CAPTION SHEET — CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00
2. BUREAU: FUS
3. SECTION(S):
4. PUBLIC MEETING DATE: 00/00/00
5. APPROVED BY:
   DIRECTOR:
   SUPERVISOR:
6. PERSON IN CHARGE:
7. DATE FILED: 09/01/98
8. DOCKET NO: A-110098
9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: PP&L ENERGYPLUS COMPANY

COMP/APP COUNTY: UTILITY CODE: 110098

ALLEGATION OR SUBJECT

APPLICATION OF PP&L ENERGYPLUS COMPANY FOR APPROVAL TO OFFER, RENDER, FURNISH OR SUPPLY ELECTRICITY OR ELECTRIC GENERATION SERVICES AS A BROKER/MARKETER AND AGGREGATOR ENGAGED IN THE BUSINESS OF SUPPLYING ELECTRICITY TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA.

DOCKETED
SEP 08 1998

DOCUMENT
FOLDER

Jesse A. Dillon
Senior Counsel
Tel. 610.774.5013 Fax 610.774.6726
E-mail: jadillon@papl.com

PP&L EnergyPlus Co.
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.5151
http://www.pplenergyplus.com

ppl

September 1, 1998

VIA HAND DELIVERY
James J. McNulty
Secretary
Pennsylvania Public Utility Commission
North and Commonwealth Streets
Harrisburg, Pennsylvania 17105

ORIGINAL

Re: Application of PP&L EnergyPlus Co. For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Broker/Marketer Engaged In The Business Of Supplying Electricity, And An Aggregator Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania;
Application Docket No. A- 110098 F 1998

Dear Secretary McNulty:

Enclosed for filing are an original and eight (8) copies of PP&L EnergyPlus Co.'s ("PP&L EnergyPlus") application for a license to offer, render, furnish or supply electricity or electric generating services to the public in the Commonwealth of Pennsylvania. Also enclosed are a check for the required fee of $350.00 and a 3-1/2" diskette containing an electronic version of PP&L EnergyPlus' application in Microsoft Word Version 6.0.

PP&L EnergyPlus Co. is making this application filing pursuant to the Paragraph K.1.a of the Joint Petition for Full Settlement of PP&L's Restructuring Plan and Related Court Proceedings at Docket No. R-00973954. This Settlement was approved by PUC order adopted August 27, 1998. The Settlement requires issuance of a license authorizing PP&L EnergyPlus Co. to begin to offer, render, furnish or supply electric generation services to the public within the Commonwealth of Pennsylvania on or before September 15, 1998 in the form attached as Appendix "I" to the Settlement.

Please date and time stamp the enclosed extra copy of this letter and return it to me.

If you have any questions or comments, please call me.

Respectfully submitted,

Jesse A. Dillon

Jesse A. Dillon

Enclosures

cc: Certificate of Service
Donald H. Muth
Robert Bennett

98 SEP -1 PM 4:26
PA.P.U.C.
SECRETARY'S BUREAU

DOCUMENT
FOLDER

38

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of PP&L EnergyPlus Co. for	:	
Approval to Offer, Render, Furnish or	:	
Supply Electricity or Electric Generation	:	
Services a Broker/Marketer Engaged in the	:	Application Docket No.
Business of Supplying Electricity and an	:	A-______________
Aggregator Engaged in the Business of	:	F ______________
Supplying Electricity, to the Public in the	:	1998
Commonwealth of Pennsylvania	:	

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true copy of the **Application of PP&L EnergyPlus Co. for Approval to Offer, Render, Furnish or Supply Electricity or Electric Generation Services a Broker/Marketer Engaged in the Business of Supplying Electricity and an Aggregator Engaged in the Business of Supplying Electricity, to the Public in the Commonwealth of Pennsylvania** upon the persons, listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

VIA FEDERAL EXPRESS

PP&L, Inc.
Office of General Counsel
Two North Ninth Street
Allentown, PA 18101-1179

Mark C. Morrow, Esquire
UGI Utilities, Inc. - Electric Division
P.O. Box 858
Valley Forge
Forge, Pa 19482

PECO Energy Company
Legal Department
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101-8699

Bonnie Shadle
Citizens Electric Company
Vice President Treasurer
PO Box 551
Lewisburg, Pa 17837-0551

VIA FEDERAL EXPRESS

John L. Munsch
Charles Ault
Allegheny Power
800 Cabin Hill Dr.
Greensburg, Pa 15601

David Carroll, Dir of Rates-Pennsylvania
Metropolitan Edison Company
Pennsylvania Electric Company
2800 Pottsville Pike
Reading, Pa 19605

Larry R. Crayne, Richard S. Herskovitz
Duquesne Light Company
411 Seventh Avenue, Po Box 1930
Pittsburgh, Pa 15230-1930

Stephen L Feld, Attorney
Pennsylvania Power Company
1 East Washington Street, Po Box 891
New Castle, Pa 16103-0891

Pamela C. Polacek
James P. Dougherty
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, Pa 17108-1166
for Wellsborough Electric Company

Pike County Light & Power Company
One Blue Hill Plaza
21st Floor
Pearl River, NY 10965

Office of Attorney General
1425 Strawberry Square
Harrisburg, PA 17120

Irwin A. Popowsky
Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Flr.
Harrisburg, PA 17101-1921

Bernard A. Ryan, Jr., Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North 2nd Street
Harrisburg, PA 17101

Dated: September 1, 1998

Jesse A Dillon

Jesse A. Dillon

ul E. Russell
Associate General Counsel
Tel. 610.774-4254 Fax 610.774.6726
E-mail: perussell@papl.com

, Inc.
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.5151
http://www.papl.com/

ppl

A-110098

ORIGINAL

September 1, 1998

TO: JOINT PETITIONERS

Re: Application of Pennsylvania Power & Light Company for Restructuring Plan Under Section 2806 of the Public Utility Code Docket No. R-00973954

Pursuant to Paragraph K.3. of the Joint Petition for Full Settlement of PP&L, Inc.'s Restructuring Plan and Related Court Proceedings, enclosed are copies of the following documents which PP&L filed today:

- Application of PP&L EnergyPlus Co. for Approval to Offer, Render, Furnish or Supply Electricity or Electric Generation Services a Broker/Marketer Engaged in the Business of Supplying Electricity and an Aggregator Engaged in the Business of Supplying Electricity, to the Public in the Commonwealth of Pennsylvania.

- Notification of Change in Status and Submission of Code of Conduct

If you have any questions regarding the enclosed documents, please call.

Very truly yours,

Paul E Russell

Paul E. Russell

Enclosures

DOCUMENT FOLDER

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PA.P.U.C.
SECRETARY'S BUREAU

cc: Certificate of Service
James J. McNulty, Secretary
(for filing; letter and Certificate of Service only)

HA01/65621.1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of PP&L, Inc. For Approval of	:	
Its Restructuring Plan Under Section 2806	:	Docket No. R-00973954
of the Public Utility Code	:	

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true copy of the **Application of PP&L EnergyPlus Co. for Approval to Offer, Render, Furnish or Supply Electricity or Electric Generation Services a Broker/Marketer Engaged in the Business of Supplying Electricity and an Aggregator Engaged in the Business of Supplying Electricity, to the Public in the Commonwealth of Pennsylvania and Notification of Change and Status and Submission of Code of Conduct** upon the persons, listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

VIA FEDERAL EXPRESS

Kathryn Sophy, Esquire
Pa Puc Law Bureau
PO Box 3265, Room 203
Harrisburg, Pa 17105-3265

Craig R. Burgraff, Esquire
James A. Mullins, Esquire
Assistant Consumer Advocate
Office Of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Bernard A. Ryan, Jr., Esquire
Angela Jones, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North 2nd Street
Harrisburg, PA 17101

Scott Debroff, Esquire
Johnnie Simms, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
Third Floor, Pitnick Building
901 North Seventh Street - Rear
Harrisburg, Pa 17105-3265

Daniel Clearfield, Esquire
Alan Kohler, Esquire
Robert J. Longwell, Esquire
Wolf, Block, Schorr & Solis
Locust Court Bldg., Suite 300
212 Locust Street
Harrisburg, PA 17101
for Enron Corporation

VIA FEDERAL EXPRESS

William T. Hawke, Esquire
Janet L. Miller, Esquire
Todd S. Stewart, Esquire
Malatesta Hawke & McKeon LLP
Harrisburg Energy Center
100 North Tenth Street
Harrisburg, PA 17101
for Mid-Atlantic Power Supply Assoc.

David M. Kleppinger, Esquire
Robert A. Weishaar, Jr., Esquire
Pamela C. Polacek, Esquire
Robert Mills, Esquire
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108
for PPLICA

Terrance J. Fitzpatrick, Esquire
David M. DeSalle, Esquire
Ryan, Russell, Ogden & Seltzer, LLP
800 North Third Street
Suite 101
Harrisburg, PA 17102-2025
for GPU Energy

Susan M. Shanaman. Esquire
212 North Third Street
Suite 203
Harrisburg, PA 17101-1505
for Center for Energy and Econ. Dev.

Otto Hoffman
PREA
212 Locust Street
P.O. Box 1266
Harrisburg, PA 17108

Patricia Armstrong, Esquire
Regina L. Matz, Esquire
Thomas, Thomas, Armstrong & Niesen
Suite 500, 212 Locust Street
Harrisburg, PA 17108-9500

Jeff Bladen, Esquire
New Energy Ventures
1845 Walnut Streeet
Suite 2525
Philadelphia, PA 19103

Craig A. Doll, Esquire
214 State Street
Harrisburg, PA 17101
for Delmarva Power & Light Company

David Martin
Gilberton Power Company
50 Eleanor Avenue
Frackville, PA 17931

Eric Epstein
2308 Brandywine Drive
Harrisburg, PA 17110
Pro se

Rick Letarte
Schuykill Energy Resources
Highway 54 East
Township Route 851
Shenandoah, PA 17976

Billie E. Ramsey, Executive Director
ARIPPA
1300 Market Street, Suite 7
Lemoyne, PA 17043

John Fitzkee
Bill Schmitt
Local Union 1600
540 Grange Road
P.O. Box 470
Trexlertown, PA 18087

VIA FEDERAL EXPRESS

Clinton A. Vince, Esquire
Paul E. Nordstrom, Esquire
Deborah A. Swanstrom, Esquire
Joel D. Newton, Esquire
Verner Liipfert, Bernhard, McPherson & Hand
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Washington, DC 20005
for Allegheny Power

John Munsch
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Fred Zalcman, Esquire
78 N. Broadway
White Plains, NY 10603
for Environmentalists

Scott J. Rubin, Esquire
3 Lost Creek Drive
Selinsgrove, PA 17870-9357
for IBEW, Local 1600

Usher Fogel, Esquire
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207
for Pennsylvania Petroleum Association

Mary McFall Hopper, Esquire
Assistant General Counsel
PECO Energy Company
2301 Market Street, S23-1
Philadelphia, PA 19103

Stephen L. Feld, Esquire
Legal Department
Pennsylvania Power Company
One East Washington Street
P.O. Box 891
New Castle, PA 16103

Linda C. Smith, Esquire
Dilworth, Paxson, Kalish & Kauffman LLP
305 N. Front Street
Suite 403
Harrisburg, PA 17101-1236
for American Association of Retired Persons

Gordon Smith, Esquire
John & Hengerer
1200 17th Street, N.W., Suite 600
Washington, DC 20036-3006
for Duke Energy Trading and Marketing
for Electric Clearinghouse, Inc.
for NORAM

Michael T. Vough, Esquire
Vough & Mecadon
Greater Pittston Professional Center
126 South Main Street
Pittston, PA 18640
for Comm'n on Economic Opportunity

David A. McCormick, Esquire
Department Of The Army
Office Of The Judge Advocate General
901 North Stuart Street
Arlington, VA 22203-1837

Richard L. Caplan, Esquire
Mary Huwaldt, Esquire
Caplan & Luber, LLP
40 Darby Road
Paoli, PA 19301
for Gilberton Power Company
for Schuylkill Energy Resources, Inc.

Bruce A. Connell, Esquire
General Counsel
600 N. Dairy Ashford, ML-1034
Houston, TX 77079
for DuPont Power Marketing

VIA FEDERAL EXPRESS

Michael A. Stosser, Esquire
Adelia S. Borrasca, Esquire
Heller Ehrman White & McAuliffe
815 Connecticut Avenue, N.W.
Suite 200
Washington, DC 20006-4004
for Kraft Foods, Inc.

Joseph A. Dworetzky
Hangley Aronchick Segal & Pudlin
One Logan Square
Twelfth Floor
Philadelphia, PA 19103-6933
for New Energy Ventures

Gary A. Jeffries, Esquire
CNG Energy Services Corporation
One Park Ridge Center
Pittsburgh, PA 15244-0746
for CNG

Joan O. Brandeis, Esquire
Schnader, Harrison, Segal & Lewis
Suite 3600
1600 Market Street
Philadelphia, PA 19103-4252
for Bethlehem Steel Corporation

Roger E. Clark, Esquire
Environmental Energy Project
905 Denston Drive
Ambler, PA 19002
for Environmentalists

Attorney of Record
Environmental Energy Project
3700 Vartan Way
Harrisburg, PA 17110

Dated: September 1, 1998

Paul E Russell

Paul E. Russell

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCUMENT FOLDER

Application of PP&L EnergyPlus Co. for	:	
Approval to Offer, Render, Furnish or	:	
Supply Electricity or Electric Generation	:	
Services a Broker/Marketer Engaged in the	:	Application Docket No.
Business of Supplying Electricity and an	:	A-110098
Aggregator Engaged in the Business of	:	F
Supplying Electricity, to the Public in the	:	1998
Commonwealth of Pennsylvania	:	

DOCKETED
SEP 08 1998

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. IDENTITY OF THE APPLICANT: The name, address, telephone number, and fax number of the Applicant are:

PP&L EnergyPlus Co.
Two North Ninth Street
Allentown, PA 18101

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

PP&L EnergyPlus Co. has no predecessor. It is a newly formed, wholly-owned subsidiary of PP&L, Inc.

2.a. CONTACT PERSON: The name, title, address, telephone number and fax number of the person to whom questions about this Application should be addressed are:

Jesse A. Dillon
Senior Counsel
Two North Ninth Street
Allentown, PA 18101
(610) 774-5013 phone
(610) 774-6726 fax

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PA.P.U.C.
SECRETARY'S BUREAU

HA01/65550.1

b. CONTACT PERSON-PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY: The name, title, address, telephone number, and fax number of the person with whom contact should be made by PEMA:

John F. Cotter
Vice President - Marketing
PP&L EnergyPlus Co.
Two North Ninth Street
Allentown, PA 18101
(610) 774-4548 phone
(610) 774-4877 fax

3.a. ATTORNEY: If applicable, the name, address, telephone number, and fax number of the Applicant's attorney are:

Jesse A. Dillon
Senior Counsel
Two North Ninth Street
Allentown, PA 18101
(610) 774-5013 phone
(610) 774-6726 fax

b. REGISTERED AGENT: If the Applicant does not maintain a principal office in the Commonwealth, the required name, address, telephone number and fax number of the Applicant's Registered Agent in the Commonwealth are:

Not Applicable.

4. FICTITIOUS NAME: (select and complete appropriate statement)

__ The Applicant will be using a fictitious name or doing business as ("d/b/a"):

Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa.C.S. § 311, Form PA-953.

OR

X The Applicant will not be using a fictitious name.

PP&L EnergyPlus Co. may, in the future, operate under a fictitious name. If PP&L EnergyPlus Co. decides to use a fictitious name, it will notify the Commission.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS: (Select and complete appropriate statement)**

_ The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa.C.S. § 4124 relating to Department of State filing requirements.

OR

_ The Applicant is a:

_ domestic general partnership (*)
_ domestic limited partnership (15 Pa.C.S. § 8511)
_ foreign general and limited partnership (15 Pa.C.S. § 4124)
_ domestic limited liability partnership (15 Pa.C.S. § 8201)
_ foreign limited liability general partnership (15 Pa.C.S. § 8211)
_ foreign limited liability limited partnership (15 Pa.C.S. § 8211)

Provide proof of compliance with appropriate Department of State filing requirements as indicated above.

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

_ *If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa.C.S. § 4124.

OR

X The Applicant is a:

_ domestic corporation (none)
_ foreign corporation (15 Pa.C.S. § 4124)
X domestic limited liability company (15 Pa.C.S. § 8913)
_ foreign limited liability company (15 Pa.C.S. § 8981)
_ Other ______________________

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation.

Exhibit "A" hereto provides the requested documentation. As a domestic limited liability company, PP&L EnergyPlus Co. does not have Articles of Incorporation.

Give the name and address of officers.

Exhibit "B" hereto provides the name and address of each officer of PP&L EnergyPlus Co.

The Applicant is incorporated in the Commonwealth of Pennsylvania.

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA**: (select and complete appropriate statement). For purposes of this response affiliates of PP&L EnergyPlus Co. are defined as companies owned by PP&L Resources, Inc. and its subsidiaries.

☒ **Affiliate(s) of the Applicant doing business in Pennsylvania are:**

Exhibit "C" hereto provides the names and addresses of the affiliates of PP&L EnergyPlus Co. doing business in Pennsylvania.

Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities.

Exhibit "C" hereto states whether the affiliates of PP&L EnergyPlus Co. doing business in Pennsylvania are jurisdictional public utilities.

☒ **If the Applicant or an affiliate has a predecessor who has done business within Pennsylvania, give name and address of the predecessor(s) and state whether the predecessor(s) were jurisdictional public utilities.**

PP&L EnergyPlus Co. is a wholly-owned subsidiary of PP&L, Inc. PP&L, Inc. is a public utility and had numerous predecessors who have done business in Pennsylvania as jurisdictional public utilities. In fact, PP&L has predecessors who predate the existence of public utility regulation. PP&L EnergyPlus Co. is a successor to the non-regulated retail electric supply business of PP&L, Inc. pursuant to the Joint Petition for Full Settlement of Restructuring Plan and Related Court Proceedings as approved by the Pa. P.U.C.'s Order of August 27, 1998, at R-00973954. Information on predecessors of PP&L, Inc. who have done business in Pennsylvania was previously provided to the Pa. P.U.C. in PP&L, Inc.'s application for an EGS license at Docket No. A-110010.

OR

☐ The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.

7. **APPLICANT'S PRESENT OPERATIONS: (select and complete the appropriate statement)**

☒ The Applicant is presently doing business in Pennsylvania as a:

- ☐ vertically-integrated provider of generation, transmission, and distribution services.
- ☐ municipal electric corporation providing service outside its municipal limits.
- ☐ electric cooperative.
- ☐ local gas distribution company.
- ☐ nonintegrated provider of electric generation, transmission or distribution services.
- ☒ **Other.** (Identify the nature of service being rendered).

  PP&L EnergyPlus Co. is a new limited liability company, wholly by a vertically integrated provider of generation, transmission and distribution services. PP&L EnergyPlus Co. was formed for the purpose of marketing energy and engaging in other appropriate business activities.

☐ The Applicant is not presently doing business in Pennsylvania

8. **APPLICANT'S PROPOSED OPERATIONS: The Applicant proposes to operate as a:**

- ☐ Generator and supplier of electric power.
- ☐ Municipal generator and supplier of electric power.
- ☐ Electric Cooperative and supplier of electric power.
- ☒ Broker/Marketer engaged in the business of supplying electricity.
- ☒ Aggregator engaged in the business of supplying electricity.

9. **PROPOSED SERVICES: Generally describe the electric services or the electric generation services which the Applicant proposes to offer.**

Generally, PP&L EnergyPlus Co. proposes to sell electric energy, capacity and related services to end-use customers utilizing the jurisdictional transmission and distribution facilities of electric distribution companies.

PP&L EnergyPlus Co. intends to sell electric energy and/or capacity acquired from PP&L, Inc. and other generators to end-use customers. PP&L EnergyPlus Co. may itself generate electric energy. If it does it will advise the Commission. PP&L EnergyPlus Co. also intends to act as an agent or intermediary in the sale and purchase of electric energy and/or capacity for end-use customers, where it does take title to the electric energy and/or capacity. In the case of some individual end-use customers, PP&L EnergyPlus Co. may engage in more than one of the above activities.

PP&L EnergyPlus Co. also proposes to acquire and resell, to end-use customers, transmission and ancillary generation services that might be required, including but not limited to load following, reactive power and area regulation services. PP&L EnergyPlus Co. also proposes to sell, to end-use customers, energy-related services, including but not limited to energy efficiency, energy auditing and energy consulting services. PP&L EnergyPlus Co. may also act as an agent or intermediary in provision of such transmission, ancillary and energy-related services.

10. **SERVICE AREA: Generally describe the geographic area in which Applicant proposes to offer services.**

PP&L EnergyPlus Co. proposes to offer services throughout the Commonwealth of Pennsylvania.

11. **CUSTOMERS: Applicant proposes to initially provide services to:**

- ☐ Residential Customers
- ☐ Commercial Customers
- ☐ Industrial Customers
- ☐ Governmental Customers
- ☒ All of above
- ☐ Other (Describe):

12. **FERC FILING: Applicant has:**

- ☒ Filed an Application with the Federal Energy Regulatory Commission to be a Power Marketer. PP&L EnergyPlus Co. will file with FERC for market-based rate authority in the near future.

- ☐ Received approval from FERC to be a Power Marketer at Docket or Case Number ________.

13. **START DATE:** The Applicant proposes to begin delivering services as early as January 1, 1999. Under the Pa. P.U.C.'s Order at R-00973954 approving the settlement of PP&L, Inc.'s restructuring plan, PP&L EnergyPlus Co. is to be granted a license no later than September 15, 1998 (Joint Petition for Settlement at K.1.a.).The Applicant will commence sales activities on approval of this Application.

14. FURTHER DEVELOPMENTS: Applicant is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.

15. NOTICE: Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code § 5.14, PP&L has served a copy of the signed and verified Application with attachments on the following:

Irwin A. Popowsky
Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Flr.
Harrisburg, PA 17101-1921

Bernard A. Ryan, Jr., Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North 2nd Street
Harrisburg, PA 17101

Office of Attorney General
Bureau of Consumer Protection
1425 Strawberry Square
Harrisburg, PA 17120

Pursuant to Sections 1.57 and 1.58 of the Commission's Regulations, 52 Pa. Code §§ 1.57 and 1.58, PP&L EnergyPlus Co. has attached Proof of Service of the Application and attachments upon the above-named parties. As evidenced by the attached certificate of service, all electric distribution companies also have been served. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code § 5.14. Since PP&L EnergyPlus Co., pursuant to the Pa. P.U.C.'s Order of August 27, 1998 at R-00973954, is the successor to PP&L, Inc.'s non-regulated retail electric supply business and PP&L, Inc. has already obtained a license which was noticed in newspapers of general circulation, no further notice should be required.

16. AFFIDAVIT AS TO SERVICE AND FITNESS:

Exhibit "D" hereto is the required affidavit.

17. **TAXATION: Provide the State Tax Account Number or similar number of the Applicant. State Tax Number _____.**

Exhibit "E" hereto is the required affidavit certifying that PP&L EnergyPlus Co. will pay in full and taxes dues as required by 66 Pa. C.S. § 2809(C)(1)(IV), et seq.

PP&L EnergyPlus Co. has applied for a State Tax Account Number which will be provided to the Pa. P.U.C. on receipt.

18. **COMPLIANCE: State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein as been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.**

Based on information and belief formed after reasonable investigation, neither PP&L EnergyPlus Co. an affiliate, a predecessor of either PP&L EnergyPlus Co. or its affiliates, nor any individual named in this application has ever been convicted of a crime involving fraud or similar activity.[1/]

19. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION: Electricity should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.**

1/ Although not technically responsive to the question posed, PP&L EnergyPlus Co. states as follows: On September 23, 1993, Rushton Mining Company, a corporation subsequently combined with Pennsylvania Mines Corporation, a wholly-owned subsidiary of PP&L, Inc., plead guilty to one count of conspiracy to tamper with respirable coal dust samples, a violation of the Federal Mine Safety and Health Act. A U.S. Magistrate in the United States District Court for the Middle District of Pennsylvania fined Rushton $25,000. Rushton no longer exists, and the employee involved in the incident is no longer employed by PP&L, Inc. or any of its affiliates. The matter is closed.

a. **Contacts for Consumer Service and Complaints: Provide the name, title, address, telephone number and fax number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with Applicant, the Electric Distribution Company, the Pennsylvania Public Utility Commission or other agencies.**

David J. Bonenberger	Jesse A. Dillon
Manager - Customer Care	Senior Counsel
Two North Ninth Street	Two North Ninth Street
Allentown, PA 18101	Allentown, PA 18101
(610) 774-7239 phone	(610) 774-5013 phone
(610) 774-7229 fax	(610) 774-6726 fax

b. **Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers.**

Exhibit "F" hereto is a copy of a standard form of contract for service to be provided to residential customers. Certain variable terms and conditions such as price and term are omitted. This form may have to be altered as new services are developed, as retail access develops, to meet requirements of various Retail Access Programs or to meet other requirements of electric distribution companies.

c. Exhibit "G" hereto is a copy of the required customer service and consumer education affidavit.

