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September 14, 2011

**Via Electronic Filing**

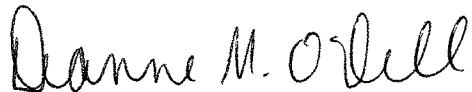
Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265

Re: Petition of PPL Electric Utilities Corporation for Approval to Implement a Reconciliation Rider for Default Supply Service, Docket No. P-2011-2256365

Dear Secretary Chiavetta:

On behalf of the Retail Energy Supply Association ("RESA") enclosed is the original of its Petition to Intervene 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/lww  
Enclosure

cc: Hon. Susan Colwell., w/enc.  
Cert. of Service, w/enc.

## CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of RESA's Petition to Intervene 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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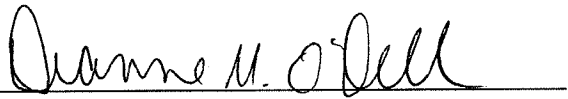
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Deanne M. O'Dell, Esq.

Dated: September 14, 2011

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition Of PPL Electric Utilities :  
Corporation For Approval To Implement A : Docket No. P-2011-2256365  
Reconciliation Rider For Default Supply :  
Service :

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**THE RETAIL ENERGY SUPPLY ASSOCIATION'S  
PETITION TO INTERVENE**

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Pursuant to 52 Pa. Code §§ 5.72-5.75 and the Prehearing Order dated March 17, 2011, the Retail Energy Supply Association (“RESA”)<sup>1</sup> petitions to intervene in the PPL Electric Utilities Corporation’s (“PPL”) Petition for approval to implement a reconciliation rider for default supply service (“Petition”). In support of its intervention, RESA states as follows:

1. On August 3, 2011, PPL filed a petition proposing to implement a “Reconciliation Rider” related to transmission service and generation supply service. Pursuant to this proposed Reconciliation Rider, PPL would refund overcollections to and recoup undercollections from customers who were default service customers when the overcollection or undercollection occurred regardless of whether the customer is receiving generation service from a competitive supplier at the time of the over/under collection. Further, all new default customers – which includes customers moving within the service territory of PPL who are required to take default service for a month because they are treated as new customers – would automatically be subject

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<sup>1</sup> RESA’s members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings, LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; MXenergy; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

to the reconciliation. Additionally, PPL proposes to calculate the reconciliation on an annual basis and to include it as a separate line item on customer bills.

2. On August 23, 2011, RESA filed an answer in opposition to the Petition.

3. On August 25, 2011, PPL filed an Amended Petition to replace the initial Petition in its entirety. In its Amended Petition, PPL proposes to add a Competitive Transition Rider (“CTR”) as a temporary non-bypassable reconciliation rider to refund/recoup historic over/under collections incurred prior to the proposed June 1, 2012 effective date of the new rider.

4. PPL’s petition was referred to the Office of Administrative Law Judge and by Prehearing Order March 17, 2011, the deadline for petitions to intervene and protests was established as September 14, 2011. A prehearing conference is scheduled for October 5, 2011.

5. RESA is a trade association of power marketers, independent power producers, and a broad range of companies within the Mid-Atlantic marketplace, each of whom support the electric services industry and seek to develop a more competitive power industry. RESA members are licensed to sell electric energy in the markets of Pennsylvania’s major EDCs, including the service territory of PPL.

6. RESA’s attorneys in this matter are:

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7. The Commission's regulations allow intervention where a person has an interest in the proceeding which may be directly affected and which is not adequately represented by existing parties, and as to which the person may be bound by the action of the Commission in the proceeding. 52 Pa. Code § 5.72(a)(2). Intervention is also permitted where participation of the person may be in the public interest. 52 Pa. Code § 5.72(a)(3). A "person" includes a corporation and an association. 52 Pa. Code § 1.8.

8. RESA meets the standards for intervention set forth in 52 Pa. Code § 5.72(a). As an organization whose members include EGSs licensed to do business in PPL's service territory, RESA has interests that will be directly affected by this proceeding. RESA is working towards the creation of vibrant and sustainable competitive retail energy markets in Pennsylvania. RESA desires enhancing and promoting competitive markets in Pennsylvania and has participated in numerous Commission proceedings concerning competitive markets. These experiences place RESA in a unique position to make a material contribution to the Commission's investigation of whether the structure of PPL's default service, including its mechanism for reconciling costs, will effectuate these goals. Given the dynamics of competitive issues, RESA's interests are unique from and not adequately represented by other parties that may seek to intervene, including individual EGSs or other organizations interested in electric competition in Pennsylvania in general and in these service territories in particular.

