

1. REPORT DATE: 00/00/00	:	
2. BUREAU: FUS	:	
3. SECTION(S):	:	4. PUBLIC MEETING DATE:
5. APPROVED BY:	:	00/00/00
DIRECTOR:	:	
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 09/06/05
8. DOCKET NO: A-110500 F0365	:	9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: DONEGAL MUTUAL INSURANCE COMPANY

RESPONDENT/APPLICANT: PPL ELECTRIC UTILITIES CORP

COMP/APP COUNTY: UTILITY CODE: 110500

ALLEGATION OR SUBJECT

APPLICATION OF PPL ELECTRIC UTILITIES CORPORATION FOR APPROVAL OF THE TRANSFER BY SALE TO DONEGAL MUTUAL INSURANCE COMPANY OF FACILITIES LOCATED IN THE BOROUGH OF MARIETTA, LANCASTER COUNTY, PENNSYLVANIA.

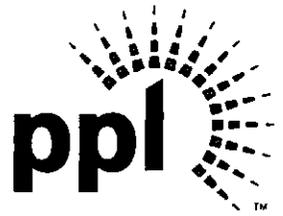
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DOCKETED

SEP 20 2005

Paul E. Russell
Associate General Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com



FEDERAL EXPRESS

September 6, 2005

James J. McNulty, Esquire
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

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SEP 06 2005

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

A-110500F0365

**Re: Application of PPL Electric Utilities Corporation
For Approval of Sale of Facilities
Docket No.**

**DOCUMENT
FOLDER**

Dear Mr. McNulty:

Enclosed for filing, pursuant to 66 Pa. C. S. § 1102, are an original and three copies of PPL Electric Utilities Corporation's Application for the approval of the transfer by sale of certain facilities to Donegal Mutual Insurance Company. The facilities are located in the Borough of Marietta, Lancaster County, Pennsylvania.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on September 2, 2005, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

I have enclosed a check for \$350 to cover the filing fee.

Very truly yours,

Paul E. Russell

Enclosures

cc: Mr. Robert Bennett

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of PPL Electric
Utilities Corporation for Approval of the
Transfer by Sale to Donegal Mutual
Insurance Company of Facilities
Located in the Borough of Marietta,
Lancaster County, Pennsylvania.

Application
Docket No.

A-110500 F0365

DOCUMENT
FOLDER

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPLICATION OF
PPL ELECTRIC UTILITIES CORPORATION

PPL Electric Utilities Corporation (hereafter "PPL Electric"), by its attorney, hereby makes application pursuant to 66 Pa. C.S. § 1102(a)(3) for the approval of a transfer by sale of certain facilities, and in support thereof states:

1. Applicant is PPL Electric Utilities Corporation, Two North Ninth Street, Allentown, Pennsylvania 18101, a public utility incorporated in Pennsylvania for the purpose of supplying light, heat and power to the public by means of electricity in all or portions of twenty-nine counties in eastern-central Pennsylvania.
2. The name and address of PPL Electric's attorney is Paul E. Russell, Two North Ninth Street, Allentown, Pennsylvania 18101.
3. Donegal Mutual Insurance Company (hereafter "Donegal"), a Pennsylvania corporation located in Lancaster County, Pennsylvania, is not affiliated with PPL Electric.

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4. Donegal desires to purchase all of PPL Electric's rights, title and interest in certain electric facilities located in the Borough of Marietta as detailed in Exhibit A of the Agreement. The purchase of these facilities will result in a reduction in Donegal's annual electric bill payments to PPL Electric of approximately \$21,708.

5. PPL Electric will recover the present day depreciated cost of these facilities and will no longer be responsible for maintenance thereof.

6. PPL Electric agreed to sell and Donegal agreed to purchase the facilities for \$36,325, representing the present day depreciated cost of the facilities. Attachment 1, which is attached hereto and made a part hereof, contains the Agreement of Sale and a description of facilities.