20. **BONDING. In accordance with 66 Pa. C.S. Section 2809(C)(1)(I), the Applicant is:**

☒ Furnishing a copy of initial bond, letter of credit or proof of bonding to the Commission in the amount of $250,000.

☐ Furnishing proof of other initial security for Commission approval, to ensure financial responsibility.

☐ Filing for modification to the $250,000 and furnishing a copy of an initial bond, letter of credit or proof of bonding to the Commission for the amount of $_________. Applicant is required to provide information supporting an amount less than $250,000.

At the conclusion of Applicant's first year of operation or when a permanent license is issued, whichever comes first, it is the intention of the Commission to tie security bonds to a percentage of Applicant's gross receipts resulting from the sale of generated electricity consumed in Pennsylvania. The amount of the security bond will be reviewed and adjusted on an semi-annual basis.

The bond will be provided by separate filing.

21. **FALSIFICATION. The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§ 4903 and 4904, relating to perjury and falsification in official matters.**

22. **TRANSFER OF LICENSE: The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2809(D). Transferee will be required to file the appropriate licensing application.**

23. **ASSESSMENT: The Applicant acknowledges that Title 66, Chapter 6, Section 510 grants to the Commission the right to make assessments to recovery regulatory expenses and that as a supplier of electricity or an electric generation supplier it will be assessed under that section of the Pennsylvania Code. The Applicant also acknowledges that the continuation of its license as a supplier of electricity or an electric generation supplier will be dependent upon the payment of all prior years assessments.**

24. FINANCIAL FITNESS.

    A. **Applicant shall provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:**

    - **Actual (or proposed) organization structure including parent, affiliated or subsidiary companies.**

      An organization chart for affiliates of PP&L EnergyPlus Co. doing business in Pennsylvania is attached as Exhibit "H."

- **Published parent company financial and credit information.**

  Published financial information for PP&L Resources, Inc., the parent of PP&L, Inc. for calendar year 1997 is included in the Form 10-K attached as Exhibit "I."

- **Applicant's balance sheet and income statement for the most recent fiscal year. Published financial information such as 10K's and 10Q's may be provided, if available.**

  As a newly formed corporation, PP&L EnergyPlus does not have a balance sheet or income statement. The income statement and balance sheet of PP&L EnergyPlus Co.'s parent is contained in Exhibit "I."

- **Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradsheet Credit Report and Robert Morris and Associates financial form or other independent financial service reports.**

  As a newly formed corporation, PP&L EnergyPlus does not have a credit rating. A copy of the credit rating of PP&L, Inc. is attached as Exhibit "J."

- **A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.**

  A description of the types and amounts of insurance that will be carried by PP&L EnergyPlus Co. is attached as Exhibit "K."

- **Such other information that demonstrates Applicant's financial fitness.**

  PP&L EnergyPlus Co. has been formed to provide competitive sales of electricity as an affiliated electric generation supplier of PP&L, Inc. pursuant to the Joint Petition for Full Settlement of PP&L, Inc.'s Restructuring Plan and Related Court Proceedings as approved by Order dated August 27, 1998, at Docket No. R-00973954. The Settlement reflects the parties resolution of issues concerning the appropriate manner of providing competitive sales of electricity within the PP&L system and the Commission's approval thereof.

B. Applicant must provide the following information:

- **Identify Applicant's chief officers including names and their professional resumes.**

  Exhibit "L" provides the identity of PP&L EnergyPlus Co.'s executive officers.

- **Provide the name, title, address, telephone number and fax number of Applicant's custodian for its accounting records.**

  Joseph J. McCabe
  Vice-President and Controller
  Two North Ninth Street
  Allentown, PA 18101
  (610) 774-5646 phone
  (610) 774-6425 fax

25. TECHNICAL FITNESS: To ensure that the present quality and availability of service provided by electric utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- **The identity of the Applicant's officers directly responsible for operations, including names and their professional resumes.**

  See Exhibit "L" hereto for the names and professional resumes of PP&L EnergyPlus Co.'s officers responsible for operations.

- **General information concerning the energy sources to be employed by the Applicant in providing services.**

  Pages 3 to 8 of Exhibit "I" hereto provide general information concerning the energy sources currently employed by PP&L, Inc. PP&L EnergyPlus Co. will purchase energy and capacity from PP&L, Inc. and also may purchase additional electric energy and/or capacity to provide to some of the end-use customers it might serve under this authority.

- **Documentation of membership in ECAR, MAAC or other regional reliability councils.**

  PP&L EnergyPlus Co. was just formed and will become a member of ECAR and MAAC as soon as possible.

- **An affidavit stating that you will adhere to the reliability protocols of the North American Electric Reliability Council, the appropriate regional reliability council(s), and the Commission, and that you agree to comply with the operational requirements of the control area(s) within which you provide retail service.**

  Exhibit "M" provides the required affidavit.

26. UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE. As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.

27. REPORTING REQUIREMENTS: Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:

a. Reports of Gross Receipts: Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on a quarterly and year to day basis no later than 30 days following end of the quarter.

b. The Treasurer or other appropriate officer of Applicant shall transmit to the Department of Revenue by March 15, an annual report, and under oath or affirmation, of the amount of gross receipts received by Applicant during the prior calendar year.

c. Applicant shall report to the Commission the following information on an annual basis:

- **the percentages of total electricity supplied by each fuel source**

Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 28 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive electric market.

28. FEE. The Applicant has enclosed the required initial licensing fee of $350.

WHEREFORE, for all foregoing reasons, PP&L EnergyPlus Co. respectfully requests that the Pennsylvania Public Utility Commission grant the requested license.

Respectfully submitted,

Jesse A Dillon

Jesse A. Dillon
Senior Counsel
Office of General Counsel
Two North Ninth Street
Allentown, PA 18101

Counsel for PP&L EnergyPlus Co.

Dated:
at Allentown, Pennsylvania

VERIFICATION

Commonwealth of Pennsylvania :
: ss.
County of Lehigh :

Affiant, being duly sworn according to law, deposes and says that:

He is ______________________________ of PP&L Energy Plus Co.;

That he is authorized to and does make this affidavit for said corporation;

That the facts above set forth are true and correct to the best of his knowledge, information and belief and that he expects PP&L EnergyPlus Co. to be able to prove the same at any hearing hereof.

____
Signature of Affiant

Sworn and subscribed before me this ____
day of __________________, 1998

____
Signature of official administering oath

(SEAL)

My commission expires: ________________

VERIFICATION

)
Commonwealth of Pennsylvania :
: ss.
County of Lehigh :

Affiant, being duly sworn according to law, deposes and says that:

He is Vice President of PP&L EnergyPlus Co.;

That he is authorized to and does make this affidavit for said corporation;

That the facts above set forth are true and correct to the best of his knowledge, information and belief and that he expects PP&L EnergyPlus Co. to be able to prove the same at any hearing hereof.

John F. Cotter
Signature of Affiant

Sworn and subscribed before me this 31st day of August, 1998

Francine A. Greenzweig
Signature of official/administering oath

(SEAL)

NOTARIAL SEAL
FRANCINE A. GREENZWEIG, Notary Public
City of Allentown, Lehigh County, PA
My Commission Expires Oct. 29, 1998

My commission expires: October 29, 1998

Microfilm Number ______________

Entity Number ______________

Filed with the Department of State on AUG 28 1998

EXHIBIT A

Secretary of the Commonwealth

CERTIFICATE OF ORGANIZATION-DOMESTIC LIMITED LIABILITY COMPANY

DSCB:15-8913 (Rev 95)

In compliance with the requirements of 15 Pa.C.S. § 8913 (relating to certificate of organization), the undersigned, desiring to organize a limited liability company, hereby state(s) that:

1. The name of the limited liability company is: PP&L EnergyPlus Co.

2. The (a) address of this limited liability company's initial registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

Number and Street	City	State	Zip	County
(a) Two North Ninth Street	Allentown	PA	18101	Lehigh

(b) c/o: ______________
Name of Commercial Registered Office Provider — County

For a limited liability company represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the limited liability company is located for venue and official publication purposes.

3. The name and address, including street and number, if any, of each organizer are:

NAME	ADDRESS
PP&L, Inc.	Two North Ninth Street, Allentown, PA 18101

4. ~~(Strike out if inapplicable): A member's interest in the company is to be evidenced by a certificate of membership interest.~~

5. (Strike out if inapplicable): Management of the company is vested in a manager or managers.

6. The specified effective date, if any is: upon filing
month day year hour, if any

7. ~~(Strike out if inapplicable): The company is a restricted professional company organized to render the following restricted professional service(s):~~

8. For additional provisions of the certificate, if any, attach an 8 1/2 x 11 sheet.

THIS IS A TRUE COPY OF
THE ORIGINAL SIGNED
DOCUMENT FILED WITH
THE DEPARTMENT OF STATE.

IN TESTIMONY WHEREOF, the organizer(s) has (have) signed this Certificate of Organization this 28th day of August, 19 98.

(Signature)

Frank A. Long, President

(Signature)

(Signature)

EXHIBIT B

PP&L ENERGYPLUS CO.
OFFICER LISTING

OFFICERS

Frank A. Long	President
John F. Cotter	Vice President-Marketing
John F. Sipics	Vice President-Market Planning
James E. Abel	Treasurer
Robert J. Grey	Secretary
Diane M. Koch	Assistant Secretary

Address for above: Two North Ninth Street
Allentown, PA 18101

EXHIBIT C

Affiliates of the Applicant doing business in Pennsylvania:

PP&L Resources, Inc. (parent)
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

CEP Group, Inc.
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

Pennsylvania Mines Corporation
P.O. Box 367
Ebensburg, PA 15930
not a jurisdictional public utility

Interstate Energy Company
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

Realty Company of Pennsylvania
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

BDW Corp.
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

Greene Manor Coal Company
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

Lady Jane Collieries, Inc.
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

Safe Harbor Water Power Corp.
R.D. 2, P.O. Box 97
Conestoga, PA 17516
not a jurisdictional public utility

PP&L Spectrum, Inc.
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

PMDC Operations, Inc.
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

Penn Fuel Gas, Inc.
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

PFG Gas, Inc.
2 North Ninth St.
Allentown, Pa 18101

North Penn Gas Company
2 North Ninth St.
Allentown, Pa 18101

H.T. Lyons, Inc.
2 North Ninth St.
Allentown, Pa 18101
not a jurisdictional public utility

H.T. Lyons, Co.
820 Bear Tavern Road
West Trenton, NJ 08628
not a jurisdictional public utility

McClure Company
4101 North Sixth Street
Harrisburg, PA 17110
not a jurisdictional public utility

EXHIBIT D

AFFIDAVIT

Commonwealth of Pennsylvania :

: ss.

County of Lehigh :

John F. Cotter, Affiant, being duly sworn according to law, deposes and says that:

He is the Vice President-Marketing of PP&L EnergyPlus Co.;

That he is authorized to and does make this affidavit for said Applicant;

That PP&L EnergyPlus Co., the Applicant herein, acknowledges that PP&L EnergyPlus, Inc. may have obligations pursuant to this application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop form time to time in the course of doing business in Pennsylvania.

That PP&L EnergyPlus Co., the Applicant herein, asserts that it possesses the requisite technical, managerial, and financial fitness to render electric service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That the facts above set forth are true and correct to the best of his knowledge, information and belief and that he expects said Applicant to be able to prove the same at any hearing hereof.

John F. Cotter

Signature of Affiant

Sworn and subscribed before me this 31st day of August, 1998.

Francine A. Greenzweig

Signature of official administering oath

My commission expires October 29, 1998

NOTARIAL SEAL
FRANCINE A. GREENZWEIG, Notary Public
City of Allentown, Lehigh County, PA
My Commission Expires Oct. 29, 1998

EXHIBIT E

AFFIDAVIT

Commonwealth of Pennsylvania :

: ss.

County of Lehigh :

James E. Abel, Affiant, being duly sworn according to law, deposes and says that:

He is the Treasurer of PP&L EnergyPlus Co.;

That he is authorized to and does make this affidavit for said Applicant;

That PP&L EnergyPlus Co., the Applicant herein, certifies to the Commission that it is subject to, will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of May 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 28 of Title 66. The applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Chapter 28, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall provide to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission and is subject to Title 66, Section 506;

As provided by Section 2810 (C)(6)(IV), Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission; and

That the facts above set forth are true and correct to the best of his knowledge, information and belief and that he expects said Applicant to be able to prove the same at any hearing hereof.

James E. Abel

Signature of Affiant

Sworn and subscribed before me this 31st day of August, 1998.

Francine A. Greenzweig

Signature of official administering oath

My commission expires October 29, 1998

NOTARIAL SEAL
FRANCINE A. GREENZWEIG, Notary Public
City of Allentown, Lehigh County, PA
My Commission Expires Oct. 29, 1998

EXHIBIT F

Agreement and Disclosure Statement

This is an Agreement for electric generation service, between PP&L EnergyPlus Co. and the customer named on the enclosed Selection Form. "You" and "your" refer to the customer. "We", "us" and "our" refer to PP&L EnergyPlus.

Background

* We at PP&L EnergyPlus are licensed by the Pennsylvania Public Utility Commission to offer and supply electric generation services in Pennsylvania. Our PUC license number is A-XXXXXX.

* We set the generation prices and charges that you pay. The Public Utility Commission regulates distribution prices and services. The Federal Energy Regulatory Commission regulates transmission prices and services.

* If you ask us, we can bill you directly for our service.

* Right of Recision - You may cancel this Agreement at any time before midnight of the third business day after signing the enclosed Selection Form that you received along with this Agreement and Disclosure Statement.

Definitions

* Basic Services – Services that are necessary for the physical delivery of service, including generation, transmission, and distribution. The monthly customer charge and the temporary transition charge, are also basic service charges.

* Electric Distribution Company (EDC) – The company that owns the power lines and equipment necessary to deliver purchased electricity to the customer.

* Electric Generation Supplier (EGS) – A person or corporation, generator, broker, marketer, aggregator or other entity, that sells electricity, using the transmission or distribution facilities of an EDC.

* Generation Charge - Charge for production of electricity.

* Home or Business – The location where PP&L EnergyPlus supplies electricity.

* Provider of Last Resort – The company that provides a customer with electric generation service if the customer stops receiving service from an EGS. This may be the customer's EDC or another company.

* Transmission Charge - Charge for moving high-voltage electricity from a generation facility to the distribution lines of an EDC.

* Universal Service Programs – Services that help low-income customers maintain electric service.

Terms of Service

1. **Basic Service Prices:**
PP&L EnergyPlus will charge you for electric generation service. In addition to your charges for electric generation service, PP&L EnergyPlus must recover its cost for transmission service. These transmission costs used to be included in your EDC charges. Once you choose an EGS, that EGS pays transmission charges instead of your EDC. Your EGS must recover these transmission costs from you.

Since you are a *<insert EDC name>* Rate *<insert EDC rate schedule name>* customer:
* You will pay a monthly service charge of *<insert price>* plus *<insert price>* per kWh for electric generation service.
* You will pay *<insert price>* per kWh for electric transmission service.

These Basic Service Prices are guaranteed for a *<insert number>*-year (*<insert number>* billing month) period. After the *<insert number>*-year period, PP&L EnergyPlus has the right to increase or decrease these prices.

4. **Length of Agreement:**
You will buy your electric generation service for the service address on the enclosed Selection Form from PP&L EnergyPlus beginning as soon as possible. Service will begin at the first meter reading permitted by your EDC. You will continue to buy your electric generation service from PP&L EnergyPlus until you or PP&L EnergyPlus cancel this Agreement.

5. **Special Terms and Conditions:**

(a) **Availability:**
You understand that the Basic Service Prices included in section 1 are available only to *<insert EDC name>* Rate *<insert EDC rate schedule name(s)>* customers with one meter. If you are on a different rate or have more than one meter, we may be able to serve you but it may not be at the same price.

(a)

(b) **Limited Time Offer:**
You understand that the Basic Service Prices included in section 1 apply if you accept our offer by the expiration date shown on the enclosed Offer Letter. If you decide to accept our offer after the expiration date, we may be able to serve you but it may not be at the prices listed.

(c) **How the Electricity Gets to You:**
PP&L EnergyPlus is responsible for supplying your electricity. PP&L EnergyPlus also is responsible for transmitting your electricity from its source to your EDC. You will pay PP&L EnergyPlus Generation Charges and Transmission Charges. Your EDC, which has wires attached to your home or business, will deliver electricity to you. You understand that you must also pay for the costs such as distribution charges and transition charges that the EDC will charge you for bringing the electricity to your home or business. PP&L EnergyPlus assumes no liability or responsibility for the operations and maintenance of your EDC's electric lines or deterioration of service caused in whole or in part by your EDC.

Payment of Bills:
You agree to pay PP&L EnergyPlus charges each month. You will get a bill for the electricity you use including Generation Charges and Transmission Charges.

(d) **Limitations on Liability:**
If PP&L EnergyPlus does not comply with these Terms of Service, we will be responsible for your direct damages up to the price of the electricity we have supplied. PP&L EnergyPlus will not be responsible for any resulting damages from our failure to comply under contract or tort law, including PP&L EnergyPlus' negligence.

(e) **Sales Tax:**
PP&L EnergyPlus will charge you sales and use taxes, if they apply. You will pay these taxes to us and we will send them to the state of Pennsylvania.

(f) **Entire Agreement:**
These Terms of Service and the enclosed Selection Form are the entire agreement between us. They take the place of any other earlier agreements about PP&L EnergyPlus supplying electricity to you.

4. Penalties, Fees and Exceptions:

We will charge you a late payment charge of 1.5% per month on any overdue balance.

5. **Cancellation Provisions:**
You will continue to buy your electric generation service from PP&L EnergyPlus until you or PP&L EnergyPlus cancel this Agreement. You agree that if PP&L EnergyPlus does not receive payment within 15 days after your bill is due, we may stop supplying electricity to you. If PP&L EnergyPlus decides to stop supplying electricity, PP&L EnergyPlus will give you written notice at least 45 days in advance. If PP&L EnergyPlus stops supplying electricity to you, you may select a new EGS. If you do not select a new EGS, your Provider of Last Resort will begin to supply your electricity. PP&L EnergyPlus cannot actually shut off your electric service. Only your EDC can actually shut off your electric service. You can cancel by giving PP&L EnergyPlus no less than 45 days notice. If either you or PP&L EnergyPlus cancels this Agreement, you are responsible for paying PP&L EnergyPlus for all electric generation and transmission service we provided up to the final meter reading.

6. **Agreement Expiration / Change in Terms:**
If you have a fixed-term agreement with us and it is approaching the expiration date or if we propose to change our Terms of Service, we will send you written notice in each of our last three bills or in separate mailings before either the expiration date or the effective date of the changes. We will explain your options in these three advance notices.

7. **Dispute Procedures:**
Contact us with any questions concerning our Terms of Service. You may call the PUC if you are not satisfied after discussing your terms with us.

Residential Version

Contact Information:
PP&L EnergyPlus is your EGS. You can contact us as explained below. If you need to report a service interruption, meter reading or other problem, you should contact your EDC. If you need to contact your Provider of Last Resort, or if you need information about Universal Service Programs, use the information below.

Electric Generation Supplier (EGS) Information:
PP&L EnergyPlus
P.O. Box 25225
Lehigh Valley, PA 18002-5225
Phone Number: 1-800-281-2000
Internet Address: www.pplenergyplus.com

Electric Distribution Company (EDC):
<insert EDC name>

Provider of Last Resort Information:
<insert PLR name>
<insert PLR street address line 1>
<insert PLR street address line 2>
<insert PLR city, state, zip>
Phone Number: *<insert PLR phone number>*

Public Utility Commission (PUC) Information:
Public Utility Commission (PUC)
P.O. Box 3265
Harrisburg, PA 17105-3265
Electric Competition Hotline Phone Number: 1-888-782-3228

Universal Service Program Information:
Program Name: *<insert program name>*
Phone Number: *<insert program phone number>*

PP&L EnergyPlus is not the same company as PP&L, Inc., the electric distribution company. PP&L EnergyPlus prices are not regulated by the Pennsylvania Public Utility Commission. You do not have to buy electricity or other products from PP&L EnergyPlus to receive the same quality service from PP&L, Inc.

EXHIBIT G

AFFIDAVIT

Commonwealth of Pennsylvania :

: ss.

County of Lehigh :

John F. Cotter, Affiant, being duly sworn according to law, deposes and says that:

He is the Vice President-Marketing of PP&L EnergyPlus Co.;

That he is authorized to and does make this affidavit for said Applicant;

That PP&L EnergyPlus Co., the Applicant herein, acknowledges that it has a statutory obligation to confirm with 66 Pa. C.S. Section 506, 2807(C), 2807(D)(2), 2809(B) and the standards and billing practices of 52 Pa. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Bureau of Public Liaison or other Commission bureaus. Materials and information requested may be analyzed by the Commission or designee to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct to the best of his knowledge, information and belief and that he expects said Applicant to be able to prove the same at any hearing hereof.

John F. Cotter

Signature of Affiant

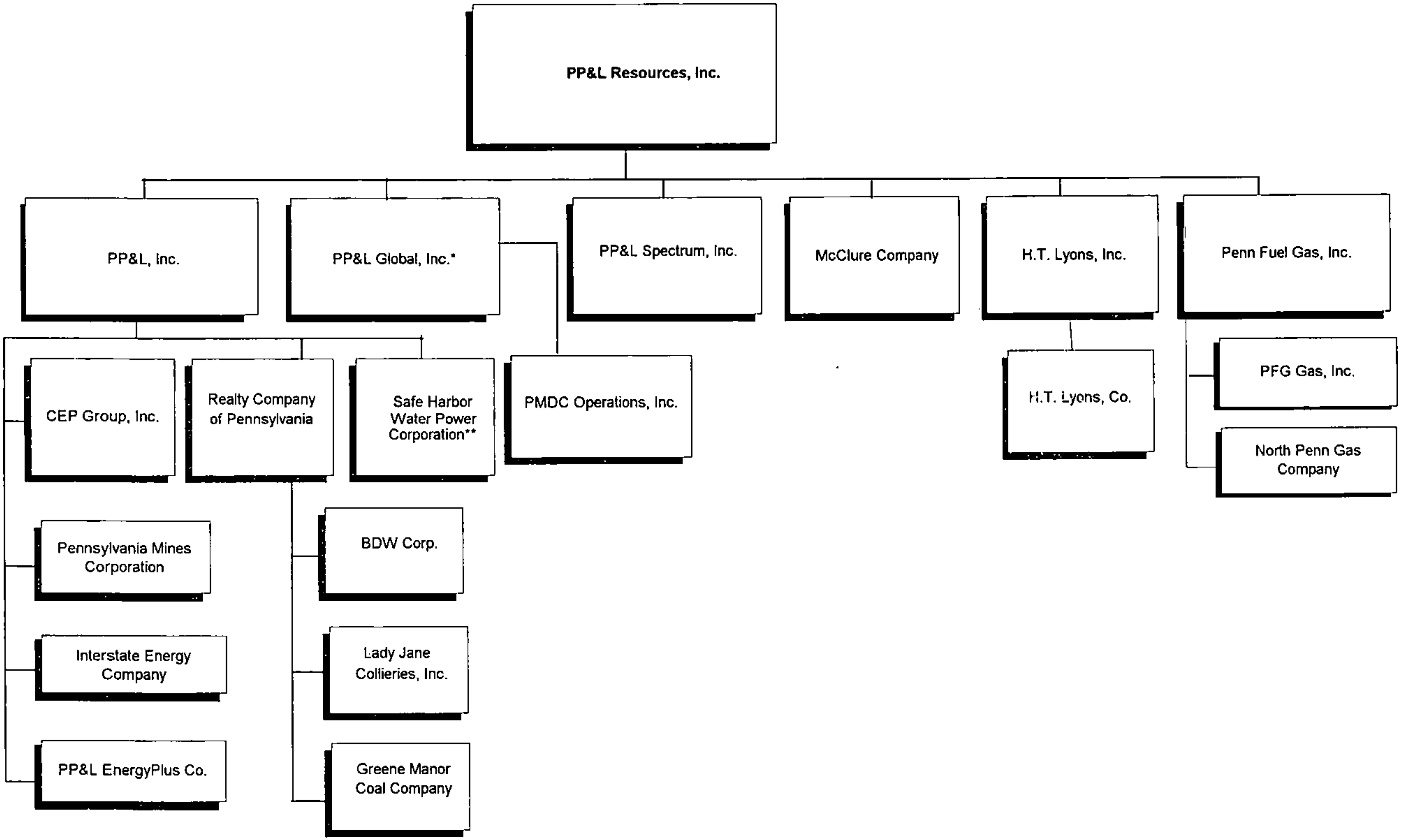
Sworn and subscribed before me this 31st day of August, 1998.