9. RESA's intervention is in the public interest. *See* 52 Pa. Code § 5.72(a)(3). RESA's participation will enable it to contribute the unique perspectives and insights of a trade association representing multiple EGSs and complete presentation of the issues to be addressed in this proceeding.

10. PPL is seeking a modification of its current default service plan which was approved by the Commission on June 30, 2009 at Docket No. P-2008-2060309. RESA was a party to that proceeding and a signatory of the settlement agreement.

11. RESA members will be bound by the action of the Commission in this proceeding. RESA members must compete against the default service rate and how it is structured could have a significant effect on the level of retail competition that will be experienced in PPL's market and, thus, on the ability of RESA members to continue to do business in PPL's service territory.

12. As set forth in its answer, RESA opposes PPL's petition because PPL's proposal will send inaccurate price signals to customers and may distort customer shopping decisions. While PPL states that it will continue to recalculate the default service rate on a quarterly basis, the actual default service "cost" will not be passed on to consumers in a timely way under PPL's proposal here because it will be amortized over a year. Therefore, customers will not be seeing the true cost of energy on a contemporaneous basis thus distorting their perception of the market price of energy. Default service rates must be market-responsive and must reflect all of the relevant costs incurred by the EDC in providing default service. Both of these factors are required so that competitive suppliers can compete on equal footing with the EDC's default service rates. If default service rates do not accurately track changes in costs and market prices over time, then the default service rate will become out-of-market. At best, this creates intermittent opportunities for competitive suppliers to attract customers. Such a market design is not sustainable and presents too much risk for retail suppliers to enter the market. Similarly, if default rates do not fully reflect all of the costs of providing generation service (for example due to misallocated costs and cross-subsidization) then EGSs are at an unfair competitive

disadvantage compared to the EDC's default service rate. The Commission has been clear that EDCs are required to use quarterly or shorter true-ups so that any deferrals can be minimized to the point of being negligible. *See Rulemaking Re Electric Distribution Companies' Obligation to Serve Retail Customers at the Conclusion of the Transition Period Pursuant To 66 Pa. C.S. § 2807(e)(2)*, Docket No. L-00040149, Final Rulemaking Order entered May 19, 2007 at 37-39.

13. RESA is also concerned that, while not overtly a customer fee for leaving default service, the imposition of the reconciliation on customers could be perceived as such by the customer contrary to the statute and the Commission's regulations. 66 Pa. C.S. § 2802(12); 52 Pa. Code 54.189(e). The imposition of a retroactive charge on shopping customers in the form of a charge for recovery of a year's worth of reconciliations will distort and confuse customers about the consequences of their decision to leave default service. It will also lead to confusion in the marketplace because the bottom-line amount paid by customers will be based, at least in part, on a year's worth of reconciliation data rather than the current price of energy. The reconciliation mechanism may also distort customer shopping decisions. For example, if the reconciliation adjustment is a credit, a customer receiving EGS service may have the incentive to return to default service in order to become eligible to receive the reconciliation credit in the future.

14. Third, RESA is concerned that PPL's proposal as proposed, will impose a barrier to switching to a competitive supplier.

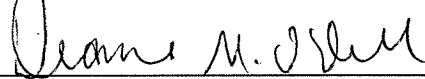
15. These concerns raised by PPL's initial petition – which remain unchanged by PPL's Amended Petition – are exacerbated by PPL's new proposal to recover accrued deferrals for the entire period from the end of the rate caps (January 1, 2010) through May 31, 2012 – almost two and one-half years.

16. RESA continues to evaluate its position on PPL's petition and will refine its position based on further study of the proposals, review of discovery and additional input from other parties.

### CONCLUSION

**WHEREFORE**, RESA respectfully requests that the Commission grant RESA's Petition to Intervene.

Respectfully submitted,



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Date: September 14, 2011

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