17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Fax
www.postschell.com

Anthony D. Kanagy

akanagy@postschell.com
717-612-6034 Direct
717-731-1985 Fax
File #: 2507/140056

November 6, 2009

BY HAND

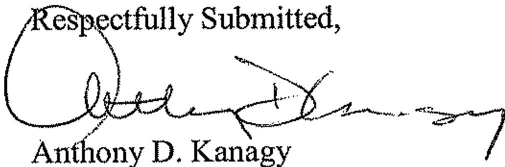
James J. McNulty
Secretary
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary McNulty:

Enclosed for filing please find the Reply Brief of PPL Electric Utilities Corporation in the above-referenced proceeding. Copies are also being provided as indicated on the certificate of service.

Respectfully Submitted,



Anthony D. Kanagy

ADK/skr
Enclosures
cc: Honorable Louis G. Cocheres
Certificate of Service

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).

VIA E-MAIL AND HAND DELIVERY

Thomas P. Maher
Commonwealth Keystone Building
400 North Street, 3rd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

Dennis Buckley
PA Public Utility Commission
Office of Special Assistants
Commonwealth Keystone Building
400 North Street, 3rd Floor East
Harrisburg, PA 17105-3265

VIA E-MAIL AND FIRST CLASS MAIL

Todd S. Stewart
Hawke, McKeon & Sniscak LLP
100 N. 10th Street
PO Box 1778
Harrisburg, PA 17101

Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Pamela C. Polacek
Shelby A. Linton-Keddie
Carl J. Zwick
McNees, Wallace & Nurick
100 Pine Street
PO Box 1166
Harrisburg, PA 17108-1166

Renardo L. Hicks
Judith D. Cassel
Stevens & Lee, P.C.
17 North Second Street, 16th Floor
PO Box 11670
Harrisburg, PA 17108-1670

Candis A. Tunilo
Tanya J. McCloskey
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

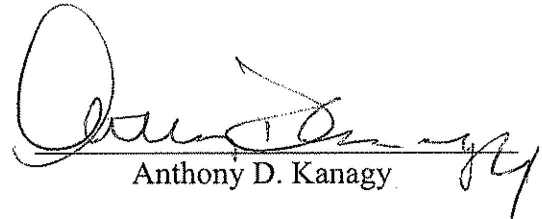
Allison Curtin Kaster
Carrie B. Wright
Office of Trial Staff
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Divesh Gupta
Constellation Energy Group, Inc.
111 Market Place
Suite 500
Baltimore, MD 21202

Christopher A. Lewis
Christopher R. Sharp
Melanie J. Tambolas
Blank Rome LLP
One Logan Square
Philadelphia, PA 19103

Daniel Clearfield
Kevin J. Moody
Deanne M. O'Dell
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101

Date: November 6, 2009



Anthony D. Kanagy

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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	:	**Docket No. P-2009-2129502**

REPLY BRIEF OF
PPL ELECTRIC UTILITIES CORPORATION

Paul E. Russell (ID # 21643)
Associate General Counsel
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18106
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com

David B. MacGregor (ID # 28804)
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808
Phone: 215-587-1197
Fax: 215-320-4879
E-mail: dmacgregor@postschell.com

Michael W. Gang (ID # 25670)
Michael W. Hassell (ID # 34851)
Anthony D. Kanagy (ID # 85522)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mgang@postschell.com
E-mail: mhassell@postschell.com
E-mail: akanagy@postschell.com

Of Counsel:

Post & Schell, P.C.

Date: November 6, 2009

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I. INTRODUCTION

PPL Electric Utilities Corporation ("PPL Electric" or the "Company") hereby submits this Reply Brief in response to the Main Briefs of the Office of Consumer Advocate ("OCA"), Retail Energy Supply Association ("RESA") and Direct Energy Services, LLC ("Direct"), Dominion Retail, Inc. ("Dominion") and FirstEnergy Solutions, Inc. ("FES").