Francine A. Greenzweig

Signature of official administering oath

My commission expires October 29, 1998

NOTARIAL SEAL
FRANCINE A. GREENZWEIG, Notary Public
City of Allentown, Lehigh County, PA
My Commission Expires Oct. 29, 1998



*Does not presently do business in Pennsylvania
**Jointly owned with Baltimore Gas and Electric Company

PP&L Resources, Inc. organization chart for companies doing business in Pennsylvania as of August 31, 1998

EXHIBIT H

Exhibit "I"

Form 10-K

Annual Report to the Securities and Exchange Commission

For the Year Ended December 31, 1997

PP&L Resources, Inc.
PP&L, Inc.

PP&L RESOURCES, INC.
PP&L, INC.

FORM 10-K ANNUAL REPORT TO
THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 1997

TABLE OF CONTENTS

This combined Form 10-K is separately filed by PP&L Resources, Inc. and PP&L, Inc. Information contained herein relating to PP&L, Inc. is filed by PP&L Resources, Inc. and separately by PP&L, Inc. on its own behalf. PP&L, Inc. makes no representation as to information relating to PP&L Resources, Inc. or its subsidiaries, except as it may relate to PP&L, Inc.

PP&L, Inc.

PART III

PART IV

Glossary of Terms and Abbreviations

AFUDC (Allowance for Funds Used During Construction) - the cost of equity and debt funds used to finance construction projects that is capitalized as part of construction cost.

Atlantic - Atlantic City Electric Company

BG&E - Baltimore Gas & Electric Company

CERCLA - Comprehensive Environmental Response, Compensation and Liability Act

Clean Air Act (Federal Clean Air Act Amendments of 1990) - legislation enacted to address environmental issues including acid rain, ozone and toxic air emissions.

CTC - Competitive transition charge

Customer Choice Act - (Pennsylvania Electricity Generation Customer Choice and Competition Act) - legislation enacted to restructure the state's electric utility industry to create retail access to a competitive market for generation of electricity

DEP - Pennsylvania Department of Environmental Protection

District Court - United States District Court for the Eastern District of Pennsylvania.

DOE - Department of Energy

DRIP (Dividend Reinvestment Plan) - program available to shareowners of PP&L Resources' common stock and PP&L preferred stock to reinvest dividends in PP&L Resources' common stock instead of receiving dividend checks.

ECR (Energy Cost Rate) - a tariff applied to PUC-jurisdictional customers to recover fuel and other energy costs. Effective January 1997, energy costs were rolled into base rates.

EITF - Emerging Issues Task Force

Emel - Empresas Emel, S.A., a Chilean electric distribution holding company

EMF - Electric and Magnetic Fields

Energy Act (Energy Policy Act of 1992) - legislation passed by Congress to promote competition in the electric energy market for bulk power.

Energy Marketing Center - organization within PP&L responsible for marketing and trading wholesale energy

EPA - Environmental Protection Agency

ESOP - Employee Stock Ownership Plan

FASB (Financial Accounting Standards Board) - a rulemaking organization that establishes financial accounting and reporting standards.

FGD - Flue gas desulfurization equipment installed at coal-fired power plants to reduce sulfur dioxide emissions.

FERC (Federal Energy Regulatory Commission) - federal agency that regulates interstate transmission and sale of electricity and related matters.

GRT - Gross Receipts Tax

H.T. Lyons - H.T. Lyons, Inc., a PP&L Resources' unregulated subsidiary specializing in heating, ventilating and air-conditioning.

IBEW - International Brotherhood of Electrical Workers

IEC (Interstate Energy Company) - a subsidiary of PP&L that operates an oil and gas pipeline

ISO - Independent System Operator

JCP&L - Jersey Central Power & Light Company

Major utilities - Atlantic, BG&E and JCP&L

MSHA - Mine Safety and Health Administration

NO_x - Nitrogen oxide

NPDES - National Pollutant Discharge Elimination System

NRC (Nuclear Regulatory Commission) - Federal agency that regulates operation of nuclear power facilities

NUG (Non-Utility Generator) - generating plants not owned by regulated utilities. If the NUG meets certain criteria, its electrical output must be purchased by public utilities as required by PURPA.

OCA - Pennsylvania Office of Consumer Advocate

OSM - United States Office of Surface Mining

OTS - PUC Office of Trial Staff

Pa. CNI - Pennsylvania Corporate Net Income Tax

PCB (Polychlorinated Biphenyl) - additive to oil used in certain electrical equipment up to the late-1970s. Now classified as a hazardous chemical.

PECO - PECO Energy Company

PFG - Penn Fuel Gas, Inc.

PJM (PJM Interconnection, L.L.C.) - operates the electric transmission network and electric energy market in the mid-Atlantic region of U.S.

Plan - PP&L's noncontributory defined benefit pension plan.

PP&L - PP&L, Inc. (formerly Pennsylvania Power & Light Company)

PP&L Capital Funding - PP&L Capital Funding, Inc., PP&L Resources' financing subsidiary

PP&L Capital Trust - A Delaware statutory business trust created to issue Preferred Securities

PP&L Capital Trust II -- A Delaware statutory business trust created to issue Preferred Securities

PP&L Global - PP&L Global, Inc., a PP&L Resources' unregulated subsidiary which invests in and develops world-wide power projects (formerly Power Markets Development Company)

PP&L Resources - PP&L Resources, Inc., the parent holding company of PP&L, PP&L Global, PP&L Spectrum and other subsidiaries

PP&L Spectrum - PP&L Spectrum, Inc., a PP&L Resources' unregulated subsidiary which offers energy-related products and services (formerly Spectrum Energy Services Corporation)

PP&L's Mortgage - PP&L's Mortgage and Deed of Trust, dated October 1, 1945

Preferred Securities - Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures (issued by two Delaware statutory business trusts)

PSE&G - Public Service Electric & Gas Company

PUC (Pennsylvania Public Utility Commission) - state agency that regulates certain ratemaking, services, accounting, and operations of Pennsylvania utilities

PUC Decision - final order issued by the PUC on September 27, 1995 pertaining to PP&L's base rate case filed in December 1994.

PUHCA - Public Utility Holding Company Act of 1935

PURPA (Public Utility Regulatory Policies Act of 1978) - legislation passed by Congress to encourage energy conservation, efficient use of resources, and equitable rates.

RCRA - 1976 Resource Conservation and Recovery Act

SBRCA - Special Base Rate Credit Adjustment

SEC - Securities and Exchange Commission

SER - Schuylkill Energy Resources, Inc.

SFAS (Statement of Financial Accounting Standards) - accounting and financial reporting rules issued by the FASB.

SO_2 - Sulfur dioxide

STAS (State Tax Adjustment Surcharge) - rate adjustment mechanism to customer bills for changes in certain state taxes.

Superfund - Federal and state legislation that addresses remediation of contaminated sites.

SWEB - South Western Electricity plc, a British regional electric utility company.

UGI - UGI Utilities, Inc.

U.K. - United Kingdom

VEBA (Voluntary Employee Benefit Association Trust) - trust accounts for health and welfare plans for future payments to employees, retirees or their beneficiaries.

VERP - Voluntary Early Retirement Program

PART I

ITEM 1. BUSINESS

Terms and abbreviations appearing in "BUSINESS" are explained in the glossary.

BACKGROUND

PP&L Resources is a holding company with headquarters in Allentown, PA. Its subsidiaries include PP&L, which provides electricity delivery service in eastern and central Pennsylvania, sells retail electricity throughout Pennsylvania and markets wholesale electricity throughout the eastern United States; PP&L Global, an international independent power company; PP&L Spectrum, which markets energy-related services and products; PP&L Capital Funding, which engages in financing for PP&L Resources and its subsidiaries; and H. T. Lyons, a heating, ventilating and air-conditioning firm which PP&L Resources acquired on January 22, 1998. Other subsidiaries may be formed by PP&L Resources to take advantage of new business opportunities.

PP&L is PP&L Resources' principal subsidiary (approximately 96% of consolidated assets as of December 31, 1997), and the financial condition and results of operation of PP&L are currently the principal factors affecting the financial condition and results of operations of PP&L Resources.

The electric utility industry, including PP&L, has experienced and will continue to experience a significant increase in the level of competition in the energy supply market. The Energy Act amended the PUHCA to create a new class of independent power producers, and amended the Federal Power Act to provide open access to electric transmission systems for wholesale transactions. In addition, in December 1996 the Customer Choice Act was enacted in Pennsylvania to restructure the state's electric utility industry in order to create retail access to a competitive market for the generation of electricity. PP&L has announced its support for full customer choice of their energy supplier for all customer classes. See "PUC Restructuring Proceeding" on page 27 and "Increasing Competition" on page 37 for a discussion of pending PUC and FERC proceedings on industry competition and PP&L's involvement in those proceedings.

PP&L is subject to regulation as a public utility by the PUC and is subject in certain of its activities to the jurisdiction of the FERC under Parts I, II and III of the Federal Power Act. PP&L Resources and PP&L have been exempted by the SEC from the provisions of PUHCA applicable to them as holding companies.

PP&L is subject to the jurisdiction of the NRC in connection with the operation of the two nuclear-fueled generating units at PP&L's Susquehanna station. PP&L owns a 90% undivided interest in each of the Susquehanna units and Allegheny Electric Cooperative, Inc. owns a 10% undivided interest in each of those units. In December 1997, Allegheny Electric Cooperative, Inc. issued a Request for Proposals for the sale of its assets, including its 10% interest in Susquehanna. This proposed sale is still pending.

PP&L also is subject to the jurisdiction of certain federal, regional, state and local regulatory agencies with respect to air and water quality, land use and other environmental matters. The operations of PP&L are subject to the Occupational Safety and Health Act of 1970, and the coal cleaning and loading operations of a PP&L subsidiary are subject to the Federal Mine Safety and Health Act of 1977.

PP&L provides electricity delivery service to approximately 1.2 million customers in a 10,000 square mile territory in 29 counties of eastern and central Pennsylvania (see Map on page 13), with a population of approximately 2.6 million persons. This service area has 129 communities with populations over 5,000, the largest cities of which are Allentown, Bethlehem, Harrisburg, Hazleton, Lancaster, Scranton, Wilkes-Barre and Williamsport.

During 1997, about 97% of total operating revenue was derived from electric energy sales, with 33% coming from residential customers, 27% from commercial customers, 19% from industrial customers, 20% from wholesale sales and 1% from others.

See "Increasing Competition" in the Review of the Financial Condition and Results of Operation on page 37 for a discussion of PP&L's participation in Pennsylvania's retail access pilot program under the Customer Choice Act.

PP&L operates its generation and transmission facilities as part of the PJM. The PJM operates the electric transmission network and electric energy market in the mid-Atlantic region of the United States. Bulk electricity is transmitted to wholesale users throughout a geographic area including all or part of Pennsylvania, New Jersey, Maryland, Delaware, Virginia and the District of Columbia.

In November 1997, the FERC ordered the restructuring of the PJM into an ISO, in order to accommodate greater competition and broader participation in the power pool. The purpose of the ISO is to separate operation of, and access to, the transmission grid from the PJM electric utilities' generation interests. The electric utilities will continue to own the transmission assets, but the ISO will be responsible for directing the control and operation of the transmission facilities. See "Increasing Competition" for further details on this FERC PJM order.

To take advantage of opportunities in the competitive energy marketplace, PP&L created an Energy Marketing Center in 1995. The group operates a 24-hour trading floor and a marketing effort with responsibility for all PP&L wholesale power transactions. This Center has allowed PP&L to buy and sell energy at the most competitive prices and to expand these activities beyond PP&L's traditional service territory. The group is presently marketing and trading wholesale electricity in 22 states, including the east coast, midwest, and mid-Atlantic region.

Wholly-owned subsidiary companies of PP&L principally are engaged in oil and gas pipeline operations and passive financial investing.

FINANCIAL CONDITION

See "Earnings", "Electric Energy Sales", and "Financial Indicators" in the Review of the Financial Condition and Results of Operations for this information.

CAPITAL EXPENDITURE REQUIREMENTS

See "Financial Condition - Capital Expenditure Requirements" on page 32 for information concerning PP&L's estimated capital expenditure requirements for the years 1998-2002. See "Environmental Matters" on page 35 and Note 16 to Financial Statements for information concerning PP&L's estimate of the cost to comply with the federal clean air legislation enacted in 1990, to address groundwater degradation and waste water control at PP&L facilities and to comply with solid waste disposal regulations adopted by the DEP.

POWER SUPPLY

PP&L's system capacity (winter rating) at December 31, 1997 was as follows:

Plant	Net Kilowatt Capacity	
Nuclear-fueled steam station		
Susquehanna	1,995,000	(a)
Coal-fired steam stations		
Montour	1,525,000	
Brunner Island	1,469,000	
Sunbury	389,000	
Martins Creek	300,000	
Keystone	210,000	(b)
Conemaugh	194,000	(c)
Holtwood	73,000	
Total coal-fired	4,160,000	
Oil-fired steam station		
Martins Creek	1,592,000	
Combustion turbines and diesels	364,000	
Hydroelectric	146,000	
Total generating capacity	8,257,000	
Firm purchases		
Hydroelectric	139,000	(d)
Qualifying facilities	338,000	
Total firm purchases	477,000	
Total system capacity	8,734,000	

(a) PP&L's 90% undivided interest.
(b) PP&L's 12.34% undivided interest.
(c) PP&L's 11.39% undivided interest.
(d) From Safe Harbor Water Power Corporation.

The system capacity shown in the preceding tabulation does not reflect: (i) sales of capacity and energy to Atlantic; (ii) sales of capacity and energy to BG&E; (iii) sales of capacity and energy to JCP&L; or (iv) sales of capacity credits to other load serving entities for PJM installed capacity accounting purposes only, which capacity credit sales aggregated 586,000 kilowatts at December 31, 1997. Giving effect to the sales to Atlantic (129,000 kilowatts), BG&E (132,000 kilowatts), and JCP&L (567,000 kilowatts), PP&L's net system capacity at December 31, 1997 was 7,906,000 kilowatts.

The capacity of generating units is based upon a number of factors, including the operating experience and physical condition of the units, and may be revised from time to time to reflect changed circumstances.

During 1997, PP&L produced about 40.9 billion kWh in plants it owned. PP&L purchased 13.4 billion kWh under purchase agreements and received 1.4 billion kWh as power pool interchange. During the year, PP&L delivered about 2.2 billion kWh as pool interchange and about 13.4 billion kWh under purchase agreements.

During 1997, 59.5% of the energy generated by PP&L's plants came from coal-fired stations, 36.9% from nuclear operations at the Susquehanna station, 2.1% from the Martins Creek oil-fired steam station and 1.5% from hydroelectric stations.

The maximum one-hour demand recorded on PP&L's system is 6,506,000 kilowatts, which occurred on January 17, 1997. The maximum recorded one-hour summer demand is 6,046,000 kilowatts, which occurred on July 15, 1997. These peak demands do not include energy sold to Atlantic, BG&E or JCP&L.

PP&L purchases and sells energy from other utilities and FERC-certified power marketers when it is economically desirable to do so. From time to time, PP&L enters into energy transactions with systems outside the PJM on a daily, weekly or monthly basis. The amount of energy purchased and sold in these transactions depends on a number of factors, including cost and the import capability of the transmission network.

Under a compliance tariff approved by FERC for implementation starting April 1, 1997, PP&L has been providing open access of available capability on its transmission system for use by wholesale entities on a basis that is comparable with PP&L's own use of its transmission facilities.

In June 1995, the FERC accepted a short-term capacity and/or energy sales tariff enabling PP&L to sell to other utilities and marketers. As of the end of 1997, 90 other parties have signed service agreements under this tariff. Transactions under these agreements allow PP&L to make more efficient use of its generating resources and provide benefits to both PP&L and the other utilities. At the end of 1996, PP&L filed with the FERC revisions to this cost-based tariff to unbundle the generation and transmission components of the existing rate schedules. PP&L also included in this filing a request for FERC approval to sell power purchased from third parties, which increases PP&L's capabilities for profitable wholesale transactions.

In July 1997, the FERC accepted PP&L's application for authorization to sell electric energy and capacity at market-based rates to wholesale customers located both inside and outside the PJM control area. Thirty-one parties have signed service and power sales agreements for transactions under this market-based rates tariff.

In January 1998, the United States Department of Energy approved PP&L's application for an export license to sell capacity and/or energy to electric utilities in Canada. This export license will allow PP&L to sell either its own capacity and energy not required to serve domestic obligations or power purchased from other utilities.

See Note 5 to Financial Statements for additional information concerning the sale of capacity and energy to Atlantic, BG&E and JCP&L, the sale of capacity credits (but not energy) to other electric utilities in the PJM and the sale of transmission entitlements and the reservation of output from the Martins Creek units.

In addition to 338,000 kilowatts of qualifying facility generation included in the total system capacity, PP&L is purchasing about 12,000 kilowatts of output from various other non-utility generating companies. The payments made to non-utility generating companies, all of whose facilities are located in PP&L's service area, are recovered from customers through base rate charges applicable to PUC- and FERC-jurisdictional customers.

The PJM companies had 57.2 million kilowatts of installed generating capacity at December 31, 1997, and transmission line connections with neighboring power pools have the capability of transferring an additional 4 to 5 million kilowatts between the PJM and neighboring power pools. Through December 31, 1997, the maximum one-hour demand recorded on the PJM was approximately 49.4 million kilowatts, which occurred on July 15, 1997. PP&L is also a party to the Mid-Atlantic Area Coordination Agreement, which provides for the coordinated planning of generation and transmission facilities by the companies included in the PJM.

FUEL SUPPLY

Coal

During 1997, PP&L's generating stations burned about 10 million tons of bituminous coal, anthracite and petroleum coke. About 63% of the coal delivered to PP&L's generating stations in 1997 was purchased under contracts and 37% was obtained through open market purchases. Contracts with non-affiliated coal producers provided PP&L with about 4.6 million tons of coal in 1997 and are expected to provide PP&L with about 4.3 million tons in both 1998 and 1999. PP&L's requirements for additional coal are expected to be obtained by contracts and market purchases.

The amount of coal carried in inventory at PP&L's generating stations varies from time to time depending on market conditions and plant operations. As of December 31, 1997, PP&L's coal supply was sufficient for at least 32 days of operations.

The coal burned in PP&L's generating stations contains both organic and pyritic sulfur. Mechanical cleaning processes are utilized to reduce the pyritic sulfur content of the coal. The reduction of the pyritic sulfur content by either mechanical cleaning or blending has lowered the total sulfur content of the coal burned to levels which permit compliance with current sulfur dioxide emission regulations established by the DEP. For information concerning PP&L's plans to achieve compliance with the federal clean air legislation enacted in 1990, see "Environmental Matters" on page 35 and Note 16 to Financial Statements.

PP&L owns a 12.34% undivided interest in the Keystone station and an 11.39% undivided interest in the Conemaugh station, both of which are generating stations located in western Pennsylvania. The owners of the Keystone station have a long-term contract with a coal supplier to provide at least two-thirds of that station's requirements through 1999 and declining amounts thereafter until the contract expires at the end of 2004. The balance of the Keystone station requirements are purchased in the open market. The coal supply requirements for the Conemaugh station are being met from several sources through a blend of long-term and short-term contracts and spot market purchases.

Oil and Natural Gas

PP&L's oil and natural gas purchasing and sales functions are now performed by the Energy Marketing Center. The addition of oil and gas to the Center's electricity trading enhances wholesale and retail marketing efforts and provides a diversified energy portfolio to offer customers. Additionally, the new trading activities create opportunities to optimize electric generation efficiency and minimize fuel costs.

During 1997, 100% of the oil requirements for the Martins Creek units was purchased on the spot market. As of December 31, 1997, PP&L had no long-term agreements for these requirements.

During 1997, PP&L's Martins Creek station consumed about 2,800,000 mcf of natural gas. All of this natural gas was purchased and transported under short-term agreements that were one month or less in duration. PP&L does not have any long-term agreements to purchase gas or gas transportation.

Nuclear

The nuclear fuel cycle consists of the mining of uranium ore and its milling to produce uranium concentrates; the conversion of uranium concentrates to uranium hexafluoride; the enrichment of uranium hexafluoride; the fabrication of fuel assemblies; the utilization of the fuel assemblies in the reactor; the temporary storage of spent fuel; and the permanent disposal of spent fuel.

PP&L has entered into uranium supply and conversion agreements that satisfy 100% of the uranium hexafluoride requirements for the Susquehanna units through 1998, approximately 45% of the requirements for the period 1999-2001 and, including options, approximately 25% of the requirements for the period 2002-2005. Deliveries under these agreements are expected to provide sufficient quantities of uranium hexafluoride to permit Unit 1 to operate into the first quarter of 2000 and Unit 2 to operate into the first quarter of 2001.

PP&L has entered into an agreement that satisfies 100% of its enrichment requirements through 2004. Deliveries under this agreement are expected to provide sufficient enrichment to permit Unit 1 to operate into the first quarter of 2006 and Unit 2 to operate into the first quarter of 2007.

PP&L has entered into an agreement that, including options, satisfies 100% of its fabrication requirements through 2006. Deliveries under this agreement are expected to provide sufficient fabrication to permit Unit 1 to operate into the first quarter of 2008 and Unit 2 to operate into the first quarter of 2007.

PP&L estimates that there is sufficient storage capability in the spent fuel pools at Susquehanna to accommodate the fuel that is expected to be discharged through the end of 1999. Federal law requires the federal government to provide for the permanent disposal of commercial spent nuclear fuel. Pursuant to the requirements of that law, the DOE has initiated an analysis of a site in Nevada for a permanent nuclear waste repository. Progress on characterization of a proposed disposal facility has been slow, and the repository is not expected to be operational before 2010. Congress is considering new legislation designed to re-establish a schedule for the spent fuel disposal program. This legislation would authorize an above-ground interim storage facility, along with the permanent disposal facility, as part of an integrated disposal program. Even if this legislation is enacted and the DOE is successful in building and operating the interim storage facility, because of PP&L's position in the spent fuel shipping queue, expansion of Susquehanna's on-site spent fuel storage capability is necessary. To support this expansion, PP&L has contracted for the design and construction of a spent fuel storage facility employing dry fuel storage technology at the Susquehanna plant. The facility will be modular so that additional storage capacity can be added as needed. PP&L currently estimates that the new facility should be available to start receiving spent fuel in 1999. See "Financial Condition - Capital Expenditure Requirements" on page 32.

Federal law also provides that the costs of spent nuclear fuel disposal are the responsibility of the generators of such wastes. PP&L includes in customer rates the fees charged by the DOE to fund the permanent disposal of spent nuclear fuel. In January 1997, PP&L joined over 30 other utilities in a lawsuit in the U.S. Court of Appeals for the District of Columbia Circuit seeking assurance of the DOE's performance of its contractual obligation to accept the spent nuclear fuel and suspension of the payment of fees to that agency pending such performance. In November 1997, the Court denied the utilities' requested relief and held that the contracts between the utilities and the DOE provide a potentially adequate remedy (i.e., monetary damages) if the DOE fails to begin disposal of spent nuclear fuel by January 31, 1998. However, the Court also precluded the DOE from arguing that its delay in contract performance was "unavoidable".