7. The facilities' original cost, original depreciated cost, present day cost, and present day depreciated cost are as follows:

	<u>Other Facilities</u>	<u>Transformers</u>	<u>Total</u>
Original Cost Undepreciated	\$18,028	\$23,817	\$41,845
Original Cost Depreciated	10,689	18,816	29,505
Present Day Cost Undepreciated	22,101	29,494	51,595
Present Day Cost Depreciated	13,043	23,282	36,325

8. The sales price is the result of arms-length negotiations.

9. PPL Electric's engineering and operating representatives have reviewed the proposed sale of facilities and their relation to PPL Electric's operations.

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PPL Electric is satisfied as to the adequacy, continuity, safety of service, and other relevant factors concerning electrical supply to Donegal.

10. Approval of this application is necessary and proper for Donegal to take service in a manner which does not: result in uneconomic removal expenditures to PPL Electric, cause duplication of facilities, or render PPL Electric's existing facilities less valuable. The application also recognizes Donegal's right to service on the most favorable and economic basis under PPL Electric's retail tariff.

11. Attachment 2, which is attached hereto and made a part hereof, contains PPL Electric's responses to the Commission's Interrogatories concerning applications filed pursuant to 66 Pa. C.S. § 1102.

WHEREFORE, in view of the foregoing, PPL Electric respectfully requests that the Pennsylvania Public Utility Commission approve the above-captioned application for transfer of facilities by sale.

Respectfully submitted,

PPL Electric Utilities Corporation



Paul E. Russell
Its Attorney

Dated: September 6, 2005
at Allentown, Pennsylvania

ATTACHMENT 1



AGREEMENT OF SALE made this 22nd day of July, 2005, in Allentown, Pennsylvania, between PPL ELECTRIC UTILITIES CORPORATION, hereinafter called VENDOR, a Pennsylvania corporation whose principal address is Two North Ninth Street, Allentown, Pennsylvania, and DONEGAL MUTUAL INSURANCE CO., hereinafter called VENDEE, also being a Pennsylvania corporation whose principal address is 1195 River Road, Marietta, PA 17547.

WITNESSETH: That VENDOR in consideration of thirty-eight thousand, five hundred four dollars and fifty cents (\$38,504.50) does hereby agree to sell unto VENDEE, all of its right, title and interest in and to certain electric facilities located at 1195 River Road, Marietta, PA 17547, as described in the schedule attached hereto and made part hereof entitled "Exhibit A - LIST OF FACILITIES TO BE CONVEYED TO DONEGAL MUTUAL INSURANCE CO. BY PPL ELECTRIC UTILITIES CORPORATION," and as shown on plan dated April 18, 2005, entitled "Exhibit B - PLAN SHOWING LOCATION OF ELECTRIC FACILITIES TO BE CONVEYED TO DONEGAL MUTUAL INSURANCE CO. BY PPL ELECTRIC UTILITIES CORPORATION," also attached hereto and made a part hereof.

VENDOR MAKES NO REPRESENTATIONS OR GUARANTEES, EXPRESS OR IMPLIED, IN RESPECT TO THE PROPERTY COVERED BY THIS AGREEMENT, EXCEPT THAT IT WILL DELIVER GOOD TITLE TO SAID PROPERTY FREE FROM ALL LIENS AND ENCUMBRANCES. THE REMEDY FOR THE BREACH OF SAID WARRANTY OF GOOD TITLE IS LIMITED TO THE REPLACEMENT OF ANY OF THE PROPERTY COVERED BY THIS AGREEMENT. VENDEE SHALL RECEIVE SAID PROPERTY "AS IS." THERE ARE NO WARRANTIES, INCLUDING THE WARRANTY OF MERCHANTABILITY, WHICH EXTEND BEYOND THE DESCRIPTION CONTAINED HEREIN.

