

Kathy J. Kolich
Senior Attorney

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December 14, 2006

RECEIVED

DEC 14 2006

The Honorable Marlane Chestnut
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: **Pennsylvania Public Utility Commission**
v.
PPL Electric Utilities Corporation
Docket No. P-00062227

Dear Judge Chestnut:

Attached is a Certificate of Service confirming that the Surrebuttal Testimony of Irena M. Prezelj, on behalf of FirstEnergy Solutions Corp., has been served today on all active parties in the above-referenced matter both by electronic and regular first class mail.

If you have any questions regarding these responses, please call.

Very truly yours,



Kathy J. Kolich

Attachment
By Federal Express
cc: Parties of Record -US Mail/Electronic Mail
James J McNulty - Federal Express ✓

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
v. : Docket No. P-00062227
PPL Electric Utilities Corporation :

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CERTIFICATE OF SERVICE

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

I hereby certify that I have served a true copy of the surrebuttal testimony of Irena M. Prezelj, on behalf of FirstEnergy Solutions Corp., on the Administrative Law Judge's assistant by electronic mail, the parties of record listed below by electronic and first class mail, and the Administrative Law Judge Chestnut by Federal Express this 14th day of December, 2006, in accordance with the requirements of § 1.54 (relating to service by a participant) and Judge Chestnut's Prehearing Order No. 2:

FIRST CLASS AND ELECTRONIC MAIL

Kenneth L. Mickens, Esquire
Office of Trial Staff
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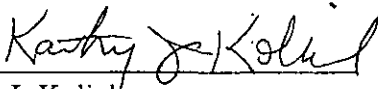
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Eric Joseph Epstein
4100 Hillsdale Road
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Pro se

Dated this 14th day of December, 2006.


Kathy J. Kolich
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Counsel for:
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December 14, 2006

ORIGINAL

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RECEIVED
DEC 14 2006
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Docket No. P-00062227**

Dear Mr. McNulty:

Attached for filing, pursuant to the Commission's regulations, 52 Pa. Code § 5.342(d), is a Certificate of Service identifying responses to interrogatories that PPL Electric Utilities Corporation served today on the active participants in this proceeding.

If you have any questions regarding these responses, please call.

Very truly yours,

Paul E. Russell

Attachment

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
v. : Docket No. P-00062227
PPL Electric Utilities Corporation :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the responses of PPL Electric Utilities Corporation to Reliant Energy, Inc.'s Interrogatories, Set IV, Questions 1 through 7, upon the active participants listed below, in accordance with the requirements of § 1.54 (relating to service by a participant):

FEDERAL EXPRESS

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DEC 14 2006

PA PUBLIC UTILITY COMMISSION
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Dated this 14th day of December, 2006.



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Counsel for:
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Senior Attorney

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Via Federal Express

December 15, 2006

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Pennsylvania Public Utility Commission
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RECEIVED
DEC 15 2006
KJR
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Docket No. R-00062227**

Dear Mr. McNulty:

Attached for filing, pursuant to the Commission's regulations, 52 Pa. Code § 5.342(d), is a Certificate of Service identifying responses to interrogatories that FirstEnergy Solutions Corp. served today on the active participants in this proceeding.

If you have any questions regarding these responses, please call.

Very truly yours,



Kathy J. Kolich

cc: All active parties of record

Attachment

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**DOCUMENT
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December 15, 2006

VIA HAND DELIVERY

The Honorable Marlane R. Chestnut
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2006 DEC 15 PM 4:02
PA PUC
SECRETARY'S BUREAU

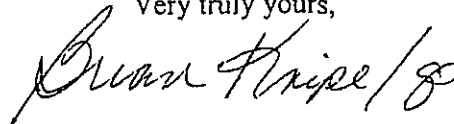
RECEIVED

Re: Petition of PPL Electric Utilities Corporation for Approval of a
Competitive Bridge Plan, Docket No. P-00062227

Dear Judge Chestnut:

On behalf of Reliant Energy, Inc. ("Reliant") I have enclosed two (2) copies of the Surrebuttal Testimony of James A. Ajello, Reliant Statement No. 1. We have served copies of this document on the parties to this proceeding in accordance with the attached Certificate of Service.

Very truly yours,



Brian J. Knipe
For BUCHANAN INGERSOLL & ROONEY, P.C.

BJK/gs
Enclosure

cc: James J. McNulty, Secretary (transmittal letter and Service List only, by hand delivery)
Service List

2009282
#2009282-v1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED
2006 DEC 15 PM 4:02
PA PUC
SECRETARY'S BUREAU

Re: Petition of PPL Electric Utilities :
Corporation for Approval of a : Docket No. P-00062227
Competitive Bridge Plan :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing Surrebuttal Testimony of James A. Ajello, Reliant Statement No. 1-S, to PPL Electric Utilities Corporation upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 15th day of December 2006.

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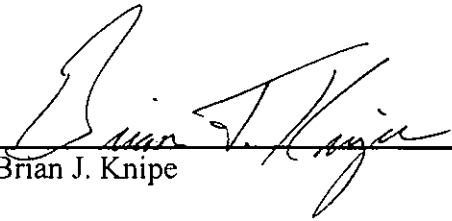
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**DOCUMENT
FOLDER**

December 15, 2006

VIA EMAIL & FEDERAL EXPRESS

Hon. Marlane R. Chestnut
Administrative Law Judge
PA PUC
1302 Philadelphia South Office Bldg.
1400 W. Spring Garden St.
Philadelphia, PA 19130

Re: Petition of PPL Electric Utilities Corporation for Approval
of a Competitive Bridge Plan, Docket No. P-00062227

Dear Judge Chestnut:

Enclosed please find a copy of Frank Lacey's Surrebuttal Testimony for Direct Energy Services, LLC, in the above-referenced matter.

If you have any questions, please contact me at your convenience.

Sincerely,



Kevin J. Moody

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

KJM/jls

cc: Certificate of Service
James J. McNulty (Cert. of Service only)

2006 DEC 18 AM 9:13
SECRETARY'S BUREAU

HAR:70239.1/MID051-238938

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing Surrebuttal Testimony upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa.

Code Section 1.54.

VIA EMAIL & FIRST CLASS MAIL

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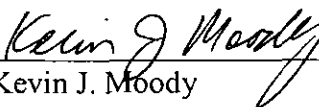
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Kevin J. Moody

Date: December 15, 2006

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100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 www.hmsk-law.com

December 15, 2006

VIA OVERNIGHT MAIL

Honorable Marlane R. Chestnut
Administrative Law Judge
Pennsylvania Public Utility Commission
1302 Philadelphia State Office Building
1400 West Spring Garden Street
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**DOCUMENT
FOLDER**

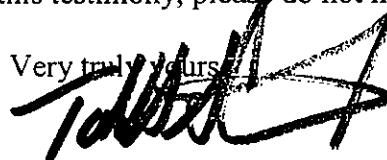
Re: **PETITION OF PPL ELECTRIC UTILITIES CORPORATION FOR
APPROVAL OF A COMPETITIVE BRIDGE PLAN; Docket No. P-
00062227; SURREBUTTAL TESTIMONY OF THOMAS J. BUTLER**

Dear Judge Chestnut:

Enclosed please find two copies of the Surrebuttal Testimony of Thomas J. Butler on behalf of Dominion Retail, Inc., in the above-captioned matter. As indicated on the attached Certificate of Service, all parties in this proceeding have been served both electronically and by first class mail with two copies of this testimony.

If you have any questions regarding this testimony, please do not hesitate to contact me.

Very truly yours,



Todd S. Stewart
Counsel for Dominion Retail, Inc.

TSS/bks
Enclosure

cc: James J. McNulty, Secretary (cover letter only)
Gary Jeffries, Esquire
Thomas J. Butler
Per Certificate of Service

SECRETARY'S BUREAU
PA PUC
2006 DEC 15 PM 1:17

MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

RECEIVED

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA OVERNIGHT MAIL

Hon. Marlane R. Chestnut
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Todd S. Stewart

Dated this 15th day of December, 2006.

