

CAPTION SHEET

CASE MANAGEMENT SYSTEM

- 1. REPORT DATE: 00/00/00
- 2. BUREAU: FUS
- 3. SECTION(S):
- 5. APPROVED BY: DIRECTOR: SUPERVISOR:
- 6. PERSON IN CHARGE:
- 8. DOCKET NO: A-110500 F0356
- 4. PUBLIC MEETING DATE: 00/00/00
- 7. DATE FILED: 04/27/05
- 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: HAZLETON, CITY OF

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 THE CITY OF HAZLETON OF FACILITIES LOCATED IN THE CITY OF HAZLETON, LUZERNE COUNTY, PENNSYLVANIA.....

DOCUMENT FOLDER

DOCKETED

MAY 05 2005

ORIGINAL

Paul 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

April 27, 2005

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

A 110500 F0356

**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 the City of Hazleton. The facilities are located in the City of Hazleton, Luzerne County, Pennsylvania.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on April 27, 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
James P. Melia, Esquire

RECEIVED

APR 27 2005

75

PAPERWORK REDUCTION ACT
COMPLIANCE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of PPL Electric
Utilities Corporation for Approval of the
Transfer by Sale to the City of Hazleton
of Facilities Located in the City of
Hazleton, Luzerne County,
Pennsylvania.

Application
Docket No. A-110500 FO356

DOCUMENT
FOLDER

APR 27 2005

**APPLICATION OF
PPL ELECTRIC UTILITIES CORPORATION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

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. The City of Hazleton (hereafter "Hazleton"), a Pennsylvania municipal corporation located in Luzerne County, Pennsylvania, is not affiliated with PPL Electric.

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4. Hazleton desires to purchase all of PPL Electric's rights, title and interest in certain street light facilities located in the City of Hazleton as detailed in Exhibit A of the Agreement of Sale. The purchase of these facilities will result in a reduction in Hazleton's annual electric bill payments to PPL Electric of approximately \$209,300.

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 Hazleton agreed to purchase the facilities for \$281,806, 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>Total</u>
Original Cost Undepreciated	\$781,187	\$781,187
Original Cost Depreciated	188,923	188,923
Present Day Cost Undepreciated	276,748	276,748
Present Day Cost Depreciated	281,806	281,806

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.

APR 27 2005

FAPUTED HAZLETON, PA
 610-271-1100

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

10. Approval of this application is necessary and proper for Hazleton 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 Hazleton'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: April 27, 2005
at Allentown, Pennsylvania

ATTACHMENT 1

AGREEMENT OF SALE OF STREET LIGHT SYSTEM

This Agreement of Sale of Street Light System (Agreement), dated and effective **April 27**, 2005 is hereby entered into by and between the City of Hazleton, Luzerne County, Pennsylvania, a Pennsylvania municipal corporation (Vendee), and PPL Electric Utilities Corporation, a Pennsylvania corporation (Vendor).

WHEREAS, Vendor desires to sell and Vendee desires to purchase Vendor's Street Light System in the City of Hazleton, subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and intending to be legally bound, the parties agree as follows:

1. SALE OF STREET LIGHT SYSTEM.

- (a) For the purchase price of \$281,806.00 (Purchase Price) and subject to the conditions stated in this Agreement, Vendor agrees to sell and Vendee agrees to purchase all of Vendor's right, title, and interest in certain street light facilities located in the City of Hazleton, Luzerne County, Pennsylvania, as more fully described in Exhibit A to this Agreement, entitled List of Street Lighting Facilities to be Conveyed to City of Hazleton by PPL Electric Utilities Corporation (Street Light System).
- (b) The Street Light System, as described in Exhibit A, will be subject to a final inventory after all necessary Make Ready Work has been completed. The Street Light System and Exhibit A will be revised to include any additional street lights, poles and/or equipment that are to be transferred to Vendee. Those street lights, poles and/or equipment shall be sold by Vendor and purchased by Vendee under the terms of this Agreement, at a

purchase price to be determined by Vendor and on a closing date to be determined by mutual agreement of Vendor and Vendee.

2. CLOSING.

(a) The closing of the sale of the Street Light System shall be held no later than one business day after receipt of Public Utility Commission approvals of the sale (Closing), provided that all of the conditions precedent set forth in paragraph 3, below, shall have been satisfied. Closing shall be held at a time and location mutually acceptable to Vendee and Vendor.

(b) At Closing, Vendor shall deliver to Vendee any and all documents of conveyance and transfer, as are necessary and effective to convey and vest in Vendee all of Vendor's right, title, and interest in the Street Light System.

