

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
Harrisburg, Pennsylvania 17105-3265**

**Petition of PPL Electric Utilities  
Corporation Requesting Approval of  
a Voluntary Purchase of Accounts  
Receivable Program and Merchant  
Function Charge**

**Public Meeting November 19, 2009  
2129502-OSA  
Docket No. P-2009-2129502**

**STATEMENT OF VICE CHAIRMAN TYRONE J. CHRISTY**

I am voting with the majority to approve the instant Joint Petition for Settlement pursuant to which PPL Electric Utilities Corporation (PPL) has agreed to establish a voluntary Purchase of Accounts Receivable (POR) program for 2010. I look forward to reviewing the results achieved by PPL's one-year POR, which I believe will inform the Commission's decisions regarding the design and operation of similar programs in the future.

Specifically, there are several issues that I invite PPL and the other parties to further explore as they gain experience through the operation this POR program. I would request that PPL provide periodic updates to the Commission regarding the following:

1. Whether the purchase of receivables resulting from customers who are paying rates above PPL's default service rate results in significantly higher uncollectible account expense, compared to capping receivables at PPL's default service rates;
2. Whether the discount rates under the Settlement are adequate;
3. Whether the provision in the Settlement pursuant to which EGSs will not reject new residential customers based on credit-related issues, and will not require deposits, results in increased uncollectible account expense;
4. Whether EGSs perform adequate credit checks of their other customers, and the extent to which uncollectible account expense increases due to inadequate credit checks;
5. Whether the requirement that PPL pay an EGS for charges to a large C&I customer for 90 days, regardless of whether PPL receives payment, without the ability to terminate the customer or return it to the EGS, results in significantly higher uncollectible account expense.

In general terms, I am concerned that this program may result in increased uncollectible account expense that would further increase the rates paid by PPL's default service customers. Generally speaking, under a POR program, an EGS's liability for uncollectible account expense is capped at the discount rate, thereby removing incentives to prudently manage customer accounts. The risk that shopping customers will not pay their bills is shifted to the EDC and its customers. Although I have an open mind on the workability of a POR program, I believe that the alternative of unbundling the

generation-related portion of the EDC's uncollectible account expense, and including this in the price-to-compare, should be explored.

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**DATE**

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**TYRONE J. CHRISTY, VICE CHAIRMAN**