As explained in PPL Electric's Main Brief, the parties to this proceeding filed a Joint Petition for Settlement ("Settlement"), which resolved all but two issues related to PPL Electric's proposed voluntary Purchase of Receivables ("POR") program. All parties that filed main briefs in this proceeding are signatories to the Settlement and are committed to support the Settlement without modification. The two issues reserved for litigation relate to termination of service for residential customers[1] and the definition of "basic supply service."[2]

PPL Electric's Main Brief anticipated and was responsive to many of the arguments presented by other parties. This Reply Brief principally responds to OCA's contentions related to the termination issue. This brief also further clarifies PPL Electric's position with respect to the definition of basic supply service.

II. ARGUMENT

A. CUSTOMER TERMINATION ISSUES

1. Introduction.

PPL Electric's fundamental position with respect to termination of service to residential customers for non-payment of purchased receivables is straightforward. PPL Electric should not be required to purchase an EGS receivable unless it is permitted to terminate service to the

[1] The Settlement provides for termination for non-payment of purchased receivables of EGS that serve Small Commercial and Industrial ("Small C&I") customers, and retains the current purchase of receivables mechanism for Large Commercial and Industrial ("Large C&I") customers, which returns a customer to dual billing after three months of non-payment.

[2] The two reserved issues were briefed under Section IV.A.4 and Section IV.A.7, respectively, of the common brief outline in the Main Briefs.

customer for failure to pay the full amount of the receivable purchased. It would not be reasonable, fair or legal to require PPL Electric to purchase EGS receivables, but not allow PPL Electric to terminate service if the residential customer fails to pay for the full amount of that receivable.[3] The EGSs agree that PPL Electric should be permitted to terminate for non-payment of the full amount of unpaid purchased receivables. OCA objects. OCA's primary proposal would provide for PPL Electric to purchase the full amount of EGS receivables, but limit terminations for non-payment to an amount not to exceed the otherwise-applicable default service charges. For reasons explained in PPL Electric's Main Brief, and as further explained below, OCA's primary proposal with respect to termination for non-payment of purchased receivables should be rejected. As also explained, PPL Electric could accept, for the one-year term of this POR program, OCA's alternative proposal that would require EGSs to certify that their rates are no greater than the applicable default service rate in order to participate in the POR program.

2. OCA Has Identified No Legal Requirement That Limits Terminations To The Default Service Rate.

It is OCA's position that residential customers should not be terminated for non-payment of a purchased EGS receivable to the extent the receivable exceeds PPL Electric's default service charges. OCA's position is not supported by law, is poor policy and should be rejected.

OCA, Dominion and RESA go to substantial lengths in their respective briefs arguing the question of whether PPL Electric's default service rates are "just and reasonable" under the Public Utility Code. (OCA M.B., pp. 22-24; Dominion M.B., pp. 7-9; RESA M.B., pp. 16-21). Respectfully, it is PPL Electric's position that these arguments miss the real issue.

---

[3] PPL Electric is permitted to retain a small discount on purchased receivables, but that discount is based upon PPL Electric's own experienced uncollectibles with full termination rights, and provides no compensation for uncollectibles that it could experience if a customer could not be terminated for non-payment. (PPL Electric St. 1, p. 7).

First, OCA's contention that termination is permitted only up to the level of default service rates, because such rates have been determined "just and reasonable," fails to consider that PPL Electric's procurement process resulted in purchases of default supplies at market prices. As a result, PPL Electric's default service rates are market-based rates, and these rates are conceptually the same as rates to be offered by EGSs, which also will reflect market forces. (Tr. 214). Thus, residential customers considering offers from EGSs will have a market-based "benchmark" upon which to judge offers from EGSs, taking into account the benefits, risks and costs inherent in alternative fixed-price, variable-priced, long-term and "green" rate products. Because the customer has a market-based benchmark to assess alternative offers from EGSs, the customer should not be permitted to avoid termination if they refuse to pay a purchased EGS receivable that exceeds that benchmark.

Second, the issue to be decided is not what standard the Pennsylvania Public Utility Commission ("Commission") has applied in approving the results of PPL Electric's procurements to establish default service rates for 2010.[4] The issue, rather, is whether PPL Electric is permitted to terminate service for non-payment of basic supply service accounts owned by PPL Electric. With respect to that issue, OCA has offered no binding legal authority for the proposition that termination is prohibited.

