



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Fax
www.postschell.com

Anthony D. Kanagy

akanagy@postschell.com
717-612-6034 Direct
File #: 2507/140072

May 28, 2009

VIA HAND DELIVERY

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

**RE: Petition of PPL Electric Utilities Corporation for Approval to Offer
Customers a Voluntary Alternative Energy Program and to Bank
Alternative Energy Credits - Docket No. P-2008-2021398**

Dear Secretary McNulty:

Enclosed for filing are the original and three (3) copies the Joint Petition for Settlement of All Issues in the above-referenced proceeding. As indicated on the certificate of service, copies have been served on the parties in the manner indicated.

Respectfully submitted,

Anthony D. Kanagy

ADK/skr

Enclosures

cc: Honorable David A. Salapa
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

James A. Mullins
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923
jmullins@paoca.org

Allison C. Kaster
Office of Trial Staff
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265
josimms@state.pa.us

Daniel Asmus
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101
dasmus@state.pa.us

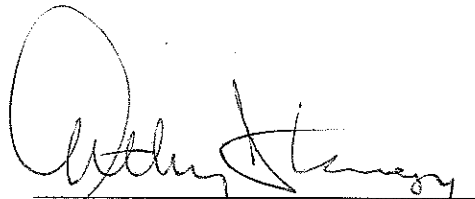
Pamela C. Polacek
Shelby Linton-Keddie
McNees, Wallace & Nurick
P.O. Box 1166
100 Pine Street
Harrisburg, PA 17108-1166
ppolacek@mwn.com
skeddie@mwn.com

Daniel Clearfield
Deanne M. O'Dell
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
PO Box 1248
Harrisburg, PA 17108
dclearfield@eckertseamans.com
dodell@eckertseamans.com

Eric J. Epstein
4100 Hillsdale Road
Harrisburg, PA 17112
ericepstein@comcast.net

Craig A. Doll
25 West Second Street
P.O. Box 403
Hummelstown, PA 17036-0403
CDoll76342@aol.com

Date: May 28, 2009



Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval to Offer :
Customers a Voluntary Alternative Energy : Docket No. P-2008-2021398
Program and to Bank Alternative Energy :
Credits :

**JOINT PETITION FOR SETTLEMENT
OF ALL ISSUES**

TO ADMINISTRATIVE LAW JUDGE DAVID A. SALAPA:

PPL Electric Utilities Corporation (“PPL Electric”), the Office of Trial Staff (“OTS”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and Eric Epstein (collectively the “Joint Petitioners”) hereby submit this Joint Petition for Settlement of All Issues (“Settlement”) in the above-captioned proceeding.¹

The Joint Petitioners represent that this Settlement is a reasonable resolution of this proceeding and is in the public interest. Therefore, the Joint Petitioners request that Administrative Law Judge David A. Salapa (the “ALJ”) and the Commission approve this Settlement without modification. In support of this Settlement, the Joint Petitioners represent as follows:

I. BACKGROUND

1. On January 23, 2008, PPL Electric filed the above-captioned Petition with the Commission. In the Petition, PPL Electric requested Commission approval to: (1) offer a voluntary alternative energy program whereby customers could support the development of

¹ Retail Energy Supply Association (“RESA”), PP&L Industrial Customer Alliance (“PPLICA”) and Richards Energy Group (“Richards”), the other parties in this proceeding, have indicated that they do not oppose the Settlement.

alternative energy through purchases of alternative energy credits (“AECs”); and (2) bank Tier I and Tier II AECs for use after PPL Electric’s transition cost recovery period expires on December 31, 2009.

2. On February 7, 2008, OTS filed a letter requesting an extension of time to file an Answer to the Petition.

3. On February 12, 2008, PPL Electric filed a letter indicating that it did not oppose OTS’ request for an extension to file an Answer. Also on that date, OCA and OSBA filed their respective Notices of Intervention, Public Statements, and Answers to the Petition. In addition, PPLICA filed a Petition to Intervene in the proceeding.

4. On February 15, 2008, RESA and Eric Epstein filed Petitions to Intervene in the proceeding.

5. On February 20, 2008, OTS filed an Answer to the Petition.

6. On February 21, 2008, Richards’ filed a Petition to Intervene in the proceeding.

7. On March 3, 2008, PPL Electric filed Answers to RESA’s, PPLICA’s and Eric Epstein’s Petitions to Intervene. In its Answers, PPL Electric stated that it did not oppose these parties’ interventions to raise relevant issues related to their interests in the proceeding.

8. On March 11, 2008, PPL Electric filed an Answer to Richards’ Petition to Intervene. In this Answer, PPL Electric also stated that it did not oppose Richards’ intervention to raise relevant issues related to Richards’ interests in the proceeding.

9. On February 23, 2009, the Commission issued a Notice scheduling a Prehearing Conference for March 26, 2009.

10. On February 25, 2009, the ALJ issued a Prehearing Order directing the parties to file Prehearing Conference Memoranda. In addition, the ALJ issued an Order Granting Petitions

to Intervene which granted PPLICA's, Eric Epstein's, RESA's and Richards' Petitions to Intervene.

11. On March 23, 2009, the parties filed Prehearing Conference Memoranda pursuant to the ALJ's Prehearing Order.

12. An Initial Prehearing Conference was held before the ALJ on March 26, 2009. At the Prehearing Conference, the ALJ established a litigation schedule for the proceeding.

13. On April 27, 2009, the parties informed the ALJ that they were close to a settlement of the above-captioned proceeding and requested that the ALJ extend the due dates for testimony so that the parties could continue settlement discussions in an attempt to finalize a settlement in principle.

14. Subsequently, on April 29, 2009, the parties informed the ALJ that they had in fact reached a settlement in principle and requested that the ALJ suspend the litigation schedule.