YEAR 2000 COMPUTER ISSUE

See "Year 2000 Computer Issue" in the Review of the Financial Condition and Results of Operation on page 40 for information.

ENVIRONMENTAL MATTERS

PP&L is subject to certain present and developing federal, regional, state and local laws and regulations with respect to air and water quality, land use and other environmental matters. See "Financial Condition - Capital Expenditure Requirements" on page 32 for information concerning environmental expenditures during 1997 and PP&L's estimate of those expenditures during the years 1998-2002. PP&L believes that it is presently in substantial compliance with applicable environmental laws and regulations.

See "Environmental Matters" on page 35 and Note 16 to Financial Statements for information concerning federal clean air legislation enacted in 1990, groundwater degradation and waste water control at PP&L facilities, the DEP's solid waste disposal regulations and PP&L's agreement with the DEP concerning remediation at certain sites of past operations. Other environmental laws, regulations and developments that may have a substantial impact on PP&L are discussed below.

Air

The Clean Air Act includes, among other things, provisions that: (a) require the prevention of significant deterioration of existing air quality in regions where air quality is better than applicable ambient standards; (b) restrict the construction of and revise the performance standards for new coal-fired and oil-fired generating stations; and (c) authorize the EPA to impose substantial noncompliance penalties of up to $25,000 per day of violation for each facility found to be in violation of the requirements of an applicable state implementation plan. The DEP administers the EPA's air quality regulations through the Pennsylvania State Implementation Plan and has concurrent authority to impose penalties for noncompliance. At this time, PP&L is meeting all requirements of Phase I of the Clean Air Act.

In December 1997, international negotiators reached agreement in Kyoto, Japan to strengthen the 1992 United Nations Global Climate Change Treaty by adding legally-binding greenhouse gas emission limits. This Agreement -- formally called the Kyoto Protocol -- if ratified by the U.S. Senate and implemented, would require the United States to reduce its greenhouse gas emissions to 7% below 1990 levels by the period 2008 to 2012. Compliance under the Agreement, if implemented, could result in increased capital and operating expenses for PP&L in amounts which are not now determinable but which could be material.

Water

To implement the requirements established by the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977 and the Water Quality Act of 1987, the EPA has adopted regulations including effluent standards for steam electric stations. The DEP administers the EPA's effluent standards through state laws and regulations relating, among other things, to effluent discharges and water quality. The standards adopted by the EPA pursuant to the Clean Water Act may have a significant impact on PP&L's existing facilities, depending on the DEP's interpretation and future amendments to its regulations.

The EPA and DEP limitations, standards and guidelines for the discharge of pollutants from point sources into surface waters are implemented through the issuance of NPDES permits. PP&L has the NPDES permits necessary for the operation of its facilities.

Pursuant to the Surface Mining and Reclamation Act of 1977, the OSM has adopted effluent guidelines which are applicable to PP&L subsidiaries as a result of their past coal mining and continued coal processing activities. The EPA and the OSM limitations, guidelines and standards also are enforced through the issuance of NPDES permits. In accordance with the provisions of the Clean Water Act and the Reclamation Act of 1977, the EPA and the OSM have authorized the DEP to implement the NPDES program for Pennsylvania sources. Compliance with applicable water quality standards is assured by DEP review of NPDES permit conditions. PP&L's subsidiaries have received NPDES permits for their mines and related facilities.

Solid and Hazardous Waste

The RCRA regulates the generation, transportation, treatment, storage and disposal of hazardous wastes. RCRA also imposes joint and several liability on generators of solid or hazardous waste for clean-up costs. A revision of RCRA in late-1984 lowered the threshold for the amount of on-site hazardous waste generation requiring regulation and incorporated underground tanks used for the storage of petroleum and petroleum products as regulated units. Based upon the results of a survey of its solid waste practices, PP&L in the past has filed notices with the EPA indicating that hazardous waste is occasionally generated at all of its steam electric generating stations and service centers. PP&L has established specific operating procedures for handling this hazardous waste. Therefore, at this time RCRA and related DEP regulations are not expected to have a significant additional impact on PP&L.

The provisions of Superfund authorize the EPA to require past and present owners of contaminated sites and generators of any hazardous substance found at a site to clean up the site or pay the EPA or the state for the costs of clean-up. The generators and past owners can be liable even if the generator contributed only a minute portion of the hazardous substances at the site. Present owners can be liable even if they contributed no hazardous substances to the site.

The Pennsylvania Superfund law also gives the DEP broad authority to identify hazardous or contaminated sites in Pennsylvania and to order owners or responsible parties to clean up the sites. If responsible parties cannot or will not perform the clean-up, the DEP can hire contractors to clean up the sites and then require reimbursement from the responsible parties after the clean-up is completed. To date, PP&L has principally been involved in federal, rather than state, Superfund sites.

In 1996, PP&L completed removal of coal tar from one subsurface accumulation at a former coal gasification plant site in Monroe County, Pennsylvania and currently expects that significant additional remedial action will not be required. PP&L has entered into agreements with the adjacent property owner and DEP to share the past and future costs of remediating this site. PP&L's share of these costs, including future monitoring, is approximately $3 million, all of which has been spent or accrued.

PP&L has removed coal tar in two brick pits on the site of a former gas plant and from river sediment adjacent to the site in Columbia, Pennsylvania. The cost of investigation and remediation of the areas of the site where such action has been required is estimated at $3 million, all of which has been spent or accrued. There also is coal tar contamination of the soil and groundwater at the site. Further remediation of these other areas of the site may be required, the costs of which are not now determinable but could be material.

PP&L at one time also owned and operated several other gas plants in its service area. None of these sites is presently on the Superfund list. However, a few of them may be possible candidates for listing at a future date. PP&L expects to continue to investigate and, if necessary, remediate these sites. The cost of this work is not now determinable but could be material.

See "LEGAL PROCEEDINGS" on page 14 for information concerning an EPA order and a complaint filed by the EPA in federal district court against PP&L and 35 unrelated parties for remediation of a Superfund site in Berks County, Pennsylvania; a complaint filed by PP&L and 16 unrelated parties in federal district court against other parties for contribution under Superfund relating to the Novak landfill Superfund site in Lehigh County, Pennsylvania and a related action by the EPA against PP&L and 29 unrelated parties to recover the agency's past and future costs at the Novak landfill site; an action by the EPA for reimbursement of the EPA's past response costs and remediation at the site of a former metal salvaging operation in Montour County, Pennsylvania; and PP&L's challenge to the DEP's right to collect fees for emissions from PP&L's coal-fired units.

PP&L is involved in several other sites where it may be required, along with other parties, to contribute to investigation and remediation. Some of these sites have been listed by the EPA under Superfund, and others may be candidates for listing at a future date. Future investigation or remediation work at sites currently under review, or at sites currently unknown, may result in material additional operating costs which PP&L cannot estimate at this time. In addition, certain federal and state statutes, including Superfund and the Pennsylvania Hazardous Sites Cleanup Act, empower certain governmental agencies, such as the EPA and the DEP, to seek compensation from the responsible parties for the lost value of damaged natural resources. The EPA and the DEP may file such compensation claims against the parties, including PP&L, held responsible for cleanup of such sites. Such natural resource damage claims against PP&L could result in material additional liabilities.

Low-Level Radioactive Waste

Under federal law, each state is responsible for the disposal of low-level radioactive waste generated in that state. States may join in regional compacts to jointly fulfill their responsibilities. The states of Pennsylvania, Maryland, Delaware and West Virginia are members of the Appalachian States Low-Level Radioactive Waste Compact. Efforts to develop a regional disposal facility in Pennsylvania are currently underway. Low-level radioactive wastes resulting from the operation of Susquehanna are currently being sent to Barnwell, South Carolina for disposal. In the event that this disposal option becomes unavailable or no longer cost effective, the low-level radioactive waste will be stored on-site at Susquehanna. PP&L cannot predict the future availability of low-level waste disposal facilities or the cost of such disposal.

General

Concerns have been expressed by some members of the scientific community and others regarding the potential health effects of EMFs. These fields are emitted by all devices carrying electricity, including electric transmission and distribution lines and substation equipment. Federal, state and local officials have focused attention on this issue. PP&L supports the current efforts to determine whether EMFs cause any human health problems and is taking low cost or no cost steps to reduce EMFs, where practical, in the design of new transmission and distribution facilities. PP&L is unable to predict what effect, if any, the EMF issue might have on PP&L operations and facilities and the associated cost.

In addition to the matters described above, PP&L and its subsidiaries have been cited from time to time for temporary violations of the DEP and EPA regulations with respect to air and water quality and solid waste disposal in connection with the operation of their facilities and may be cited for such violations in the future. As a result, PP&L and its subsidiaries may be subject to certain penalties which are not expected to be material in amount.

PP&L is unable to predict the ultimate effect of evolving environmental laws and regulations upon its existing and proposed facilities and operations. In complying with statutes, regulations and actions by regulatory bodies involving environmental matters, including the areas of water and air quality, hazardous and solid waste handling and disposal and toxic substances, PP&L may be required to modify, replace or cease operating certain of its facilities. PP&L may also incur material capital expenditures and operating expenses in amounts which are not now determinable.

FRANCHISES AND LICENSES

PP&L has authority to provide electric public utility service throughout its entire service area as a result of grants by the Commonwealth of Pennsylvania in corporate charters to PP&L and companies to which it has succeeded and as a result of certification thereof by the PUC. In addition, the PUC has granted PP&L a license to act as an electric generation supplier throughout Pennsylvania in the state's retail access pilot program. PP&L has been granted the right to enter the streets and highways by the Commonwealth subject to certain conditions. In general, such conditions have been met by ordinance, resolution, permit, acquiescence or other action by an appropriate local political subdivision or agency of the Commonwealth.

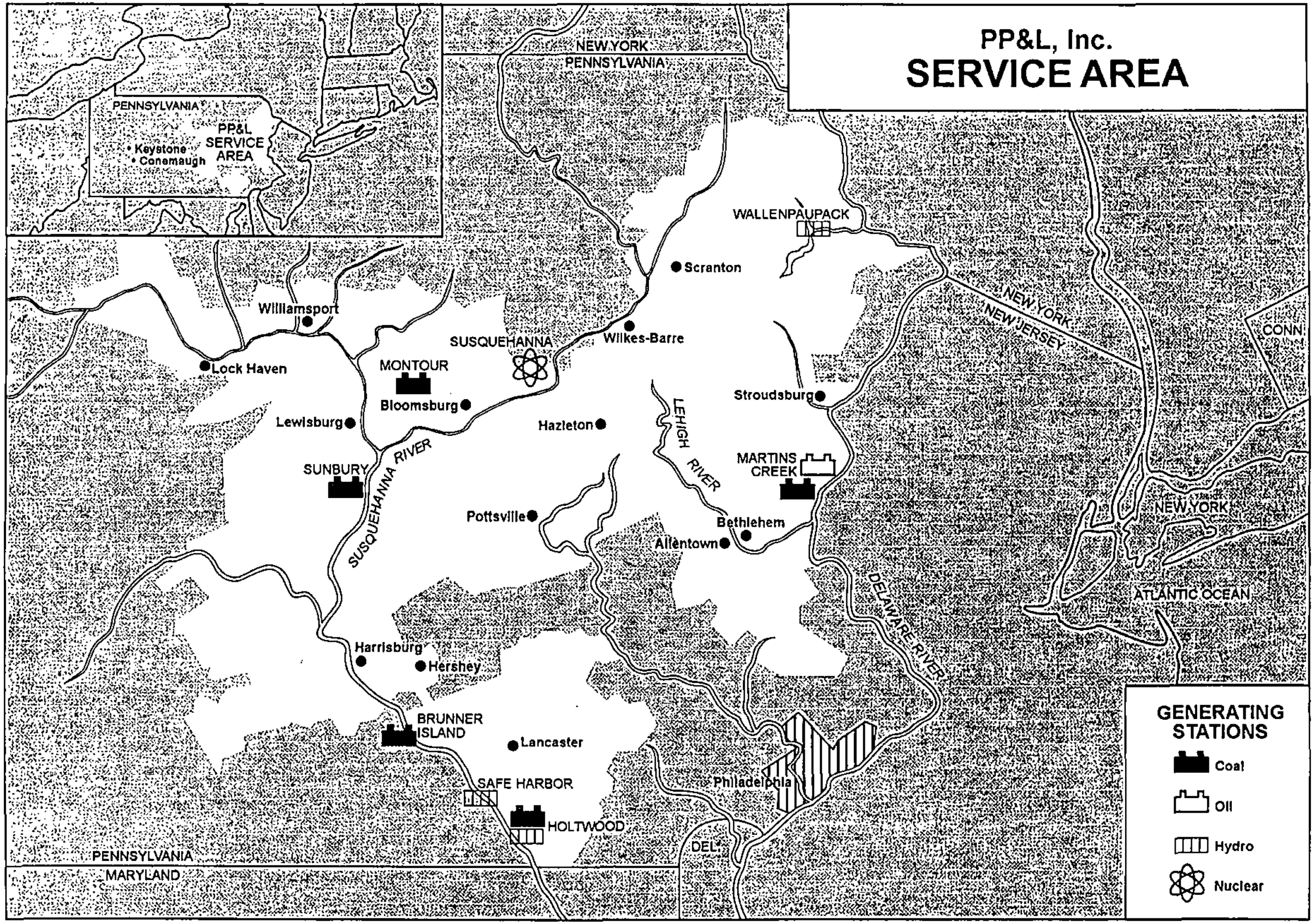
In January 1998, the United States Department of Energy approved PP&L's application for an export license to sell capacity and/or energy to electric utilities in Canada.

PP&L operates Susquehanna Unit 1 and Unit 2 pursuant to NRC operating licenses which expire in 2022 and 2024, respectively. PP&L operates two hydroelectric projects pursuant to licenses which were renewed by the FERC in 1980: Wallenpaupack (44,000 kilowatts capacity) and Holtwood (102,000 kilowatts capacity). The Wallenpaupack license expires in 2004 and the Holtwood license expires in 2014.

PP&L also owns one-third of the capital stock of Safe Harbor Water Power Corporation, which holds a project license which extends until 2030 for the operation of its hydroelectric plant. The total capability of the Safe Harbor plant is 417,500 kilowatts, and PP&L is entitled by contract to one-third of the total capacity (139,000 kilowatts).

EMPLOYEE RELATIONS

As of December 31, 1997, 4,113 of PP&L's 6,343 full-time employees were represented by the IBEW under a labor agreement which expires in May 1998.


PP&L, Inc.
SERVICE AREA
NEW YORK
PENNSYLVANIA
PENNSYLVANIA
PP&L
SERVICE
AREA
• Keystone
• Conemaugh
WALLENPAUPACK
Scranton
Williamsport
Wilkes-Barre
SUSQUEHANNA
Lock Haven
MONTOUR
Bloomsburg
Lewisburg
Hazleton
Stroudsburg
LEHIGH RIVER
SUSQUEHANNA RIVER
SUNBURY
MARTINS CREEK
Pottsville
Bethlehem
Allentown
NEW YORK
NEW JERSEY
CONN
NEW YORK
ATLANTIC OCEAN
DELAWARE RIVER
Harrisburg
Hershey
BRUNNER ISLAND
Lancaster
SAFE HARBOR
HOLTWOOD
Philadelphia
DEL.
PENNSYLVANIA
MARYLAND
GENERATING STATIONS
Coal
Oil
Hydro
Nuclear

ITEM 2. PROPERTIES

The accompanying Map shows the location of PP&L's service area and generating stations.

Reference is made to the "Utility Plant" section of Note 1 for information concerning investments in property, plant and equipment. Substantially all electric utility plant is subject to the lien of PP&L's Mortgage.

For additional information concerning the properties of PP&L see Item 1, "BUSINESS - Power Supply" and "BUSINESS - Fuel Supply".

ITEM 3. LEGAL PROCEEDINGS

Reference is made to Notes to Financial Statements for information concerning rate matters and PP&L's restructuring proceeding before the PUC under the Customer Choice Act.

Reference is made to "Increasing Competition" in the Review of the Financial Condition and Results of Operation on page 37 for information concerning pending proceedings before the FERC regarding wholesale customers and restructuring of the PJM.

Reference is made to Item 1 "BUSINESS-Fuel Supply" for information concerning a lawsuit against the DOE for failure of that agency to perform certain contractual obligations.

In August 1995, SER, one of the non-utility generating companies from which PP&L purchases power under the PURPA, brought suit against PP&L in the District Court. SER alleged that, since July 1994, PP&L has improperly curtailed power purchases from SER under the power purchase agreement between the parties. SER claims that such activity breached the power purchase agreement and violated the federal antitrust laws, among other counts. SER alleged that PP&L's actions resulted in loss of revenue from power sales of $1.6 million and an unquantified increase in its costs of operation. SER requested compensatory and punitive damages, as well as treble damages and attorneys' fees for alleged antitrust violations. In May 1996, the District Court granted PP&L's motion to dismiss the complaint. In May 1997, the U.S. Court of Appeals for the Third Circuit affirmed the District Court's dismissal of this suit. In November 1997, the United States Supreme Court denied SER's petition for a writ of certiorari.

In December 1995, PP&L filed a petition with the PUC for a declaratory order that it had acted properly in curtailing purchases from SER and other NUGs during minimum generation emergencies on the PJM system. The PUC has stayed a determination in this case pending a FERC decision regarding

PP&L's request to decertify SER as a qualifying cogeneration facility (see discussion below).

In November 1995, PP&L initiated a civil action against SER in the Lehigh County Court of Common Pleas. The principal issue is whether SER and an affiliate of SER properly used the steam generated by the plant in accordance with the terms of the contract. Under the contract, if the steam was used properly, SER is entitled to a rate of 6.6¢/kWh; if not, it is entitled to a rate of only 5.0¢/kWh. The total annual difference in PP&L's payment under the two rates is about $9 million. In April 1996, the Court concluded that PP&L must seek a determination by the FERC prior to reducing the rate paid to SER.

Accordingly, in July 1996 PP&L filed a motion with the FERC to revoke SER's status as a qualifying cogeneration facility. PP&L's motion alleges that SER has engaged in a conscious and continuing scheme to mislead PP&L and the FERC and that SER has never complied with the FERC's requirements for a qualifying cogeneration facility under PURPA. This motion is pending.

In a related matter, in June 1996 SER filed a lawsuit against PP&L in the Court of Common Pleas of Lehigh County, Pennsylvania. In this lawsuit, SER restates its allegations concerning PP&L's procedures for curtailing power deliveries from SER during periods of minimum generation emergencies declared by the PJM. SER's claims include breach of contract, fraud, negligent misrepresentation and breach of duty of good faith and fair dealing. In addition, SER claims that public statements by PP&L were libelous. In January 1997, the Court stayed SER's state law claims against PP&L pending consideration by the PUC of PP&L's minimum generation petition and dismissed SER's libel claims.

PP&L cannot predict the outcome of these proceedings.

In April 1991, the U.S. Department of Labor through its MSHA issued citations to one of PP&L's coal-mining subsidiaries for alleged coal-dust sample tampering at one of the subsidiary's mines. The MSHA at the same time issued similar citations to more than 500 other coal-mine operators. Based on a review of its dust sampling procedures, the subsidiary is contesting all of the citations. It is believed at this time, based on the information available, that the MSHA allegations are without merit. Citations were also issued against the independent operator of another subsidiary mine, who is also contesting the citations issued with respect to that mine. The Administrative Law Judge assigned to the proceedings ordered that one case be tried against a single mine operator unrelated to PP&L to determine whether the MSHA could prove its general allegations regarding sample tampering. In April 1994, the Judge ruled in favor of the mine operator and vacated the 75 citations against it. The MSHA appealed the Judge's decision to the Mine Safety and Health Review Commission. In November 1995, the Commission affirmed the Judge's rulings in favor of the operator. The

Secretary of Labor has appealed the Commission's decision to the U.S. Court of Appeals for the District of Columbia Circuit. PP&L cannot predict the outcome of these proceedings.

In August 1994, PP&L filed a rate complaint with the federal Interstate Commerce Commission, now the Surface Transportation Board, challenging Consolidated Rail Corporation's (Conrail's) coal transportation rates from interchange points with connecting carriers to PP&L's power plants. In September 1995, PP&L amended its complaint to add the connecting carriers, CSX Corporation and Norfolk Southern Corporation, as additional defendants. As a result of a Surface Transportation Board ruling in December 1996, PP&L's complaint against Conrail alone was dismissed, but PP&L's case against Conrail, CSX and Norfolk Southern jointly continued.

In September 1997, PP&L reached an agreement with the carriers to settle this case. Under the terms of the settlement, PP&L would pay lower coal transportation rates to the carriers. However, the settlement is conditioned on the outcome of the joint Norfolk Southern/CSX application to take control of Conrail, which is pending before the Surface Transportation Board. PP&L cannot predict the outcome of this proceeding or its ultimate impact on PP&L's coal transportation rates.

In July 1997, UGI filed a lawsuit against PP&L requesting that the Court of Common Pleas of Luzerne County, Pennsylvania interpret the PP&L-UGI wholesale power supply agreement. Specifically, UGI has asked the court to declare that it is obligated to purchase from PP&L only that quantity of energy that represents the difference between the amount of UGI's requirements and the amount available to UGI from other sources. UGI also is requesting the court to find that the "energy requirements" of UGI under the power supply agreement do not include energy and capacity purchased by UGI's retail customers from sources other than UGI. PP&L has estimated the potential impact of this claim at up to $14 million between now and the termination of the agreement in 2001. PP&L is seeking recovery of the amount of this claim in UGI's current PUC restructuring proceeding.

In August 1991, PP&L and 35 other unrelated parties received an EPA order under CERCLA requiring that certain remedial actions be taken at a former oil recovery site in Berks County, Pennsylvania, which has been included on the federal Superfund list. PP&L had been identified by the EPA as a potentially responsible party, along with over 100 other parties. The EPA order required remediation by the 36 named parties of four specific areas of the site. Remedial action under this order has been completed at a cost of approximately $2 million, of which PP&L's interim share was approximately $50,000.

The EPA at the same time filed a complaint under Section 107 of CERCLA in the District Court against PP&L and the same 35 unrelated parties. The complaint asks the District Court to hold the parties jointly and severally liable for all EPA's past costs at the site and future costs of remediating some of the remaining areas of the site. The EPA claims it has spent approximately $21 million to date. PP&L and a group of the other named parties have sued in District Court approximately 460 other parties that have contributed waste to the site, demanding that these companies contribute to the clean-up costs.

In July 1993, PP&L and 33 of the 35 unrelated parties received an EPA order under Section 106 of CERCLA requiring remediation of the remaining areas of the site identified by the EPA. The current estimate of remediating the remainder of the site is approximately $18 million. These costs would be shared among the responsible parties. PP&L and other parties to the lawsuit have reached a settlement among themselves and the federal government regarding these claims. PP&L's share of the settlement amount is not material.

In December 1991, PP&L and 16 unrelated parties filed complaints against 64 other parties in District Court seeking reimbursement under CERCLA for costs the plaintiffs have incurred and will incur to investigate and remediate the Novak landfill site in Lehigh County, Pennsylvania. The complaints allege that the 64 defendants generated or transported substances disposed of at the Superfund site. A Remedial Investigation and Draft Feasibility Study for the site has been completed at a cost of approximately $3 million, of which PP&L's share was approximately $200,000. The EPA's selected remedy is currently estimated to cost approximately $20 million. The EPA has issued a 106 Order against PP&L and several other parties to implement this remedy. In January 1997, the EPA filed an action against PP&L and 29 other parties under section 107 of CERCLA to recover its costs at the site, which it alleges are in excess of $990,000. The parties have reached a tentative settlement of these actions. PP&L's allocated share is not material.

In April 1993, PP&L received an order under Section 106 of CERCLA requiring that actions be taken at the site of a former metal salvaging operation in Montour County, Pennsylvania. The EPA has taken similar action with two other potentially responsible parties at the site. The cost of compliance with the order is currently estimated to be approximately $37 million. The EPA currently estimates that additional remediation work not covered by the order will cost an additional $36 million. In addition, the EPA has already incurred clean-up costs of approximately $5 million to date. The EPA had indicated that it will seek to recover these additional costs at a later date. PP&L's records indicate that scrap metal, wire and transformers were sold to the salvage operator between 1969 and 1971. Current information indicates that PP&L's contribution to the site, if any, is *de minimis*.