CERTIFICATE OF SERVICE

DOCUMENT
FOLDER

Petition of PPL Electric Utilities :
Corporation for Approval of a : Docket No. P-00062227
Competitive Bridge Plan :

RECEIVED
2006 DEC 18 PM 4: 18
PA PUC
SECRETARY'S BUREAU

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's responses to Reliant Energy, Inc. Interrogatories, Set I, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 18th day of December, 2006.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Kenneth Mickens, Esquire
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Pennsylvania Public Utility Commission
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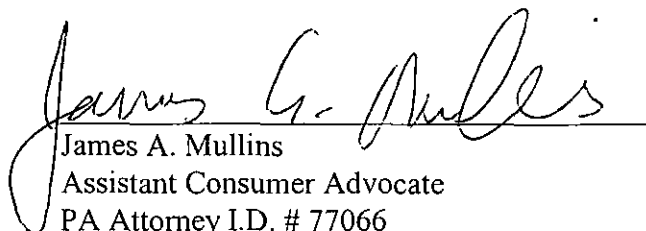
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OALJ Hearing Report

#2

Please check Those Blocks Which Apply

Docket No.:	P-00062227		YES	NO
Case Name:	Petition of PPL Electric Utilities Corporation for Approval of a Competitive Bridge Plan	Prehearing Held:	<input type="checkbox"/>	<input type="checkbox"/>
		Hearing Held:	<input type="checkbox"/>	<input type="checkbox"/>
		Testimony Taken:	<input type="checkbox"/>	<input type="checkbox"/>
		Transcript Due:	<input type="checkbox"/>	<input type="checkbox"/>
Location:	Harrisburg	Hearing Concluded:	<input type="checkbox"/>	<input type="checkbox"/>
		Further Hearing Needed:	<input type="checkbox"/>	<input type="checkbox"/>
Date:	December 19, 2006	Estimated Add'l Days:		
ALJ:	Marlane R. Chestnut	RECORD CLOSED:	<input type="checkbox"/>	<input type="checkbox"/>
Reporting Firm:	Commonwealth Reporting	DATE:		
		Briefs to be Filed:	<input type="checkbox"/>	<input type="checkbox"/>
		DATE:		
		Bench Decision:	<input type="checkbox"/>	<input type="checkbox"/>
		REMARKS:		

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	City	State	Zip	
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Reporter's Signature

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OALJ Hearing Report

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#1

Docket No.:	P-00062227	Prehearing Held:	<input type="checkbox"/>	YES	NO
Case Name:	Petition of PPL Electric Utilities Corporation	Hearing Held:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Testimony Taken:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Transcript Due:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		Hearing Concluded:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Location:	HBG	Further Hearing Needed:	<input type="checkbox"/>	<input type="checkbox"/>	
Date:	December 19, 2006	Estimated Add'l Days:			
ALJ:	Marlane R. Chestnut	RECORD CLOSED:	<input type="checkbox"/>	<input type="checkbox"/>	DATE:
Reporting Firm:	Commonwealth Reporting	Briefs to be Filed:	<input type="checkbox"/>	<input type="checkbox"/>	DATE:
		Bench Decision:	<input type="checkbox"/>	<input type="checkbox"/>	
		REMARKS:			

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#F 1

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Docket No.:	P-00062227	Prehearing Held:	<input type="checkbox"/>	YES	NO
Case Name:	Petition of PPL Electric Utilities Corporation	Hearing Held:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Testimony Taken:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Transcript Due:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Hearing Concluded:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Location:	HBG	Further Hearing Needed:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		Estimated Add'l Days:			
Date:	December 20, 2006	RECORD CLOSED:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ALJ:	Marlane R. Chestnut	DATE:		1/30/07	
		Briefs to be Filed:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Reporting Firm:	Commonwealth Reporting	DATE:		1/19 & 1/29 (Reply)	
		Bench Decision:	<input type="checkbox"/>	<input type="checkbox"/>	
		REMARKS:			

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OALJ Hearing Report

2

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Docket No.:	P-00062227		YES	NO
Case Name:	Petition of PPL Electric Utilities Corporation for Approval of a Competitive Bridge Plan	Prehearing Held:	<input type="checkbox"/>	<input type="checkbox"/>
		Hearing Held:	<input type="checkbox"/>	<input type="checkbox"/>
		Testimony Taken:	<input type="checkbox"/>	<input type="checkbox"/>
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		Hearing Concluded:	<input type="checkbox"/>	<input type="checkbox"/>
Location:	Harrisburg	Further Hearing Needed:	<input type="checkbox"/>	<input type="checkbox"/>
Date:	December 20, 2006	Estimated Add'l Days:		
ALJ:	Marlane R. Chestnut	RECORD CLOSED:	<input type="checkbox"/>	<input type="checkbox"/>
Reporting Firm:	Commonwealth Reporting	DATE:		
		Briefs to be Filed:	<input type="checkbox"/>	<input type="checkbox"/>
		DATE:		
		Bench Decision:	<input type="checkbox"/>	<input type="checkbox"/>
		REMARKS:		

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Telephone:	City Phila	State PA	Zip 19103	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:
Telephone:	City	State	Zip	E-mail Address: Fax Number:

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OALJ Hearing Report

Please Check Those Blocks Which Apply

Docket No.:	P-00062227		YES	NO
		Prehearing Held:	<input type="checkbox"/>	<input type="checkbox"/>
Case Name:	Petition of PPL Electric Utilities Corporation	Hearing Held:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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		Transcript Due:	<input type="checkbox"/>	<input type="checkbox"/>
		Hearing Concluded:	<input type="checkbox"/>	<input type="checkbox"/>
Location:	HBG	Further Hearing Needed:	<input type="checkbox"/>	<input type="checkbox"/>
		Estimated Add'l Days:		
Date:	December 21, 2006			
		RECORD CLOSED:	<input type="checkbox"/>	<input type="checkbox"/>
ALJ:	Marlane R. Chestnut	DATE:		
		Briefs to be Filed:	<input type="checkbox"/>	<input type="checkbox"/>
Reporting Firm:	Commonwealth Reporting	DATE:		
		Bench Decision:	<input type="checkbox"/>	<input type="checkbox"/>
		REMARKS:	<p style="font-size: 1.2em; margin: 0;"><i>Hearing - not held</i></p>	

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	City State Zip	
Telephone:	E-mail Address:	Fax Number:
	City State Zip	
Telephone:	E-mail Address:	Fax Number:
	City State Zip	
Telephone:	E-mail Address:	Fax Number:

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Name and Telephone Number	Address			Who are you representing?
	City	State	Zip	
Telephone:	E-mail Address:			Fax Number:
	City	State	Zip	
Telephone:	E-mail Address:			Fax Number:
	City	State	Zip	
Telephone:	E-mail Address:			Fax Number:
	City	State	Zip	
Telephone:	E-mail Address:			Fax Number:
	City	State	Zip	
Telephone:	E-mail Address:			Fax Number:
	City	State	Zip	
Telephone:	E-mail Address:			Fax Number:
	City	State	Zip	
Telephone:	E-mail Address:			Fax Number:
	City	State	Zip	
Telephone:	E-mail Address:			Fax Number:

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January 11, 2007

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James J. McNulty, Secretary
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In re: Docket No. P-00062227
Petition of PPL Electric Utilities Corporation

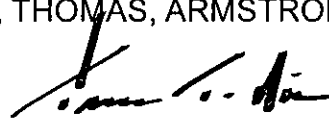
Dear Secretary McNulty:

Enclosed for filing on behalf of the Sustainable Energy Fund of Central Eastern Pennsylvania are an original and nine (9) copies of its Main Brief in the above-referenced proceeding concerning PPL Electric Utilities Corporation's Competitive Bridge Plan. A disk with a copy of the Main Brief in electronic format is also enclosed. Copies of the Main Brief are being served upon the persons and in the manner set forth on the certificate of service attached to it.

Very truly yours,

THOMAS, THOMAS, ARMSTRONG & NIESEN

By



Thomas T. Niesen

Encl.

cc: Certificate of Service (w/encl.)

070111 McNulty Main Brief.wpd

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation for Approval of a Competitive Bridge Plan :
: **Docket No. P-00062227**
:

**MAIN BRIEF OF THE
SUSTAINABLE ENERGY FUND OF
CENTRAL EASTERN PENNSYLVANIA**

**DOCUMENT
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Thomas T. Niesen, Esquire
PA Attorney ID No. 31379
Michael L. Swindler, Esquire
PA Attorney ID No. 43319

DOCKETED
JAN 17 2007

Attorneys for
The Sustainable Energy Fund of
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THOMAS, THOMAS, ARMSTRONG & NIESEN
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DATED: January 11, 2007

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Internal Revenue Code 26 U.S.C. §501(c)(3)	1, 13

I. HISTORY OF THE PROCEEDING AND STATEMENT OF THE CASE

This proceeding concerns PPL Electric Utilities Corporation's ("PPL") Petition filed with the Pennsylvania Public Utility Commission ("Commission") on August 2, 2006, for approval of a Competitive Bridge Plan ("Bridge Plan"). The intent of PPL's Bridge Plan is to establish terms and conditions under which PPL will supply provider of last resort ("POLR") service during 2010, as a transition to a fully competitive statewide market beginning January 1, 2011. The Plan consists of a three-year competitive procurement program in order to obtain POLR supply for 2010, enhancement of demand-side response programs, expanded consumer education and increased assistance for low-income customers.

The Sustainable Energy Fund ("SEF") is a non-stock, non-profit corporation and an exempt organization under Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. §501(c)(3)), formed at the conclusion of PPL's Restructuring Proceeding in accordance with the terms of the Joint Settlement of that Proceeding approved by the Order of the Commission entered August 27, 1998, at Docket No. R-00973954.

The SEF's mission is to promote, research, and invest in clean and renewable energy technologies, energy conservation, energy efficiency, and sustainable energy enterprises that provide opportunities and benefits for PPL ratepayers. Unlike a government agency, the SEF operates in an entrepreneurial, opportunistic fashion to provide loans, equity and grants to clean energy and energy efficient projects and to educate consumers on such issues within the PPL service territory.

The PPL Petition was published in the *Pennsylvania Bulletin* on August 12, 2006, 36 Pa. B. 4576. Interested parties were directed to file formal protests or petitions to intervene on or before August 28, 2006. On September 14, 2006, SEF filed a Petition to Intervene *nunc pro tunc* based on PPL's proposal in its Bridge Plan to, *inter alia*, modify

its demand-side response programs and to implement a comprehensive consumer education program which will focus on customer choice education, demand-side response litigation, wise use of energy education and POLR rate education.