Nowhere is it stated in the Public Utility Code that termination for non-payment of purchased receivables is prohibited, or that termination is permitted only for amounts previously determined to be "just and reasonable." In particular, Chapter 14 of the Public Utility Code, which specifically concerns the termination of service, provides as follows:

---

[4] PPL Electric does not agree with RESA's statement that the default service function is "not regulated by the Commission." (RESA M.B., p. 16). Clearly, PPL Electric can charge only the rates that will be produced from its Commission-approved procurements, and unlike EGSs is not free to change those prices without Commission authority.

> **Section 1406(a) Authorized termination** – A public utility may notify a customer and terminate service provided to a customer after notice as provided in subsection (b) for any of the following actions by the customer:
>
> (1) Non-payment of an undisputed delinquent account.

The foregoing provision clearly authorizes termination whenever an undisputed utility account is delinquent.[5] Moreover, as RESA notes in its Main Brief, there are various utility charges that if unpaid will result in termination, even without a prior determination that the charges were "just and reasonable." (RESA M.B., pp. 19-21). Therefore, Pennsylvania law permits termination for non-payment of purchased EGS receivables, because these are delinquent utility accounts.

Pennsylvania law does not limit termination for non-payment of a purchased receivable for basic supply service. Notably, this is to be contrasted against the law in New York, which OCA cites as support for its proposed limitation. (OCA M.B., p. 14). The New York Home Energy Fair Practices Act ("HEFPA") specifically contains the following limitation:

> Such suspension [of distributions service] shall end ... upon the receipt of payments by or on behalf of the customer to the terminating utility ... is equal to or greater than the amount such customer would have paid if the entire utility service had been obtained from the utility providing distribution services during such period.

(NY CLS Pub. Ser. § 32 5.(d)). The law in New York is in stark contrast to the law in Pennsylvania, and further highlights the lack of any legal prohibition against termination for non-payment of a basic supply service receivable purchased by PPL Electric.

It also is to be noted that the Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. § 2801, *et seq.*, specifically found that "competitive forces" are more effective than economic regulation in controlling the cost of generating electricity. 66 Pa. C.S. § 2802(5).

[5] As noted in RESA's Main Brief, customers will continue to retain the right to dispute an amount owed on a purchased receivable on any proper ground. (RESA M.B., pp. 22-23).

This provision demonstrates that the General Assembly did not deem it necessary in deregulating generation and creating competition that the type of limitation included in New York's HEFPA statute was necessary.

OCA also references the Commission's *Final Order Re: Guidelines for Maintaining Customer Services*, Docket No. M-00960890 F. 0011, 1997 Pa. PUC LEXIS 42 (Order entered July 10, 1997) ("*1997 Electric Order*") as support for the proposition that there can be no termination of "regulated electric service based on unregulated electric service charges." (OCA M.B., pp. 10-11). However, a review of the *1997 Electric Order* clearly shows that the Commission did not conclude that, as a matter of law, an electric distribution company could not terminate for non-payment of a purchased receivable.[6] Instead, the Commission concluded as a matter of policy, adopted at the earliest stages of competition in Pennsylvania, that termination for non-payment of purchased receivables should not be permitted because it could be confusing, could potentially result in termination for non-payment for charges other than basic services and could give a competitive advantage to utility billing and collection services. (1997 Pa. PUC LEXIS at *101). Such policy reasons are no longer applicable. First, the proposed POR program ensures that customers will be notified of their rights and responsibilities with respect to purchased receivables and the potential consequences of failure to pay EGS charges. These provisions will avoid any confusion. (Tr. 101-102). Second, the proposed POR program prohibits termination for charges other than basic utility service. (Tr. 100-101). Third, the EGSs and the Commission now consider a Purchase of Receivables program, with EDC consolidated billing, as promoting a level playing field and in the interest of competition. (Tr. 140). A properly functioning POR program requires that purchased receivables be subject to termination

[6] It is to be emphasized that OCA has not taken the position in this proceeding that termination for non-payment of a purchased receivable is absolutely prohibited. OCA would allow termination for any purchased receivable that was below the default service charge.

if customers fail to pay. Thus, the policy reasons for the Commission's 1997 prohibition against termination for non-payment of purchased receivables are no longer applicable.