15. On April 30, 2009, the ALJ issued an Order suspending the litigation schedule and cancelling the hearing.

16. The Settlement terms are set forth in the following section.

II. SETTLEMENT TERMS AND CONDITIONS

17. PPL Electric will offer its residential and small commercial and industrial ("C&I") customers a voluntary alternative energy program ("Program"). Under the Program, residential and small C&I customers will be able to purchase AECs, on a strictly voluntary basis, to support the development of alternative energy sources.²

18. Under the Program, residential and small C&I customers will be able to purchase one or more 100 kWh blocks of AECs per month. The rate under the Program will be

² The residential classes include Rate Schedules RS, RTS(R) and RTD(R). The small C&I classes include Rate Schedules GS-1, GS-3, IS-1(R), BL, SA, SM(R), SHS, SE, TS(R), SI-1(R), GH-1(R) and GH-2(R).

\$0.025/kWh or \$2.50 per 100 kWh block elected by the customer. Pro forma tariff sheets implementing the Program are attached hereto as Appendix A. Upon Commission approval of this Settlement, the Joint Petitioners request that PPL Electric be permitted to file the tariff sheets contained in Appendix A to become effective on one-day's notice.

19. Customers are not required to stay in the Program for any set amount of time. Customers can enter or leave the Program at the end of any monthly billing cycle, upon 16 days' notice.

20. The AECs for the Program will come from wind sources (Tier I) and from large-scale hydropower sources (Tier II). The wind credits will be generated from facilities located in PJM Interconnection, LLC ("PJM") and will meet the definition of Tier I credits under the Alternative Energy Portfolio Standards ("AEPS") Act. The hydroelectric credits will be generated from facilities located in PJM and will meet the definition of Tier II credits under the AEPS Act. However, the AECs will not be used to satisfy the obligations of PPL Electric, any other electric distribution company, or any electric generation supplier under the AEPS Act.

21. The term of the Program will expire on May 31, 2013. PPL Electric will not extend the term of the Program without prior Commission approval. All issues will be open to all parties in the event PPL Electric makes a filing to extend the Program.

22. PPL Electric may end the Program upon 30 days' notice to customers in the event that it cannot obtain enough AECs for the Program. In addition, the Program will be capped at 3.3 million blocks over the Program's term.

23. PPL Electric will partner with Community Energy, Inc. ("CEI") to offer the Program. PPL Electric will obtain AECs from CEI for the Program. In addition, CEI will assume primary responsibility for marketing the Program with support from PPL Electric.

24. CEI will develop promotional materials to market the Program to customers. These promotional materials will be sent to customers through bill inserts, direct mail and e-mail. CEI also will set up informational tables at local community events in order to promote the Program to customers and to answer questions. In addition, CEI will set up and maintain a toll-free telephone number dedicated exclusively for the Program, and will create and maintain an internet web page that will allow customers to initiate, discontinue or change service under the Program.

25. PPL Electric will provide CEI with limited customer information so that CEI can market the voluntary Program to customers. This information will include customer names, mailing and service addresses and account numbers for enrollment purposes.

26. PPL Electric will not provide a customer's telephone number, electronic mail address or historic usage data to CEI without prior consent of the customer

27. PPL Electric will review all promotional materials prepared by CEI for the Program and approve the content of materials prior to distribution. PPL Electric also will approve the content and format of the web page that CEI will design for the Program.

28. PPL Electric will not use AECs supplied under the voluntary Program to meet its obligations under the AEPS Act. Instead, PPL Electric will retire all credits used to meet customers' needs under the voluntary Program.

29. PPL Electric will not seek to recover its incremental internal or external costs of the Program, including legal and/or consulting costs, in rates.

30. The Joint Petitioners request a waiver of the Commission's regulations at 52 Pa. Code § 54.187(b) to the extent necessary to implement the Program.

31. PPL Electric withdraws its request in this proceeding for Commission approval to bank AECs and for Commission approval to bank AECs from the Compact Fluorescent Lamp Program. This withdrawal is without prejudice to any position which any of the parties may have advanced in this proceeding and without prejudice to the positions any of the parties may advance on the merits in future proceedings.

32. Attached hereto as Appendices B-F, respectively, are the Statements in Support of the Settlement of PPL Electric, OTS, OCA, OSBA and Eric Epstein.

III. CONDITIONS OF SETTLEMENT

33. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an order modifying the Settlement.

34. This Settlement, if approved, shall be considered to have the same force and effect as full litigation of this proceeding.

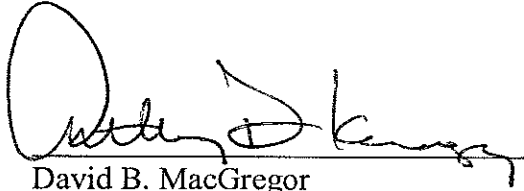
35. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceeding continues, the Joint Petitioners reserve their respective rights to litigate this proceeding, including the right to present testimony, conduct cross-examination, file briefs and file exceptions and/or reply exceptions. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation in this proceeding or any other proceeding.

36. Approval of this Settlement is non-precedential. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

37. The Commission's approval of the Settlement shall not be construed to represent approval of any Joint Petitioner's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement in this and future proceedings involving PPL Electric.

38. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the parties may have advanced if this proceeding were fully litigated and without prejudice to the position any of the parties may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement.

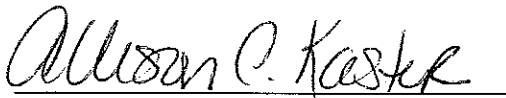
WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that the Honorable Administrative Law Judge David A. Salapa and the Pennsylvania Public Utility Commission approve this Settlement including all terms and conditions without modification.