According to PPL's Petition, its proposed Bridge Plan is intended to increase customers' awareness of the benefits of using energy wisely and their familiarity with various applications of demand-side response. Since SEF's expertise lies in the use of renewable energy and the education of consumers on opportunities to manage their electricity consumption, SEF areas of expertise are directly related to issues contained in PPL's Petition. As a party to this proceeding, SEF can provide valuable insight regarding whether all or part of PPL's Bridge Plan, and specifically its consumer education portion, is in the public interest.

SEF's intervention was unopposed and its Petition to Intervene was granted by Administrative Law Judge Marlane R. Chestnut during the Telephonic Prehearing Conference held on September 22, 2006 and memorialized in her Prehearing Order No. 2 dated September 22, 2006.

SEF participated in the evidentiary hearing which commenced on December 19, 2006. SEF sponsored the written testimony and exhibit of Dr. Rex A. D'Agostino in support of SEF on the issue of consumer education. SEF's testimony and exhibit were identified and entered into the record by stipulation at hearing as follows:

- * SEF Statement No. 1 (Direct Testimony of Dr. Rex A. D'Agostino)
- * SEF Exhibit No. 1
- * SEF Statement No. 1-SR (Surrebuttal Testimony of Dr. Rex. A. D'Agostino)

SEF submits this Main Brief in support of its position on consumer education relative to PPL's Bridge Plan. As set forth herein, SEF's proposed modifications to PPL's consumer education plan and consumer education funding should be adopted in the public interest.

II. SUMMARY OF ARGUMENT AND DISCUSSION

The intent of PPL's Bridge Plan is to establish terms and conditions under which PPL will supply POLR service during 2010, as a transition to a fully competitive statewide market beginning January 1, 2011. The Bridge Plan consists of a three-year competitive procurement program in order to obtain POLR supply for 2010, enhancement of demand-side response programs, expanded consumer education and increased assistance for low-income customers.

PPL's intention to implement a comprehensive consumer education plan is laudable. Nevertheless, SEF believes PPL's consumer education plan could be improved with respect to home energy audits and the level of funding anticipated by PPL for its planned consumer education. Accordingly, SEF recommends reasonable modifications to PPL's Plan in order to enhance PPL's consumer education initiative which would better serve PPL's ratepayers with regard to home energy audits and education funding.

Importantly, SEF not only offers solutions, but funding as well. SEF offers to partner with PPL to assist in the development and execution of home energy audits for ratepayers as well as provide matching funds for PPL consumer education efforts providing valuable solutions that will enhance the consumer education experience and assist PPL in the integration of the effects of its Bridge Plan with ratepayers. As such, *SEF's recommendations are in the public interest and should be adopted.*

III. ARGUMENT AND DISCUSSION - CONSUMER EDUCATION

A. PPL's Proposal for Consumer Education

1. The Testimony of Douglas A. Krall

The testimony of PPL Witness Krall describes and supports, among other things, PPL's proposal in its Bridge Plan for a three-year consumer education program beginning in 2007. Specifically, on page 21 of his direct testimony, Witness Krall states, in part, "[i]n this filing PPL proposes to implement a comprehensive consumer education program beginning in 2007 and continuing through 2009." Witness Krall notes PPL's intended objective to focus on four (4) primary areas:

1. Existing Customer Choice Education
2. Demand Side Response Education
3. Wise Use of Energy Education
4. POLR Rate Education

PPL Statement No. 1 at 22.

Witness Krall continues by opining that PPL's consumer education proposals achieve two critical objectives: 1) increase customers' knowledge of retail customer choice in Pennsylvania and their options to participate, and 2) increase customers' awareness of the benefits of using energy wisely and their familiarity with various applications of Demand Side Response.

Witness Krall then references Exhibit DAK-2 attached to his direct testimony which contains the purported details of PPL's proposed consumer education program. There, under the activity titled "Wise Use of Energy Education", Witness Krall notes, *inter alia*, the introduction in 2007 of a "web-based Energy Analyzer to customers and increased energy usage information from new meter technology. According to the exhibit, the promotion of this web-based technology continues for 2008 and 2009.

Under the activity titled "Demand-Side Response Education (DSR), Witness Krall notes, *inter alia*, that PPL intends to provide enhanced data to select customers, collect additional usage data and to offer data to customers, as permitted in certain formats. In 2008, PPL's intention is to expand its residential education program to include 600 customers.

With regard to funding, PPL wants the approval to fund this consumer education program with \$875,000 from its "Customer Choice Education Account", and apportion these funds with the following schedule: 2007 @ \$200,000; 2008 @ \$300,000; and 2009 @ \$375,000. (See PPL Statement No. 1 at 21; Exhibit DAK-2).

2. The Testimony of Timothy R. Dahl

The testimony of PPL Witness Dahl, who is responsible for the Company's universal service, compliance, quality assurance and customer choice programs, states that the annual funding for PPL's On Track program is in the vicinity of \$19 million, its WRAP program at \$7.3 million, and the OPN Help program funded at \$1.125 million for a total outlay for its universal service programs of \$27,425,000. PPL Statement No. 4 at 6. *Most if not all of these programs are funded by and through the entire residential customer base of PPL, although the programs themselves, by their very nature, are specifically focused on the lower income segment of that residential customer base.*

Witness Dahl proposes a "ramping up of funding" of its universal service programs "to prepare for potential future increases in rates, including but not limited to POLR rates." PPL Statement No. 4 at 6. Under the Company's proposal, funding for the three major universal service programs would increase from \$26.4 million in 2007 to \$32.9 million in 2010, an increase of 25 percent. PPL Statement No. 4 at 7. PPL admits that this additional funding would be recovered through the rates of all residential customers. *Id.*

B. SEF's Recommended Enhancements to PPL's Consumer Education Initiatives

SEF proposes reasonable modifications to PPL's Plan in order to enhance PPL's consumer education initiative and better serve PPL's ratepayers with regard to home energy audits and education funding.

1. Home Energy Audits

According to Witness Krall, PPL's consumer education efforts are going to be driven by its own "meter data management system." PPL Statement 1-R at 34. Although Mr. Krall states in his rebuttal testimony what this system "provides", in fact, he further states that the Company "is in the process of installing" the system. *Id.* Consequently, SEF submits that it is premature for PPL to conclude with certainty what its meter data management system will provide.

PPL's anticipated meter data management system that includes what Mr. Krall describes as "a rather sophisticated, web-based, interactive home energy audit" combined with the acknowledgment that the system is not yet in operation is a model that may not appeal to all customers. SEF Statement 1-SR at 3. Instead, SEF recommends that PPL be directed to concurrently implement a program of on-site home energy audits.

As explained by Dr. D'Agostino, on-site home energy audits would be conducted by certified contractors and would be underwritten by both PPL and SEF for the benefit of customers. The on-site audit process would be different from PPL's planned web-based audit in that the SEF's approach would complement PPL's proposal by providing in-home inspections resulting in specific recommendations to respond to the needs of residential customers on a case-by-case basis. *Id.* at 4.

With regard to action items, as set forth in Dr. D'Agostino's testimony:

PPLEU could develop and institute a ubiquitous home energy audit program which provides the ratepayer with details and options for *minimizing their electrical usage in the most economic fashion as possible*. While we appreciate the investment made by PPLEU in its Meter Data Management System as referenced in Exhibit DAK-2, the SEF finds that, while this is a valuable tool for base line data development, it doesn't provide a methodology for "curing the problem" of excessive energy usage. A true "culture shift" in energy usage is required by homeowners in the Commonwealth and the formation of a program to educate these homeowners requires significant effort and investment. I have attached a diagram to my testimony, identified as SEF Exhibit No. 1, which sets forth the interrelationship among all interested parties, including those who provide information, and also provides solutions to excessive energy usage. Since the entire residential customer base has traditionally provided the funding for the WRAP, ON TRACK and Operation HELP programs that only assist a small segment of this customer base, the SEF feels that it is necessary to give back to the whole of the residential customer base and to educate all residential customers on the specific information necessary for them to deal with the inevitable rate increases to come.

SEF has experience in providing educational programs as well as support projects dedicated to informing end users in energy conservation and efficiency related issues that is relevant to PPL's consumer education objectives. "Since 1996, the SEF has supported investments of approximately \$3.5 million annually toward program-related investments and educational programs to such entities as universities and colleges, middle and primary educational institutions, faith based organizations as well as private sector businesses. The SEF's mission has been consistently supported by a Board of Directors who in concert have mandated the educational component to all groups and organizations within the PPL rate base." SEF Statement No. 1 at 7; See also SEF Statement No. 1 at 8-10.

2. Consumer Education Funding

SEF recommends that the proposed consumer education programs be amplified to focus across the entire residential customer base of PPL to include middle and upper

income families rather than the limited focus of low income customers. The opportunity for all consumers to be educated on electrical energy savings technologies, programs, and tools is critical for consumers to make intelligent decisions with respect to their energy requirements; especially when they will be expected to pay more for these services. To this, Dr. D'Agostino testified:

In Mr. Dahl's testimony he stated, " PPL believes that it is important to prepare for potential future increases in rates, including but not limited to POLR rates. A prudent ramping up of funding in advance of those increases reflects good planning. An incremental approach also allows time to modify, test and re-adjust procedures and to train internal and external personnel in the administration of programs like ON-TRACK, WRAP, and OPERATION HELP." The SEF recommends that this "ramping up of funding" apply to the entire residential rate base and not just one segment of these customers.