There is no legal prohibition against termination for non-payment of the full amount of purchased receivables, whether higher or lower than otherwise applicable default service charges. OCA's contention must be rejected.

3. The Commission Cannot Require PPL Electric To Purchase An EGS Receivable Without A Right To Full Compensation.

What is particularly striking about OCA's primary proposal in its Main Brief is that it limits PPL Electric's right of termination, but provides no regulatory mechanism for PPL Electric to recover from customers as a whole or from EGSs the amounts that could be unpaid and uncollectible as a result of OCA's proposed limitation of terminations to amounts the customer would have been charged under default service rates. (OCA M.B., pp. 15-16.) As explained by OCA's witness, utilities in New York, subject to the HEFPA restriction on termination, are permitted to charge back to EGSs any unpaid purchased receivables that are above the default service price. (OCA St. 1, pp. 11-12). Absent such a provision, it would be illegal and unfair to adopt OCA's primary proposal, because it would not provide for recovery of increased costs that would result from OCA's proposal. This is another reason why OCA's proposal may not be adopted.

4. PPL Electric Cannot Implement OCA's Primary Proposal In A Timely Fashion.

PPL Electric has explained that it cannot implement OCA's primary proposal regarding termination of service by January 1, 2010 and, therefore, the proposal must be rejected. (PPL Electric M.B., pp. 19-22). OCA claims that PPL Electric's concerns are "overstated." (OCA M.B., p. 16). OCA's claims rely upon selective quotations from the record, provided by an OCA witness who admitted to having no experience regarding the complexities in billing, tracking

payments and issuing notices to 1.4 million customers every month. (Tr. 141-144). OCA's claims that the Company could somehow "work around" these complexities in the month between adoption of a final order in this proceeding and January 1, 2010 are unsupported and should be given no credence.

OCA quotes the testimony of its witness, Ms. Alexander, for the proposition that PPL Electric could make a "simple mathematical calculation" of the amount of a delinquent purchased receivable that a customer would have to pay to avoid termination. (OCA M.B., p. 17). OCA further asserts that the result of the calculation would then simply have to be included in correspondence to the customer to implement OCA's proposal. (OCA M.B., p. 17).

OCA's selective quotation ignores the fact that Ms. Alexander later clarified her testimony under cross-examination. When pressed to explain her statement regarding simplicity, Ms. Alexander conceded as follows:

> [Ms. Alexander] Well, I said the mathematical calculation was simple. I then made it clear that I was not trying to say that I knew that changes your billing system was somehow, quote, "simple," unquote.
>
> Q. That's precisely what I wanted to clarify.
>
> A. I would be hesitant to make such a statement.
>
> JUDGE COCHERES: Indeed, that's what I heard over here, too.
>
> BY MR. GANG:
>
> Q. I just want to examine that a little further.
>
> A. Sure.
>
> Q. You've made no study, for example, of what it took for Duquesne to set up this system?
>
> A. No, but I presume Duquesne made that analysis at the time it agreed to do this.

> Q. Right. Are you aware that Duquesne implemented the POR program one year after the company agreed to its rates in the rate case settlement that reflected this …?
>
> A. I will accept that statement. I'm not aware of the background as to why that took that long.
>
> Q. Can we agree that you are not offering any expert testimony to suggest that the company can set up the billing systems and do this tracking between the time of the order in this proceeding and January 1, 2010?
>
> A. I am not making that statement….

(Tr. 142-143).

What OCA implies by its brief is that PPL Electric could just have someone type a few letters a day, with hand calculations, to implement OCA's proposal. The reality is far more complex. PPL Electric sends out over 1.4 million bills each month. (Tr. 205). As Ms. Alexander conceded, in any given month, the Company has many thousands of customers who are delinquent and receiving notices. (Tr. 151). As she further conceded, the Company cannot process this many bills and termination notices without proper automation. (Tr. 151). Mr. Krall's testimony, and the experience of Duquesne Light Company, indicates that it could take six months or longer to implement the necessary computer changes to handle the tracking of bills, payments, and to send notices and schedule terminations that comply with OCA's termination proposal.[7] This conclusion was confirmed by Mr. Crist, who testified on behalf of Dominion, the EGS with the largest number of customers in Duquesne's POR program. (Tr. 157). Therefore, "simple mathematical calculations" are not all that is needed to implement OCA's proposal for a system the size of PPL Electric.

