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May 24, 2010

**VIA ELECTRONIC FILING**

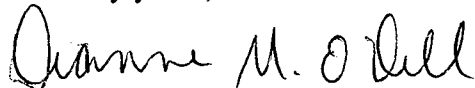
Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v. Petition of PPL Electric  
Utilities Corporation; Docket No. R-2010-2161694

Dear Secretary Chiavetta:

On behalf of the Retail Energy Supply Association ("RESA") 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/jls

Enclosures

cc: Hon. Susan D. Colwell (w/enc)  
Cert. of Service (w/enc)

## CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy RESA's Prehearing Memorandum 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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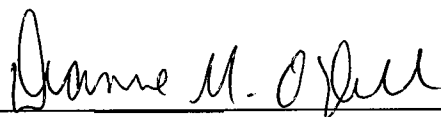
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Dated: May 24, 2010

  
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Deanne M. O'Dell, Esq.



## II. History of the Proceeding

On March 31, 2010, PPL filed Supplement No. 83 to PPL's Tariff proposing an average increase in distribution rates of approximately 16.5%, which equates to an average increase in total rates (distribution, transmission, generation and transition charges) of approximately 2.4%. PPL is proposing that the new rates become effective on June 1, 2010. On May 20, 2010, the Commission suspended the proposed tariff filing by operation of law until January 1, 2011 and instituted an investigation.

Included in this filing, PPL set forth its proposed changes to its current Purchase of Receivables ("POR") program to be effective January 1, 2011. PPL's current POR program became effective January 1, 2010 after a series of Commission proceedings and through a settlement that was supported by RESA. More specifically, PPL agreed to file a POR Program to become effective on January 1, 2011 as part of the settlement of its default service plan proceeding at Docket No. P-2008-2060309. RESA participated in and was a signatory of that settlement. Subsequently, the Commission instructed PPL to implement a POR Program to commence on January 1, 2010. In compliance with that directive, PPL filed a proposal for its POR program and, ultimately, the parties in that expedited proceeding reached a settlement that was approved by the Commission at Docket No. P-2009-2129502 on November 19, 2009. Importantly, the Commission stated that its approval of the settlement was dispositive of the POR program for 2010 only, and it shall have no precedential effect in the context of developing a permanent POR program for PPL.<sup>2</sup>

In its filing in this proceeding, PPL proposes to address the structure for the POR program effective January 1, 2011. More specifically, PPL proposes to continue to unbundle

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<sup>2</sup> Petition of PPL Utilities Corporation Requesting Approval of a Voluntary Purchase of Accounts Receivables Program and Merchant Function Charge, Docket No. P-2009-2129502, Opinion and Order entered November 19, 2009 at 24, ordering ¶ 5.

generation-related uncollectible accounts expense from its distribution base rates and collect the them through both PPL's Price to Compare ("PTC") for default service customers and the discount at which PPL purchases the accounts receivable of the EGS for shopping customers. PPL is not proposing to change this program structure but is proposing to change its current discount rate charged to EGSs as follows:

	Residential customers	Small C&I
Current 2010 Discount	1.37% (1.32% for uncollectible and .05% for administrative)	.17% (.12% for uncollectible and .05% for administrative)
Proposed Future Discount	1.854% (uncollectible factor of 1.804% and .05% for administrative adder).	.057% (uncollectible factor of .007% and .05% for administrative)

### III. CURRENTLY IDENTIFIED ISSUES

RESA has currently identified the following issues regarding PPL's POR proposal and reserves the right to address other issues as they may develop throughout the course of the proceeding:

- Whether PPL's unbundling proposal (the MFC charge) will produce a competitively neutral outcome with respect to uncollectible accounts expense and its proposed POR program.
- Whether the proposed changes to the discount rates are appropriate or necessary.
- Whether PPL's POR program should be expanded to include Large Commercial and Industrial Customers.

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

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

Richard J. Hudson Jr.  
 Director Regulatory & Legislative Affairs  
 ConEdison Solutions  
 Pennsylvania State Chairman, RESA

The purpose of Mr. Hudson's testimony will be to address the issues identified above and offer recommendations for improvement. RESA 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**

RESA is agreeable to the Procedural Schedule set for in the Prehearing Conference Order and is willing to work with the parties as necessary to address any suggested changes.

Respectfully submitted,



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Dated: May 24, 2010