(c) At Closing, Vendee shall deliver to Vendor a certified or bank cashier's check payable to Vendor in the amount of the Purchase Price.

3. CONDITION PRECEDENT. All obligations of Vendor under this Agreement are subject to the condition that all of the following events shall have occurred prior to Closing:

(a) Vendee shall have obtained all municipal approvals which Vendee deems necessary.

(b) Vendor shall have received all Pennsylvania Public Utility Commission approvals which Vendor deems necessary. In addition, all such approvals must be fully acceptable to Vendor in both form and substance.

(c) Vendor shall receive any necessary mortgage release from Vendor's mortgage holder(s).

4. REPRESENTATIONS AND WARRANTIES. Vendor represents and warrants to Vendee as follows:

- (a) At Closing, Vendor shall deliver good and marketable title to the Street Light System, free and clear of all mortgages, liens, pledges, security interests, claims, and other encumbrances and defects of title of any nature whatsoever. The remedy for the breach of the warranty stated in this subparagraph is limited to the replacement of any of the property covered by this Agreement.
- (b) Vendor's execution, delivery, and performance of this Agreement will not violate, conflict with, or result in the breach of any term, condition, or provision of any mortgage, indenture, agreement, permit authorization, or other document or understanding by which Vendor or any portion of the Street Light System may be bound or affected.

5. PURCHASE "AS IS." 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, AS DESCRIBED IN SECTION 4(a) ABOVE. VENDEE SHALL RECEIVE SAID PROPERTY "AS IS." THERE ARE NO WARRANTIES, INCLUDING THE WARRANTY OF MERCHANTABILITY, WHICH EXTEND BEYOND THE DESCRIPTION CONTAINED HEREIN.

6. ELECTRIC SERVICE. No later than one business day after Closing, Vendor shall provide electric service to the Street Light System under Rate Schedule SE of Vendor's Tariff-Electric Pa.P.U.C. 201, or its successor, as modified from time to time by

Vendor. This obligation shall be subject to all terms and conditions of Vendor's Tariff-Electric Pa. P.U.C. No. 201, shall continue only so long as Rate Schedule SE or its successor rate, as modified from time to time, exists and only so long as the Street Light System qualifies for service under Rate Schedule SE.

7. RISK OF LOSS PRIOR TO TRANSFER OF TITLE. In the event that any portion of the Street Light System shall be damaged in any way or removed prior to Closing, Vendor shall, at its sole cost and expense, repair or replace any facilities so damaged or removed.

8. BINDING EFFECT. The provisions of this Agreement shall inure to and bind the successors and assigns of the respective parties.

9. GOVERNING LAW. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

10. CAPTIONS. The Captions in this Agreement are for reference purposes only and shall not affect the interpretation of this Agreement.

11. ENTIRE AGREEMENT. This Agreement, including all referenced documents, constitutes the entire agreement between the parties regarding Vendees' purchase of the Street Light System; and all prior or contemporaneous agreements with respect to such purchase are superseded.

EXHIBIT A

**LIST OF STREET LIGHTING FACILITIES TO BE CONVEYED TO
THE CITY OF HAZLETON BY PPL ELECTRIC UTILITIES CORPORATION**

<u>NO.</u>	<u>DESCRIPTION</u>
691	5800 Lumen high pressure sodium fixtures
887	9500 Lumen high pressure sodium fixtures
179	16000 Lumen high pressure sodium fixtures
28	25500 Lumen high pressure sodium fixtures
20	50000 Lumen high Pressure sodium fixtures
33	Wood poles
21	Low mount fiberglass poles
87	Low mount metal poles
247	High mount steel poles
7	Splice boxes
7	Street Lighting relays
4	Street Lighting switches
58725 ft	Street light wire of various sizes

IN WITNESS HEREOF, the parties have executed this Agreement as set forth below.

ATTEST:

CITY OF HAZLETON

Jean Rowmska

By: *Samuel Monticello*
Name: Samuel Monticello
Title: Office of Administration Director

ATTEST:

PPL ELECTRIC UTILITIES CORPORATION

Nicholas M. ...
Assistant Secretary

By: *John F. Sipics*
Name: John F. Sipics
Title: President-PPL Electric Utilities Corporation

OFFICE OF
GENERAL COUNSEL
BY: *PEP*
DATE: *4/20*

ATTACHMENT 2

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of PPL Electric :
Utilities Corporation for Approval of the :
Transfer by Sale to the City of Hazleton : Application
of Facilities Located in the City of : Docket No. _____
Hazleton, Luzerne 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 the City of Hazleton (hereafter "Hazleton"), 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. Hazleton 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 Hazleton.

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 at varying times.