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[7] OCA claims that the Company would not have to routinely compare amounts actually owed for purchased receivables to amounts that would have been owed if the customer had received default service. (OCA M.B., pp. 16-17). However, as Ms. Alexander recognized, the Company would have to compare amounts charged to default service charges, and given the number of customers delinquent in any month, this comparison would not be done manually. (Tr. 150-151).

OCA further suggests that PPL Electric would not need to have a system in place to implement OCA's proposal until April 1, 2010, because of the winter service termination moratorium. There are two principle flaws in this argument. First, by the time the Commission issues a final order in this proceeding, it will likely be early December. At that point, PPL Electric would have less than four months to make needed programming changes if OCA's termination proposal were adopted by April 1, 2010. Experience with respect to a similar termination procedure voluntarily adopted by Duquesne Light Company indicates it could take well over six months to make the necessary billing system modifications. (Tr. 157). Therefore, there is no assurance that the changes could in fact be completed by April 1. Second, OCA recognizes that the winter moratorium provisions contained in Section 1406(e) of the Public Utility Code apply only to customers with incomes less than 250% of the Federal Poverty Level ("FPL"). PPL Electric's witness, Mr. Kleha, testified that 10% of its delinquent customers and 18% of the dollar amount of its overdue accounts are for customers above 250% of the FPL. PPL Electric should not be required to forego collection efforts, including termination, for these overdue accounts until six months or more after payments are not received. OCA's suggestion, which is again made without evidentiary support, that PPL Electric would not have to implement revised computer processes for termination until April 1, 2010 should be disregarded.

OCA's primary proposal to limit termination related to purchased receivables cannot be implemented and, therefore, may not be adopted.

5. OCA's Primary Proposal Would Not Be Good Policy.

As explained above, there is no legal prohibition against termination for non-payment of the full amount of a purchased receivable. The Commission also should not adopt OCA's primary proposal, which would require PPL Electric to purchase the full amount of EGS receivables but limit termination, as a matter of policy.

OCA's proposed limitation upon terminations up to the level of the otherwise applicable default service rates will inject confusion, and not clarity, into competition. Customers will receive bills directing them to pay one amount, but then if they do not pay will be informed to pay possibly a different, lower amount to avoid termination. Upon payment of such lower amount, they will continue to be billed for the unpaid amount, and ultimately will be subject to all collection practices for the unpaid balance other than termination. OCA's witness Alexander readily acknowledged this. (Tr. 143-144). This is inefficient, confusing and not supportive of competition.

PPL Electric also is concerned that "splitting" accounts into amounts that are subject to termination and amounts that are not subject to termination could complicate the termination process, increasing the risk that a customer may mistakenly be told an incorrect amount to pay to avoid termination. If the OCA's primary proposal is to be considered, the Commission should await the results of the collaborative process under the POLR II settlement to permit a more complete examination of the potential difficulties in billing and termination processes.[8]

OCA cites the Commission's Order in *PPL Electric Utilities Corporation Retail Markets*, Docket No. M-2009-2104271, Order entered August 11, 2009 ("*Retail Markets Order*") to assert that the Commission supported the New York Purchase of Receivables limitation on termination. (OCA M.B., p. 14). Such assertion is a substantial misreading of the Commission's statement. The entirety of the Commission's statement was as follows:

> A properly functioning POR program can reduce costs for shopping customers and, therefore, be an incentive for the Company to minimize its own cost of electricity for DSP customers. This appears to have been the experience of other states, most notably New York and Ohio. We anticipate that our experience will be no different.

[8] As noted in Section II.A.3, above, the Commission also would have to establish a mechanism to compensate PPL Electric for unpaid EGS receivables not subject to termination.

As the foregoing makes clear, the Commission was not endorsing the New York termination limitation, but was making an observation about the perceived benefits of POR programs in general. This is further confirmed by the Commission's reference to Ohio's POR program, which does not place any limit upon termination for non-payment of purchased receivables. *See, e.g., In the Matter of the Application of Duke Energy Ohio Inc.*, 2006 Ohio PUC LEXIS 480 (Order entered August 16, 2006).