David B. MacGregor
Anthony D. Kanagy
Paul E. Russell
For: *PPL Electric Utilities Corporation*

Respectfully submitted,

Date: 5/27/09



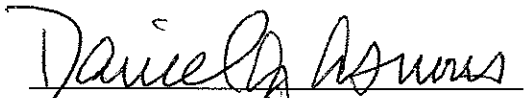
Allison C. Kaster
For: *Office of Trial Staff*

Date: 5/27/09



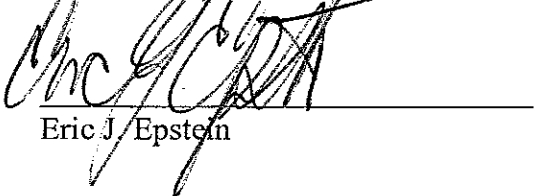
James A. Mullins
For: *Office of Consumer Advocate*

Date: 5/28/09



Daniel Asmus
For: *Office of Small Business Advocate*

Date: 5/27/09



Eric J. Epstein

Date: 5/21/09

Appendix A

GREEN POWER OPTION

AVAILABILITY

Subject to the limitations described below, service under this voluntary option is available to all customers who receive Basic Utility Supply Service under Rate Schedules RS, RTS(R) RTD(R), GS-1, GS-3, IS-1(R), BL, SA, SM(R), SHS, SE, TS(R), SI-1(R), GH-1(R) and GH-2(R). Customers who elect to purchase Green Power Credits under this option will be subject to the charges described below.

DEFINITIONS

Green Power – Electric energy generated from renewable resources that are located within PJM Interconnection, LLC (PJM) and qualify as Alternative Energy Sources under the Alternative Energy Portfolio Standards (AEPS) Act. For purposes of the Green Power Option, Customers will not be purchasing the capacity and energy generated by the Alternative Energy Sources, but instead, will be purchasing Green Power Credits which will be retired on their behalf.

Green Power Credits – Alternative Energy Credits, as that term is defined in the AEPS Act, generated by wind and hydroelectric facilities that are located within PJM and qualify as Alternative Energy Sources.

Green Power Block – The number of Green Power Credits that are produced by the generation of 100 kWh of Green Power.

APPLICATION

Customers may elect to purchase any whole number of Green Power Blocks per month, at the rate set forth below.

The Customer may initiate participation, change the number of Green Power Blocks selected or may terminate participation in the Green Power Option effective as of the Customer's next scheduled meter reading date, provided the Company has received at least sixteen (16) days' prior notice.

If a Customer fails to pay the Monthly Green Power Charges for two consecutive billing periods, that Customer's participation in the Green Power Option will be terminated and any Green Power Blocks that the Customer selected, but did not pay for, will be returned to the Company.

If the Customer pays for Green Power Blocks, and the Company is unable to provide those blocks, the Company will refund the Customer's payment in full in the next billing period.

RATES AND BILLING

The charge for each Green Power Block is \$2.50 per month.

The Green Power Charge is in addition to all other charges billed under the Customer's applicable Rate Schedule. Customers will be billed for the fixed number of Green Power Blocks that they select regardless of actual energy use during the billing period.

The Green Power Charge will be set out separately on the Customer's bill.

(Continued)

(C) Indicates Change

Issued:

Effective:

GREEN POWER OPTION (Continued)

TERM AND CONDITIONS

The Green Power Option is offered on a month-to-month basis. The Company reserves the right to withdraw this Option upon thirty (30) days' written notice to the Customer.

The total number of Green Power Blocks available for purchase by Customers will be limited to the lesser of 3.3 million Green Power Blocks or the number of Green Power Blocks available to the Company.

The Green Power Option will terminate no later than May 31, 2013.

Appendix B

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval to Offer :
Customers a Voluntary Alternative Energy : Docket No. P-2008-2021398
Program and to Bank Alternative Energy :
Credits :

**PPL ELECTRIC UTILITIES CORPORATION
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT**

TO ADMINISTRATIVE LAW JUDGE DAVID A. SALAPA:

I. INTRODUCTION

PPL Electric Utilities Corporation (“PPL Electric”) hereby submits this Statement in Support of the Joint Petition for Settlement of All Issues (“Settlement”) entered into by the Office of Trial Staff (“OTS”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Eric Epstein and PPL Electric (collectively the “Joint Petitioners”) in the above-captioned proceeding.¹ As explained below, PPL Electric believes that the Settlement of all issues in this proceeding is in the best interests of its customers and should be approved.

II. DISCUSSION

Under the Settlement, PPL Electric will offer to residential and small commercial and industrial (“C&I”) customers a voluntary alternative energy program (“Program”) whereby customers will be able to purchase alternative energy credits (“AECs”), on a strictly voluntary basis, to support the development of alternative energy sources. Customers will be able to

¹ Retail Energy Supply Association (“RESA”), PP&L Industrial Customer Alliance (“PPLICA”) and Richards Energy Group (“Richards”), the other parties in this proceeding, have indicated that they do not oppose the Settlement.

purchase one or more 100 kWh blocks of AECs per month, and the rate under the Program will be \$0.025/kWh or \$2.50 per 100 kWh block elected by the customer.

The AECs for the Program will come from wind and large-scale hydropower sources located in PJM Interconnection, LLC (“PJM”). The wind credits will qualify as Tier I AECs under the Alternative Energy Portfolio Standards Act (“AEPS Act”), 73 P.S. §§ 1648.1 *et seq.*, and the hydroelectric credits will qualify as Tier II AECs under the AEPS Act. PPL Electric will not use the AECs supplied under the Program to meet its obligations under the AEPS Act. Instead, these AECs will be retired.

