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September 30, 2011

Via Electronic Filing

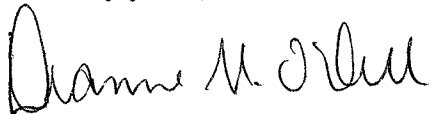
Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

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 Prehearing Memo 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 Prehearing Memo 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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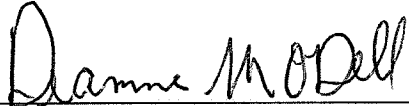
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Dated: September 30, 2011

**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 :

**PREHEARING MEMORANDUM OF
THE RETAIL ENERGY SUPPLY ASSOCIATION**

Pursuant to 52 Pa. Code §§ 5.71-5.75 and the March 17, 2011 Prehearing Conference Order of Administrative Law Judge (“ALJs”) Susan D. Colwell and pending disposition of the Petition to Intervene of the Retail Energy Supply Association (“RESA”)¹ filed on September 14, 2011, RESA submits this Prehearing Memorandum.

I. REPRESENTATION

RESA will be represented by the following counsel in this matter:

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¹ 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.

II. HISTORY OF THE PROCEEDING

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

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.

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. The prehearing conference was scheduled for October 5, 2011. RESA filed its Petition to Intervene on September 14, 2011.

III. CURRENTLY IDENTIFIED ISSUES

At this time, RESA has identified the following issues:

- PPL's proposal will send inaccurate price signals to customers and may distort customer shopping decisions because the actual default service "cost" will not be passed on to consumers in a timely way under PPL's proposal as it will be amortized over a year. Customers will not be seeing the true cost of energy on a contemporaneous basis thus distorting their perception of the market price of energy.
- PPL's proposal will impose a barrier to switching to a competitive supplier in a number of different ways.
- 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).
- Since 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, consumers will be receiving accurate price signals of the true cost of energy which will lead to confusion.
- 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.
- All of these concerns are exacerbated by the fact that PPL's proposal includes recovery of 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.

RESA continues to evaluate the petition and reserves the right to raise any additional issues that may be developed as a result of discovery, testimony and discussions with other parties.

IV. PROPOSED WITNESSES AND SUBJECT MATTER OF TESTIMONY

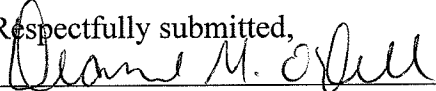
At this time, RESA expects to present the testimony of the following witness:

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 willing to work with the parties and the ALJs as necessary to develop a reasonable procedural schedule for this proceeding.

Respectfully submitted,


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Date: September 30, 2011