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File #: 2507/142281

September 13, 2010

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Changes Affecting Customer Service; Amendment re: Supplier Contract Renewal/Change Notices
Docket No. M-2010-2195286 and M-0001437

Dear Secretary Chiavetta:

Enclosed please find the Comments of PPL Electric Utilities Corporation to the Tentative Order entered on September 3, 2010 in the above-referenced proceeding. Copies have been provided as directed in the Tentative Order.

Respectfully Submitted,

Anthony D. Kanagy

ADK/kmg

Enclosures

cc: Office of Competitive Market Oversight (*via email @ ra-OCMO@state.pa.us*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Interim Guidelines Regarding Advance	:	Docket No. M-2010-2195286
Notification by an Electric Generation Supplier	:	
of Impending Changes Affecting Customer	:	Docket No. M-0001437
Service; Amendment re: Supplier Contract	:	
Renewal/Change Notices	:	

**COMMENTS OF PPL ELECTRIC
UTILITIES CORPORATION**

Introduction

On September 3, 2010, the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) entered a Tentative Order in the above-captioned proceeding. In that Tentative Order, the Commission issued, for public comment, proposed revisions to its interim guidelines for electric generation suppliers (“EGSs”) providing notice to customers in advance of a change in terms of service for, or the expiration of a contract for electric generation. *Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Changes Affecting Customer Service (Interim Guidelines)*.

As explained in the Tentative Order, the Commission’s Office of Competitive Market Oversight (“OCMO”), in anticipation of the need for EGSs to notify customers of the impending expiration of, or changes in contracts, reviewed the Interim Guidelines and identified two urgent issues that needed to be addressed in light of today’s market environment. These issues are: (1) the use of an estimated Price to Compare (“PTC”) on customer contract renewal notices when an actual PTC is not yet available from the Electric Distribution Company (“EDC”), and (2), the effect on a

customer's existing contract with an EGS when the customer does not respond to a contract renewal notice.

In June 2010, OCMO brought these issues concerning the contract renewal notices to the attention of the Committee for Handling Activities for Retail Growth in Electricity ("CHARGE"). CHARGE is a working group composed of Commission staff from OCMO, EGSs, default service providers, the statutory consumer advocates – Office of Consumer Advocate ("OCA") and Office of Small Business Advocate ("OSBA") - and other interested parties. After several weeks of discussion and four CHARGE meetings, including a July 29, 2010, conference call, OCMO staff formulated recommendations for resolving these two issues.

The Tentative Order reviews the recommendations from OCMO staff and identifies the Commission's proposed resolution for each issue. Appendix A to the Tentative Order sets forth the revised Interim Guidelines reflecting the Commission's resolution of the two issues identified above. Interested parties are invited to submit comments to the Tentative Order and Appendix A. Comments are due September 13, 2010. No reply comments are permitted.

Comments of PPL Electric Utilities Corporation

Following are the comments of PPL Electric Utilities Corporation ("PPL Electric" or the "Company") to the Tentative Order and Appendix A. At the outset, PPL emphasizes its full support for the Commission's initiative to update the Interim Guidelines to reflect today's market environment. The Company has been an active participant in the CHARGE working group and fully participated in the working group discussions regarding the two issues that are the subject of this Tentative Order.

PPL Electric generally is in agreement with the Commission's recommended resolution of the two issues identified by the OCMO. Specifically, the Company fully supports the Commission's proposed modification to Guideline II (d) to address situations when a customer does not respond to the renewal/change notices. PPL agrees with the Commission's observation that this option will better protect customers and encourage competition. As the Commission stated, if customers are unwillingly trapped in a contract which contains penalties for leaving, customers may prefer to stay with their default service suppliers. Competition is strengthened anytime a customer has a choice. Additionally, being unwillingly locked into a contract means that customers will not have a choice of suppliers.