Offering the Program to customers is clearly in the public interest. The Program is completely voluntary, and will provide interested customers the opportunity to support the development of alternative energy resources. PPL Electric believes that a number of its customers will be interested in supporting the development of alternative energy resources, and the Program will offer customers an easy and convenient method to do so. PPL Electric notes that several other electric distribution companies in Pennsylvania, including PECO Energy Company (“PECO”), UGI Utilities, Inc. – Electric Division (“UGI”) and West Penn Power Company (“West Penn”) offer similar programs to customers. PPL Electric also is aware that the PECO program, which has been offered for the longest period of time, has been well received and well subscribed by customers.

In addition, the Program should assist in the development of alternative energy sources in PJM by expanding the market for AECs. Under the AEPS Act, alternative energy compliance requirements increase in set increments over a fifteen-year period. PPL Electric’s Program has a limited, four-year term and should promote the development of alternative energy services in the short term by providing a source of revenue to help finance alternative energy sources, thereby

potentially increasing the availability of AECs in the future when compliance requirements increase.² In addition, the Settlement caps the voluntary Program at 3.3 million 100 kWh blocks of AECs. This cap was established to address concerns that voluntary programs may drive up the cost of AECs purchased for AEPS Act compliance or that the Commission will be required to declare force majeure due to lack of available AECs.

PPL Electric further notes that in many states, such as New Jersey, New York, Colorado and New Mexico, customers are offered voluntary alternative energy programs in addition to programs required by statute. This demonstrates that voluntary alternative energy programs are part of an overall approach to expanding the development of alternative energy sources.

PPL Electric has partnered with Community Energy Inc. (“CEI”) to offer the Program. PPL Electric will obtain AECs from CEI for the Program, and CEI will assume primary responsibility for marketing the Program with support from PPL Electric.

It is in the public interest for PPL Electric to partner with CEI to offer the Program. CEI has extensive experience in offering alternative energy products, including voluntary programs such as this one, to customers. CEI has partnered with PECO, West Penn, National Grid, Public Service Electric & Gas Company and FirstEnergy Corp., among others, to provide alternative energy products to retail customers. In addition, CEI and its affiliated companies have developed multiple wind farm projects throughout the United States and internationally. CEI’s extensive experience in offering alternative energy products to customers will provide substantial benefits to customers that choose to enroll in the Program.

Pursuant to the terms of the Settlement, PPL Electric will provide CEI with limited customer information so that CEI can market the voluntary Program to customers. This information will include customer names, mailing and service addresses and account numbers

² The Settlement provides that the term of the Program will expire on May 31, 2013.

for enrollment purposes. However, consistent with 52 Pa. Code § 54.8, PPL Electric will not provide a customer's telephone number or historic usage data to CEI without the prior consent of the customers. PPL Electric also will not provide customers' electronic mail addresses to CEI without the prior consent of the customers. These settlement provisions are in the public interest because they will allow PPL Electric to provide information to CEI that is necessary to market the Program while, at the same time, protecting customers' information which the Commission, in its regulations, has determined should remain private unless otherwise released by the customer.

In addition, PPL Electric will review all promotional materials developed by CEI and approve the content of the materials prior to distribution. This provision is in the public interest because it will provide a check and review system for information that is provided to customers about the Program.

Moreover, the Settlement provides that PPL Electric will not seek to recover its incremental internal or external costs of the Program in rates. This Settlement provision will ensure that PPL Electric's customers will not bear any incremental costs of the Program.

Finally, the Settlement provides that PPL Electric withdraw the request for Commission approval to bank AECs, including AECs from the Compact Fluorescent Lamp ("CFL") program. These Settlement provisions are in the public interest for several reasons. First, in this proceeding, several parties have argued that PPL Electric should acquire AECs used for compliance with its AEPS Act obligations through a competitive procurement process. While PPL Electric does not believe that such a process is mandated by Act 129 of 2008 ("Act 129"), withdrawal of the request eliminates controversy with the parties. In addition, PPL Electric will acquire AECs to meet its AEPS Act obligations in the near term through competitive

procurements under its Competitive Bridge Plan approved by the PUC at Docket No. P-00062227 and Default Service Plan pending before the PUC at Docket No. P-2008-2060309.

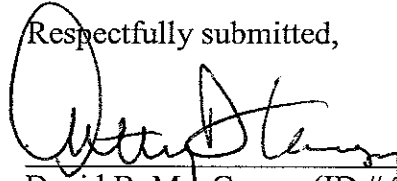
As to the withdrawal of PPL Electric's request for Commission approval to bank AECs from the CFL Program, PPL Electric also believes that this Settlement provision is in the public interest. The CFL Program was approved by the Commission in PPL Electric's base rate proceeding at Docket No. R-00072155, and PPL Electric has already received AECs for this program. Therefore, PPL Electric does not believe it is necessary to obtain formal Commission approval to bank AECs from the CFL Program. In addition, withdrawing the request for formal Commission approval to bank these AECs eliminates controversy in this proceeding regarding issues raised by one of the parties related to disposal of CFLs. PPL Electric notes that its withdrawal is without prejudice to any position which any of the parties may have advanced in this proceeding and without prejudice to the position any of the parties may advance on the merits in future proceedings.

The Settlement, if approved without modification by the ALJ and the Commission, will reduce the expense and effort that will be required to bring this matter to a conclusion. The Parties and the Commission will be able to avoid the potentially substantial effort and expense that would be incurred in continuing to litigate this proceeding, including preparing for and participating in hearings, preparing briefs, reply briefs, exceptions, replies to exceptions and possible appellate litigation.

