Pennsylvania Public Utility Commission adopt the Settlement without modification

Respectfully submitted,

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Counsel for FirstEnergy Solutions Corp.

November 6, 2009

¹ 52 Pa. Code §69.391

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing 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).

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Date: November 6, 2009



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