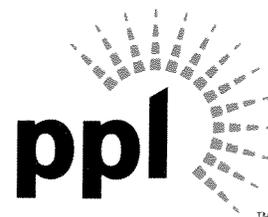


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VIA FEDERAL EXPRESS

December 31, 2008

James J. McNulty, Esquire
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

**Re: Implementation of Act 129 of 2008 Phase 2 –
Registry of Conservation Service Providers
Docket No. M-2008-2074154**

Dear Mr. McNulty:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") are an original and fifteen (15) copies of PPL Electric's comments to the Tentative Order entered by the Public Utility Commission ("Commission") on December 22, 2008, in the above-captioned proceeding.

These comments are being filed pursuant to Ordering Paragraph 4 of the December 22 Order. As previously requested by the Commission, PPL Electric also is sending an electronic copy of its comments to the Commission's Act 129 e-mail account at ra-Act129@state.pa.us. In addition, PPL Electric is serving copies of its comments upon the statutory parties.

If you have any questions regarding the enclosed comments, please call.

Very truly yours,

A handwritten signature in black ink that reads "Paul E. Russell". The signature is written in a cursive, flowing style.

Paul E. Russell

Enclosures

cc: Karen Moury
Robert F. Wilson
Paul Diskin
Anthony Rametta
Mitchell A. Miller
Bohdan R. Pankiw
Robert F. Young
Louise Fink Smith
Kriss Brown, Esquire
Wayne L. Williams
Cal Birge
June Perry
Tom Charles
Veronica Smith
Cheryl Walker Davis
Irwin A. Popowsky, Esquire
William R. Lloyd, Esquire
J. Edward Simms, Esquire

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of Act 129 of 2008 :
Phase 2 – Registry of : Docket No. M-2008-2074154
Conservation Service Providers :

Comments of PPL Electric Utilities Corporation

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Section 2 of Act 129 of 2008 (“Act 129”) directs the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) to establish, by March 1, 2009, a registry of approved persons qualified to provide conservation services to all classes of customers. The Commission also must develop an application for registration as a Conservation Service Provider (“CSP”). On December 22, 2008, the Commission entered a Tentative Order to establish the minimum experience and qualification requirements each CSP must meet to be included in the registry. The Tentative Order provides for the filing of comments within 10 days after entry of the order, i.e., by January 2, 2009.

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) appreciates this opportunity to provide comments on the December 22 Tentative Order. At the outset, the Company emphasizes that generally it has no objection to

the Order, and believes that it establishes appropriate processes and forms for including CSPs in the registry required by Act 129.

However, the Company does have one concern with the Tentative Order. In Section B, on page 5, the Order states that “the Commission and EDCs (Electric Distribution Companies) must be able to . . . confirm that it (the CSP) is not owned, partnered or affiliated with an EDC.” PPL Electric is concerned that this language is not clear and could be subject to at least two different interpretations. One of those interpretations could limit opportunities for entities to participate as CSPs under Act 129. For this reason, the Company requests that the Commission clarify the Tentative Order consistent with the following comments.

The language quoted above from the Tentative Order arises from the definition of CSP in Act 129. Section 2806.1(m) provides:

“Conservation Service Provider.” An entity that provides information and technical assistance on measures to enable a person to increase energy efficiency or reduce energy consumption and that has no direct or indirect ownership, partnership or other affiliated interest with an electric distribution company.

This definition, and the language arising from it, is subject to two different interpretations.

Under one interpretation, any entity affiliated with a Pennsylvania EDC would be precluded from acting as a CSP throughout the Commonwealth. As the Company has discussed in its previous comments at Docket No. M-2008-2069887 and in its responses to CEEP’s Questions for the HB 2200 En Banc Hearing, this result is not appropriate and is not in the public interest. An affiliate of one EDC acting as a CSP for another EDC is doing business with a third party entity, not with its affiliate. Therefore, such an arrangement provides no basis for any concerns regarding transactions between affiliates. Moreover, an interpretation precluding all

participation by affiliated CSPs would be counter-productive because it would reduce the number of entities competing to be CSPs, and would remove from the market entities likely to have significant expertise in the implementation of energy efficiency and conservation programs. The result could be higher costs for EDCs to comply with Act 129, with those costs ultimately being paid by customers. Accordingly, PPL Electric respectfully requests that the Commission reject this interpretation.

Another interpretation of the language in Section 2806.1(m) and the Tentative Order is that an entity affiliated with a Pennsylvania EDC would be precluded from acting as a CSP only for its affiliate, but would be permitted to act as a CSP for any other EDC in Pennsylvania. PPL Electric believes that this is the correct interpretation of the language at issue. It does not raise any affiliate concerns because the CSP would not be dealing with its affiliated EDC. Any other concerns should be eliminated by the requirement in Section 2806.1(a)(7) of Act 129 that EDCs must “competitively bid all contracts with conservation service providers.” Pursuant to that provision, EDCs should enter into the most competitively appropriate contracts regardless of the identity or affiliation of the CSP. Moreover, this approach has the clear benefit of expanding the pool of entities that are eligible to act as CSPs. The result should be a broad range of experience and expertise in administering the types of programs envisioned by Act 129. In addition, expanded participation should tend to decrease costs to the EDCs, and ultimately to their customers, because many entities can compete to be CSPs.

In summary, this second interpretation provides clear public interest benefits. Conversely, as discussed above, an interpretation which bars a CSP affiliated with an EDC from acting as a CSP anywhere in the Commonwealth is not in the public interest. Accordingly, PPL Electric recommends that the PUC adopt an interpretation of Act 129 under which an entity affiliated with an EDC would be precluded from acting as a CSP only for its affiliate, and would be permitted to act as

a CSP for any other EDC in Pennsylvania. The Company respectfully requests that the Commission clarify its Tentative Order to explicitly adopt this interpretation.

PPL Electric recognizes that the Commission may not be prepared to address this statutory interpretation issue in an Order implementing a CSP registry. In that event, the Company respectfully requests that the Commission clarify its Tentative Order to explicitly state that the issue is not being addressed at this time, and will be resolved in a future order.