III. CONCLUSION

As explained above, the Joint Petition for Settlement of All Issues in this proceeding is in the public interest and should be approved. The Settlement will allow PPL Electric Utilities Corporation to offer its customers a completely voluntary alternative energy program whereby customers can support the development of alternative energy sources in PJM Interconnection,

LLC. PPL Electric Utilities Corporation respectfully requests that Administrative Law Judge David A. Salapa and the Pennsylvania Public Utility Commission approve the Joint Petition for Settlement of All Issues submitted in the above-captioned proceeding without modification.

Respectfully submitted,


Paul E. Russell (ID # 21643)
Associate General Counsel
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18106
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com

David B. MacGregor (ID # 28804)
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808
Phone: 215-587-1197
Fax: 215-320-4879
E-mail: dmacgregor@postschell.com

Of Counsel:

Post & Schell, P.C.

Date: May 26, 2009

Anthony D. Kanagy (ID # 85522)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: akanagy@postschell.com

Attorneys for PPL Electric Utilities Corporation

Appendix C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval to Offer :
Customers a Voluntary Alternative : Docket No. P-2008-2021398
Energy Program and to Bank :
Alternative Energy Credits :

**OFFICE OF TRIAL STAFF
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

TO ADMINISTRATIVE LAW JUDGE DAVID A. SALAPA:

The Office of Trial Staff (“OTS”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Prosecutor, Allison C. Kaster, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement of All Issues (“Joint Petition” or “Settlement”) are in the public interest as supported by the following factors:

Background

1. OTS is charged with the representation of the public interest in proceedings relating to rates, rate-related services and application proceedings affecting the public interest held before the Commission. Consequently, in negotiated settlements, it is incumbent upon OTS to ensure that the public interest is served and to quantify to what extent amicable resolution of any such proceeding will benefit the public interest. Based upon OTS’ analysis of the filing, acceptance of the Joint Petition is in the public interest

and OTS recommends that Administrative Law Judge (“ALJ”) David A. Salapa and the Commission approve the Settlement in its entirety.

3. On January 23, 2009, PPL Electric Utilities Corporation (“PPL Electric” or “Company”) filed the above-captioned Petition requesting approval of a voluntary alternative energy program (“Program”) and to bank Alternative Energy Credits (“AECs”).

4. OTS filed an Answer to the Company’s Petition on February 20, 2009

5. A Prehearing Conference was held on March 26, 2009, which resulted in the establishment of a procedural schedule.

6. In accordance with the Commission’s policy favoring settlements over costly and time consuming litigation, 52 Pa. Code § 5.231, the parties were successful in achieving a Settlement utilizing the discovery and settlement negotiation process.

7. As a result of reaching the foregoing Settlement, the ALJ suspended the litigation schedule and canceled the evidentiary hearings by Order dated April 30, 2009.

Terms and Conditions

8. The OTS submits that the proposed Settlement is in the public interest and should be approved by the ALJ and the Commission for the following reasons:

a. PPL Electric will offer the proposed voluntary alternative energy program to residential and small C&I customers. OTS supports the Program as being in the public interest because the development of alternative energy resources is a viable avenue to reduce reliance on historical fuel resources in order to meet ongoing and increasing demand for reasonable and reliable energy for citizens in the Commonwealth.

b. The term of the Program will expire on May 31, 2013 and will not be extended absent prior Commission approval. If such extension is requested, all issues will be open to the parties. This term is in the public interest because, when evaluating whether extension of the Program is proper, it allows the parties to revisit any and all issues to ensure that such extension is compliant with all laws, regulations and Commission policies.

c. Customer privacy was a concern of OTS in this proceeding because PPL Electric will partner with Community Energy, Inc. ("CEI") to offer the Program. The Settlement provides that PPL Electric will provide limited customer information to CEI so that CEI will be able to market the Program to customers. However, pursuant to the Settlement, PPL Electric will not provide customer telephone numbers, electronic mail addresses or historic usage to CEI without prior consent of the customer. OTS maintains that this term is in the public interest because it protects the customers' right to preserve private information and is in accordance with Commission regulations at 52 Pa. Code § 54.8.

d. PPL Electric agrees not recover internal or external costs associated with the Program in rates. Not passing such costs on to the Company's ratepayers is in the public interest.

e. Through Settlement, PPL Electric withdraws its request to bank AECs and bank AECs from the Compact Fluorescent Lamp Program. In its Answer and Prehearing Memorandum, OTS raised competitive procurement of AECs as a concern. By withdrawing the request to bank AECs, the Settlement resolves the competitive

procurement issue. However, it must be noted that this withdrawal is made without prejudice to any position that any party has taken in this proceeding or may take in future proceedings.

9. Acceptance of this proposed Settlement is in the public interest because resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

10. OTS further submits that the acceptance of the foregoing Settlement will negate the need for any direct and cross-examination of witnesses, the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions, and the filing of possible appeals.

11. The Settlement is conditioned upon the Commission's approval of all terms and conditions contained therein and should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company or OTS as provided therein.

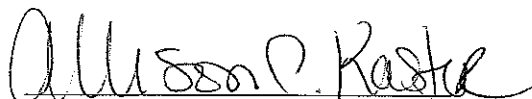
12. OTS' agreement to settle this case is made without any admission or prejudice to any position that OTS might adopt during subsequent litigation in the event that the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

13. If the ALJ recommends that the Commission adopt the Settlement as proposed, OTS has agreed to waive the filing of Exceptions. However, OTS has not waived its rights to file Reply Exceptions with respect to any modifications to the terms

and conditions of the Settlement, or any additional matters, that may be proposed by the ALJ in his Recommended Decision. OTS has also reserved the right to file Reply Exceptions to any Exceptions that may be filed by the Company.

WHEREFORE, the Commission's Office of Trial Staff represents that it supports the Settlement as being in the public interest and respectfully requests that Administrative Law Judge David A. Salapa recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully submitted,

A handwritten signature in black ink that reads "Allison C. Kaster". The signature is written in a cursive style with a horizontal line underneath the name.