VENDEE SHALL INDEMNIFY AND SAVE HARMLESS THE VENDOR AGAINST AND FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, SUITS AND ALL OTHER LIABILITY WHATSOEVER ON ACCOUNT OF OR BY REASON OF, OR GROWING OUT OF PERSONAL INJURIES OR DEATH TO ANY PERSON OR ENTITY INCLUDING VENDEE AND ITS EMPLOYEES, OR PROPERTY DAMAGE SUFFERED BY ANY PERSON OR ENTITY INCLUDING VENDEE AND ITS EMPLOYEES, WHETHER OR NOT THE SAME RESULTS FROM THE NEGLIGENCE OF VENDOR OR ITS EMPLOYEES PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT TO THE EXECUTION OF THIS AGREEMENT. THE INTENT OF THE PARTIES TO THIS AGREEMENT IS TO ABSOLVE AND PROTECT VENDOR FROM ANY AND ALL LOSS, PREDICATED ON STRICT AND/OR NEGLIGENT LIABILITY BY REASON OF THIS AGREEMENT.

THE VENDOR MAY AT ITS OPTION REQUIRE VENDEE TO PROVIDE EVIDENCE OF INSURANCE SATISFACTORY TO THE VENDOR COVERING THE LIABILITIES AND INDEMNIFICATION PROVIDED IN THIS AGREEMENT.

This agreement shall be filed by VENDOR with the Pennsylvania Public Utility Commission and shall thereafter become effective in accordance with the provisions of the Public Utility Law. Upon receipt by VENDOR of an Order of the Pennsylvania Public Utility Commission approving this Agreement, VENDOR will invoice VENDEE for the amount shown above, which amount VENDEE agrees to pay upon presentation of said invoice. Upon payment of the amount specified in the invoice, title to the facilities will vest in VENDEE.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have caused these presents to be duly executed the day and year aforesaid.

ATTEST: [Signature]
Title Secretary

DONEGAL MUTUAL INSURANCE CO.
BY: [Signature]
Title Pres.

ATTEST: [Signature]
Title Assistant Secretary

OFFICE OF GENERAL COUNSEL
BY: [Signature]
DATE: 8/26

PPL ELECTRIC UTILITIES CORPORATION
BY: [Signature]
Title President-PPL Electric Utilities Corporation

Exhibit A

List of facilities to be conveyed to Donegal Mutual Insurance Co.

(2) 750 kVA Pad-Mounted Transformers – 3-phase, 12,470/7,200-120/208V PPL
cat no.189556, serial numbers: Q511197-TSL & 936002320