SEF Statement No. 1 at 6-7.

Dr. D'Agostino continued:

It is the SEF's contention that PPLEU's proposal is qualitatively and quantitatively too limited. The scope of these efforts require significantly greater investment in order to expand the "universe" of customers affected by this Bridge Plan. With a residential customer base of approximately 1.3 million, the intent of the educational program should be geared to a significantly greater number of homeowners; and the breadth of technical, economic, and educational impact should be magnified considerably considering the financial investments and costs already being considered under this plan.

SEF Statement No. 1 at 12-13.

SEF submits that additional funding is needed to carry out a truly "comprehensive" consumer education program to the consumer audience that will be effected by the Bridge Plan and ultimately impacted by future rate changes. PPL has 1.2 to 1.3 million residential customers. All of those residential customers, minus those that elect to leave PPL for service elsewhere, will be affected by this Bridge Plan. Yet, the educational funding mechanism proposed in this filing and the amount of funding allocated for consumer education are clearly not sufficient to accomplish PPL's intended

objective to focus on the four (4) primary areas as described in Exhibit DAK-2 as follows:

1. Existing Customer Choice Education
2. Demand Side Response Education
3. Wise Use of Energy Education
4. POLR Rate Education

For example, the Company's Consumer Education Plan for 2008 under Demand Side Response Education proposes to "expand residential program to include 600 customers." If the Company truly intends to implement a "comprehensive" consumer education program to help reduce the likelihood of "rate shock" when its generation rate cap expires on January 1, 2010, it will need to impact more than just an additional 600 of the 1.3 million residential customers.

The funds allocated by PPL for consumer education, \$875,000, are based on "the remains of its current customer choice education account" without any explanation of how this \$875,000 balance is adequate to meet PPL's consumer education needs. As stated by Dr. D'Agostino, "[O]ne wonders if this 'remainder' had been \$1.6 million or any other amount, whether that would have been the amount proposed to be allocated instead. In other words, the proposal seems only to rely on using up this current account balance, regardless of the amount." SEF Statement No. 1 at 6.

While SEF applauds the intent of PPL in its Bridge Plan to increase the knowledge of retail customers relative to electricity choice in its Pennsylvania service territory, as well as increasing the customers' awareness of the benefits of using energy wisely, SEF feels strongly that PPL has not defined or dedicated the necessary resources or budget to satisfy an adequate level of consumer education. The scope of

PPL's consumer education efforts require significantly greater investment in order to expand the "universe" of customers affected by this Bridge Plan.

With a residential customer base of approximately 1.3 million, the intent of the educational program should be geared to a significantly greater number of homeowners; and the breadth of technical, economic, and educational impact should be magnified considerably considering the financial investments and costs already being considered under this plan. To add meaningful assistance to this expanded funding effort, SEF recommends that PPL be directed to set aside a portion of its consumer education budget - perhaps \$100,000 initially - the amount to be matched by SEF in order to create a fund pool to be used to implement the supplemental on-site home energy audit program. "[T]his \$200,000 would be used to provide an initial phase of an on-site energy audit which would be carried out by the SEF following discussions with PPLEU." SEF Statement No. 1-SR at 4.

3. Collaborative

SEF supports PPL's offer to facilitate a collaborative process with other agencies, companies, experts, and organizations, including SEF, to develop a more detailed design of its consumer education program. See PPL Statement No. 1-R at 34-35. The collaborative with all of these participants might consider a "state-wide" program to provide further education, as well as tools to residential customers in order for them to be more astute, competent, and effective in minimizing and reducing their electrical "footprint." SEF Statement No. 1 at 14.

C. SEF's Recommendations Are Just and Reasonable and Consistent with the Public Interest

The public interest demands that SEF's recommendations be adopted so as to enhance the consumer education initiatives proposed by PPL in its Bridge Plan. The

primary object of public service laws such as the Public Utility Code, is to serve the interests of the public. Columbo v. Pa. P.U.C., 48 A.2d 59 (Pa. Super. 1946); Ridley Twp. v. Pa. P.U.C., 94 A.2d 168 (Pa. Super. 1953). The Commission's duty has been designated, first and foremost, "to serve the best interests of the public generally as distinguished from the interests of the applicant and protestant or any other private party.... (emphasis added)." Application of Frank O. Speelman t/d/b/a Diamond Cab Company, 44 Pa. P.U.C. 312 (1969); Application of Ellwanger Truck Service, Inc., 44 Pa. P.U.C. 158 (1969). The Commission has expressly stated that the term "public" in public interest is meant to incorporate the broadest of interpretations. SEF's recommendations serve the best interests of PPL's residential customer base and should be adopted.

D. Positions of the Other Parties

The positions of the other parties as to consumer education varied. Numerous parties provided no testimony on the issue. No party expressly objected to the position of SEF, except that MEIUG/PPLICA noted that it would not support any increase in rates to industrial customers in order to fund consumer education initiatives that were ultimately of no benefit to that customer class.

1. Consumer Education

a. The Testimony of OCA Witness Steven L. Estomin

OCA Witness Estomin noted briefly that PPL's proposed consumer education funding was too heavily weighted to the early part of the three-year period. The witness' testimony did not address the adequacy of the overall level of expenditures. See OCA Statement No. 1 at 23. The witness further noted that the consumer education program was "not sufficiently defined so as to assess its potential effectiveness." The witness supports a collaborative process, recommending that PPL be directed to "work with

parties and appropriate Commission staff to develop a more detailed design of the consumer education program.”

b. The Testimony of PennFuture Witness Thomas J. Tuffey

Citizens for Pennsylvania's Future (“PennFuture”) Witness Tuffey addressed, among other things, energy efficiency, conservation programs and demand side management programs as components that must be incorporated into PPL's Bridge Plan. PennFuture Statement No. 1 at 3. The witness recommended expanded notice to customers representing the top 10% of peak load based on PPL's advanced metering system and its Nexus Energy Software. The witness further suggested that PPL provide such customers with voluntary strategies to reduce or shift load, provided *information the day after at least two critical events and recommend strategies to reduce costs for the next peak event.* The witness further recommends that PPL implement the development of an effective Energy Efficiency program, to partially offset forecasted load growth and also that PPL extend and expand its two existing Demand Side Response Programs. The PennFuture witness did not specifically address the SEF positions in this proceeding.

IV. PROPOSED FINDINGS OF FACT

1. The SEF is a Pennsylvania non-stock, non-profit corporation and an exempt organization under Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. §501(c)(3)), formed at the conclusion of PPL's Restructuring Proceeding in accordance with the terms of the Joint Settlement of that Proceeding approved by the Order of the Commission entered August 27, 1998, at Docket No. R-00973954. SEF Statement No. 1 at 2.
2. The SEF's mission is to promote, research, and invest in clean and renewable energy technologies, energy conservation, energy efficiency, and sustainable energy enterprises that provide opportunities and benefits for PPL ratepayers. SEF Statement No. 1 at 2.
3. PPL's proposed Bridge Plan is intended to increase customers' awareness of the benefits of using energy wisely and their familiarity with various applications of demand-side response. SEF Statement No. 1 at 3.
4. SEF's expertise lies in the use of renewable energy and the education of consumers on opportunities to manage their electricity consumption. SEF Statement No. 1 at 2.
5. *In its Bridge Plan, PPL proposes to implement a comprehensive consumer education program beginning in 2007 and continuing through 2009 with the intended objective to focus on the primary areas of Existing Customer Choice Education, Demand Side Response Education, Wise Use of Energy Education and POLR Rate Education. PPL Statement No. 1 at 22.*
6. PPL intends to fund its Bridge Plan consumer education program with \$875,000 from its "Customer Choice Education Account", and apportion these funds with the following schedule: 2007 @ \$200,000; 2008 @ \$300,000; and 2009 @ \$375,000. PPL Statement No. 1 at 21; Exhibit DAK-2.
7. Under the PPL proposal, funding for its three major universal service programs will increase from \$26.4 million in 2007 to \$32.9 million in 2010, an increase of 25 percent. PPL Statement No. 4 at 7.
8. *PPL admits that the increased funding for its universal service programs would be recovered through the rates of all residential customers. PPL Statement No. 4 at 7.*
9. PPL's consumer education efforts are going to be driven by its own "meter data management system, which is still in the process of being installed." PPL Statement 1-R at 34.
10. SEF has experience in providing educational programs as well as support projects dedicated to informing end users in energy conservation and efficiency related issues. SEF Statement No. 1 at 7.

11. SEF recommends that PPL supplement its consumer education program by offering on-site home energy audits which would be conducted by certified contractors and would be underwritten by the combined efforts and resources of PPL and SEF. The on-site audit process would be different, supplemental, and supported by tools from PPL's planned web-based audit in that the SEF's approach would complement PPL's proposal by providing in-home inspections resulting in specific recommendations to respond to the needs of residential customers on a case-by-case basis. SEF Statement No. 1-SR at 4.
12. PPL has 1.2 to 1.3 million residential customers. SEF Statement No. 1 at 12.
13. PPL's consumer education plan calls for impacting 600 additional customers by 2008. Exhibit DAK-2.

