

HOLDING, INC.

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121 BRICKYARD ROAD • MARS, PA 16046-2911

PA PUB
UTILITY COMMISSION

November 19, 2007

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
The Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Request for Comments on Revisions to the Net Metering and Interconnection Regulations at 52 Pa. Code §§ 75.1 et seq. to Conform with the Language of Act 35 of 2007; Docket Nos. M-00051865, L-00050174; and L-00050175

Dear Secretary McNulty:

On October 4, 2007, the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued a Secretarial Letter seeking comments on the issues stemming from Governor Rendell's signing of Act 35 into law on July 17, 2007. Act 35 amended several sections of the Alternative Energy Portfolio Standards Act ("AEPS"), including those relating to the definition of customer generator, the reconciliation mechanism for surplus energy supplied through net metering, and the price to be paid for such surplus energy. Pursuant to the October 4 Secretarial Letter, the PUC sought comments on the aforementioned issues.

The purpose of this letter is to provide comments on the revisions to Section 1648.5, including that section requiring compensation to customer-generators for excess generation at the full retail value for all energy produced, as opposed to the previous language, which provided compensation on a monthly basis at the avoided wholesale cost rate. Specifically, the PUC seeks comments on the meaning of the "full retail value for all energy produced," as Act 35 does not specifically define this term. Moreover, the PUC notes that this term could be interpreted as meaning the fully bundled retail rate for generation, transmission, distribution, and any applicable transition charges or, alternatively, could be interpreted as being limited to the generation component of the retail rate.

Vogel Holding, Inc. ("Vogel" or "Company"), owns numerous properties throughout Western Pennsylvania, including a landfill in Pennsylvania Power Company's ("Penn Power") service territory. Vogel meets the definition of customer-generator as set forth under AEPS and modified pursuant to Act 35, as the aforementioned landfill is in the process of implementing a distributed generation system that will use alternative energy to produce electricity. More importantly, the landfill will most likely produce excess generation, thereby resulting in Vogel receiving compensation from Penn Power.

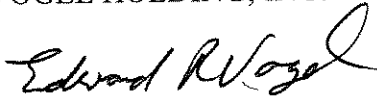
Accordingly, the definition that the PUC applies to "full retail value" is extremely important to Vogel, and the Company submits that the PUC must interpret this provision as broadly as possible. Vogel reminds the PUC that the purpose of AEPS was to increase alternative energy usage in the Commonwealth. Act 35 supported this goal by modifying the compensation for excess generation from an avoided wholesale cost rate basis to a full retail value basis; however, the PUC must further ensure that the goals of Act 35 are appropriately addressed by broadly interpreting this phrase. By ensuring adequate compensation for customer generators, the PUC will provide greater encouragement for other potential customer generators, thereby further increasing the potential for alternative generation throughout the Commonwealth.

The purpose of Act 35 is evident in that it modified the compensation process for customer generators from the avoided wholesale cost rate to full retail value, thereby confirming that the Commonwealth intends for customer generators to be rewarded for utilizing alternative generation. The only way in which the Commission can ensure that this intent is fully realized is to interpret this provision as requiring compensation in the form of the fully bundled retail rate for generation, transmission, distribution and any applicable transition charges. Accordingly, Vogel urges the Commission to adopt this reasonable, just, and appropriate interpretation.

Pursuant to the October 4, 2007, Secretarial Letter, Vogel is providing the original and fifteen copies of this letter. If you have any questions or require any additional information, please contact the undersigned.

Respectfully submitted,

VOGEL HOLDING, INC.



Edward R. Vogel
Vice President

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