OCA also contrasts PPL Electric's proposal to retain its current POR mechanism for Large C&I customers, which does not terminate service for non-payment, but instead returns the customer to dual billing after a three-month period of non-payment, to the proposed right of full termination for non-payment of residential purchased receivables. (OCA M.B., p. 27). Such comparison is inappropriate. First, the facts regarding non-payment experience between the classes is very different. Large C&I customer write-offs as a percentage of revenues as determined in the Company's last rate case were one-one hundredth of one percent (0.01%), as compared to the residential write-off ratio of 1.32%. (PPL Electric Ex. JMK-2). Therefore, the likelihood of non-payment by a Large C&I customer is extremely low. Second, PPL Electric can limit its potential uncollectible exposure by returning the Large C&I customer to the EGS for dual billing after three months of non-payment of purchased receivables, whereas PPL Electric might be exposed to ongoing uncollectible accounts expense exposure under OCA's proposed limitation on termination.[9] Third, PPL Electric can require a Large C&I customer with poor credit to pay a deposit to cover one-sixth of an estimated annual bill.[10] Finally, it is inappropriate

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[9] OCA asserts that once a Large C&I customer reverts to dual billing, the EGS could terminate the contract and the customer could take default service. (OCA M.B., p. 27). It is questionable whether the EGS could cancel a contract until the customer defaults on payment to the EGS. Furthermore, PPL Electric could demand security before agreeing to provide default service. *See PPL Electric General Tariff, Rule 2, Supplement No. 2, Electric Pa.P.U.C. No. 201, Second Revised Page No. 6, Canceling First Revised Page No. 6.*

[10] *See id.*

for OCA to rely upon the POR mechanism for another customer class, as contained in the Settlement in this proceeding, as support for its proposal to limit termination for residential customers. Using the same logic, PPL Electric could just as easily cite to the POR mechanism for Small C&I customers as contained in the Settlement as support for termination based upon EGS charges irrespective of whether such charges exceed the default service price.

As a matter of policy, the Commission should authorize termination for non-payment of the full amount of any purchased EGS receivable for basic supply service. OCA's proposed limitation should be rejected.

6. PPL Electric Could Accept For 2010 Only OCA's Alternative Termination/Reconnection Proposal.

OCA has offered an alternative termination proposal, which would require an EGS to certify that its charges to residential customers are at or below the default service price as a condition of participating in the POR. (OCA M.B., pp. 18-20). This alternative would remain in effect only for 2010, because PPL Electric is committed by Settlement of its POLR II proceeding to propose a POR program to be effective January 1, 2011. (PPL Electric St. 2, p. 10).

If the Commission is unable to decide, at this time, the issue whether termination should be permitted for unpaid receivables that exceed the default service rate or decides as a matter of policy that residential customers should not be subject to termination for EGS charges that exceed the default service rate, then the Commission could, as a matter of policy for a one-year period, adopt OCA's alternative proposal. That alternative can be implemented by PPL Electric effective January 1, 2010, because PPL Electric can complete the additional programming in order for the proposal to operate. This is because PPL Electric would be authorized to terminate for the full amount of any unpaid purchased receivables (all of which would be less than PPL Electric's default service rate).

The EGSs do not support OCA's alternative proposal. The EGSs offer several arguments.

First, the EGSs assert that OCA's alternative proposal will hamper their ability to offer specialty products to residential customers, such as "green" products, long-term fixed-price products[11] and variable-price products. (Dominion M.B., p. 12; RESA M.B., p. 27). However, as Dominion witness Mr. Crist testified, only a small percentage of customers are apt to be interested in such "premium" priced products. (Tr. 156). If the Commission does not permit termination for non-payment of purchased receivables above default service rates, then EGSs may need to delay the rollout of these premium products for the one-year term of the POR program.