Allison C. Kaster
Prosecutor

Pennsylvania Public Utility Commission
Office of Trial Staff
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265
(717) 787-1976

Dated: May 22, 2009

Appendix D

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :
for Approval to Offer Customers a Voluntary : Docket No. P-2008-2021398
Alternative Energy Program and to Bank :
Alternative Energy Credits :

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE IN
SUPPORT OF JOINT PETITION FOR SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On January 23, 2008, PPL Electric Utility Corporation (PPL or Company) filed a Petition with the Commission for approval to: (1) offer its default service customers a voluntary alternative energy program (Program), whereby customers can support the development of alternative energy through purchases of alternative energy credits (AECs); and (2) bank Tier I and Tier II AECs for use after PPL's transition Cost Recovery Period expires on December 31, 2009. Petition at pp. 1-3. The Company proposed to offer its residential and small commercial and industrial (C & I) customers a voluntary program under which customers can purchase 100 kwh blocks of AECs to support the development of alternative energy. The AECs that the Company is offering will equal one megawatt hour of electricity from an alternative energy source, in accord with the Alternative Energy Portfolio Standards Act (AEPS). These megawatts will be delivered to the PJM Interconnection, LLC (PJM). PPL has entered into a contract with

Community Energy, Inc. (CEI) in order to obtain AECs for the voluntary Program. CEI also will be responsible for marketing the Program with support from PPL. The rate under the Program will be \$2.50 per 100 kwh block of AECs and blocks purchased under the Program will be retired by the Company, i.e., they will not be available for re-use by PPL or any other entity in order to comply with the AEPS Act.

With respect to the banking of AECs, PPL proposed to bank 220,000 Tier I AECs purchased from CEI (out of a total of 360,000 Tier 1 AECs to be purchased from CEI) and 54,000 Tier II AECs (generated from the Company's compact fluorescent bulb program). Petition at ¶¶ 36, 45-46. These credits were to be used to comply with the AEPS Act after PPL Electric's Cost Recovery Period ends.

In order to implement the program, PPL requested from the Commission waivers of various regulations in its Petition. Specifically, the Company sought waivers of Section 54.8 of the Commission's regulations (52 Pa. Code § 54.8) and Section 54.187(b) of the Commission's regulations (52 Pa. Code § 54.187(b)). Petition at ¶ 67. Additionally, the Company sought waiver from any final AEPS regulations to the extent that such regulations are inconsistent with PPL's banking proposal. Petition at ¶ 71. PPL also initially sought to offer the voluntary Program to customers beginning April 1, 2008.

On February 12, 2008, the OCA and the Office of Small Business Advocate (OSBA) filed their respective Notices of Intervention, Public Statements, and Answers to the Petition. In addition, the PP&L Industrial Customer Alliance (PPLICA) filed a Petition to Intervene in the proceeding. On February 15, 2008, the Retail Energy Supply Association (RESA) and Eric Epstein filed Petitions to Intervene in the proceeding and, on February 20,

2008, the Commission's Office of Trial Staff (OTS) filed an Answer to the Petition. Finally, on February 21, 2008, Richards Energy Group filed a Petition to Intervene in the proceeding.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge David A. Salapa for investigation and the scheduling of hearings. On February 25, 2009, ALJ Salapa issued a Prehearing Conference Order indicating that an Initial Prehearing Conference was scheduled for March 26, 2009. This Order also detailed the parties' obligations with respect to the Prehearing Conference.

In its Answer, the OCA generally agreed with the principles underlying the Company's Petition. Further, the OCA's Answer supported the major provisions of PPL Electric's Petition and stated that they are beneficial to customers. However, the OCA did request that PPL Electric provide further clarification regarding certain other provisions of the Petition and that PPL Electric not be granted a blanket waiver of the Commission's regulation regarding the release of private customer information.

Pursuant to the Commission's policy of encouraging settlements that are in the public interest, the parties met on several occasions (in-person and telephonically) to discuss the possibility of reaching a settlement and corresponded via e-mails on several occasions. These discussions resulted in this proposed Settlement. As will be discussed below, the OCA submits that the proposed Settlement is in the public interest.

II. VOLUNTARY ALTERNATIVE ENERGY PROGRAM

A. Introduction.

Pursuant to the Settlement, PPL Electric will offer its residential and small C&I customers a voluntary alternative energy program. Under the Program, residential and small C&I customers will be able to purchase AECs on a strictly voluntary basis, to support the

development of alternative energy sources. Under the Program, residential and small C&I customers will be able to purchase one or more 100 kWh blocks of AECs per month. The rate under the Program will be \$0.025/kWh or \$2.50 per 100 kWh block elected by the customer. Customers are not required to stay in the Program for any set amount of time and can enter or leave the Program at the end of any monthly billing cycle, upon 16 days' notice.

The AECs for the Program will come from wind sources (Tier I) and from large-scale hydropower sources (Tier II). The wind credits will be generated from facilities located in PJM and will meet the definition of Tier I credits under the AEPS Act. The hydroelectric credits will be generated from facilities located in PJM and will meet the definition of Tier II credits under the AEPS Act. However, the AECs will not be used to satisfy the obligations of PPL Electric, any other electric distribution company, or any electric generation supplier under the AEPS Act. The term of the Program will expire on May 31, 2013. PPL Electric may end the Program upon 30 days' notice to customers in the event that it cannot obtain enough AECs for the Program. In addition, the Program will be capped at 3.3 million blocks over the Program's term.