PP&L has challenged the DEP's right to collect air emission fees for hazardous air pollutants (HAPs) from PP&L's coal-fired units and air emission fees for emissions from PP&L's Phase I affected units from 1995 through 1999. (Phase I affected units are those units designated by the Clean Air Act, or which voluntarily opt into the requirement, to make certain reductions in SO_2 and NO_x emissions by 1995; all others must make these reductions by 2000.) The HAPs emissions fees are approximately $200,000 per year. The emission fees for Phase I affected units from 1995 through 1999 are estimated at $1.6 million. Depending on the outcome of this litigation, PP&L may be subject to penalties and interest for withholding portions of fees assessed from 1994 to date. These penalties and interest are not likely to be material.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of 1997.

EXECUTIVE OFFICERS OF THE REGISTRANTS

Officers of PP&L Resources and PP&L are elected annually by their Boards of Directors to serve at the pleasure of the respective Boards. There are no family relationships among any of the executive officers, or any arrangement or understanding between any executive officer and any other person pursuant to which the officer was selected.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any executive officer during the past five years.

Listed below are the executive officers as of December 31, 1997:

PP&L Resources, Inc.:

Name	Age	Position	Effective Date of Election to Present Position
William F. Hecht	54	Chairman, President and Chief Executive Officer	February 24, 1995
Frank A. Long	57	Executive Vice President	February 24, 1995
Robert G. Byram*	52	Senior Vice President-Generation and Chief Nuclear Officer - PP&L	April 1, 1997
Ronald E. Hill**	55	Senior Vice President-Financial	August 1, 1996
Robert D. Fagan*	52	President - PP&L Global, Inc.	December 20, 1995
Robert J. Grey	47	Senior Vice President, General Counsel and Secretary	March 1, 1996
Joseph J. McCabe	47	Vice President and Controller	August 1, 1995

PP&L, Inc.:

Name	Age	Position	Effective Date of Election to Present Position
William F. Hecht	54	Chairman, President and Chief Executive Officer	January 1, 1993

Frank A. Long	57	Executive Vice President and Chief Operating Officer	January 1, 1993
Robert G. Byram	52	Senior Vice President-Generation and Chief Nuclear Officer	April 1, 1997
Ronald E. Hill**	55	Senior Vice President-Financial	January 1, 1994
John R. Biggar**	53	Vice President-Finance	August 1, 1996
Robert J. Grey	47	Senior Vice President, General Counsel and Secretary	March 1, 1996
Joseph J. McCabe	47	Vice President and Controller	August 1, 1995

* Mr. Byram and Mr. Fagan have been designated executive officers of PP&L Resources by virtue of their respective positions at PP&L Resources subsidiaries.

** Effective January 28, 1998, John R. Biggar, Vice President-Finance of PP&L, was elected Senior Vice President-Financial and designated as the acting principal financial officer of PP&L Resources and PP&L pending the selection of a permanent successor to Ronald E. Hill, who has retired.

Each of the above officers, with the exception of Mr. Fagan, Mr. Grey and Mr. McCabe, has been employed by PP&L for more than five years as of December 31, 1997. Mr. Fagan joined PP&L Global, Inc. - then a PP&L subsidiary - in November 1994. Prior to that time, he was Vice President and General Manager at Mission Energy Company. Mr. McCabe joined PP&L in May 1994 and was previously a partner of Deloitte & Touche LLP. Mr. Grey joined PP&L in March 1995. He had been General Counsel of Long Island Lighting Company since 1992.

Prior to their election to the positions shown above, the following executive officers held other positions within PP&L since January 1, 1993: Mr. Byram was Senior Vice President - System Power & Engineering and Senior Vice President - Nuclear; Mr. Hill was Vice President, Comptroller and Senior Vice President - Financial and Treasurer of PP&L Resources; Mr. Biggar was Vice President-Finance and Vice President - Finance and Treasurer; Mr. Grey was Vice President, General Counsel and Secretary, and Mr. McCabe was Controller.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Additional information for this item is set forth in the sections entitled "Quarterly Financial, Common Stock Price and Dividend Data" on page 83 and "Shareowner and Investor Information" on pages 89 through 91 of this report. The number of common shareowners is set forth in the section entitled "Selected Financial and Operating Data" on page 22.

ITEM 6. SELECTED FINANCIAL AND OPERATING DATA

	1997 (a)	1996	1995 (a)	1994 (a)	1993
PP&L RESOURCES, INC.					
Income Items – millions					
Operating revenues	**$3,049**	$2,910	$2,752	$2,725	$2,727
Operating income	**545**	556	574	501	563
Net Income	**296**	329	323	216 (e)	314 (e)
Balance Sheet Items – millions (b)					
Property, plant and equipment, net	**6,820**	6,960	6,970	7,195	7,146
Total assets	**9,485**	9,670	9,492	9,372	9,454
Long-term debt	**2,735**	2,832	2,859	2,941	2,663
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures	**250**				
Preferred stock					
With sinking fund requirements	**47**	295	295	295	335
Without sinking fund requirements	**50**	171	171	171	171
Common equity	**2,809**	2,745	2,597	2,454	2,426
Short-term debt	**135**	144	89	74	202
Total capital provided by investors	**6,026**	6,187	6,011	5,936	5,797
Capital lease obligations	**171**	247	220	225	249
Financial Ratios					
Return on average common equity – %	**10.61**	12.30	12.81	8.73	13.06
Embedded cost rates (b)					
Long-term debt – %	**7.88**	7.89	7.95	8.07	8.63
Preferred stock – %	**7.71**	6.09	6.09	6.07	6.30
Times interest earned before income taxes	**3.39**	3.55	3.56	2.73	3.33
Ratio of earnings to fixed charges – total enterprise basis (c)	**3.23**	3.45	3.47	2.70	3.31
Ratio of earnings to fixed charges and dividends on preferred stock –total enterprise basis (c)	**2.85**	2.90	2.91	2.27	2.71
Common Stock Data					
Number of shares outstanding – thousands					
Year-end	**166,248**	162,665	159,403	155,482	152,132
Average	**164,550**	161,060	157,649	153,458	151,904
Number of shareowners (b)	**117,293**	123,290	128,075	132,632	130,677
Earnings per share	**$1.80**	$2.05	$2.05	$1.41	$2.07
Dividends declared per share	**$1.67**	$1.67	$1.67	$1.67	$1.65
Book value per share (b)	**$16.90**	$16.87	$16.29	$15.79	$15.95
Market price per share (b)	**$23.938**	$23	$25	$19	$27
Dividend payout rate – %	**93**	82	82	119	80
Dividend yield – % (d)	**6.98**	7.26	6.68	8.79	6.11
Price earnings ratio (d)	**13.30**	11.22	12.20	13.48	13.04

(a) 1997, 1995 and 1994 earnings were affected by several one-time adjustments. This affected net income and certain items under Financial Ratios and Common Stock Data. See Financial Notes 4, 11, 12 and 15.

(b) At year-end

(c) Computed using earnings and fixed charges of PP&L Resources and its subsidiaries. Fixed charges consist of interest on short- and long-term debt, other interest charges, interest on capital lease obligations and the estimated interest component of other rentals.

(d) Based on year-end market prices.

(e) Restated to reflect formation of the holding company.

SELECTED FINANCIAL AND OPERATING DATA

PP&L, Inc.	1997 (a)	1996	1995 (a)	1994 (a)	1993
Income Items – millions					
Operating revenues	**$3,049**	$2,910	$2,752	$2,725	$2,727
Operating income	**545**	556	574	501	563
Earnings available to PP&L Resources, Inc.	**308**	329	324	215 (d)	314 (d)
Balance Sheet Items – millions (b)					
Property, plant and equipment, net	**6,820**	6,960	6,970	7,195	7,146
Total assets	**9,472**	9,405	9,424	9,321	9,454
Long-term debt	**2,633**	2,832	2,859	2,941	2,663
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures	**250**				
Preferred stock					
With sinking fund requirements	**295**	295	295	295	335
Without sinking fund requirements	**171**	171	171	171	171
Common equity	**2,612**	2,617	2,528	2,404	2,426
Short-term debt	**45**	10	89	74	202
Total capital provided by investors	**6,006**	5,925	5,942	5,885	5,797
Capital lease obligations	**171**	247	220	225	249
Financial Ratios					
Return on average common equity – %	**11.75**	12.95	13.10	8.83	13.06
Embedded cost rates (b)					
Long-term debt – %	**7.91**	7.89	7.95	8.07	8.63
Preferred stock – %	**6.90**	6.09	6.09	6.07	6.30
Times interest earned before income taxes	**3.67**	3.62	3.58	2.73	3.33
Ratio of earnings to fixed charges – total enterprise basis (c)	**3.47**	3.50	3.48	2.70	3.31
Ratio of earnings to fixed charges and dividends on preferred stock –total enterprise basis (c)	**2.77**	2.93	2.92	2.26	2.71
Revenue Data					
Average price per kWh billed for service area sales - cents	**7.36**	7.38	7.21	7.24	7.37
Sales Data					
Customers (thousands)(b)	**1,247**	1,236	1,226	1,213	1,203
Electric energy sales billed – millions of kWh					
Residential	**11,434**	11,849	11,300	11,444	11,043
Commercial	**10,309**	10,288	9,948	9,715	9,373
Industrial	**10,078**	10,016	9,845	9,536	9,100
Other	**143**	154	188	236	219
Service area sales	**31,964**	32,307	31,281	30,931	29,735
Wholesale energy sales	**21,454**	14,341	11,424	10,848	12,599
Total electric energy sales billed	**53,418**	46,648	42,705	41,779	42,334
Number of Full-Time Employees (b)	**6,343**	6,428	6,661	7,431	7,677

(a) 1997, 1995 and 1994 earnings were affected by several one-time adjustments. This affected earnings available to PP&L Resources and certain items in Financial Ratios. See Financial Notes 4, 12, and 15.
(b) At year-end
(c) Computed using earnings and fixed charges of PP&L and its subsidiaries. Fixed charges consist of interest on short- and long-term debt, other interest charges, interest on capital lease obligations and the estimated interest component of other rentals.
(d) Prior years restated to reflect formation of the holding company.

ITEM 7. REVIEW OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF PP&L RESOURCES, INC. AND PP&L, INC.

PP&L Resources is a holding company with headquarters in Allentown, PA. Its subsidiaries include PP&L, which provides electricity delivery service in eastern and central Pennsylvania, sells retail electricity throughout Pennsylvania and markets wholesale electricity throughout the eastern United States; PP&L Global, an international independent power company; PP&L Spectrum, which markets energy-related services and products; PP&L Capital Funding, which engages in financing for PP&L Resources and its subsidiaries; and H. T. Lyons, a heating, ventilating and air-conditioning firm which PP&L Resources acquired on January 22, 1998. Other subsidiaries may be formed by PP&L Resources to take advantage of new business opportunities.

The financial condition and results of operations of PP&L are currently the principal factors affecting the financial condition and results of operations of PP&L Resources. All fluctuations, unless specifically noted, are primarily due to activities of PP&L. All nonutility operating transactions are included in "Other Income and (Deductions)" on the Consolidated Statement of Income.

Terms and abbreviations appearing in the Review of the Financial Condition and Results of Operations are explained in the glossary.

Forward-looking Information

Certain statements contained in this Form 10-K concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical facts, are "forward-looking statements" within the meaning of the federal securities laws. Although PP&L Resources and PP&L believe that the expectations reflected in these statements are reasonable, there can be no assurance that these expectations will prove to have been correct. These forward-looking statements involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in the forward-looking statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: state and federal regulatory developments, especially the PUC's final order on PP&L's April 1, 1997 restructuring filing; new state or federal legislation; national or regional economic conditions; weather variations affecting customer usage; competition in retail and wholesale power markets; the need for and effect of any business or industry restructuring; PP&L Resources' and PP&L's profitability and liquidity; new accounting requirements or new interpretations or applications of existing requirements; system conditions and operating costs; performance of new ventures; political, regulatory or economic conditions in foreign countries; exchange rates; and PP&L Resources' and PP&L's commitments and liabilities. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PP&L Resources' and PP&L's other documents on file with the SEC.

Results of Operations

Earnings

Earnings per share of common stock were $1.80 in 1997 and $2.05 in 1996 and 1995. Excluding the effects of weather and one-time adjustments, earnings were $2.03 per share in 1997, compared to $2.00 per share in 1996. The effect of milder weather in 1997 adversely impacted earnings in 1997 and colder than normal weather benefited earnings in 1996. The following table highlights the major items that impacted earnings for each of these years:

	1997	1996	1995
Earnings per share - excluding weather and one-time adjustments	$2.03	$2.00	$1.77
Weather variances on billed sales	(0.03)	0.05	0.02
One-time adjustments:			
Windfall Profits Tax	(0.23)		
U.K. Income Tax Rate Reduction	0.06		
Penn Fuel Gas acquisition costs	(0.03)		
PUC Decision			0.21
Workforce reduction programs			(0.11)
ECR purchased power costs			0.04
Gain on subsidiary coal reserves			0.12
Earnings per share - reported	$1.80	$2.05	$2.05

Weather-normalized sales to service area customers remained relatively unchanged from the prior year, increasing by 0.2 percent. A major factor in this low growth was the shutdown of a large steel producing facility. Excluding steel-related sales losses, weather normalized service area energy sales would have increased by 1.1 percent in 1997 when compared to 1996.

In 1997, higher revenues from bulk power sales and trading activity of the Energy Marketing Center offset the impact of the phase-down of contractual sales to JCP&L. Earnings also benefited from refinancing activities and, excluding one-time adjustments, the on-going operations of PP&L Global. A change in the regulatory treatment of energy costs (see "Operating Revenues" on page 27) and higher depreciation in 1997 partially offset these earnings gains.

The earnings improvement in 1996 -- excluding weather and one-time adjustments -- was primarily due to higher revenues resulting from the base rate increase from the PUC Decision as well as higher sales to all service area classes. Earnings also benefited from lower interest expense due to refinancing efforts. These earnings gains were partially offset by a reduction in contractual bulk power sales to JCP&L, as well as higher wages and benefits and depreciation expense.

The costs of establishing the organization and programs to meet retail competition in Pennsylvania are estimated to be approximately $35 million more in 1998 than in 1997. These expenses will adversely affect 1998 earnings. In addition, the settlement agreements with 16 small utilities, if approved by FERC as filed, would require PP&L to write off a portion of its stranded costs applicable to these customers. The amount of this write-off is currently estimated at approximately $28 million after-tax, or 17 cents per share of common stock. See Financial Note 3 for additional information. The reduction in contractual bulk power sales to JCP&L and other major utilities will also continue to adversely impact earnings over the next few years. However, the efforts of the Energy Marketing Center to resell the returning electric energy and capacity on the open market, along with its other energy trading activities, should continue to offset the loss in revenues from declining contractual sales. Finally, the Customer Choice Act and the regulatory and business developments related thereto could have a major impact on the future financial performance of PP&L. See "PUC Restructuring Proceeding" on page 27 for additional information.

Electric Energy Sales

The change in PP&L's electric energy sales was attributable to the following:

	1997 vs 1996	1996 vs 1995
	(Millions of kWh)	
Service Area sales		
Residential	(415)	548
Commercial	21	341
Industrial	62	171
Other	(11)	(34)
Total Service Area Sales	(343)	1,026
Wholesale Energy Sales	7,113	2,917
Total	6,770	3,943

Service area sales were 32.0 billion kWh for 1997, a decrease of 343 million kWh, or 1.1%, from 1996. Part of this decrease was attributable to milder weather in the first quarter of 1997 as compared to 1996. If normal weather had been experienced in both 1997 and 1996, total service area sales for 1997 would have increased by about 49 million kWh, or 0.2%, over 1996.

Actual sales to residential customers in 1997 decreased 415 million kWh, or 3.5%, from 1996, compared with an increase in 1996 of 548 million kWh, or 4.8%, from 1995. Under normal weather conditions, the 1997 decrease would have been 0.9%. Weather-adjusted commercial sales increased 1.0% in 1997, and sales to industrial customers increased by 0.6% from 1996.

Wholesale energy sales, which include sales to other utilities and energy marketers through contracts, spot market transactions or power pool arrangements, were 21.5 billion kWh for the year ended December 31, 1997, an increase of 7.1 billion kWh, or 49.6%, from 1996, despite the reduction in PP&L's contractual bulk power sales to JCP&L. This increase was primarily the result of increased generation from PP&L units and the increased activity of the Energy Marketing Center.

See "Operating Revenues" for more information.

Operating Revenues

The change in total operating revenues was attributable to the following:

	1997 vs 1996	1996 vs 1995
	(Millions of Dollars)	
Base Rate Revenues - Service Area Sales:		
Sales volume and sales mix effect	$ (2)	$ 57
Weather effect	(31)	13
Unbilled revenues	17	(27)
Rate increase - PUC Decision	0	76
Energy Revenues	(30)	5
Wholesale Revenues		
Energy and capacity	139	27
Reservation charges and other	32	(7)
Other, net	14	14
	$139	$158

Operating revenues increased by $139 million, or 4.8%, in 1997 over 1996. Revenues from service area sales in 1997 were slightly lower than in 1996. This was the result of mild weather in the first quarter of 1997 compared to extremely cold weather during the first quarter of 1996. However, 1997 saw higher revenues from bulk power sales and the trading activities of PP&L's Energy Marketing Center. The efforts of the Energy Marketing Center essentially offset the reduced revenues from the phase-down of contractual sales to JCP&L. These increases were partially offset by a change in the regulatory treatment of energy costs by the PUC. Specifically, beginning January 1, 1997, underrecovered energy costs up to a cap of $31.5 million annually are no longer recorded as energy revenues but as regulatory credits, which are offsets to "Other Operating Expenses." To the extent that underrecovered energy costs -- primarily fuel and purchased power -- exceed the cap, earnings are adversely affected. Weather also had an unfavorable impact when comparing 1997 to 1996.

Operating revenues increased by $158 million, or 5.8%, in 1996 over 1995. Base rate revenues were enhanced by the PUC Decision and strong sales growth in all customer classes. In addition, weather had a favorable impact when comparing 1996 to 1995. Also, 1996 revenues reflected increased sales to other utilities, primarily due to the one-year contract to supply energy to PSE&G. These increases were partially offset by the loss of revenue due to the phase-down of the capacity and energy agreement with JCP&L.

PUC Restructuring Proceeding

In December 1996, Pennsylvania enacted the Customer Choice Act to restructure its electric utility industry in order to create retail access to a competitive market for the generation of electricity. The Act includes the following major provisions: (1) all electric utilities in Pennsylvania are required to file a restructuring plan with the PUC to implement direct access to a competitive market for electric generation; (2) retail customer choice will be phased in over three years, beginning as early as January 1, 1999; (3) electric distribution companies will be the suppliers of last resort, and the PUC will ensure that adequate generation reserves exist to maintain reliable electric service; (4)

retail rates generally will be capped for at least four-and-a-half years for transmission and distribution charges and for as long as nine years for generation charges; (5) utilities are permitted to recover PUC-approved transition or stranded costs through a non-bypassable Competitive Transition Charge (CTC); and (6) transition bonds may be issued to refinance the stranded costs, with a transition charge on customers bills to repay the bonds.

Under the Customer Choice Act, the PUC is authorized to determine the amount of PP&L's stranded costs to be recovered through a CTC to be paid by all PUC-jurisdictional customers who receive transmission and distribution service from PP&L. Stranded costs are defined in the Customer Choice Act as "generation-related costs... which would have been recoverable under a regulated environment but which may not be recoverable in a competitive generation market and which the PUC determines will remain following mitigation by the electric utility."

In accordance with the Customer Choice Act, PP&L filed its restructuring plan with the PUC on April 1, 1997. PP&L's restructuring plan includes a claim of $4.5 billion (on a net present value basis as of January 1, 1999) for stranded costs. Pursuant to the Customer Choice Act, this claim is comprised of the following categories:

1. Net plant investments and costs attributable to existing generation plants and facilities, costs of power purchases, disposal costs of spent nuclear fuel, retirement costs attributable to existing generating plants and employee-related transition costs;

2. Prudently incurred costs related to the cancellation, buyout, buydown or renegotiation of NUG contracts; and

3. Regulatory assets and other deferred charges typically recoverable under current regulatory practice and cost obligations under PUC-approved contracts with NUGs.

The following are the components of PP&L's stranded cost claim as presented in the evidentiary record of the proceeding:

Category of Stranded Cost	Amount (Millions of Dollars)
Nuclear Generation(a)	$2,825
Fossil Generation(a)	670
NUG Contracts	651
Regulatory Assets	354
	$4,500

(a) Includes deferred income taxes related to generation assets.

In determining the appropriate amount of stranded cost recovery, the Customer Choice Act requires the PUC to consider the extent to which an electric utility has taken steps to mitigate stranded costs by appropriate means that are reasonable under the circumstances. Mitigation efforts undertaken over time prior to the enactment of the Customer Choice Act are to be considered of equal importance by the PUC in determining an electric utility's stranded costs as actions taken after the passage of the Customer Choice Act. In its restructuring plan, PP&L described its extensive efforts to mitigate its stranded costs, resulting in a reduction in its stranded cost claim of over $1 billion.

Numerous parties have intervened in PP&L's restructuring proceeding. These parties are recommending stranded cost recovery by PP&L ranging from $695 million to $3.2 billion. In this regard, the PUC's OTS recommends that PP&L be permitted to recover $3.2 billion of its stranded costs; the PP&L Industrial Customer Alliance recommends recovery of $695 million; and the OCA recommends recovery of $1.1 billion. Under Pennsylvania law, the OCA and the OTS have advocacy roles in proceedings before the PUC. Testimony filed by the OCA and OTS carries no more weight than testimony filed by any other party in the proceeding.

Evidentiary hearings in this matter were held in late-August. The PUC has revised the procedural schedule several times to permit continued settlement discussions among the parties. In February 1998, the parties filed their Main Briefs in the proceeding. Under the current schedule, the PUC's final order is due by June 4, 1998. PP&L cannot predict the ultimate outcome of this proceeding.

The ultimate impact of the Customer Choice Act on PP&L's financial health will depend on numerous factors, including:

1. The PUC's final order in the restructuring proceeding, including the amount of stranded cost recovery approved by the PUC and the PUC's disposition of other issues raised;

2. The effect of the rate cap imposed under the provisions of the Customer Choice Act;

3. The actual market price of electricity over the transition period;

4. Future sales levels; and

5. The extent to which the regulatory framework established by the Customer Choice Act will continue to be applied.

Under the Customer Choice Act, PP&L's rates to PUC-jurisdictional customers are capped at the level in effect on January 1, 1997 through mid-2001 for transmission and distribution services and through the year 2005 for generation services to customers who do not choose an alternative supplier. Applying the CTC proposed in its restructuring plan (which is restricted by the rate cap) through the year 2005, it is estimated that PP&L would collect approximately $4 billion (on a net present value basis as of January 1, 1999) of its stranded costs. The remaining $500 million would be reflected as lower cash flow to PP&L after the transition period than would have occurred with continued regulated rates.

In this regard, it should be noted that PP&L's stranded cost claim included in the restructuring plan is based on a projection of future market prices and assumes a significant portion of PP&L's stranded costs will be recovered by way of increased market prices for electricity. This increase may or may not occur. To the extent that the market price of electricity does not increase as projected, or other projections do not actually occur, PP&L could experience a lower recovery of stranded costs.

If the PUC's final order in the restructuring proceeding were to permit full recovery of PP&L's stranded costs, including full recovery of all regulatory assets and above-market NUG costs over the transition period, PP&L estimates that its net income over the transition period would be reduced by about 5% from amounts that were previously projected under historic cost-based regulation.

However, the PUC's final order -- either as a result of a settlement or a fully-litigated proceeding -- may result in changes to components or assumptions in PP&L's restructuring plan that could have an adverse effect on the amount of the CTC, the amount of stranded costs that are recoverable through the CTC or the overall amount of revenues to be collected from customers. As a result of these uncertainties, PP&L cannot determine whether and to what extent it may be subject to a write-off or a reduction in revenues and earnings with respect to the restructuring proceeding. Based on the substantial amounts involved in the restructuring proceeding, should PP&L incur such a write-off or reduction in revenues and earnings, either one could be material in amount. Accordingly, PP&L Resources is unable to predict the ultimate effect of the Customer Choice Act or the PUC's final order in the restructuring proceeding on its financial position, its results of operation, future PP&L rate levels, the need or ability to issue securities to meet future capital requirements or the ability to maintain the common stock dividend at the current level.

