



MAIN CAPITOL BUILDING
HARRISBURG, PENNSYLVANIA 17120

February 28, 2006

Wendell F. Holland, Chairman
Pennsylvania Public Utility Commission
3rd Floor, Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265

Dear Chairman Holland:

We are the primary sponsors of the legislation that became the Alternative Energy Portfolio Standards Act of 2004 (AEPS) or Act 213. The Pennsylvania Public Utility Commission and the Department of Environmental Protection have the responsibility of implementing this important piece of legislation.

In its Tentative Order in Docket No. M-00051865, issued on January 27, 2006, the Pennsylvania Public Utility Commission (PaPUC) indicated that the legislative intent of the General Assembly and what policies the General Assembly sought to advance were not clear when it passed the AEPS. The Commission also sought direction on where alternative energy projects must be located in order to meet the requirements of the AEPS and whether energy must be delivered to Pennsylvania retail customers in order to qualify.

During the development of this legislation, the General Assembly specifically discussed a variety of issues including, where a project must be located in order to meet the requirements of the AEPS, and whether or not energy from a project must be sold and delivered to Pennsylvania retail electricity customers.

After weighing a number of factors, it was the intent of the General Assembly that the AEPS be implemented in a manner so that alternative energy generation located only within PJM would qualify to meet Pennsylvania's AEPS requirements of electric distribution or electric generation suppliers serving retail load within PJM. We further intended that alternative energy generation located within the Midwest Independent System Operator (MISO) be allowed to meet the AEPS requirements of only those electric distribution companies or electric generation suppliers that were serving retail load that was located within the Pennsylvania portion of the MISO. It was important that the AEPS include this portion of the Penn Power service territory located in the MISO to ensure a consistent and uniform application of the AEPS across the Commonwealth.

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We are concerned that by including all of the MISO territory which extends as far west as Manitoba in Canada, economic development in Pennsylvania would be hindered, and also restrict the goal of expanding the use of alternative energy technologies in Pennsylvania. Act 213 creates a very large, multi-state area, in which projects may be located and qualify to participate in the Pennsylvania AEPS. This allows for a robust alternative energy trading credit program in a large market. We believe that the geographic scope authorized by the AEPS for a qualifying alternative energy facility is the largest market established by any state that has enacted an alternative or renewable energy portfolio statute. For these reasons, we believe, the AEPS is fully consistent with interstate commerce statutes and regulations.

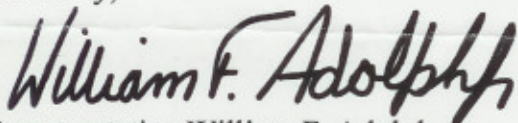
It is also important to note that Act 213 requires that qualified alternative energy projects must provide electric energy that is sold to retail electricity customers in the Commonwealth. This was included to insure that qualifying projects actually benefit Pennsylvania retail customers. This is an important requirement of the AEPS. We believe that projects located within PJM meet this test, since power generated within PJM can reach any part of the system.

The General Assembly enacted Act 213 to diversify Pennsylvania's electricity generation technologies and fuels; to increase economic development; to increase the pace of commercial development of these technologies; and to improve the quality of the Commonwealth's environment. We urge the Pennsylvania Public Utility Commission to interpret the AEPS in a manner that maximizes the benefits to Pennsylvania.

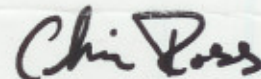
We appreciate the dedicated work of the Pennsylvania Public Utility Commission and its staff along with the cooperation and assistance of the staff at the Department of Environmental Protection in moving forward the implementation of Act 213.

If you should have any questions, or require further clarification about any of the points contained in this letter, please contact us.

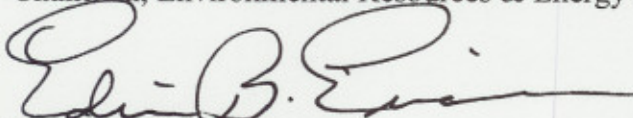
Sincerely,



Representative William F. Adolph, Jr.
165th Legislative District
Chairman, Environmental Resources & Energy Committee



Representative Chris Ross
158th Legislative District
House of Representatives



Senator Ted Erickson
Vice Chairman, Environmental Resources & Energy Committee
Senate of Pennsylvania