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June 4, 2012

**Via Electronic Filing**

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

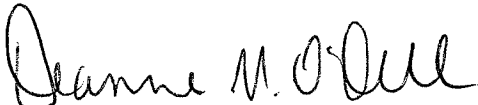
Re: Petition of PPL Electric Utilities Corporation for approval of a Default Service Program  
and Procurement Plan for the Period June 1, 2013 through May 31, 2015,  
Docket No. P-2012-2302074

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Dear Secretary Chiavetta:

On behalf of Direct Energy Services, LLC enclosed for filing please find 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,



Deanne M. O'Dell

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 Direct Energy's Prehearing Memo upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

**Via Email and First Class Mail**

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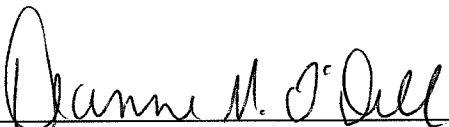
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Dated: June 4, 2012

  
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Deanne M. O'Dell, Esq.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :  
for approval of a Default Service Program : Docket No. P-2012-2302074  
and Procurement Plan for the Period June 1, :  
2013 through May 31, 2015 :

**PREHEARING MEMORANDUM  
OF DIRECT ENERGY SERVICES, LLC**

Pursuant to 52 Pa. Code §§ 5.72-5.75, and subject to the granting of the Petition to Intervene filed by Direct Energy Services, LLC (“Direct Energy”) in the above captioned proceeding, Direct Energy submits this Prehearing Memorandum.

**I. REPRESENTATION**

Direct Energy’s attorneys in this matter are:

Daniel Clearfield, Esquire  
Deanne O’Dell, Esquire  
Eckert Seamans Cherin & Mellott, LLC  
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Direct Energy agrees to accept electronic service to all attorneys listed above to be followed up with one hard copy of the documents served.

**II. PRESENTLY IDENTIFIED ISSUES**

On May 1, 2012, PPL Electric Utilities Corporation (“PPL” or “Company”) filed its Petition for approval of its Default Service Program for the Period June 1, 2013 through May 31, 2015 (“DSP Petition”). The DSP Petition proposes to establish the terms and conditions under which PPL will procure default service supply, provide default service to non-shopping customers, and recover all associated costs on a full and current basis for the period from June 1,

2013 through May 31, 2015.<sup>1</sup> PPL also proposes a number of retail market enhancement programs including an opt-in auction and customer referral programs. Finally, PPL includes proposals related to time of use. All of these issues will impact how default service will be structured, the resulting rate and the impact on the competitive market.

Direct Energy is licensed by the Commission at No. A-110164 to provide electricity and related services to all classes of retail customers throughout Pennsylvania, including PPPL's service territory.

The Commission's action in this proceeding will impact how Direct Energy is able to compete in this market. Importantly, the structure for the procurement process will influence the default service rate and the retail enhancement programs will impact the level of retail competition that will be experienced in PPL's market during this period and, thus, on the ability of Direct Energy to do business in this market. Because of Direct Energy's direct interest in the outcome of these proceedings, it filed a Petition to Intervene which is pending.

Direct Energy has identified the following issues that should be examined in this proceeding:

- The effectiveness of PPL's default service plan to promote retail market development for the benefit of consumers in their service territory.
- Whether PPL's overall default service supply plan is consistent with the Commission's regulations and the Public Utility Code.
- Whether PPL's proposed schedule of competitive procurements and lead times prior to delivery are consistent with Commission regulations and the Public Utility Code.
- Whether PPL's proposed market enhancements are reasonably structured and sufficient to achieve applicable legal and regulatory goals and enhance the development of a competitive market.
- The design, purpose and potential effectiveness of PPL's proposed Opt-In Auction program, customer referral program, and Time of Use rates to promote retail market development for the benefit of consumers in PPL's service territory.

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<sup>1</sup> <http://pplweb.mediaroom.com/index.php?s=12270&item=127733>

Direct Energy reserves the right to address other issues identified through its continued review and analysis of the filing or raised by other parties.

### **III. WITNESSES**

Direct Energy continues to evaluate whether to present witnesses in this proceeding and reserves the right to present a witness as may be necessary depending on the course of the proceeding. Direct Energy will provide the Presiding Officer as well as the other parties in this matter reasonable notice if necessary.

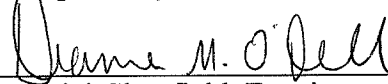
### **IV. LITIGATION AND DISCOVERY RULES**

Direct Energy is amenable to working with the other parties to adopt a reasonable litigation schedule and/or necessary modifications to the Commission's discovery rules.

### **V. SETTLEMENT**

Direct Energy is willing to participate in settlement discussions with any party to narrow the issues in this matter.

Respectfully submitted,



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Date: June 4, 2012

Attorneys for Direct Energy Services, LLC