The Customer Choice Act permits the issuance of "transition bonds" securitized by customer revenues from an Intangible Transition Charge (ITC) to finance the payment of stranded costs. PP&L is considering whether to seek to securitize some portion of its stranded cost claim, which would require the approval of the PUC in a qualified rate order.

Certain parties have brought actions in the Pennsylvania Commonwealth Court challenging the constitutionality of the Customer Choice Act. PP&L has intervened in these proceedings in support of the Customer Choice Act.

Rate Matters

Refer to Financial Note 4 for information regarding rate matters.

Fuel Expense

Fuel expense for 1997 increased by $18 million from the comparable period in 1996. This increase was primarily due to PP&L's coal-fired units operating at higher output to support increased wholesale electric market activity, resulting in an increase in total coal-fired generation for the year. The increase was slightly offset by a decrease in the unit fuel prices for coal-fired and gas-fired generation.

Power Purchases

Power purchases in 1997 increased $152 million over the comparable period in 1996. This increase was primarily due to greater quantities of power purchased from other utilities to meet increased trading activities of the Energy Marketing Center. Higher overall market prices of power during 1997 compared to 1996 contributed to the increase in purchased power costs.

Power purchases in 1996 increased $61 million from 1995. The increase was primarily due to greater quantities of power purchased from PJM and other utilities, increased customer demand, planned and unplanned outages of PP&L generation stations, and attractive market prices for energy.

Income Taxes

Income tax expense for 1997 decreased $15 million, or 5.9%, from 1996. This was primarily due to a decrease in pre-tax book income of $52 million.

Income tax expense for 1996 decreased $33 million, or 11.3%, from 1995. This was primarily due to a decrease in pre-tax book income of $25 million, and the recording of the tax benefits of research and experimental tax credits and deductions of $5 million.

Other Operation, Maintenance and Depreciation Expense

Other operation and maintenance expenses in 1997 decreased by $26 million from 1996. Excluding the effect of underrecovered energy costs, operation and maintenance expenses increased by $6 million in 1997. These increases were primarily due to costs associated with the pilot program, the PUC restructuring filing and the FERC transmission access filing.

Prior to 1997, underrecovered energy costs were accrued as energy revenues. In 1997, these underrecovered costs were recorded as regulatory credits, which are reflected in the income statement as a reduction of "Other Operating Expense". This reflects a change in the regulatory treatment of undercollected energy costs by the PUC.

Depreciation expenses in 1997 increased by $11 million from 1996. These increases were primarily due to depreciation on plant additions and amortization of newly implemented computer software.

Other Income and (Deductions)

Other income and deductions for 1997 decreased by $31 million from 1996. This decrease was primarily due to the windfall profits tax on PP&L Global's investment in SWEB, which resulted in a $37 million charge. Refer to "Windfall Profits Tax - PP&L Global" for further discussion. Other income and deductions for 1997 also includes a $6 million pre-tax charge for estimated costs associated with the acquisition of PFG. Partially offsetting these charges was a $10 million one-time tax benefit recorded by PP&L Global related to its investment in SWEB. This benefit was based on the reduction of the U.K. corporate income tax rate from 33% to 31%.

Other income and deductions improved in 1996 compared with 1995, due to the equity earnings from PP&L Global's investment in SWEB and gains on the sale of investment securities by PP&L. Other income and deductions in 1995 reflected a gain on the sale of a PP&L subsidiary's undeveloped coal reserves, offset by the write-off of Susquehanna Unit 1 deferred operating expenses and carrying costs (net of energy savings) resulting from the PUC Decision and by expenses associated with evaluating and responding to PECO's unsolicited proposals to acquire PP&L Resources.

Windfall Profits Tax - PP&L Global

In July 1997, the U.K. assessed a windfall profits tax on privatized utilities. The tax is payable in two equal installments; the first installment was made on December 1, 1997 and the second one is due in December 1998. SWEB's windfall profits tax was approximately 90 million pounds sterling, or about $148 million. Based on PP&L Global's 25%

ownership interest in SWEB, PP&L Resources incurred a one-time charge against earnings of $37 million, or 23 cents per share, in 1997.

Subsidiary Coal Reserves

In November 1995, PP&L sold the coal reserves of one of its subsidiaries for $52 million, which resulted in a $42 million gain, or $20 million after-tax. PP&L had acquired the reserves in 1974 with the intention of supplying future coal-fired generating stations, but later concluded that it would not develop these reserves for such purposes. In 1994, the reserves' carrying value was written down from $84 million to $10 million.

Financing Costs

In 1997, PP&L Resources continued to take advantage of opportunities to reduce its financing costs by retiring long-term debt with the proceeds from the sale of securities at a lower cost and repurchasing PP&L preferred stock. Interest on long-term debt and dividends on preferred stock decreased from $242 million in 1994 to $220 million in 1997, for a total decrease of $22 million.

Financial Condition

Capital Expenditure Requirements

The schedule below shows PP&L's current capital expenditure projections for the years 1998-2002 and actual spending for the year 1997.

PP&L's Capital Expenditure Requirements (a)

	Actual 1997	Projected 1998	1999	2000	2001	2002
	(Millions of Dollars)					
Construction expenditures						
Generating facilities	$ 64	$ 89	$ 66	$ 72	$ 84	$ 86
Transmission and distribution facilities	116	124	121	139	138	145
Environmental	12	15	14	6	5	3
Other	58	74	46	22	20	20
Total Construction Expenditures	250	302	247	239	247	254
Nuclear fuel owned and leased	60	63	60	63	65	67
Other leased property	35	22	22	22	22	22
Total Capital Expenditures	$345	$387	$329	$324	$334	$343

(a) Construction expenditures include AFUDC which is expected to be less than $10 million in each of the years 1998-2002.

PP&L's capital expenditure projections for the years 1998-2002 total about $1.7 billion. Capital expenditure plans are revised from time to time to reflect changes in conditions.

Unregulated Investments

PP&L Global continues to pursue opportunities to develop and acquire electric generation, transmission and distribution facilities in the United States and abroad.

As of December 31, 1997, PP&L Global had investments and commitments in the amount of approximately $370 million in distribution, transmission and generation facilities in the United Kingdom, Bolivia, Peru, Argentina, Spain, Portugal and Chile. PP&L Global's principal investments to date are in SWEB and Emel.

In July 1997, PP&L Global acquired a 25.05% interest in Emel at a cost of approximately $118 million. Emel is a Chilean holding company that has majority interests in six electric distribution companies located in Chile and Bolivia. Emel's electric distribution company holdings make it the third largest distributor of electricity in Chile and the second largest in Bolivia, serving a total of 535,000 customers in those countries. Under a shareholders' agreement, PP&L Global and another major shareholder, Las Espigas Group, jointly control Emel's board of directors. In January and February 1998, PP&L Global acquired an additional 300,000 shares in Emel at a cost of approximately $5 million, increasing its ownership interest to 27%.

Also, in February 1998, PP&L Global and Emel acquired a 75% interest in Distributidora de Electricidad del Sur (DelSur), an electric distribution company serving 193,000 customers in El Salvador, for approximately $180 million. Under the purchase agreement, PP&L Global will directly acquire 37.5% of DelSur and Emel will acquire the other 37.5%. DelSur is one of five electricity distribution companies in El Salvador that are being privatized by the government.

PP&L Resources' other unregulated subsidiary, PP&L Spectrum, offers energy-related products and services. Other subsidiaries may be formed by PP&L Resources to take advantage of new business opportunities.

Acquisitions of Penn Fuel Gas, Inc. and H.T. Lyons, Inc.

In June 1997, PP&L Resources entered into an agreement with Penn Fuel Gas, Inc. (PFG), a Pennsylvania corporation, pursuant to which PP&L Resources would acquire PFG. PFG, with nearly 100,000 customers in Pennsylvania and a few hundred customers in Maryland, distributes and stores natural gas and sells propane.

Under the terms of the agreement, PFG would become a wholly-owned subsidiary of PP&L Resources. Upon consummation of the acquisition, each outstanding PFG common share would be converted into the right to receive between 6.968 and 8.516 shares of PP&L Resources' Common Stock, and each outstanding PFG preferred share would be converted into the right to receive between 0.682 and 0.833 shares of PP&L Resources' Common Stock. PP&L Resources expects to issue shares of its Common Stock valued at about $121 million to complete the transaction. The exact conversion rate and number of PP&L Resources' shares to be issued will be based on the market value of the Common Stock of PP&L Resources at the time of the merger. The transaction is expected to be treated as a pooling-of-interests for accounting and financial reporting purposes.

The acquisition of PFG is subject to several conditions, including the receipt of required approvals by the PUC and the SEC. The Maryland Public Service Commission has determined not to institute proceedings on the matter. The U.S. Department of Justice and the Federal Trade Commission have granted early termination of the required waiting period for the acquisition under the Hart-Scott-Rodino Premerger Notification Act. In October 1997, PFG's shareholders approved the acquisition at a special shareholders meeting. The acquisition does not require the approval of PP&L Resources' shareholders. The acquisition is expected to be completed by mid-1998.

In the third quarter of 1997, PP&L Resources recorded one-time, non-payroll related transaction costs associated with the acquisition of PFG of $6 million, which reduced earnings by about three cents per share. Additional charges may be incurred in connection with closing on this transaction, which are not expected to be material in amount.

On January 22, 1998, PP&L Resources acquired H.T. Lyons, a heating, ventilating and air-conditioning firm in a cash transaction for an amount that is not material.

Financing and Liquidity

Net cash provided by operating activities decreased by $16 million in 1997 compared with 1996. Net cash provided by operating activities for 1996 increased $101 million over 1995. This increase was primarily due to higher operating revenues, which reflects the 3.8% base rate increase from the PUC Decision as well as higher sales to all customer classes. Lower interest expense also contributed to the increase. These increases were partially offset by higher fuel inventories.

Net cash used in investing activities was $141 million lower in 1997 than 1996. This decrease was due primarily to lower construction expenditures by PP&L, liquidation of subsidiaries' long-term investments to make funds available for other investing and financing activities, and a reduction in the amount of equity funds invested by PP&L Global compared to 1996. Net cash used in investing activities was $119 million higher in 1996 than 1995. This increase was primarily due to PP&L Global's investment in SWEB, partially offset by lower construction expenditures by PP&L.

Net cash used in financing activities was $257 million higher in 1997 than 1996. The increase was primarily due to PP&L Resources' purchase of PP&L preferred stock at a cost, including a premium and associated cost of purchase, of $380 million. Also, PP&L retired $210 million of long-term debt in 1997, compared with $145 million in 1996. These outflows were partially offset by PP&L's issuance of $250 million of Preferred Securities through two Delaware statutory business trusts. Net cash used in financing activities was $89 million lower in 1996 compared with 1995. This was largely due to higher proceeds from issuance of long-term debt in 1996.

Additional financing activities in 1997 included PP&L's issuance of $9 million of Pollution Control Revenue Bonds and PP&L Resources' issuance of $102 million of Medium-term Notes. PP&L Resources also issued $76 million of common stock of which $69 million was issued through its DRIP and the remaining $7 million issued to PP&L's ESOP.

For the years 1995-1997, PP&L issued $282 million of long-term debt. For the same period, PP&L and PP&L Resources issued a total of $234 million of common stock. Proceeds from security sales were used to retire $495 million of long-term debt to lower PP&L's financing costs and reduce short-term debt. During the years 1995-1997, PP&L also incurred

$252 million of obligations under capital leases (primarily nuclear fuel).

PP&L Capital Funding, a wholly-owned subsidiary of PP&L Resources, was formed in September 1997 to provide financing for PP&L Resources and its subsidiaries. The payment of principal, interest and premium, if any, with respect to debt securities issued by PP&L Capital Funding will be guaranteed by PP&L Resources.

In November 1997, PP&L and PP&L Capital Funding established a new joint revolving credit facility with a group of 14 banks comprised of two separate revolving credit agreements -- a $150 million 364-day revolving credit agreement and a $300 million five-year revolving credit agreement. The new revolving credit facility replaced PP&L Resources' $300 million revolving credit agreement, PP&L's $250 million revolving credit agreement and three separate PP&L credit agreements totaling $45 million, all of which were terminated.

At December 31, 1997, PP&L had no borrowings outstanding under the new revolving credit agreements, and PP&L Capital Funding had $90 million of borrowings outstanding under the five-year revolving credit agreement. See Note 10 for additional information on this credit facility.

It is currently expected that the DRIP will continue in 1998 as necessary to provide equity funding for PP&L Global investments, and that PP&L's ESOP will provide proceeds of about $8 million in each of the years 1998 through 2002.

Financial Indicators

PP&L Resources earned a 10.61% return on average common equity during 1997, a decrease from the 12.30% earned in 1996. Excluding one-time adjustments, as described in "Earnings", the return on average common equity was 11.69% during 1997. The ratio of PP&L Resources' pre-tax income to interest charges was 3.39 for 1997, a decrease from 3.55 in 1996. Excluding one-time adjustments, the ratio of PP&L Resources' pre-tax income to interest charges was 3.53 in 1997, virtually unchanged from 1996. The annual per share dividend rate on common stock remained unchanged at $1.67 per share. The book value per share of common stock increased 0.2%, from $16.87 at the end of 1996 to $16.90 at the end of 1997. The ratio of the market price to book value of common stock was 142% at the end of 1997 compared with 136% at the end of 1996.

Environmental Matters

Air

The Clean Air Act deals, in part, with acid rain, attainment of federal ambient ozone standards and toxic air emissions. PP&L has complied with the Phase I acid rain provisions required to be implemented by 1995 by installing continuous emission monitors on all units, burning lower sulfur coal and installing low nitrogen oxide burners on certain units. To comply with the year 2000 acid rain provisions, PP&L plans to purchase lower sulfur coal and use banked or purchased emission allowances instead of installing FGD on its wholly-owned units.

PP&L has met the initial ambient ozone requirements of the Clean Air Act by reducing nitrogen oxide emissions by 40% through the use of low nitrogen oxide burners. Further seasonal (i.e., 5 month) nitrogen oxide reductions to 55% and 75% of 1990 levels for 1999 and 2003, respectively, are specified under the Northeast Ozone Transport Region's Memorandum of Understanding. The DEP has finalized regulations which require PP&L to reduce its ozone seasonal NO_x by 57% beginning in 1999.

The EPA has finalized new national standards for ambient levels of ground-level ozone and fine particulates. Based in part on the new ozone standard, the EPA has proposed NO_x emission limits for 22 states, including Pennsylvania, which in effect requires approximately an 80% reduction from the 1990 level in Pennsylvania in the 2005-2012 timeframe. The new particulates standard may require further reductions in both NO_x and SO_2 and may extend the reductions from seasonal to year round.

The Clean Air Act requires the EPA to study the health effects of hazardous air emissions from power plants and other sources. Depending on the outcome of these studies, PP&L may be required to take additional action.

Expenditures to meet the 2000 acid rain and 1999 NO_x reduction requirements are included in the table of projected construction expenditures in the section "Financial Condition - Capital Expenditure Requirements". PP&L currently estimates that additional capital expenditures and operating costs for environmental compliance under the Clean Air Act will be incurred beyond 2002 in amounts which are not now determinable but which could be material.

Water and Residual Waste

DEP residual waste regulations set forth requirements for existing ash basins at PP&L's coal-fired generating stations. Any new ash disposal facility must meet the rigid siting and design standards set forth in the regulations. To address these DEP regulations, PP&L has installed dry fly ash handling systems at most of its power stations, which eliminate the need for ash basins. In other cases, PP&L has modified the existing facilities to allow continued operation of the ash basins under a new DEP permit. Any groundwater contamination caused by the basins must also be addressed.

Groundwater degradation related to fuel oil leakage from underground facilities and seepage from coal refuse disposal areas and coal storage piles has been identified at several PP&L generating stations. Remedial work is substantially completed at two generating stations. At this time, the only other remedial work being planned is to abate a localized groundwater degradation problem at Montour.

The recently issued final NPDES permit for the Montour station contains stringent limits for iron and chlorine discharges. Depending on the results of a toxic reduction study to be conducted, additional water treatment facilities or operational changes may be needed at this station.

Capital expenditures through the year 2002 to comply with the residual waste regulations, correct groundwater degradation at fossil-fueled generating stations, and address waste water control at PP&L facilities are included in the table of construction expenditures in the section "Financial Condition - Capital Expenditure Requirements". In this regard, PP&L currently estimates that $6.5 million of additional capital expenditures may be required in the next four years to close some of the ash basins and address other ash basin issues at various generating plants. Additional capital expenditures could be required beyond the year 2002 in amounts which are not now determinable but which could be material. Actions taken to correct groundwater degradation, to comply with the DEP's regulations and to address waste water control are also expected to result in increased operating costs in amounts which are not now determinable but which could be material.

Superfund and Other Remediation

In 1995, PP&L entered into a consent order with the DEP to address a number of sites where PP&L may be liable for remediation of contamination. This may include potential PCB contamination at certain PP&L substations and pole sites; potential contamination at a number of coal gas manufacturing facilities formerly owned and operated by PP&L; and oil or other contamination which may exist at some of PP&L's former generating facilities. As of December 31, 1997, PP&L has completed work on nearly half of the sites included in the agreement.

At December 31, 1997, PP&L had accrued $8.1 million, representing the amount PP&L can reasonably estimate it will have to spend to remediate sites involving the removal of hazardous or toxic substances including those covered by the consent order mentioned above. Future cleanup or remediation work at sites currently under review, or at sites not currently identified, may result in material additional operating costs which PP&L cannot estimate at this time. In addition, certain federal and state statutes, including Superfund and the Pennsylvania Hazardous Sites Cleanup Act, empower certain governmental agencies, such as the EPA and the DEP, to seek compensation from the responsible parties for the lost value of damaged natural resources. The EPA and the DEP may file such compensation claims against the parties, including PP&L, held responsible for cleanup of such sites. Such natural resource damage claims against PP&L could result in material additional liabilities.

General

Due to the environmental issues discussed above or other environmental matters, PP&L may be required to modify, replace or cease operating certain facilities to comply with statutes, regulations and actions by regulatory bodies or courts. In this regard, PP&L also may incur capital expenditures, operating expenses and other costs in amounts which are not now determinable but which could be material.

Increasing Competition

Background

The electric utility industry has experienced and will continue to experience a significant increase in the level of competition in the energy supply market. PP&L has publicly expressed its support for full customer choice of electricity suppliers for all customer classes. PP&L is actively involved in efforts at both the state and federal levels to encourage a smooth transition to full competition. PP&L believes that this transition to full competition should provide for the recovery of a utility's stranded costs, which are generation-related costs that traditionally would be recoverable in a regulated environment, but which may not be recoverable in a competitive electric generation market.

Pennsylvania Activities

Reference is made to "PUC Restructuring Proceeding" for a discussion of PP&L's April 1997 filing of its restructuring plan pursuant to the Customer Choice Act.

In February 1997, PP&L filed a proposed retail access pilot program with the PUC in accordance with the applicable provisions of the Customer Choice Act and PUC guidelines. A number of the major parties, including PP&L, entered into a joint settlement agreement resolving all of the issues in the Pennsylvania utilities' pilot proceedings. In August 1997, the PUC issued an order modifying this settlement and modifying and approving PP&L's pilot program. In October 1997, PP&L submitted its pilot program compliance filing to the PUC. Retail customers participating in the PP&L and other pilot programs began to receive power from their supplier of choice in November 1997. Under its pilot program, approximately 60,000 PP&L residential, commercial and industrial customers have chosen their electric supplier. PP&L will continue to provide all transmission and distribution, customer service and back-up energy supply services to participating customers in its service area.

Only those alternative suppliers licensed by the PUC and in compliance with the state tax obligations set forth in the Customer Choice Act may participate in the pilot programs. To date, approximately 50 suppliers have obtained such licenses to participate in the pilot programs.

In June 1997, the PUC approved PP&L's application for a license to act as an electric generation supplier. This license permits PP&L to participate in the various retail access pilot programs of PP&L and of the other Pennsylvania utilities, and PP&L currently is offering electric supply to the participating customers of those utilities throughout the state. PP&L has exceeded its goals in all classes for acquisition of customers in the pilot program.

Federal Activities

Legislation has been introduced in the U.S. Congress that would give all retail customers the right to choose among competitive suppliers of electricity as early as 2000.

In addition, in April 1996 the FERC adopted rules on competition in the wholesale electricity market primarily dealing with open access to transmission lines, recovery of stranded costs, and information systems for displaying available transmission capability (FERC Orders 888 and 889). These rules required all electric utilities to file open access transmission tariffs by July 9, 1996. The rules also provided that utilities are entitled to recover from certain wholesale requirements customers all "legitimate, verifiable, prudently incurred stranded costs." The FERC has provided recovery mechanisms for wholesale stranded costs, including stranded costs resulting from municipalization. Wholesale contracts signed after July 11, 1994 must contain explicit provisions addressing recovery of stranded costs if the utility wishes to seek such recovery. For requirements contracts signed before that date, a utility may seek recovery if it can show that it had a reasonable expectation of continuing to serve the customer after the contract term. Finally, the rules required that power pools file pool-wide open access transmission tariffs and modified bilateral coordination agreements reflecting the removal of discriminatory provisions by December 31, 1996.

In March 1997, the FERC issued Orders 888-A and 889-A. Among other things, these orders required utilities to make certain changes to the non-rate terms and conditions of their open access transmission tariffs. In compliance with Order 888-A, in July 1997 PP&L filed a revised open access transmission tariff.

Under FERC Order 888, 16 small utilities which have power supply agreements with PP&L signed before July 11, 1994, requested and were provided with PP&L's current estimate of its stranded costs applicable to these customers if they were to terminate their agreements in 1999. PP&L has now executed settlement agreements with these customers, which will be filed with the FERC for approval. These settlement agreements provide for continued power supply by PP&L through January 2004. If FERC approves the agreements as filed, PP&L would be required to write off a portion of its stranded costs applicable to these customers. The amount of this write-off is currently estimated at approximately $28 million after-tax, or 17 cents per share of common stock. FERC action on this matter is not expected until the second quarter of 1998.

In December 1996, the PJM companies submitted a compliance filing with the FERC, which proposed a pool-wide pro forma transmission tariff and a revised interconnection agreement and transmission owners agreement designed to accommodate open, non-discriminatory participation in the pool. The FERC accepted the PJM tariff and proposed rates, subject to refund, and they went into effect on March 1, 1997. In June 1997, all of the PJM companies except PECO (the PJM Supporting Companies) filed proposals with the FERC to amend the PJM tariff and restructure the PJM pool. PECO filed a separate request with the FERC to amend the PJM tariff. Furthermore, PECO and certain electric marketers submitted significantly different proposals to restructure the PJM pool.

In November 1997, the FERC approved, with certain modifications, the PJM Supporting Companies' proposals for transforming the PJM into an ISO. In summary, the FERC order: (i) approved the PJM's open access transmission rates based on geographic zones, but required PJM to file a single PJM system-wide rate proposal by 2002; (ii) accepted the PJM Supporting Companies' methodology to price transmission when the system is congested and to charge these congestion costs to system users in addition to the open access transmission rates, but ordered PJM to file an additional proposal to address concerns raised over price certainty for buyers and sellers during periods of congestion; (iii) determined that the ISO is to operate both the transmission system and the power exchange which provides for the purchase and sale of spot energy within the PJM market; and (iv) accepted the PJM Supporting Companies' proposal regarding mandatory installed capacity obligations for all entities serving firm retail and wholesale load within PJM, but rejected their proposal for allocating the capacity benefits which result from PJM's ability to import power from other regional power pools.

The PJM Supporting Companies and numerous other parties have filed requests for amendment and/or rehearing of virtually every portion of the FERC's PJM ISO order. PP&L also has filed its own request for amendment and/or rehearing. PP&L's primary issue with the FERC's order relates to a requirement that existing wholesale contracts for sales service and transmission service be modified to have the new PJM transmission tariff applied to service under these existing contracts. If PP&L were required to modify these existing contracts and apply the PJM tariff to them, PP&L could lose as much as $3-4 million in transmission revenues in 1998 -- but a lesser amount in the following years -- from several wholesale sales and transmission service contracts that were negotiated prior to industry deregulation.