V. PROPOSED CONCLUSIONS OF LAW

1. SEF's recommendation to add an on-site home energy audit program to PPL's web-based system will assist PPL in achieving its core consumer education objective and is in the public interest.
2. Consistent with the public interest, the proposed amount of consumer education funding and the allocation of funds proposed by PPL should be expanded to carry out a truly "comprehensive" consumer education program to the consumer audience that will be effected by the Bridge Plan and ultimately impacted by future rate changes.
3. PPL's residential customers are better served with a consumer education program that is accessible to and supports more of the total residential customer base and not just low income customers assisted through universal service programs.
4. SEF's recommendation to increase PPL's consumer education funding over and above the amount proposed of \$875,000 is in the public interest.
5. SEF's recommendation to allocate a portion of the increases earmarked for PPL's universal service programs to instead fund consumer education programs that will benefit the total resident customer base is in the public interest.
6. The creation of a consumer education fund pool to jump start initial funding of an on-site home energy audit program by earmarking \$100,000 from PPL's consumer education fund and matched by SEF funds is in the public interest.

VI. PROPOSED ORDERING PARAGRAPHS

1. SEF's recommendation that PPL add an on-site home energy audit program offering to residential PPL customers is granted as in the public interest.
2. SEF's recommendation that PPL be directed to increase its proposed consumer education funding of \$875,000 is granted as in the public interest.
3. SEF's recommendation that PPL be directed to allocate a portion of the increases earmarked for PPL's universal service programs to instead fund consumer education programs that will benefit the total resident customer base is granted as in the public interest.
4. PPL shall institute a collaborative process to discuss consumer education initiatives going forward, which will include interested parties such as SEF.

VII. CONCLUSION

The recommendation of SEF to enhance PPL's consumer education program by implementing an on-site home energy audit in partnership with SEF to supplement PPL's planned web-based system is in the public interest and should be adopted. Increased funding for PPL's consumer education program by reallocation to education initiatives benefitting all residential customers from proposed increased funding only for universal service programs is in the public interest and should be adopted. The creation of a consumer education fund pool to jump start initial funding of an on-site home energy audit program by earmarking \$100,000 from PPL's consumer education fund and matched by SEF funds is in the public interest and should be adopted.

Respectfully submitted,



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DATED: January 11, 2007

SEF Main Brief (Final).wpd

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval of a : **Docket No. P-00062227**
Competitive Bridge Plan :

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CERTIFICATE OF SERVICE

I hereby certify that I have this 11th day of January, 2007, served a true and correct copy of the Main Brief of the Sustainable Energy Fund of Central Eastern Pennsylvania, upon the persons and in the manner set forth below:

VIA EMAIL AND HAND OR OVERNIGHT DELIVERY

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January 11, 2007

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JAN 11 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

RE: *Petition of PPL Electric Utilities for Approval of a Competitive Bridge Plan,*
Docket No. P-00062227

Dear Secretary McNulty:

Pursuant to 52 Pa. Code Section 5.502, enclosed for filing in the above referenced matter is an original and ten (10) copies of the Initial Brief of FirstEnergy Solutions Corp. Please date stamp the extra copy for my files and return it to me in the enclosed self-addressed stamped envelope.

Should you have any questions, please call me at 330-384-4580.

Respectfully submitted,



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FirstEnergy Service Company
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**DOCUMENT
FOLDER**

KJK:dka

Enclosures

cc: Honorable Marlane Chestnut
All Parties of Record

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PPL ELECTRIC UTILITIES :
CORPORATION FOR APPROVAL OF A : DOCKET NO. P-00062227
COMPETITIVE BRIDGE PLAN :

INITIAL BRIEF
OF FIRSTENERGY SOLUTIONS CORP.

DOCUMENT
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JAN 11 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DOCKETED
JAN 17 2007

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PROPOSED FINDINGS OF FACT

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

1. FirstEnergy Solutions Corp. is a wholesale and retail provider of electric generation and related services and is a licensed electric generation service provider in the State of Pennsylvania. (FES Statement No. 1, p. 2.)
2. FirstEnergy Solutions Corp. advocates a POLR procurement plan for PPL's large commercial and industrial customers in which all such customers' loads are included for RFP purposes, with an opportunity for these customers to opt out of this service without penalty at any time during 2010. (FES Statement No. 1-SR, p. 6.)
3. The large commercial and industrial POLR procurement plan proposed by PPL is a two step plan that requires customers desiring fixed price POLR service to select it at two different times during the last quarter of 2009 before they are eligible to receive this service. (Tr. 116-117.)
4. Customers that fail to choose fixed price POLR service in both steps of PPL's proposed large commercial and industrial fixed price POLR procurement plan will automatically receive POLR service based on hourly prices. (Tr. 116-117.)
5. The PPL large commercial and industrial POLR procurement plan includes both a voluntary and involuntary opportunity to take service under the hourly priced POLR service option. (Tr. 116-117; FES Statement No. 1-SR, p. 5.)
6. PPL has 1107 large commercial and industrial customers in its service territory. (RESA Cross Exam. Exh. 1.)
7. 990 of PPL's large commercial and industrial customers take electric service under PPL's Rate Schedule LP-4. (RESA Cross Exam. Exh. 1.)
8. Generally hospitals, schools, government buildings and others take service under PPL's Rate Schedule LP-4. (PPL Statement No. 1-R, p. 13.)
9. PPL believes that customers taking service under LP-4 cannot respond to hourly prices. (PPL Statement No. 1-R, p. 13.)
10. PPL admits that the proposed large commercial and industrial customer fixed price POLR procurement plan is not the plan that PPL will endorse in the long term. (PPL Statement No. 1, p. 8.)
11. Some of PPL's large commercial and industrial customers are already performing market price analyses and talking to alternative electric generation service providers. (Tr. 117-118.)
12. Some of PPL's large commercial and industrial customers have all but decided that they will purchase retail electric generation service from an alternative supplier. (Tr. 117-118.)

13. Customers with unusual load shapes, energy market sophistication, and/or significant energy costs are the types of customers performing market price analyses and talking to alternative electric generation service providers today. (Tr. 117-118.)
14. The educational materials for PPL's proposed large commercial and industrial customer POLR procurement plan have not yet been designed. (Tr. 110-111.)
15. Initial contact with large commercial and industrial customers in which the POLR procurement plan is explained will be through a mailing that, as a normal course of business, is sent to the customers billing address, unless another customer contact is listed in the files. (Tr. 111.)
16. PPL does not know if its large commercial and industrial customer contact list is current. (Tr. 111.)
17. In the past, PPL has used scannable cards to determine which of its more than 1 million customers authorized the release of their respective electric account information. (Tr. 116.)
18. PPL believes that the Generation Rate Adjustment charge proposed by PPL in the large commercial and industrial customer POLR procurement plan is, in essence, an exit fee. (Tr. 104.)
19. PPL's large commercial and industrial customer POLR procurement plan proposes that the GRA charge currently in PPL's Generation Rate Adjustment Rider be assessed against any large commercial or industrial customer that either elects to shop or decides to take hourly priced POLR service after the hourly priced POLR generation has been obtained. (Tr. 105, 119.)
20. PPL did not explain anywhere in this proceeding why seasonal rates and/or volumetric mitigation measures would not address its concern that POLR customers could game the POLR service. (*See generally* the evidentiary record.)
21. Nowhere in the record did PPL demonstrate that customers were currently gaming POLR service or that such gaming will occur three years into the future. (*See generally* the evidentiary record.)
22. If the GRA charge remains in place, volume/shopping risk is shifted from wholesale generation suppliers to shopping customers. (Tr. 122.)

23. Currently neither Duquesne Light Company nor Pennsylvania Power Company collects transition charges and neither of these companies assesses a GRA charge in their respective POLR procurement processes. *Petition of Duquesne Light Company for Approval of a Plan for Post-Transition Period Provider of Last Resort Service*, Docket No. P-00032071 (Opinion and Order)(Aug. 19, 2004.); *Pennsylvania Pub. Util. Comm'n v. Pennsylvania Power Company*, Docket No. P-00052188.