The OCA submits that the Program is in the public interest for a variety of reasons. Most importantly, it allows for the continued expansion of the alternative energy market in the Commonwealth. Further, entry and withdrawal from the program will be simple, thereby, reducing the possibility of customers refraining from participation due to concerns regarding long-term commitment obligations. Additionally, as the AECs will not be used to satisfy PPL's AEPS Act obligations, expansion of the alternative energy market will continue as AEPS compliance will be separate and apart from this program.

B. Customer Information

PPL Electric will partner with CEI to offer the Program. The Company will obtain AECs from CEI for the Program. In addition, CEI will assume primary responsibility for marketing the Program with support from PPL Electric. CEI will develop promotional materials to market the Program to customers. However, PPL Electric will review all promotional materials prepared by CEI for the Program and approve the content of materials prior to distribution. The Company also will approve the content and format of the web page that CEI will design for the Program. These promotional materials will be sent to customers through bill inserts, direct mail and e-mail.

PPL Electric will provide CEI with limited customer information so that CEI can market the voluntary Program to customers. This information will include customer names, mailing and service addresses and account numbers for enrollment purposes. However, PPL Electric will not provide a customer's telephone number, electronic mail address or historic usage data to CEI without prior consent of the customer. PPL's agreement to refrain from releasing customer telephone numbers, electronic mail addresses or historic usage data to CEI is important as it provides the customer with the ability to restrict the release of this information if he/she chooses.

C. AEPS Obligations and Cost Recovery

PPL Electric will not use AECs supplied under the voluntary Program to meet its obligations under the AEPS Act. Instead, PPL Electric will retire all credits used to meet customers' needs under the voluntary Program. Expansion of the alternative energy market will continue since PPL's AEPS obligations will not be reduced as a result of this program. Further, PPL Electric will not seek to recover its incremental internal or external costs of the Program,

including legal and/or consulting costs, in rates. This is a benefit to ratepayers as there will be no cost recovery from customers as a result of implementation and availability of the program.

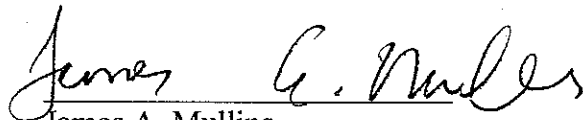
D. Conclusion.

Based on OCA's analysis of the Company's Petition, the proposed Settlement will allow for the offering of a program to customers that can support the continued development of alternative energy resources as a means of reducing our reliance on fossil fuels to meet our current and future demands for safe, reasonable and reliable electric service. The program is voluntary for customers and provides adequate consumer protections and information.

III. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement of this Petition represent a fair and reasonable resolution of the issues presented by the OCA in this proceeding. If approved by the Commission, this agreement would allow PPL to offer renewable products to its default service customers.

Respectfully submitted,



James A. Mullins
PA Attorney I.D. # 77066
E-Mail: JMullins@paoca.org
Assistant Consumer Advocate

Tanya J. McCloskey
PA Attorney I.D. #50044
E-Mail: TMcCloskey@paoca.org
Senior Assistant Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048
Dated: May 22, 2009
00112637

Appendix E

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval to Offer :
Customers a Voluntary Alternative : **Docket No. P-2008-2021398**
Energy Program and to Bank :
Alternative Energy Credits :

**STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT OF ALL ISSUES**

Background

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, on February 12, 2008, the Office of Small Business Advocate (“OSBA”) filed an Answer, Notice of Intervention and Public Statement in response to the January 23, 2008, filing by PPL Electric Utilities Corporation (“PPL” or “Company”) of a Petition of PPL Electric Utilities Corporation for Approval to Offer Customers a Voluntary Alternative Energy Program and to Bank Alternative Energy Credits (“Petition”) with the Pennsylvania Public Utility Commission (“Commission”).

The OSBA actively participated in the negotiations that led to the Joint Petition for Settlement of All Issues (“Settlement”) and is a signatory to the Settlement.

The OSBA submits this statement in support of the Settlement.

Settlement

The Settlement sets forth a list of issues that were resolved through the negotiation process.

The following are specific issues identified by the OSBA in its Revised Prehearing Memorandum, filed on March 26, 2009. The resolution of each issue is also set forth below.

1. The OSBA is concerned that voluntary purchases of alternative energy credits (“AECs”) may constrict the supply of AECs, thereby increasing the cost to ratepayers of AECs purchased for use in complying with the Alternative Energy Portfolio Standards Act (“AEPSA”). The Settlement does not directly resolve the OSBA’s concern. However, in view of the other issues addressed by the Settlement, the OSBA will not be pursuing this particular issue.

2. When it filed its Answer, the OSBA was concerned that, without competitive bidding, PPL had entered into a contract for AECs which would be banked for use in complying with the AEPSA after the expiration of PPL’s rate cap. In view of the large rate increase likely to be imposed upon ratepayers for default service after the expiration of PPL’s rate cap, the OSBA expressed the view that it was necessary to insure that PPL was acquiring AECs at the lowest possible price.

Responsibility for providing the AECs for the first year after the expiration of PPL’s rate cap, *i.e.*, 2010, will rest with the wholesale suppliers and the AECs at issue in the above-captioned proceeding will have no effect on default service rates in 2010. In addition, subsequent to the OSBA’s Answer in the above-captioned proceeding, PPL filed its plan for default service beginning on January 1, 2011. In that plan, PPL proposed again to make the wholesale suppliers responsible for providing the AECs. Therefore, PPL has withdrawn it

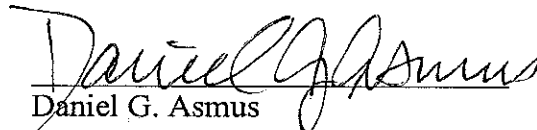
proposal in this proceeding to bank AECs.