In addition, PPL Electric supports the Commission's proposed modification to Guideline II(b)(iii) to address the notice of an estimated PTC. However, the Company has several concerns regarding the proposed approach and recommends four minor modifications to address those concerns.

First, the Interim Guidelines should be amended to provide that when an EGS sends out a renewal/change notice, all affected EDCs must be provided with a copy of the notice or, at a minimum, communication that the notice has been sent to customers. Because the EDC will be identified on the notice as the entity to contact regarding the PTC, it is fair to assume that the EDC's customer contact center will receive telephone calls from customers regarding the PTC and, perhaps, other provisions in the notice. Of course, specific questions regarding the EGS' products would be directed to the EGS. However, in order to adequately staff and train its customer service representatives to respond customers' calls, the EDC must be aware of the notices being issued by the EGSs doing business in its service area.

Second, the Interim Guidelines should be amended to provide that, if an EDC changes its PTC on a quarterly basis, its obligation to provide an estimated PTC will extend for no more than three months or one calendar quarter into the future from the date of the request for an estimate. PPL Electric recognizes the desire to provide PTC information to customers who are trying to make decisions regarding the possible extension of a contract with an EGS. However, the Company does not believe that customers will benefit from receiving a future PTC that is too speculative and subject to significant changes. The guidelines currently could be interpreted to require the EDC to provide an estimated PTC for the entire contract term. However, EGSs may offer customers extended contract terms, for a year or in some instances multi-year contracts. PPL Electric does not believe that it would be reasonably possible to provide an accurate estimated PTC for a long-term period.

PPL Electric purchases supply to meet its default service obligations on a quarterly basis. Every quarter some contracts expire and other contracts take their place. The supply comes from many different sources with a mix of characteristics, including load following full requirements, block and spot market energy purchases. The Company also must obtain credits to meet its Alternative Energy Portfolio Standards (“AEPS”) Act obligations, and it must obtain transmission service. All of these products are obtained from a wholesale market in which prices can be very volatile. The Company’s PTC will change quarterly beginning on June 1, 2011. Under these circumstances, any estimate of the PTC beyond the next quarter may be significantly above or below the actual PTC. If customers rely on inaccurate information to make their shopping decisions, they will be dissatisfied and, in the end, may become uncomfortable with competition.

Third, the guidelines should be amended to provide that, if an EDC changes its PTC on a quarterly basis, its obligation to provide an estimated PTC will require updates of that estimate no

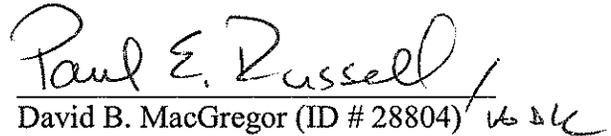
more frequently than on a quarterly basis. As discussed above, PPL Electric purchases supply to meet its default service obligations on a quarterly basis and its PTC will change on a quarterly basis as well. The Company anticipates that it will have to devote substantial resources to calculating the quarterly PTC. EDCs should not be required to devote additional time and expense to developing more frequent estimates solely for the purpose of EGS renewal/change notices.

Fourth, and finally, the guidelines should be amended to specifically provide that EDCs shall not be liable if actual default service prices vary from the estimated PTC. As noted above, PPL Electric must base its estimated PTC on contract prices that change frequently, including prices for spot market supply. Actual prices may vary considerably from estimates, with such variation in pricing being completely unpredictable and outside of the EDC's control. Given this volatility and other factors, PPL Electric believes that it is reasonable for the Commission to expressly provide that EDCs will not be liable to any entity, including customers and EGSs, if actual default service prices vary from estimated PTCs.

Conclusion

For all of the foregoing reasons, PPL Electric Utilities Corporation respectfully requests that the Public Utility Commission modify, consistent with these comments, its proposed changes to the Interim Guidelines Regarding Advance Notification by an Electric Generation Supplier of Impending Contractual Changes Affecting Customer Service.

Respectfully submitted,



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Date: September 13, 2010

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