PROPOSED CONCLUSIONS OF LAW

1. PPL's proposed Generation Rate Adjustment charge included in its Bridge Plan violates The Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. §§ 2801 *et seq.*
2. Once a utility recovers all of its transition costs, minimum stay provisions and exit fees such as those proposed by PPL violate 66 Pa. C.S. §§ 2802(3) and 2804(2). *Petition of Duquesne Light Company for Approval of a Plan for Post-Transition Period Provider of Last Resort Service*, Docket No. P-00032071 (Opinion and Order, p. 27)(Aug. 19, 2004.)
3. PPL failed to meet its burden to prove that the GRA charge is necessary for purposes of supplying fixed price POLR service to its large commercial and industrial customers during the period of time in which the proposed Bridge Plan will be in effect. (66 Pa. C.S. § 332(a))

PROPOSED ORDERING PARAGRAPHS

1. That PPL's POLR procurement plan for large commercial and industrial customers is hereby rejected.
2. That the Generation Rate Adjustment charge proposed by PPL is rejected.
3. That for purposes of this proceeding, PPL should offer during 2010 a fixed price POLR service consistent with this Opinion and Order.
4. That the RFP for fixed price POLR service for large commercial and industrial customers shall be issued on October 1, 2009, consistent with this Opinion and Order.
5. That PPL shall survey its large commercial and industrial customers prior to issuing its RFP for fixed price POLR service in a manner that allows PPL to *determine if any of these customers will procure retail electric generation service from an alternative electric generation service provider during 2010.*
6. That PPL shall include the projected load of all large commercial and industrial customers that cannot demonstrate that they will be obtaining retail electric generation service from an alternative electric generation service provider in 2010 when issuing its RFP for LC&I fixed price POLR service.
7. That all large commercial and industrial customers shall be permitted to opt out of the fixed price POLR service, without penalty, at any time during 2010.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PPL ELECTRIC UTILITIES :
CORPORATION FOR APPROVAL OF A : DOCKET NO. P-00062227
COMPETITIVE BRIDGE PLAN :**

**INITIAL BRIEF
OF FIRSTENERGY SOLUTIONS CORP.**

Intervenor, FirstEnergy Solutions Corp. ("FES") is a wholesale and retail provider of electric generation and related services and is a licensed electric generation service provider in the State of Pennsylvania. (FES Statement 1, p. 2.) Pursuant to Prehearing Order No. 2, FES submits its initial brief in this matter.

I. History of the Proceedings

On August 2, 2006, PPL Electric Utilities Corporation ("PPL") filed a *Petition for Approval of a Competitive Bridge Plan* ("Bridge Plan"), setting forth, among other things, a plan through which PPL intends to procure provider of last resort ("POLR") service for Large Commercial and Industrial ("LC&I") customers ("PPL Plan"). On August 28, 2006, FES filed a Petition to Intervene in this proceeding for the limited purpose of addressing certain concerns with PPL's proposed LC&I POLR procurement plan. FES' Petition to Intervene was granted on September 22, 2006 in Prehearing Order No. 2.¹

¹ FES intervened in this proceeding for the limited purpose of addressing concerns related to PPL's proposed POLR procurement plan for LC&I customers. Therefore, unless specifically discussed in its reply brief, FES adopts the history of proceedings presented by other parties.

II. Statement of the Case

The POLR procurement plan proposed by PPL is a two-step plan that requires customers desiring fixed price POLR service to select it at two different times during the last quarter of 2009 before they are eligible to receive it. FES, on the other hand, advocates a single-step plan in which the vast majority of LC&I customers need do nothing in order to receive the POLR pricing option that best meets their needs. As the name implies, a POLR generation procurement plan will only apply to customers that choose not to shop for their electric generation supply. Therefore, this brief will generally discuss the merits of a single-step POLR procurement process for LC&I customers that do not shop, specifically explaining why (i) a fixed price POLR pricing option should be the "default" option in the procurement process; and (ii) the Generation Rate Adjustment charge should be eliminated.

III. Summary of Arguments

Any POLR plan adopted by the Commission should be easy for customers to understand and easy for PPL to implement. It should address the customers' needs without creating barriers to the development of competition. For the reasons more fully discussed below, the PPL Plan fails to meet any of these prerequisites and further fails to meet the Plan's stated objective of minimizing risk premiums included in fixed price quotes received through the Request for Proposal ("RFP") process. Accordingly, FES urges the Commission to reject PPL's two-step plan in favor of a much simpler single-step plan advocated by FES that better achieves all of the aforementioned criteria.

The PPL Plan also includes a Generation Rate Adjustment ("GRA") charge virtually identical to that rejected in the Duquesne POLR case. *Petition of Duquesne Light Company for Approval of a Plan for Post-Transition Period Provider of Last Resort Service*, Docket No. P-00032071 (Opinion and Order)(August 19, 2004.) Therefore, as it did in the *Duquesne* case, the Commission should reject the proposed GRA charge as an unlawful barrier to competition, regardless of the POLR procurement plan ultimately authorized in this proceeding.

IV. Arguments

A. The Two-Step POLR Procurement Plan Proposed by PPL Should Be Rejected in Favor of a Single-Step Plan in Which All LC&I Customers are Included in the Fixed Price Option for RFP Purposes.

PPL proposes to procure POLR service for LC&I customers through a two-step process. (Tr. P. 116.) The first step requires a LC&I customer to elect either fixed or hourly priced POLR service prior to knowing the fixed price that will be offered by PPL. (Id.) Any LC&I customer that fails to elect fixed price service during this first step will automatically receive hourly priced POLR service unless and until it elects an alternative electric generation supplier. (Tr. 116-117.) Between the first and second step, PPL will solicit bids for fixed price POLR generation supplies. (Tr. 117.) Once the cost of this supply is known, PPL will inform those customers that initially elected fixed price POLR service of the price that it will charge for this service during the Bridge Plan period. (Id.) Customers will then have 30 days in which to decide if they still want fixed price POLR service. (Id.) If customers that already elected fixed price service in the first step fail to

indicate within the 30-day window their preference for fixed price service *for a second time*, they too will receive hourly priced POLR service unless and until they choose to shop. (Tr. 117.)²

Although FES believes that no fixed price POLR service should be offered in a truly competitive environment, it also recognizes that the Bridge Plan will be in effect for only one year, serving as a bridge to full competition throughout the State in 2011. (FES Statement No. 1, p. 5.) Therefore, *if* the Commission determines that a fixed price POLR pricing option should be offered by PPL, FES advocates the use of a much simpler single-step procurement plan in which all LC&I customers are initially placed in the fixed price pool for RFP purposes. (Id. at 6.) Once the fixed price to be offered by PPL is known, all LC&I customers would be permitted to obtain, without penalty, generation service from an alternative electric generation service provider, or to change to an hourly priced POLR service. (Id.) Not only is this single-step approach much easier to understand and implement, but it is much more efficient, thus avoiding an unnecessary duplication of efforts on the part of PPL and LC&I customers. This, in turn, translates into reduced costs, time and resources for all involved. Moreover, the single-step POLR procurement plan provides the vast majority of the LC&I customer class with the POLR pricing option that best meets their needs without these customers having to do anything.

² As will be discussed in Section II. B, *infra*, under PPL's proposal, fixed price POLR customers that subsequently take hourly priced POLR service or shop after the fixed price POLR generation supply is obtained are required to pay an exit fee known as the Generation Rate Adjustment charge, which is unlawful and creates a barrier to competition. If the Commission adopts a plan that includes this charge, it must, at a minimum, extend the 30-day window in which customers must make a decision.

1. The Fixed Price Option Better Meets the Needs of the Vast Majority of PPL's LC&I Customers.

A significant difference between the PPL Plan and that advocated by FES is the pricing option – fixed pricing, or hourly pricing – that PPL's LC&I customers must affirmatively elect. FES recommends that the fixed priced, rather than the hourly priced, POLR service option be offered by PPL as the "default" option, thus requiring LC&I customers to affirmatively elect hourly priced POLR service if they desire this option. (FES Statement No. 1, p. 6.)

There are 1107 LC&I customers in PPL's service territory, 990 of which take service under PPL's LP-4 Electric Rate Schedule. (RESA Cross Exam Exh. 1.) As PPL Witness Krall explained on page 13 of his rebuttal testimony (PPL Statement No. 1-R), "the population of customers served under [PPL's] Rate Schedule LP-4 includes hospitals, schools, government buildings, and others that will be *unable to respond to hourly prices.*" (Italics added.) In light of this, the default option for LC&I POLR service should be fixed price service. In so doing, almost 90% of the LC&I Class will already be on the POLR option that best meets their needs, thus requiring no action by these customers. Clearly this approach is much more efficient than the convoluted approach proposed by PPL.

Moreover, as FES Witness Prezelj observed, "the vast majority of customers -- especially those that do not understand the subtle nuances involved in generation pricing -- generally prefer a fixed price option to a variable priced option. This is true more so with the recent volatility in electric prices and uncertainties in the market. ... Generally fixed price service is what they know, what they expect and what they want." (FES Statement No. 1, p. 6.)

PPL believes that customers should be required to opt in to fixed price service in order to better prepare them for full competition at the end of 2010 (Tr. 124) and to spur competition. (Tr. 119.) Other than Mr. Krall's opinion, however, there is absolutely nothing in the record that supports such conclusions; nor could there be. The POLR procurement plan ultimately implemented will not commence for another three years. The electric industry is still evolving and no one can predict how the industry will look in 2011. Furthermore, POLR rules have yet to be finalized in Pennsylvania, and even PPL admits that the procurement plan proposed in this proceeding is not the approach that PPL will endorse for the long term. (PPL Statement 1-R, p. 8.) In other words, PPL suggests teaching customers to select generation service under a structure that is virtually guaranteed to be different in the future. Moreover, it is difficult to comprehend how competition will be spurred by a plan that requires customers to jump through hoops twice in order to obtain the service that is already known to best suit their needs.

Rather than adopt a POLR procurement plan based on speculation and unsupported assumptions as to what customers may need to know when obtaining generation service in the future, the Commission should adopt a plan based on facts as we know them today. And the fact is that almost 90% of all PPL LC&I customers cannot react to hourly pricing. Therefore it is absurd to require these customers to affirmatively elect the pricing option that PPL already knows is the best option for them.