(12) sets of 3-750 AL Phase , & 4/0 Al Neu svc conductor 125" each

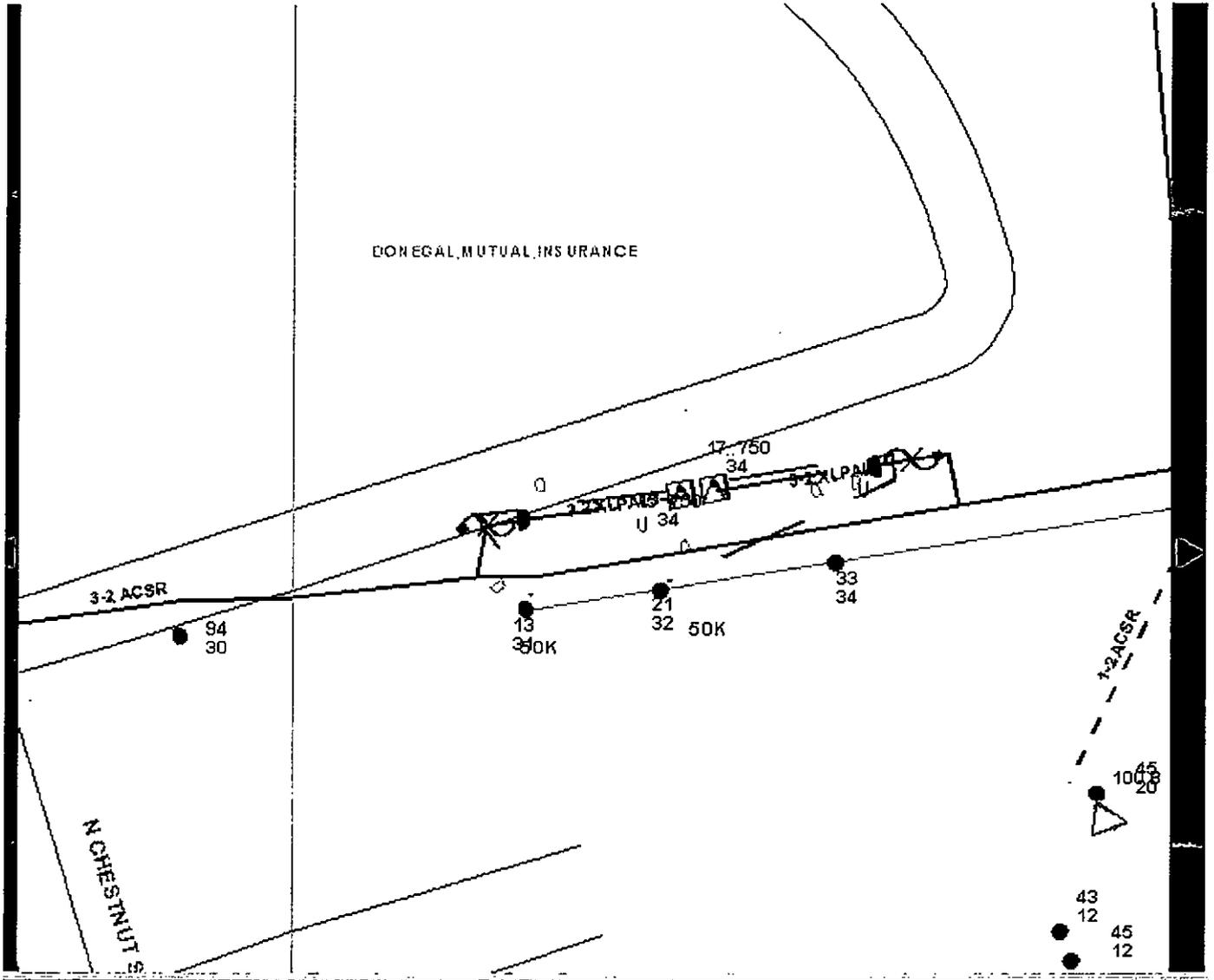
(2) sets of 3-#2XLP, Al, 15kV cables 90' each

(6) load break elbows

(6) primary terminators

EXHIBIT B

Diagram showing facilities to be conveyed to Donegal Mutual Insurance Co.



ATTACHMENT 2

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of PPL Electric :
Utilities Corporation for Approval of the :
Transfer by Sale to Donegal Mutual : Application
Insurance Company of Facilities : Docket No. _____
Located in the Borough of Marietta, :
Lancaster County, Pennsylvania. :

**RESPONSES OF
PPL ELECTRIC UTILITIES CORPORATION
TO INTERROGATORIES PROPOUNDED BY THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Question:

1. Provide an accurate legal description and location identification of the property and the interest therein to be sold, leased or transferred.

Response:

1. See Exhibit A of Application Attachment 1.

Question:

2. Provide, where applicable, an inventory identifying the buildings, structures, fixtures and other improvements, including appurtenant removable

building equipment, which are considered to be part of the property for sale, lease or transfer.

Response:

2. See Exhibit A of Application Attachment 1.

Question:

3. State whether or not the sale, lease or transfer of the property will affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way. Explain.

Response:

3. The sale will significantly benefit Donegal Mutual Insurance Company (hereafter "Donegal"), by permitting more efficient and economical operations. PPL Electric Utilities Corporation (hereafter "PPL Electric") and its customers will be benefited by no longer maintaining the transferred facilities.

Question:

4. State the reason for the sale, lease or transfer of property.

Response:

4. Donegal requested the transfer to decrease electric power costs.

Question:

5. State the alternatives that PPL Electric has considered to the prospective sale, lease or transfer.

Response:

5. PPL Electric did not consider any alternatives to the proposed sale because it is most efficient and in the public interest for the customer to receive service under the most advantageous applicable tariff provisions.

Question:

6. State whether or not the sale, lease or transfer of this property will result in an interruption or curtailment of existing services to the public. Explain.