In July 1997, the FERC accepted a new wholesale power tariff that permits PP&L to sell capacity and energy at market-based rates, both inside and outside the PJM area, subject to certain conditions. This tariff allows PP&L to become more active in the wholesale market with utilities and other entities, and removes pricing restrictions which in the past had limited PP&L to charging at or below cost-based rates.

In September 1997, PP&L filed a request with the FERC to lower the applicable PP&L revenue requirement currently set forth in the PJM open access transmission tariff. The new revenue requirement results from PP&L's use of the same test year and cost support data used in the PUC restructuring proceeding. PP&L requested that the new revenue requirement take effect on November 1, 1997. In February 1998, the FERC accepted the proposed rates, subject to refund, and set the amount of the decrease in the revenue requirement for hearing.

In September 1997, PP&L also filed a request with the FERC to approve new revenue requirements and rates for the PP&L open access transmission tariff under FERC Order 888. No customers currently take service under that tariff. As with the PJM tariff filing, the new revenue requirements and rates requested by PP&L are based on the same test year and cost support data used by PP&L in its PUC restructuring proceeding. In February 1998, the FERC rejected PP&L's tariff as unnecessary, in light of the PJM open access transmission tariff.

In January 1998, the United States Department of Energy approved PP&L's application for an export license to sell capacity and/or energy to electric utilities in Canada. This export license allows PP&L to sell either its own capacity and energy not required to serve domestic obligations or power purchased from other utilities.

Year 2000 Computer Issue

PP&L Resources and its subsidiaries utilize software and related technologies throughout their businesses. In the year 2000, computer software systems will face a potentially serious problem with recognizing calendar dates. Without corrective action, this problem could result in computer shutdown or erroneous calculations. In 1996, PP&L Resources began assessing the Year 2000 implications on its business systems. During 1997, plans and procedures were developed for achieving compliance, and remediation efforts began. As of the end of 1997, approximately one-third of the software applications have been made Year 2000 compliant. The project is expected to be completed on a timely basis, and the computer systems are expected to be fully Year 2000 compliant, with anticipated future costs of approximately $12 million.

Thirty South Seventeenth Street
Philadelphia, PA 19103-4094
Telephone 215 575 5000

Price Waterhouse LLP

Report of Independent Accountants

February 2, 1998

To the Shareowners and Board of Directors of
PP&L Resources, Inc. and to the Shareowners and
Board of Directors of PP&L, Inc.

In our opinion, the accompanying consolidated financial statements listed in the index appearing under Item 14(a)(1) and (2) on page 87, present fairly, in all material respects, the consolidated financial position of PP&L Resources, Inc. and its subsidiaries ("PP&L Resources") at December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 and the consolidated financial position of PP&L, Inc. and its subsidiaries ("PP&L") at December 31, 1997 and 1996 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of management of PP&L Resources and PP&L; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP

PP&L Resources, Inc.
Management's Report on Responsibility for Financial Statements

The management of PP&L Resources, Inc. is responsible for the preparation, integrity and objectivity of the consolidated financial statements and all other sections of this annual report. The financial statements were prepared in accordance with generally accepted accounting principles and the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. In preparing the financial statements, management makes informed estimates and judgments of the expected effects of events and transactions based upon currently available facts and circumstances. Management believes that the financial statements are free of material misstatement and present fairly the financial position, results of operations and cash flows of PP&L Resources.

PP&L Resources' consolidated financial statements have been audited by Price Waterhouse LLP (Price Waterhouse), independent certified public accountants, whose report with respect to the financial statements appears on page 41. Price Waterhouse's appointment as auditors was previously ratified by the shareowners. Management has made available to Price Waterhouse all PP&L Resources' financial records and related data, as well as the minutes of shareowners' and directors' meetings. Management believes that all representations made to Price Waterhouse during its audit were valid and appropriate.

PP&L Resources maintains a system of internal control designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition and the prevention and detection of fraudulent financial reporting. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and that there are inherent limitations in the effectiveness of any system of internal control.

Fundamental to the control system is the selection and training of qualified personnel, an organizational structure that provides appropriate segregation of duties, the utilization of written policies and procedures and the continual monitoring of the system for compliance. In addition, PP&L Resources maintains an internal auditing program to evaluate PP&L Resources' system of internal control for adequacy, application and compliance. Management considers the internal auditors' and Price Waterhouse's recommendations concerning its system of internal control and has taken actions which are believed to be cost-effective in the circumstances to respond appropriately to these recommendations. Management believes that PP&L Resources' system of internal control is adequate to accomplish the objectives discussed in this report.

The Board of Directors, acting through its Audit and Corporate Responsibility Committee, oversees management's responsibilities in the preparation of the financial statements. In performing this function, the Audit and Corporate Responsibility Committee, which is composed of five independent directors, meets periodically with management, the internal auditors and the independent certified public accountants to review the work of each. The independent certified public accountants and the internal auditors have free access to the Audit and Corporate Responsibility Committee and to the Board of Directors, without management present, to discuss internal accounting control, auditing and financial reporting matters.

Management also recognizes its responsibility for fostering a strong ethical climate so that PP&L Resources' affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in the business policies and guidelines of PP&L Resources' operating subsidiaries. These policies and guidelines address: the necessity of ensuring open communication within PP&L Resources; potential conflicts of interest; proper procurement activities; compliance with all applicable laws, including those relating to financial disclosure; and the confidentiality of proprietary information.

William F. Hecht
Chairman, President and Chief Executive Officer

John R. Biggar
Senior Vice President-Financial

PP&L, Inc.
Management's Report on Responsibility for Financial Statements

The management of PP&L, Inc. is responsible for the preparation, integrity and objectivity of the consolidated financial statements and all other sections of this annual report. The financial statements were prepared in accordance with generally accepted accounting principles and the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. In preparing the financial statements, management makes informed estimates and judgments of the expected effects of events and transactions based upon currently available facts and circumstances. Management believes that the financial statements are free of material misstatement and present fairly the financial position, results of operations and cash flows of PP&L.

PP&L's consolidated financial statements have been audited by Price Waterhouse LLP (Price Waterhouse), independent certified public accountants, whose report with respect to the financial statements appears on page 41.. Price Waterhouse's appointment as auditors was previously ratified by the shareowners. Management has made available to Price Waterhouse all PP&L's financial records and related data, as well as the minutes of shareowners' and directors' meetings. Management believes that all representations made to Price Waterhouse during its audit were valid and appropriate.

PP&L maintains a system of internal control designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition and the prevention and detection of fraudulent financial reporting. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and that there are inherent limitations in the effectiveness of any system of internal control.

Fundamental to the control system is the selection and training of qualified personnel, an organizational structure that provides appropriate segregation of duties, the utilization of written policies and procedures and the continual monitoring of the system for compliance. In addition, PP&L maintains an internal auditing program to evaluate PP&L's system of internal control for adequacy, application and compliance. Management considers the internal auditors' and Price Waterhouse's recommendations concerning its system of internal control and has taken actions which are believed to be cost-effective in the circumstances to respond appropriately to these recommendations. Management believes that PP&L's system of internal control is adequate to accomplish the objectives discussed in this report.

The Board of Directors, acting through PP&L Resources' Audit and Corporate Responsibility Committee, oversees management's responsibilities in the preparation of the financial statements. In performing this function, the Audit and Corporate Responsibility Committee, which is composed of five independent directors, meets periodically with management, the internal auditors and the independent certified public accountants to review the work of each. The independent certified public accountants and the internal auditors have free access to PP&L Resources' Audit and Corporate Responsibility Committee and to the Board of Directors, without management present, to discuss internal accounting control, auditing and financial reporting matters.

Management also recognizes its responsibility for fostering a strong ethical climate so that PP&L's affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in PP&L's business policies and guidelines. These policies and guidelines address: the necessity of ensuring open communication within PP&L; potential conflicts of interest; proper procurement activities; compliance with all applicable laws, including those relating to financial disclosure; and the confidentiality of proprietary information.

William F. Hecht
Chairman, President and Chief Executive Officer

John R. Biggar
Senior Vice President-Financial

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENT OF INCOME

PP&L Resources, Inc. and Subsidiaries

(Millions of Dollars, except per share data)

	1997	1996	1995
Operating Revenues (Notes 1, 4 and 5)	$3,049	$2,910	$2,752
Operating Expenses			
Operation			
Fuel	466	448	451
Power purchases	504	352	291
Other	525	544	504
Maintenance	184	191	186
Depreciation (including amortized depreciation) (Notes 1 and 9)	374	363	349
Income taxes (Note 6)	247	253	262
Taxes, other than income (Note 6)	204	203	201
Voluntary early retirement program (Note 4)			(66)
	2,504	2,354	2,178
Operating Income	545	556	574
Other Income and (Deductions)			
Other - net	18	21	(16)
Income taxes (Note 6)	9		(24)
Gain on sale of coal mining assets (Note 15)			42
Windfall profits tax - PP&L Global (Note 11)	(37)		
	(10)	21	2
Income Before Interest Charges and Dividends on Preferred Stock	535	577	576
Interest Charges			
Long-term debt	196	207	213
Short-term debt and other	19	13	12
	215	220	225
Preferred Stock Dividend Requirements	24	28	28
Net Income	$296	$329	$323
Earnings Per Share of Common Stock (a)	$1.80	$2.05	$2.05
Average Number of Shares Outstanding (thousands)	164,550	161,060	157,649
Dividends Declared Per Share of Common Stock	$1.67	$1.67	$1.67

(a) Based on average number of shares outstanding.

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

PP&L Resources, Inc. and Subsidiaries

(Millions of Dollars)

	1997	1996	1995
Cash Flows From Operating Activities			
Net income	**$296**	$329	$323
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	**377**	366	352
Amortization of property under capital leases	**68**	86	79
Regulatory debits and credits	**(36)**	(10)	(42)
Deferred income taxes and investment tax credits	**18**		16
Voluntary early retirement program			(66)
Change in current assets and current liabilities			
Fuel inventories	**11**	(14)	43
Other	**(13)**	(35)	(30)
Other operating activities – net	**56**	71	17
Net cash provided by operating activities	**777**	793	692
Cash Flows From Investing Activities			
Property, plant and equipment expenditures	**(310)**	(360)	(403)
Proceeds from sale of nuclear fuel to trust	**60**	93	44
Proceeds from sale of coal reserves			52
Purchases of available-for-sale securities	**(72)**	(600)	(303)
Sales and maturities of available-for-sale securities	**111**	631	301
Investment in electric energy projects	**(152)**	(201)	(12)
Purchases and sales of other financial investments - net	**76**		
Other investing activities – net	**(4)**	5	8
Net cash used in investing activities	**(291)**	(432)	(313)
Cash Flows From Financing Activities			
Issuance of long-term debt	**111**	116	55
Issuance of common stock	**76**	77	81
Issuance of Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures	**250**		
Retirement of long-term debt	**(210)**	(145)	(140)
Purchase of subsidiary's preferred stock (net of premium and associated costs)	**(369)**		
Payments on capital lease obligations	**(68)**	(86)	(79)
Common and preferred dividends paid	**(298)**	(296)	(290)
Net increase (decrease) in short-term debt	**(9)**	55	15
Other financing activities – net	**(20)**	(1)	(11)
Net cash used in financing activities	**(537)**	(280)	(369)
Net Increase(Decrease) in Cash and Cash Equivalents	**(51)**	81	10
Cash and Cash Equivalents at Beginning of Period	**101**	20	10
Cash and Cash Equivalents at End of Period	**$50**	$101	$20
Supplemental Disclosures of Cash Flow Information			
Cash paid during the year for:			
Interest (net of amount capitalized)	**$208**	$213	$218
Income taxes	**$244**	$286	$257

See accompanying Notes to Financial Statements.

CONSOLIDATED BALANCE SHEET AT DECEMBER 31,

PP&L Resources, Inc. and Subsidiaries

(Millions of Dollars)

Assets	1997	1996
Property, Plant and Equipment		
Electric utility plant in service - at original cost	$9,984	$9,824
Accumulated depreciation (Notes 1 and 9)	(3,570)	(3,337)
	6,414	6,487
Construction work in progress - at cost	185	172
Nuclear fuel owned and leased - net of amortization	167	170
Other leased property - net of amortization		76
Electric utility plant - net	6,766	6,905
Other property - (net of depreciation, amortization and depletion: 1997, $57; 1996, $54)	54	55
	6,820	6,960
Investments		
Investment in and advances to electric energy projects -- at *equity* (Note 1)	360	224
Affiliated companies - at equity (Note 1)	17	17
Nuclear plant decommissioning trust fund (Notes 1 and 7)	163	128
Financial investments (Notes 1 and 8)	52	133
Other-at cost or less (Note 8)	13	18
	605	520
Current Assets		
Cash and cash equivalents (Note 1)	50	101
Current financial investments (Notes 1 and 8)	6	73
Accounts receivable (less reserve: 1997, $16; 1996, $25)		
Customers	190	196
Other	48	49
Unbilled revenues		
Customers	90	85
Other	37	17
Fuel, materials and supplies - at average cost	200	201
Deferred income taxes (Note 6)	22	21
Other	52	40
	695	783
Regulatory Assets and Other Noncurrent Assets (Note 9)	1,365	1,407
	$9,485	$9,670

See accompanying Notes to Financial Statements.

Liabilities	1997	1996
Capitalization		
Common equity		
Common stock	$2	$2
Capital in excess of par value	1,669	1,596
Earnings reinvested	1,164	1,143
Capital stock expense and other	(26)	4
	2,809	2,745
Preferred stock		
With sinking fund requirements	47	295
Without sinking fund requirements	50	171
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures	250	
Long-term debt	2,585	2,802
	5,741	6,013
Current Liabilities		
Short-term debt (Note 10)	135	144
Long-term debt due within one year	150	30
Capital lease obligations due within one year	58	81
Accounts payable	140	133
Taxes accrued	40	53
Interest accrued	62	61
Dividends payable	76	75
Other	108	78
	769	655
Deferred Credits and Other Noncurrent Liabilities		
Deferred investment tax credits (Note 6)	199	209
Deferred income taxes (Note 6)	2,022	2,052
Capital lease obligations	113	166
Other (Notes 1, 4 and 7)	641	575
	2,975	3,002
Commitments and Contingent Liabilities (Note 16)		
	$9,485	$9,670

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF SHAREOWNERS' COMMON EQUITY

PP&L Resources, Inc. and Subsidiaries

(Millions of Dollars)

	Common Stock Outstanding Shares (a)	Amount	Capital in Excess of Par Value	Earnings Reinvested	Capital Stock Expense & Other
Balance at December 31, 1994	155,481,962	$2	$1,433	$1,024	$(4)
Net income				323	
Cash dividends declared on common stock				(264)	
Common stock issued (b)	3,921,304		80		
Other					3
Balance at December 31, 1995	159,403,266	$2	$1,513	$1,083	$(1)
Net income				329	
Cash dividends declared on common stock				(269)	
Common stock issued (b)	3,262,150		77		
Other			6		5
Balance at December 31, 1996	162,665,416	$2	$1,596	$1,143	$4
Net income				296	
Cash dividends declared on common stock				(275)	
Common stock issued (b)	3,582,868		76		
Other			(3)		(30)
Balance at December 31, 1997	166,248,284	$2	$1,669	$1,164	$(26)

(a) $.01 par value, 390,000,000 shares authorized. Each share entitles the holder to one vote on any question presented to any shareowners' meeting.

(b) Common Stock issued through the ESOP and the DRIP.

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF PREFERRED STOCK AT DECEMBER 31,

PP&L Resources, Inc. and Subsidiaries (a)

(Millions of Dollars)

	Outstanding 1997(b)	Outstanding 1996	Shares Outstanding 1997 (b)	Shares Authorized
PP&L				
Preferred Stock - $100 par, cumulative				
4-1/2%	$25	$53	530,189	629,936
Series	72	413	4,133,556	10,000,000
	$97	$466		

Details of Preferred Stock (c)

	Outstanding 1997 (b)	Outstanding 1996	Shares Outstanding 1997 (b)	Optional Redemption Price Per Share 1997	Sinking Fund Provisions: Shares to be Redeemed Annually (f)	Sinking Fund Provisions: Redemption Period
With Sinking Fund Requirements						
Series Preferred						
5.95%	$1	$30	300,000	(d)	10,000	April 2001
6.05%		25	250,000	(d)		
6.125%	31	115	1,150,000	(d)	(e)	2003-2008
6.15%	10	25	250,000	(d)	100,000	April 2003
6.33%	5	100	1,000,000	(d)	50,000	July 2003
	$47	$295				
Without Sinking Fund Requirements						
4-1/2% Preferred	$25	$53	530,189	$110.00		
Series Preferred						
3.35%	2	4	41,783	103.50		
4.40%	11	23	228,773	102.00		
4.60%	3	6	63,000	103.00		
6.75%	9	85	850,000	(d)		
	$50	$171				

Increases(Decreases) in Preferred Stock

There were no issuances or redemptions of preferred stock in 1997, 1996 or 1995.

(a) Each share of PP&L's preferred stock entitles the holder to one vote on any question presented to PP&L's shareowners' meetings. There were 10,000,000 shares of Resources' preferred stock and 5,000,000 shares of PP&L's preference stock authorized; none were outstanding at December 31, 1997 and 1996, respectively.

(b) In 1997, PP&L Resources acquired 79.10% ($369 million par value) of the outstanding preferred stock of PP&L in a tender offer. At December 31, 1997, these shares have not been retired or redeemed. The par value of PP&L preferred stock acquired by PP&L Resources has been eliminated for purposes of providing consolidated financial statements.

(c) The involuntary liquidation price of the preferred stock is $100 per share. The optional voluntary liquidation price is the optional redemption price per share in effect, except for the 4-1/2% Preferred Stock for which such price is $100 per share (plus in each case any unpaid dividends).

(d) These series of preferred stock are not redeemable prior to the following years: 5.95%, 2001; 6.05%, 2002; 6.125%, 6.15%, 6.33% and 6.75%, 2003.

(e) Shares to be redeemed annually on October 1 as follows: 2003-2007, 57,500; 2008, 22,500.

(f) After giving effect to the preferred stock tender offer.

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF COMPANY-OBLIGATED MANDATORILY REDEEMABLE SECURITIES AT DECEMBER 31,

PP&L Resources, Inc. and Subsidiaries (a)

PP&L, Inc. and Subsidiaries (a)

(Millions of Dollars)

	Outstanding 1997	Outstanding 1996	Outstanding 1997	Authorized	Maturity (b)
Company-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding Solely Company Debentures - $25 per security					
8.10%............................	**$150**	$0	6,000,000	6,000,000	July 2002
8.20%............................	**100**	0	4,000,000	4,000,000	April 2002
	$250	$0			

(a) PP&L arranged for the issuance of a total of $250 million of Company-obligated mandatorily redeemable Preferred Securities of subsidiary trusts holding solely company debentures by PP&L Capital Trust and PP&L Capital Trust II, two Delaware statutory business trusts. These Preferred Securities are supported by a corresponding amount of junior subordinated deferrable interest debentures issued by PP&L to the trusts. PP&L owns all of the common securities, representing the remaining undivided beneficial ownership interest in the assets of the trusts. The proceeds derived from the issuance of the Preferred Securities and the common securities were used by PP&L Capital Trust and PP&L Capital Trust II to acquire $103 million and $155 million principal amount of Junior Subordinated Deferrable Interest Debentures, respectively. PP&L has guaranteed all of the trusts' obligations under the Preferred Securities. The proceeds of the sale of these Preferred Securities were loaned by PP&L to PP&L Resources for the tender offer for PP&L preferred stock.

(b) The Preferred Securities are subject to mandatory redemption, in whole or in part, upon the repayment of the Subordinated Debentures at maturity or their earlier redemption. At the option of the Company, the Subordinated Debentures are redeemable on and after the dates shown above in whole at any time or in part from time to time. The amount of Preferred Securities subject to such mandatory redemption will be equal to the amount of related Subordinated Debentures maturing or being redeemed. The redemption price is $25 per security plus an amount equal to accumulated and unpaid distributions to the date of redemption.

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF LONG-TERM DEBT AT DECEMBER 31,

PP&L Resources, Inc. and Subsidiaries

(Millions of Dollars)

	Outstanding 1997	1996	Maturity(b)
First Mortgage Bonds (a)			
6 3/4%		$30	November 1, 1997 (c)
5 1/2%	$150	150	April 1, 1998
7%		40	January 1, 1999 (c)
6%	125	125	June 1, 2000
7 1/4%		60	February 1, 2001 (c)
7 3/4%	150	150	May 1, 2002
6 1/2% to 7 1/2%	525	605	2003-2007 (c)
7.70%	200	200	2008-2012 (d)
7 3/8%	100	100	2013-2017
8 1/2% to 9 3/8%	465	465	2018-2022
6 3/4% to 7 7/8%	500	500	2023-2027
First Mortgage Pollution Control Bonds (a)			
6.40% Series H	90	90	November 1, 2021
5.50% Series I	53	53	February 15, 2027
6.40% Series J	116	116	September 1, 2029
6.15% Series K	55	55	August 1, 2029
	2,529	2,739	
Medium Term Notes (e)			
6.79%	100		November 22, 2004
6.84%	2		November 20, 2007
Unsecured promissory notes	116	116	
Pollution Control Revenue Bonds	9 (f)		
	2,756	2,855	
Unamortized (discount) and premium – net	(21)	(23)	
	2,735	2,832	
Less amount due within one year	150	30	
Total long-term debt	$2,585	$2,802	

(a) Substantially all owned electric utility plant is subject to the lien of PP&L's Mortgage.

(b) Aggregate long-term debt maturities through 2002 are (millions of dollars): 1998, $150; 2000, $125; 2002, $150. There are no bonds outstanding that have sinking fund requirements.

(c) In 1997, PP&L redeemed the $30 million of 6 3/4% mortgage bonds of the optional redemption price of 100% of the principal amount. Three series were redeemed under the maintenance and replacement fund provisions: $40 million of the 7% series due in 1999, $60 million of the 7 1/4% series due in 2001, and $80 million of the 7 1/2% series due in 2003.

(d) Any registered owner of these bonds has the right to require PP&L to redeem such owner's bonds on October 1, 1999 at a price of 100% of the principal amount.

(e) In 1997, PP&L Capital Funding issued two tranches of Medium-Term Notes. The proceeds derived from the issuance of these notes were used to pay down loans made under PP&L Resources' revolving credit agreement.

(f) In 1997, the Indiana County Industrial Development Authority issued $62 million of Pollution Control Revenue Bonds. Of this amount, $9 million relates to PP&L's share of the financing of scrubber costs at the Conemaugh Station. The proceeds were used to retire the interim financing previously arranged for the Conemaugh project.