Those LC&I customers desiring hourly priced POLR service will perform the requisite analyses, regardless of which pricing option is deemed the default option. (FES Statement No. 1, p. 6.) Indeed, some customers with unusual load shapes, sophistication in energy procurement, and significant energy costs are already performing such analyses and talking to alternative electric generation service providers. (Tr. 117-118.) The same,

however, cannot necessarily be said for those customers that either do not meet these criteria or cannot react to hourly price signals. (FES Statement No. 1, pp. 6-7.) And the undefined education plan contemplated by PPL does nothing to ensure that these customers will be notified and educated to the degree necessary to make an informed business decision. The customer education plan has yet to be designed (Tr. 110-111), and it is expected that initial notification of LC&I customer pricing options will be through a mailing that, as a “normal course of business”, is simply sent to the billing address (Tr. 111), thus raising a question as to whether the decision maker will actually receive the information. Further, PPL places the onus on the customer to attend meetings that PPL *may* hold, and to research their pricing options based on information that PPL *may* explain on their web site. (Tr. 112.) The lack of a clearly defined educational plan casts doubt on whether all LC&I customers will receive the notification and education needed in order for these customers to make a well informed POLR pricing choice. Obviously a process that automatically places customers on the pricing option that will clearly be preferred by most of the affected customers reduces the chance that customers will inadvertently take service under an option that could be detrimental to their business. Accordingly, the single-step plan that includes all PPL LC&I customers in the fixed price pool for RFP purposes should be incorporated into the Bridge Plan.

2. The PPL Plan Does Not Minimize Volume Risk and Related Price Premiums.

PPL assumes that its two-step plan will reduce volume risk premiums included in potential POLR supplier bids because its plan supposedly will provide such potential suppliers with a more accurate load shape on which to bid. (Tr. 118.) PPL's assumption

is unsupported in the record and, indeed, the structure of the PPL Plan negates such an assertion.

Under the PPL Plan, LC&I customers have two opportunities to opt in to fixed price service, once before and once after the price to be charged under this POLR pricing option is known. And because the fixed price option is forever lost if not elected during the first step, it is logical to assume that most, if not all, LC&I customers will elect the fixed price option during the first step, if for no other reason than to keep their options open until they can make a more informed choice. Therefore, it is likely that the load shape provided to potential bidders will more closely resemble the load shape that would be provided under the single-step plan advocated by FES -- a load shape that includes all PPL LC&I customers' consumption. Additionally, like the single-step plan proposed by FES, PPL's two-step plan permits customers to voluntarily leave the fixed price option after bids are submitted. But unlike the single-step plan, the PPL Plan also forces customers off of the fixed price plan if they (for whatever reason) fail to affirmatively elect this option for a second time. Therefore, by including an involuntary default to hourly POLR pricing, the PPL Plan actually could *increase* the risk that the load shape will change from that originally provided to potential suppliers, thus possibly increasing, rather than decreasing, the volume risk premiums to be included in POLR price bids.

3. The Single-Step Procurement Plan Can Be Designed to Minimize Volume Risk and Related Premiums.

The level of risk premiums included in wholesale fixed price bids are a function of the wholesale supplier's level of confidence in the load shape projected to be served. Because the possibility exists under either the PPL Plan or the single-step plan proposed by FES for large electricity users to leave the fixed price program after bids are

submitted, FES recommends that the LC&I customers be surveyed before PPL issues the RFP. By doing so, PPL can eliminate from the proposed load shape those customers that know in 2009 that they will be shopping in 2010. As Mr. Krall explained some LC&I customers are already talking to electric generation service providers, and some "have all but decided they're going to sign up with [an alternative] supplier." (Tr. 117-118.) Although Mr. Krall could not identify specific customers, he did indicate that customers with unusual load shapes, energy market sophistication, or an electric cost that comprises a significant portion of a customer's budget are the types of customers that are doing so. (Tr. 117-118.) PPL certainly is sufficiently familiar with its largest customers to be able to identify those LC&I customers that fit this profile in order to determine these customers' intent to shop during 2010.

Alternatively, PPL could simply survey (in 2009 prior to the RFP being issued) all LC&I customers through a mailing similar to that contemplated in PPL's two-step plan and ask all 1107 customers about their shopping plans in 2010. In the past PPL used scannable cards to ask each of over one million customers whether their respective consumption history could be released to potential suppliers. (Tr. 116.) Given that the LC&I population is less than .01 percent of the total PPL customer population, such a solicitation should be relatively easy for PPL to administer. As Mr. Krall stated, a process such as this is something with which PPL has experience and "it's not that big a deal." (Id.)

4. Summary.

In sum, the two-step POLR procurement plan proposed by PPL makes no sense. It is unnecessarily complicated. It duplicates efforts for both LC&I customers and PPL,

thus causing increases in costs, time and resources for all involved. It forces the vast majority of PPL's LC&I customer class to affirmatively elect at two separate times a service that PPL already knows is best suited to the needs of most of its LC&I customers, and it does little to eliminate volume risk, which, according to PPL, was why the plan was designed as it was. (Tr. 118.) The single-step plan, on the other hand, places all LC&I customers on the POLR pricing option designed to meet the vast majority of these customers' needs without the need for these customers to do anything, yet still provides the minority of customers that may desire hourly priced POLR service the opportunity to obtain it. The single-step plan is easy for customers to understand, easy for PPL to implement, and, if the single-step plan includes a preliminary survey of all LC&I customers prior to the issuance of the RFP, it should minimize the volume risk premiums that are incorporated into RFP responses.

Based upon the foregoing, FES urges the Commission to reject the PPL Plan and, instead, adopt the single-step plan that includes the following provisions:

- 1) Prior to issuing a RFP, PPL should survey all of its LC&I customers to determine in 2009 if these customers that PPL claims already know if they will shop, will indeed do so in 2010.
- 2) Place in the pool for RFP purposes all LC&I customers that did not indicate in their survey response an intent to shop in 2010.
- 3) Upon receiving bids and determining the price to be charged LC&I customers for fixed price POLR service, notify *all* LC&I customers of the

results and allow them at any time in 2010 to opt out of the fixed price POLR service without penalty.³

B. The GRA Charge Should Be Eliminated From any POLR Procurement Plan Adopted by the Commission.

The PPL POLR procurement plan also seeks to maintain the Generation Rate Adjustment charge currently included in PPL's tariffs. (Tr. 105.) The GRA charge was put in place originally "to prevent seasonal gaming" (Tr. 103), and to prevent PPL from being left "holding the bag ... during the highest cost months." (Tr. 104.) As Mr. Krall explained, seasonal gaming is a situation in which a customer takes service from an alternative supplier during months in which the price of electric generation is relatively low, and then returns to the utility for POLR service during months in which electric generation prices are generally highest. (Id.) This is commonly referred to as the "beach phenomenon." *Petition of Duquesne Light Company for Approval of a Plan for Post-Transition Period Provider of Last Resort Service*, Docket No. P-00032071 (Opinion and Order, p. 26) (August 19, 2004) ("Duquesne POLR Case"). As more fully discussed below, the GRA should be eliminated from any POLR procurement plan that is adopted by this Commission because (i) the GRA violates Pennsylvania law and creates barriers to competition; (ii) the reasons for initially implementing the GRA no longer exist; and (iii) the inclusion of the GRA charge improperly shifts volume/shopping risk away from wholesale suppliers and on to shopping customers.

³ As will be discussed in the next section, the 30-day time frame in which to opt out of fixed price service without penalty must be extended if the Commission adopts a POLR procurement plan in which PPL is permitted to continue the GRA charge.

1. The GRA Charge is Unlawful and Creates Unnecessary Barriers to Competition in Pennsylvania's Retail Electric Generation Market.

In an effort to avoid the beach phenomenon, PPL implemented its Generation Rate Adjustment Rider (Tr. 103.), the current version of which can be found in PPL's Tariff, Supplement No. 17, Electric Pa. P.U.C. No. 201, Fourth Revised Page No. 15 ("GRA Rider"). The GRA Rider assesses a kilowatt hour charge on customers that elect to purchase electric generation service from an alternative electric generation service provider within twelve months of electing to take Basic Utility Service from PPL. See generally, GRA Rider. The PPL Plan proposes that the GRA charge currently in the GRA Rider be assessed against any LC&I customer that agrees in 2009 to take fixed price POLR service from PPL in 2010 and then subsequently elects to either shop with an alternative electric generation service provider or take hourly priced POLR service. (Tr. 119.) As Mr. Krall admitted, the GRA charge is, in essence, an exit fee. (Tr. 104.)

The ability of a utility such as PPL to charge an exit fee after it has recovered all of its transition charges is not a new issue for the Commission. This issue was addressed in the Duquesne POLR Case. Like PPL, Duquesne Light proposed a POLR procurement plan in which certain customers could not leave POLR service for twelve months unless they paid a GRA charge. (Duquesne POLR Case at 22.) In *Duquesne*, the Commission concluded that the GRA charge violated Pa C.S. § 2807(e)(4) because the charge only applied to existing, but not new customers. (Id.)⁴ The Commission further concluded that the GRA charge violates Pennsylvania's Electricity Generation Customer Choice and

⁴ Because PPL did not address it, there is no way to determine whether new customers have the option of taking fixed price POLR service from PPL during the one year Bridge Plan, or whether such customers may elect to take electric generation service from an alternative electric generation service provider without being assessed a GRA charge. If, indeed, this is the case, then, pursuant to *Duquesne*, the PPL Plan violates § 2807(e)(4).