Response:

6. The proposed sale will not result in an interruption or curtailment of existing services to the public.

Question:

7. State whether or not the sale, lease or transfer of this property will result in either a staff reduction or a termination of some portion of PPL Electric's operation. Explain.

Response:

7. The sale involves a minor portion of PPL Electric's assets and will not cause a staff reduction or a termination of any of PPL Electric's operations.

Question:

8. State whether or not the sale, lease or transfer of this property will result in a physical relocation of the main office, branch office or service office of PPL Electric.

Response:

8. The sale will not result in relocation of any PPL Electric offices.

Question:

9. State whether or not the sale of this property will require the acquisition of replacement property. If replacement is required, state the cost and description of the property to be acquired.

Response:

9. PPL Electric will not have to acquire replacement property due to the sale. The transferred facilities serve only Donegal.

Question:

10. State whether or not PPL Electric anticipates or has reason to believe that it will be necessary to seek a rate increase in order to withstand the financial impact of the transaction that is the subject of these interrogatories. Explain.

Response:

10. PPL Electric does not anticipate a need to seek increased rates due to this sale.

Question:

11. State whether or not the property has been part of a rate case that has appeared before the PUC. If it has been, identify the case by Commission docket number and date.

Response:

11. The property to be transferred has been included in PPL Electric's most recently concluded rate case at Docket No. R-00049255, and in prior rate cases.

Question:

12. State whether or not the property is the subject of a state or federal proceeding. If it is, identify the proceeding and explain.

Response:

12. The property is not the subject of any state or federal proceedings.

Question:

13. State whether the property is to be sold at a price above or below its fair market value as determined by at least two appraisals and a third review appraisal with the three appraisals being performed by qualified independent real estate appraisers; if the property is stock, indicate the book value and current market value of the shares involved.

Response:

13. Independent real estate appraisals were not needed because real estate is not involved in the sale. The sales price is PPL Electric's present day cost depreciated.

Question:

14. State the net profit or loss to be realized by PPL Electric from the sale, lease or transfer of this property after the following factors have been taken into consideration:

- a. date and cost of acquisition,
- b. cost of *improvements*,
- c. allowance for depreciation,
- d. brokerage fees and commissions,
- e. tax consequences of the sale,
- f. recording fees, transfer taxes, and similar expenses incidental to conveying such property,

- g. penalty costs and other charges for prepayment of any pre-existing recorded mortgage encumbering such property and
- h. net damages or benefits accruing to the remaining PPL Electric property.

Response:

14. Considering the listed factors, PPL Electric will not realize a net profit or loss from the sale.

Question:

15. State the uses to which proceeds of this sale will be applied.

Response:

15. Proceeds from the sale will be applied to general corporate purposes.

Question:

16. State the accounting entries that will be made in the sale, lease or transfer of the property.

Response:

16. The retirement of depreciable facilities sold will be recorded as follows:

Account 108 - Accumulated Provision for Depreciation of Electric Utility Plant will be debited and Account 101-Electric Plant in Service will be credited for the sale of depreciable plant other than line transformers and customer meters.

Accordingly, interim retirements are not recorded for line transformers or customer meters.

The proceeds from the sale of depreciable assets will be recorded as follows:

Account 131 - Cash will be debited and Account 108 - Accumulated Provision for Depreciation of Electric Utility Plant will be credited.

Question:

17. State the effect that the sale will have on PPL Electric's short-range or long-range plans for expanding or upgrading any of the services that PPL Electric is now offering to the public.

Response:

17. The sale will not affect PPL Electric's short or long-range plans for expanding or upgrading any services now offered to the public.

Question:

18. Where an affiliated interest of a public utility is involved in the property transfer, explain fully the relationship between the affiliate and the jurisdictional utility.

Response:

18. No affiliated interests are involved in the sale.

Question:

19. State what portion of the original cost of the property being transferred represents material cost, and what portion represents installation cost.

Response:

19. Practically the entire amount of the property's original cost represents material costs.

Question:

20. State when the property was installed and/or constructed.

Response:

20. The equipment was installed in 1994 and 1996.