3. In its Answer in the above-captioned proceeding, the OSBA expressed concern about the precedent which approval of the Petition could set for the acquisition of AECs after the expiration of the rate caps of PPL and other electric distribution companies (“EDCs”). In that regard, the OSBA particularly objected to acquisition of AECs without either competitive bidding or some other proof of the reasonableness of the price paid for the AECs and flowed through to ratepayers. Subsequent to the OSBA’s Answer, Act 129 was enacted. As added by Act 129, Section 2807(e)(3.5) of the Public Utility Code, 66 Pa. C.S. §2807(e)(3.5), explicitly requires competitive procurement of AECs. PPL has resolved this problem by withdrawing its proposal to bank AECs.

Conclusion

For the reasons set forth in the Settlement, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed Settlement and respectfully requests that the Administrative Law Judge and the Commission approve the Settlement document in its entirety without modification.

Respectfully submitted,



Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID No. 83789

For:

William R. Lloyd, Jr.
Small Business Advocate
Attorney ID No 16452

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

Dated: May 27, 2009

Appendix F

May 18, 2009

Honorable Administrative Law Judge David A. Salapa
PA PUC - Office of ALJ
Commonwealth Keystone Building
400 North Street
Harrisburg, Pa 17120

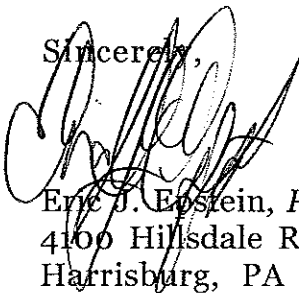
Eric Joseph Epstein Statement in Support of the Settlement
Re: Petition of PPL Electric Utilities Corporation for Approval to Offer
A Voluntary Alternative Energy Program and to Bank the
Alternative Energy Credits Docket No. P-2008-2021398

Dear Judge Salapa:

Enclosed please find a copy of Eric Joseph Epstein's Statement in Support of the Settlement Re: Petition of PPL Electric Utilities Corporation for Approval to Offer A Voluntary Alternative Energy Program and to Bank the Alternative Energy Credits. (Docket No. P-2008-2021398)

Copies have been served on all parties of record.

Sincerely,



Eric J. Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17102

cc:

Eric Joseph Epstein's Statement in Support of the Settlement
Certificate of Service

**BEFORE THE
Pennsylvania Public Utility Commission**

Petition of PPL Electric Utilities :
Corporation for Approval to Offer : Docket No. P-2008-2021398
A Voluntary Alternative Energy Program :
and to Bank the Alternative Energy :
Credits :

Eric Joseph Epstein's Statement in Support of the Settlement

Topics:

Consumer Privacy Protections

Program Limited in Time and Scope

Prohibition Against Recovering "Internal Costs"

No Recovery of CFL Credits

Dated: May 18, 2009

**Eric Joseph Epstein's Statement in
Support of the Settlement**

1) Epstein Privacy Proposal:

Customer telephone number and historic usage data will not be released, without prior consent of the customer. In addition, the customer must be contacted for release of all data including e-mail.

Settlement:

PPL Electric has agreed to these terms.

Public Interest:

Theft is minimized.

2) Epstein RFP Proposal:

PPL Electric Petition seeks to establish a four-year program. Therefore, the term of the voluntary program will expire on May 31, 2013. PPL Electric will not extend the program (green rate or "buy and bank") without prior Commission approval. All issues will be open to parties as part of that filing.

Settlement:

PPL Electric has agreed to these terms.

Public Interest:

Act 129 and the proposed PPL POLR Settlement mandate and encourage the use of RFP's to facilitate competition and reduce rates.

**Eric Joseph Epstein's Statement in
Support of the Settlement**

3) Epstein Rate Savings Proposal:

PPL Electric will not seek to recover any internal costs of the Voluntary Program in rates including legal fees.

Settlement:

PPL Electric has agreed to these terms.

Public Interest:

Internal costs and legal fees will not be passed through to customers.

4) Epstein CFL Remediation Proposal:

This program does not discuss the disposal costs for mercury contained in the CFL program. Disposal costs are being passed on to consumers and municipalities. CFL credits should be used to offset remediation expenses. This venture is likely to replicate the tritium and exit sign debacle at Pennsylvania landfills.

Settlement:

PPL Electric withdraws its request in this proceeding for Commission approval to bank AECs and for Commission approval to bank AECs from the Compact Fluorescent Lamp ("CFL") Program. This withdrawal is without prejudice to any position which any of the parties may have advanced in this proceeding and without prejudice to the positions any of the parties may advance on the merits in future proceedings.

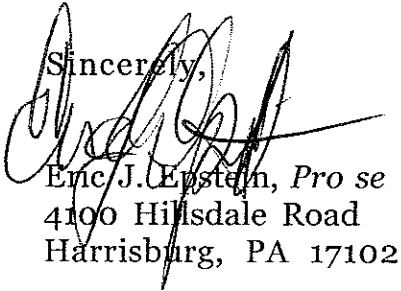
Public Interest:

Disposal costs for CFLs should not be a pass through cost foisted on the shoulders of customers, taxpayers, and municipalities.

Conclusion:

For the reasons set fourth, Eric Joseph Epstein supports the Settlement Agreement of Petition of PPL Electric Utilities Corporation for Approval to Offer A Voluntary Alternative Energy Program and to Bank the Alternative Energy Credits. (Docket No. P-2008-2021398)

Sincerely,



Eric J. Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17102

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the active participants named below by US mail or hand delivery or electronic transmission in accordance with the requirements of Section 1.54.

Administrative Law Judge David A. Salapa
PA PUC - Office of ALJ
Commonwealth Keystone Building
400 North Street
Harrisburg, Pa 17120

David M. Kleppinger, Esquire
Pamela C. Polacek, Esquire
Shelby Linton-Keddie, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166