Competition Act, 66 Pa. C.S. §§ 2801 *et seq.* ("Act") and acts as a barrier to competition, saying:

[C]ompetitive generation markets can only develop and mature if consumers have free and direct access to the competitive market as contemplated by the Act. Section 2802(3) of the Act states, in pertinent part, that "the Commission shall allow customers to choose among electric generation suppliers in a competitive generation market through direct access." 66 Pa. C.S. §§ 2802(3) and 2804(2). Clearly the Act contemplated that the essence of a competitive market is the ability to choose. *Minimum stay provisions and exit fees do just the opposite; they act as barriers to the marketplace.*

[Duquesne POLR Case, p. 27 (emphasis added).]

The Commission added that "the complexities involved with the proposed switching restrictions, *particularly with the GRA exit fee*, will impose additional costs to the shopping customer ... [with the possible end result being to] chill the development of the competitive retail marketplace." (Id.) (emphasis added.) And finally, the Commission concluded that the GRA charge imposed additional customer service costs on the utility and additional generation administration costs on the electric generation service provider. Therefore, as it did in *Duquesne*, the Commission should reject the GRA (as well as the minimum stay requirements) as being at odds with the Act. (Id. at 27-28.)

2. There is No Indication that the Beach Phenomenon Exists Today or Will Exist Three Years into the Future.

Although the GRA charge was originally put in place to avoid the beach phenomenon, PPL presented no evidence that this phenomenon currently exists in PPL's service territory or that it will exist three years into the future. It is bad regulatory policy to impose charges based on what *could* happen. As in *Duquesne*, there is nothing that prevents PPL from seeking relief from the Commission if and when it "observes a significant migration of consumers from an EGS to POLR service." *Duquesne POLR*

Case, p. 28. Further, the imposition of the GRA charge to prevent the *possibility* of the beach phenomenon is a drastic step, especially when PPL failed to demonstrate that other potential market based solutions, such as seasonal rates and volumetric risk mitigation measures -- both of which were considered in the Duquesne POLR Case and in other states (Id.) -- would not resolve PPL's concerns. And finally, there is nothing in the record that distinguishes PPL from Duquesne Light or Pennsylvania Power Company, both of which have reached the end of their transition periods without the imposition of a GRA charge. *See generally*, Duquesne POLR Case; *Pennsylvania Pub. Util. Comm'n v. Pennsylvania Power Company*, Docket No. P-00052188. If PPL should not be singled out for purposes of offering fixed price POLR service (PPL Statement No. 1, p. 12), neither should it be singled out for purposes of a GRA assessment. The proposed GRA charge should be rejected.

3. The Rationale For a GRA Charge No Longer Exists.

PPL initially imposed the GRA charge in an effort to discourage customers from gaming the POLR process. The potential for gaming this process, however, is no longer PPL's concern. PPL cannot be "left holding the bag" because there is no longer any bag for PPL to hold. (Tr. 105.) During the Bridge Plan period, winning wholesale suppliers must provide POLR generation at the prices quoted by those winning bidders and accepted by PPL. The risk of customers leaving POLR service after the POLR generation has been obtained, now resides with those winning bidders. Indeed, PPL has stated that it will simply act as a collection agent and remit the revenues earned from the GRA charge to those winning bidders on a pro rata basis. (Tr. 104.) In so doing, however, PPL, through its imposition of the GRA charge, has shifted the shopping risk

from the winning bidders to the shopping customer. (Tr. 122.) These customers, however, should not have to bear this risk.

4. Shopping Risk Should Remain with Those Best Able to Manage It.

As FES Witness Irena M. Prezelj explained, the GRA was implemented during the transition from regulated to competitive markets. (FES Statement No. 1, p. 9.) The transition period for PPL Electric will end as of December 31, 2009; so too should the GRA charge. The GRA is a risk mitigation factor being imposed by the regulated utility on behalf of competitive electric suppliers. (Id.) It is not the role of a regulated utility (or the Commission) to dictate which risks should be assumed by customers in a competitive marketplace. Further, risk ideally should be placed on the party that is most capable of managing it and, in this case, that party is the wholesale supplier. (FES Statement No. 1, p. 8.) Potential POLR suppliers deal with market risks of all types on a daily basis. Those that manage risk better than others are rewarded with supply contracts, thus incenting suppliers to create innovative risk management techniques and strategies that provide a cost edge over other potential suppliers. Therefore, rather than impose this artificial charge in an effort to manage volume risk on behalf of these suppliers, the better approach would be to allow each of the wholesale suppliers to manage this risk as they deem necessary. Only by putting this risk on the potential suppliers will there be opportunities for them to “sharpen their pencils” when submitting a bid, and developing innovative ways to manage this type of risk in the future. (Id. at 9.)

5. If the Commission Adopts a POLR Procurement Plan with a GRA Charge, it Must, at a Minimum, Extend the Period of Time in Which LC&I Customers May Opt Out of Fixed Price POLR Service Without Penalty.

While FES advocates the elimination of the GRA charge in its entirety, if the Commission should adopt a POLR procurement plan that includes a GRA charge, then the 30-day window in which customers must decide whether to take fixed price POLR service must be extended.

Under PPL's proposed plan, PPL will not issue the RFP until sometime in October, 2009. (Tr. 113.) Therefore, neither the customer nor potential retail marketers will know the fixed POLR price that PPL will be charging until November 1, 2009 at the very earliest.⁵ As Ms. Prezelj explained, "from a retail marketing perspective, it makes little sense [for potential retail marketers] to spend significant amounts of money on sales and marketing without first knowing whether there is a market in which to sell. And until the RFP [fixed] price is known, retail marketers cannot make this determination." (FES Statement No. 1, p. 5.) In light of this, the vast majority of sales and marketing activity cannot commence until November, 2009. Given that analyses will need to be performed once the fixed price offering is known, sales forces must be organized and deployed, meetings must be scheduled, customers must be educated, and supply agreements must be reviewed and executed, it is virtually impossible to effectively accomplish all of these tasks in a thirty day window with any certainty that sales to all customers that could potentially save by shopping would be consummated in this short period of time.

Therefore, if customers are going to have to pay an exit fee if they choose to shop, then they must be given more than thirty days in which to make this decision. FES

⁵ Based on the sketchy details provided by PPL, this timeline is based on an assumption that the RFP will be issued in early October and will remain outstanding for several weeks.

agrees with PPL that risk premiums will increase as the period of time in which the fixed price service must be bid moves farther away from the date on which power will flow. (Tr. 113.) Accordingly, FES prefers that the GRA charge be eliminated in its entirety so that the timeline proposed by PPL can be adhered to.

6. Summary.

In sum, the Commission has already determined in the Duquesne POLR Case that a utility's imposition of a GRA charge after that utility no longer collects transition charges creates barriers to competition in violation of Pennsylvania's Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. §§ 2801 *et seq.* The underlying rationale for initially imposing the GRA no longer exists; the beach phenomenon is no longer PPL's concern. Nor is there any evidence that this phenomenon exists in PPL's service territory today, or that it will exist three years into the future. The GRA charge, if permitted to continue, shifts market risks best borne by wholesale electric suppliers to shopping customers, in essence, resulting in the Commission regulating competitive market principles. The Commission should avoid stepping on to this slippery slope, allowing market principles to work as intended in the Act, and reject the GRA charge proposed by PPL. Alternatively, if the Commission authorizes the GRA charge, it must, at a minimum, extend the proposed 30-day window in which customers may elect to shop without having to pay an exit fee.

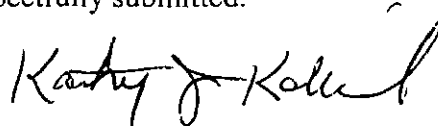
Based upon the foregoing, FES urges the Commission to reject the GRA charge proposed by PPL as being unlawful and a barrier to competition, or alternatively, find that in this instance PPL failed to meet its burden of proof that the GRA charge is

necessary during the time the Bridge Plan will be in effect in order to prevent the beach phenomenon.

V. Conclusion.

In sum, FES believes that all POLR services should be based on hourly pricing. Having said this, however, FES also understands that the Bridge Plan will only be in existence for one year and, therefore, *if* the Commission determines that a fixed price POLR pricing option should be offered to PPL's LC&I customers, the offering should be through a plan in which all LC&I customers that cannot demonstrate that they will shop in 2010 are placed in the pool for RFP purposes with an option to elect, at any time and without a GRA penalty, to either take generation service under the hourly priced POLR option or through an alternative electric generation supplier. Accordingly, for all of the reasons discussed in this brief FES respectfully asks this Commission to reject PPL's POLR procurement plan proposed for LC&I customers in favor of the plan described above. However, if the Commission adopts *any* procurement plan with a GRA charge, then FES asks the Commission to extend the proposed 30-day window in which customers may choose to shop without penalty.

Respectfully submitted.



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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the Initial Brief of FirstEnergy Solutions Corp. has been served on the Administrative Law Judge, and the parties set forth below by Federal Express Service on this 11th day of January, 2007, and will be served tomorrow upon these same individuals by electronic mail, in accordance with the requirements of § 1.54 (relating to service by a participant) and Judge Chestnut's Prehearing Order No. 2:

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