EGSs also express concern that the default service price could change in 2010, making it impossible to certify that even an EGS fixed rate is below the default service rate. Such a contention is greatly overstated. PPL Electric has undertaken all of the solicitations for 2010 default service under its Competitive Bridge Plan ("CBP"). (Tr. 63). Importantly, all residential solicitations involve full requirements, load following service. (Tr. 61). What this means is that the average price for procured default supplies is fixed for 2010, regardless of actual default load. The rates to become effective January 1, 2010 will be known in December 2009, after including several additional costs in calculating the final rate. Although rates will be subject to quarterly reconciliation, the amount of any reconciliation charge will be minor given that the

[11] PPL Electric notes that this proceeding is to establish an interim POR plan for 2010. EGSs should not be offering multiple year plans with the expectation of what the POR program design will be for multiple years.

fixed prices from procurement will not change.[12] Thus, it should not present substantial difficulty for an EGS to certify whether its fixed rates are less than default rates for 2010.

For reasons explained above and in PPL Electric's Main Brief, OCA's primary proposal regarding termination cannot be adopted in time to be effective January 1, 2010. Therefore, if the Commission is not prepared at this time to rule on the issue of whether termination is permitted for amounts in excess of the default service price, OCA's alternative proposal is acceptable to PPL Electric as an interim solution.

B. DEFINITION OF BASIC SUPPLY SERVICE CHARGES SUBJECT TO THE POR

An additional issue in this proceeding concerns whether "attribute" products are to be subject to the POR. RESA states its position to be that the POR "should be available to bill a customer for an attribute-type product when the customer is receiving generation service from that EGS." (RESA M.B., p. 29).

This statement by RESA remains vague as to what is permitted. PPL Electric's position is simple and direct: If a product is priced as green energy at a single generation charge, PPL Electric will include the charge in its POR program. However, if the charge for "green" attributes is separately stated, such as a separate charge for a REC-based program, that separate charge will not be included in the POR program.

OCA's proposed "solution" to the issue of treatment of REC-based "attribution" problems is even more problematic. OCA states its position to be that any charge may be included in the POR, but subject to the limitation upon termination based upon the default

[12] The EGSs note that the Company's costs could change in the event of a supplier default. Under the CBP, suppliers are required to post bond, which should cover increased costs. *Pa.PUC v. PPL Electric Utilities Corporation for Approval of a Competitive Bridge Plan*, Docket No. P-0006227 (Order entered May 17, 2007). Moreover, it is unlikely that a supplier would default at a time when market prices are below their contract price, which is the only way a supplier default might result in a reduction to the POLR price.

service charge. (OCA M.B., pp. 28-29). This "solution" continues to disregard the computerized nature of billing, collection and termination processes. As explained previously, PPL Electric cannot implement a system by January 1, 2011, that bases termination/reconnection on whether the total of charges are greater or less than default service rates. Therefore, OCA's position must be rejected.

The Commission should not permit "attribute" type products to be included in a POR program.

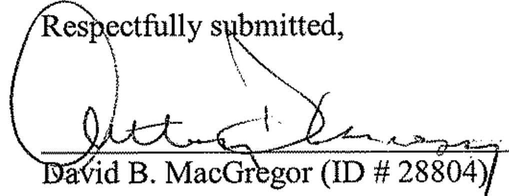
III. CONCLUSION

PPL Electric respectfully requests that the Commission reject the primary position of the OCA regarding termination/reconnection for non-payment of purchased receivables, and approve a POR program for residential customers that allows the Company to terminate service to customers for non-payment of the full amount of purchased EGS receivables. The Company could accept for the one-year term of this POR program the OCA's alternative proposal that requires, as a condition for participating in the POR program, EGSs to certify that their charges are lower than the Company's default service charges.

PPL Electric further requests that the Commission reject the EGSs' position regarding the definition of basic supply service and adopt PPL Electric's position.

Finally, PPL Electric requests that the Commission approve the Joint Petition for Settlement without modification.

Respectfully submitted,



David B. MacGregor (ID # 28804)
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808
Phone: 215-587-1197
Fax: 215-587-1444
E-mail: dmacgregor@postschell.com

Paul E. Russell (ID # 21634)
Associate General Counsel
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18106
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com

Michael W. Gang (ID # 25670)
Anthony D. Kanagy (ID # 85522)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mgang@postschell.com
E-mail: akanagy@postschell.com

Of Counsel:

Post & Schell, P.C.

Date: November 6, 2009

Attorneys for PPL Electric Utilities Corporation