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF INCOME

PP&L, Inc. and Subsidiaries

(Millions of Dollars)

	1997	1996	1995
Operating Revenues (Notes 1, 4 and 5)	**$3,049**	$2,910	$2,752
Operating Expenses			
Operation			
Fuel	**466**	448	451
Power purchases	**504**	352	291
Other	**525**	544	504
Maintenance	**184**	191	186
Depreciation (including amortized depreciation) (Notes 1 and 9)	**374**	363	349
Income taxes (Note 6)	**247**	253	262
Taxes, other than income (Note 6)	**204**	203	201
Voluntary early retirement program (Note 4)			(66)
	2,504	2,354	2,178
Operating Income	**545**	556	574
Other Income and (Deductions)			
Other - net	**11**	17	(12)
Income taxes (Note 6)	**(1)**	(2)	(26)
Gain on sale of coal mining assets (Note 15)			42
	10	15	4
Income Before Interest Charges	**555**	571	578
Interest Charges			
Long-term debt	**195**	207	213
Short-term debt and other	**12**	7	13
	207	214	226
Net Income	**348**	357	352
Dividends on Preferred Stock	**40**	28	28
Earnings Available to PP&L Resources, Inc.	**$308**	$329	$324

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

PP&L, Inc. and Subsidiaries

(Millions of Dollars)

	1997	1996	1995
Cash Flows From Operating Activities			
Net income	**$348**	$357	$352
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	**377**	366	352
Amortization of property under capital leases	**68**	86	79
Regulatory debits and credits	**(36)**	(10)	(42)
Deferred income taxes and investment tax credits	**20**	(1)	16
Voluntary early retirement program			(66)
Change in current assets and current liabilities			
Fuel inventories	**11**	(14)	43
Other	**(25)**	(38)	(28)
Other operating activities – net	**23**	53	(10)
Net cash provided by operating activities	**786**	799	696
Cash Flows From Investing Activities			
Property, plant and equipment expenditures	**(310)**	(360)	(403)
Proceeds from sales of nuclear fuel to trust	**60**	93	44
Proceeds from sale of coal reserves			52
Purchases of available-for-sale securities	**(72)**	(90)	(81)
Sales and maturities of available-for-sale securities	**88**	93	80
Purchases and sales of other financial investments - net	**76**		
Loan to parent	**(375)**		
Other investing activities – net	**(4)**	5	7
Net cash used in investing activities	**(537)**	(259)	(301)
Cash Flows From Financing Activities			
Issuance of long-term debt	**9**	116	55
Issuance of Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures	**250**		
Issuance of common stock and capital contribution from parent	**7**	32	60
Retirement of long-term debt	**(210)**	(145)	(140)
Payments on capital lease obligations	**(67)**	(86)	(79)
Common and preferred dividends paid	**(344)**	(296)	(290)
Net increase (decrease) in short-term debt	**35**	(79)	15
Other financing activities – net	**(9)**	(2)	(10)
Net cash used in financing activities	**(329)**	(460)	(389)
Net Increase(Decrease) in Cash and Cash Equivalents	**(80)**	80	6
Cash and Cash Equivalents at Beginning of Period	**95**	15	9
Cash and Cash Equivalents at End of Period	**$15**	$95	$15
Supplemental Disclosures of Cash Flow Information			
Cash paid during the year for			
Interest (net of amount capitalized)	**$201**	$208	$218
Income taxes	**$253**	$289	$258

See accompanying Notes to Financial Statements.

CONSOLIDATED BALANCE SHEET AT DECEMBER 31,

PP&L, Inc. and Subsidiaries

(Millions of Dollars)

Assets	1997	1996
Property, Plant and Equipment		
Electric utility plant in service - at original cost	$9,984	$9,824
Accumulated depreciation (Notes 1 and 9)	(3,570)	(3,337)
	6,414	6,487
Construction work in progress - at cost	185	172
Nuclear fuel owned and leased - net of amortization	167	170
Other leased property - net of amortization		76
Electric utility plant - net	6,766	6,905
Other property - (net of depreciation, amortization and depletion: 1997, $57; 1996, $54)	54	55
	6,820	6,960
Investments		
Affiliated companies - at equity (Note 1)	17	17
Nuclear plant decommissioning trust fund (Notes 1 and 7)	163	128
Loan to parent	375	
Financial investments (Notes 1 and 8)	52	133
Other - at cost or less (Note 8)	13	10
	620	288
Current Assets		
Cash and cash equivalents (Note 1)	15	95
Current financial investments (Notes 1 and 8)	6	51
Accounts receivable (less reserve: 1997, $16; 1996, $25)		
Customers	188	196
Other	64	44
Unbilled revenues		
Customers	90	85
Other	36	17
Fuel, material and supplies - at average cost	200	201
Deferred income taxes (Note 6)	22	21
Other	49	40
	670	750
Regulatory Assets and Other Noncurrent Assets (Note 9)	1,362	1,407
	$9,472	$9,405

See accompanying Notes to Financial Statements.

Liabilities	1997	1996
Capitalization		
Common equity		
Common stock	**$1,476**	$1,476
Additional paid-in capital	**64**	57
Earnings reinvested	**1,092**	1,094
Capital stock expense and other	**(20)**	(10)
	2,612	2,617
Preferred stock		
With sinking fund requirements	**295**	295
Without sinking fund requirements	**171**	171
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures	**250**	
Long-term debt	**2,483**	2,802
	5,811	5,885
Current Liabilities		
Short-term debt (Note 10)	**45**	10
Long-term debt due within one year	**150**	30
Capital lease obligations due within one year	**58**	81
Accounts payable	**148**	132
Taxes accrued	**40**	55
Interest accrued	**59**	60
Dividends payable	**81**	75
Other	**107**	78
	688	521
Deferred Credits and Other Noncurrent Liabilities		
Deferred investment tax credits (Note 6)	**199**	209
Deferred income taxes (Note 6)	**2,022**	2,050
Capital lease obligations	**113**	166
Other (Notes 1, 4 and 7)	**639**	574
	2,973	2,999
Commitments and Contingent Liabilities (Note 16)		
	$9,472	$9,405

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF SHAREOWNER'S COMMON EQUITY

PP&L, Inc. and Subsidiaries

(Millions of Dollars)

	Common Stock Outstanding Shares (a)	Amount	Additional Paid-in Capital	Earnings Reinvested	Capital Stock Expense & Other
Balance at December 31, 1994	155,481,962	$1,441	$0	$973	$(10)
Net income				352	
Cash dividends declared					
Preferred stock				(28)	
Common stock				(263)	
Common stock issued (b)	1,818,420	35			
Capital contribution from PP&L Resources			25		
Other					3
Balance at December 31, 1995	157,300,382	$1,476	$25	$1,034	$(7)
Net income				357	
Cash dividends declared					
Preferred stock				(28)	
Common stock				(269)	
Capital contribution from PP&L Resources			32		
Other					(3)
Balance at December 31, 1996	157,300,382	$1,476	$57	$1,094	$(10)
Net income				348	
Cash dividends declared					
Preferred stock				(40)	
Common stock				(275)	
Dividends to PP&L Resources				(35)	
Capital contribution from PP&L Resources			7		
Other					(10)
Balance at December 31, 1997	157,300,382	$1,476	$64	$1,092	$(20)

(a) No par value. 170,000,000 shares authorized. As of April 27, 1995, all holders of PP&L common stock became holders of PP&L Resources common stock, all PP&L common stock was acquired by PP&L Resources.

(b) Common Stock was issued through the ESOP and DRIP.

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF PREFERRED STOCK AT DECEMBER 31,

PP&L, Inc. and Subsidiaries(a)

(Millions of Dollars)

	Outstanding 1997	Outstanding 1996	Shares Outstanding 1997	Shares Authorized
Preferred Stock – $100 par, cumulative				
4-1/2%................................	$53	$53	530,189	629,936
Series................................	413	413	4,133,556	10,000,000
	$466	$466		

Details of Preferred Stock (b)

	Outstanding 1997	Outstanding 1996	Shares Outstanding 1997	Optional Redemption Price Per Share 1997	Sinking Fund Provisions: Shares to be Redeemed Annually	Sinking Fund Provisions: Redemption Period
With Sinking Fund Requirements						
Series Preferred						
5.95%	$30	$30	300,000	(c)	300,000	April 2001
6.05%................................	25	25	250,000	(c)	250,000	April 2002
6.125%	115	115	1,150,000	(c)	(d)	2003-2008
6.15%................................	25	25	250,000	(c)	250,000	April 2003
6.33%	100	100	1,000,000	(c)	(e)	2003-2008
	$295	$295				
Without Sinking Fund Requirements						
4-1/2% Preferred..................	$53	$53	530,189	$110.00		
Series Preferred						
3.35%................................	4	4	41,783	103.50		
4.40%................................	23	23	228,773	102.00		
4.60%................................	6	6	63,000	103.00		
6.75%................................	85	85	850,000	(c)		
	$171	$171				

Increases (Decreases) in Preferred Stock

There were no issuances or redemptions of preferred stock in 1997, 1996 or 1995.

(a) Each share of PP&L's preferred stock entitles the holder to one vote on any question presented to PP&L's shareowners' meetings. There were 5,000,000 shares of PP&L's preference stock authorized; none were outstanding at December 31, 1997 and 1996, respectively.
(b) The involuntary liquidation price of the preferred stock is $100 per share. The optional voluntary liquidation price is the optional redemption price per share in effect, except for the 4-1/2% Preferred Stock for which such price is $100 per share (plus in each case any unpaid dividends).
(c) These series of preferred stock are not redeemable prior to the following years: 5.95%, 2001; 6.05%, 2002; 6.125%, 6.15%, 6.33% and 6.75%, 2003.
(d) Shares to be redeemed annually on October 1 as follows: 2003-2007, 57,500; 2008, 862,500.
(e) Shares to be redeemed annually on July 1 as follows: 2003-2007, 50,000; 2008, 750,000.

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF LONG-TERM DEBT AT DECEMBER 31,

PP&L, Inc. and Subsidiaries

(Millions of Dollars)

	Outstanding 1997	1996	Maturity(b)
First Mortgage Bonds (a)			
6 3/4%		$30	November 1, 1997 (c)
5 1/2%	**$150**	150	April 1, 1998
7%		40	January 1, 1999 (c)
6%	**125**	125	June 1, 2000
7 1/4%		60	February 1, 2001 (c)
7 3/4%	**150**	150	May 1, 2002
6 1/2% to 7 1/2%	**525**	605	2003-2007 (c)
7.70%	**200**	200	2008-2012 (d)
7 3/8%	**100**	100	2013-2017
8 1/2% to 9 3/8%	**465**	465	2018-2022
6 3/4% to 7 7/8%	**500**	500	2023-2027
First Mortgage Pollution Control Bonds (a)			
6.40% Series H	**90**	90	November 1, 2021
5.50% Series I	**53**	53	February 15, 2027
6.40% Series J	**116**	116	September 1, 2029
6.15% Series K	**55**	55	August 1, 2029
	2,529	2,739	
Unsecured promissory notes	**116**	116	
Pollution Control Revenue Bonds	**9** (e)		
	2,654	2,855	
Unamortized (discount) and premium -- net	**(21)**	(23)	
	2,633	2,832	
Less amount due within one year	**150**	30	
Total long-term debt	**$2,483**	$2,802	

(a) Substantially all owned electric utility plant is subject to the lien of PP&L's Mortgage.
(b) Aggregate long-term debt maturities through 2002 are (millions of dollars): 1998, $150; 2000, $125; 2002, $150. There are no bonds outstanding that have sinking fund requirements.
(c) In 1997, PP&L redeemed the $30 million of 6 3/4% mortgage bonds at the optional redemption price of 100% of the principal amount. Three series were redeemed under the maintenance and replacement fund provisions: $40 million of the 7% series due in 1999, $60 million of the 7 1/4% series due in 2001, and $80 million of the 7 1/2% series due in 2003.
(d) Any registered owner of these bonds has the right to require PP&L to redeem such owner's bonds on October 1, 1999 at a price of 100% of the principal amount.
(e) In 1997, the Indiana County Industrial Development Authority issued $62 million of Pollution Control Revenue Bonds. Of this amount, $9 million relates to PP&L's share of the financing of scrubber costs at the Conemaugh Station. The proceeds were used to retire the interim financing previously arranged for the Conemaugh project.

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Terms and abbreviations appearing in Notes to Financial Statements are explained in the glossary.

1. Summary of Significant Accounting Policies

Business and Consolidation

As of December 31, 1997, PP&L Resources was the parent holding company of PP&L, PP&L Global, PP&L Spectrum and PP&L Capital Funding.

PP&L's financial condition and results of operations are currently the principal factors affecting PP&L Resources' financial condition and results of operations. PP&L is an operating electric utility serving customers in central eastern Pennsylvania. All nonutility operating transactions are included in "Other Income and (Deductions)" on the Consolidated Statements of Income.

The consolidated financial statements include the accounts of PP&L Resources and its direct and indirect subsidiaries. All significant intercompany transactions have been eliminated.

Less than 50% owned affiliates are accounted for using the equity method. These affiliates consist principally of Safe Harbor Water Power Corporation and investments held by PP&L Global.

Reclassification

Certain amounts from prior years' financial statements have been reclassified to conform to the current year presentation.

Management's Estimates

These financial statements have been prepared using information available including certain information which represents management's best estimates of existing conditions. Actual results could differ from these estimates.

Accounting Records

The accounting records for PP&L, the principal subsidiary of PP&L Resources, are maintained in accordance with the Uniform System of Accounts prescribed by the FERC and adopted by the PUC.

Regulation

PP&L prepares its financial statements in accordance with the provisions of SFAS 71, "Accounting for the Effects of Certain Types of Regulation." SFAS 71 requires a rate-regulated entity to reflect the effects of regulatory decisions in its financial statements. In accordance with SFAS 71, PP&L has deferred certain costs pursuant to the rate actions of the PUC and the FERC and is recovering or expects to recover such costs in electric rates charged to customers. These deferred costs or "regulatory assets" are enumerated and discussed in Note 9.

To the extent that PP&L concludes that recovery of a regulatory asset is no longer probable due to regulatory treatment, the effects of competition or other factors, the amount would have to be written off against income. PP&L will discontinue application of SFAS 71 for the generation portion of its business upon the issuance of the PUC's restructuring order. See Note 3 for additional information.

Utility Plant

Additions to utility plant and replacement of units of property are capitalized at cost. The cost of funds used to finance construction projects or AFUDC is capitalized as part of construction cost.

The cost of units of property retired or replaced is charged to accumulated depreciation. Expenditures for maintenance and repairs of property and the cost of replacing items determined to be less than an entire unit of property are charged to operating expense.

Major classes of electric utility plant in service and their respective balances are (millions of dollars):

	1997	**1996**
Production	$6,305	$6,303
Transmission	392	386
Distribution	2,891	2,774
General	328	303
Other	68	58
	$9,984	$9,824

For financial statement purposes, depreciation is being provided over the estimated useful lives of property using a straight-line method for all property except for certain property at the Susquehanna steam station. The other portion of the Susquehanna property is depreciated at an annual rate of $173 million from October 1995 through December 1998, after which depreciation is scheduled to decline by $71 million annually. Provisions for depreciation, as a percent of average depreciable property, approximated 3.8% in 1997 and 1996 and 3.7% in 1995.

Nuclear Decommissioning and Fuel Disposal

An annual provision for PP&L's share of the future cost to decommission the Susquehanna station, equal to the amount allowed for ratemaking purposes, is charged to operating expense. Such amounts are invested in external trust funds which can be used only for future decommissioning costs. See Notes 4 and 7.

The DOE is responsible for the permanent storage and disposal of spent nuclear fuel removed from nuclear reactors. PP&L pays the DOE a fee for future disposal services and recovers such costs in customer rates. PP&L has joined other utilities in a federal lawsuit to suspend payments to the DOE and to place the fees in escrow unless that department begins accepting nuclear fuel as agreed to in its contract with the utilities.

Financial Investments

Securities subject to the requirements of SFAS 115 "Accounting for Certain Investments in Debt and Equity Securities" are carried at fair value, determined at the balance sheet date. Net unrealized gains on available-for-sale securities are included in common equity. Net unrealized gains and losses on trading securities are included in income. Net unrealized gains and losses on securities that are not available for unrestricted use due to regulatory or legal reasons are reflected in the related asset and liability accounts. Realized gains and losses on the sale of securities are recognized utilizing the specific cost identification method. Investments in financial limited partnerships are accounted for under the equity method of accounting and venture capital investments are recorded at cost. See Note 8.

Premium on Reacquired Long-Term Debt

Premiums paid and expenses incurred by PP&L to redeem long-term debt are deferred and amortized over the life of the new debt issue or the remaining life of the retired debt when the redemption is not financed by a new issue.

Capital Leases

Leased property of PP&L capitalized on the Consolidated Balance Sheet is recorded at the present value of future lease payments and is amortized so that the total of interest on the lease obligation and amortization of the leased property equals the rental expense allowed for ratemaking purposes. Future lease payments for nuclear fuel are based on the quantity of electricity produced at the Susquehanna Station. The maximum amount of nuclear fuel available for lease under current arrangements is $200 million.

In April 1997, capital leases for vehicles, personal computers, and other property were reclassified as operating leases. This reclassification resulted from a revised agreement between PP&L and its leasing companies. The new leases did not meet any of the classification criteria to be deemed capital leases according to FASB No. 13.

Revenues

Electric revenues are recorded based on the amounts of electricity delivered to customers through the end of each calendar month. This includes amounts customers will be billed for electricity delivered from the time meters were last read to the end of the month. During 1997, PP&L's ECR and STAS were zero. The SBRCA ended in June 1997.

Approximately 97% of operating revenues were derived from electric energy sales, with 33% coming from residential customers, 27% from commercial customers, 19% from industrial customers, 20% from wholesale sales and 1% from others.

Income Taxes

PP&L Resources and its subsidiaries file a consolidated federal income tax return. Income taxes are allocated to operating expenses and other income and deductions on the Consolidated Statements of Income.

The provision for PP&L's deferred income taxes is based upon the ratemaking principles reflected in rates established by the PUC and FERC. The difference in the provision for deferred income taxes and the amount that otherwise would be recorded under generally accepted accounting principles is deferred and included in taxes recoverable through future rates on the Consolidated Balance Sheet. See Note 6.

Investment tax credits were deferred when utilized and are amortized over the average lives of the related property.

Pension Plan and Other Postretirement and Postemployment Benefits

PP&L has a noncontributory pension plan covering substantially all employees. Subsidiary companies of PP&L formerly engaged in coal mining have a noncontributory pension plan for substantially all non-bargaining, full-time employees. Funding is based upon actuarially determined computations that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employee Retirement Income Security Act of 1974.

PP&L Global has a non-qualified retirement plan for its corporate officers.

For information on other postretirement and postemployment benefits, see Note 13.

Cash Equivalents

All highly liquid debt instruments purchased with original maturities of three months or less are considered to be cash equivalents.

2. PUC Restructuring Proceeding

In December 1996, Pennsylvania enacted the Customer Choice Act to restructure its electric utility industry in order to create retail access to a competitive market for the generation of electricity. The Act includes the following major provisions: (1) all electric utilities in Pennsylvania are required to file a restructuring plan with the PUC to implement direct access to a competitive market for electric generation; (2) retail customer choice will be phased in over three years, beginning as early as January 1, 1999; (3) electric distribution companies will be the suppliers of last resort, and the PUC will ensure that adequate generation reserves exist to maintain reliable electric service; (4) retail rates generally will be capped for at least four-and-a-half years for transmission and distribution charges and for as long as nine years for generation charges; (5) utilities are permitted to recover PUC-approved transition or stranded costs through a non-bypassable Competitive Transition Charge (CTC); and (6) transition bonds may be issued to refinance the stranded costs, with a transition charge on customers bills to repay the bonds.

Under the Customer Choice Act, the PUC is authorized to determine the amount of PP&L's stranded costs to be recovered through a CTC to be paid by all PUC-jurisdictional customers who receive transmission and distribution service from PP&L. Stranded costs are defined in the Customer Choice Act as "generation-related costs... which would have been recoverable under a regulated environment but which may not be recoverable in a competitive generation market and which the PUC determines will remain following mitigation by the electric utility."

In accordance with the Customer Choice Act, PP&L filed its restructuring plan with the PUC on April 1, 1997. PP&L's restructuring plan includes a claim of $4.5 billion (on a net present value basis as of January 1, 1999) for stranded costs. Pursuant to the Customer Choice Act, this claim is comprised of the following categories:

1. Net plant investments and costs attributable to existing generation plants and facilities, costs of power purchases, disposal costs of spent nuclear fuel, retirement costs attributable to existing generating plants and employee-related transition costs;

2. Prudently incurred costs related to the cancellation, buyout, buydown or renegotiation of NUG contracts; and

3. Regulatory assets and other deferred charges typically recoverable under current regulatory practice and cost obligations under PUC-approved contracts with NUGs.

The following are the components of PP&L's stranded cost claim as presented in the evidentiary record of the proceeding:

Category of Stranded Cost	Amount (Millions of Dollars)
Nuclear Generation(a)	$2,825
Fossil Generation(a)	670
NUG Contracts	651
Regulatory Assets	354
	$4,500

(a) Includes deferred income taxes related to generation assets.

In determining the appropriate amount of stranded cost recovery, the Customer Choice Act requires the PUC to consider the extent to which an electric utility has taken steps to mitigate stranded costs by appropriate means that are reasonable under the circumstances. Mitigation efforts undertaken over time prior to the enactment of the Customer Choice Act are to be considered of equal importance by the PUC in determining an electric utility's stranded costs as actions taken after the passage of the Customer Choice Act. In its restructuring plan, PP&L described its extensive efforts to mitigate its stranded costs, resulting in a reduction in its stranded cost claim of over $1 billion.

Numerous parties have intervened in PP&L's restructuring proceeding. These parties are recommending stranded cost recovery by PP&L ranging from $695 million to $3.2 billion. In this regard, the PUC's OTS recommends that PP&L be permitted to recover $3.2 billion of its stranded costs; the PP&L Industrial Customer Alliance recommends recovery of $695 million; and the OCA recommends recovery of $1.1 billion. Under Pennsylvania law, the OCA and the OTS have advocacy roles in proceedings before the PUC. Testimony filed by the OCA and OTS carries no more weight than testimony filed by any other party in the proceeding.

Evidentiary hearings in this matter were held in late-August. The PUC has revised the procedural schedule several times to permit continued settlement discussions among the parties. In February 1998, the parties filed their Main Briefs in the proceeding. Under the current schedule, the PUC's final order is due by June 4, 1998. PP&L cannot predict the ultimate outcome of this proceeding.

The ultimate impact of the Customer Choice Act on PP&L's financial health will depend on numerous factors, including:

1. The PUC's final order in the restructuring proceeding, including the amount of stranded cost recovery approved by the PUC and the PUC's disposition of other issues raised;

2. The effect of the rate cap imposed under the provisions of the Customer Choice Act;

3. The actual market price of electricity over the transition period;

4. Future sales levels; and

5. The extent to which the regulatory framework established by the Customer Choice Act will continue to be applied.

Under the Customer Choice Act, PP&L's rates to PUC-jurisdictional customers are capped at the level in effect on January 1, 1997 through mid-2001 for transmission and distribution services and through the year 2005 for generation services to customers who do not choose an alternative supplier. Applying the CTC proposed in its restructuring plan (which is restricted by the rate cap) through the year 2005, it is estimated that PP&L would collect approximately $4 billion (on a net present value basis as of January 1, 1999) of its stranded costs. The remaining $500 million would be reflected as lower cash flow to PP&L after the transition period than would have occurred with continued regulated rates.

In this regard, it should be noted that PP&L's stranded cost claim included in the restructuring plan is based on a projection of future market prices and assumes a significant portion of PP&L's stranded costs will be recovered by way of increased market prices for electricity. This increase may or may not occur. To the extent that the market price of electricity does not increase as projected, or other projections do not actually occur, PP&L could experience a lower recovery of stranded costs.

If the PUC's final order in the restructuring proceeding were to permit full recovery of PP&L's stranded costs, including full recovery of all regulatory assets and above-market NUG costs over the transition period, PP&L estimates that its net income over the transition period would be reduced by about 5% from amounts that were previously projected under historic cost-based regulation.

However, the PUC's final order -- either as a result of a settlement or a fully-litigated proceeding -- may result in changes to components or assumptions in PP&L's restructuring plan that could have an adverse effect on the amount of the CTC, the amount of stranded costs that are recoverable through the CTC or the overall amount of revenues to be collected from customers. As a result of these uncertainties, PP&L cannot determine whether and to what extent it may be subject to a write-off or a reduction in revenues and earnings with respect to the restructuring proceeding. Based on the substantial amounts involved in the restructuring proceeding, should PP&L incur such a write-off or reduction in revenues and earnings, either one could be material in amount. Accordingly, PP&L Resources is unable to predict the ultimate effect of the Customer Choice Act or the PUC's final order in the restructuring proceeding on its financial position, its results of operation, future PP&L rate levels, the need or ability to issue securities to meet future capital requirements or the ability to maintain the common stock dividend at the current level.

The Customer Choice Act permits the issuance of "transition bonds" securitized by customer revenues from an Intangible Transition Charge (ITC) to finance the payment of stranded costs. PP&L is considering whether to seek to securitize some portion of its stranded cost claim, which would require the approval of the PUC in a qualified rate order.

Certain parties have brought actions in the Pennsylvania Commonwealth Court challenging the constitutionality of the Customer Choice Act. PP&L has intervened in these proceedings in support of the Customer Choice Act.

3. Accounting for the Effects of Certain Types of Regulation

The FASB's Emerging Issues Task Force (EITF) has addressed the appropriateness of the continued application of SFAS 71 by utilities in states that have enacted restructuring legislation similar to the Customer Choice Act. The EITF issued its statement 97-4 (Deregulation of the Pricing of Electricity -- Issues Related to the Application of FASB Statements 71 and 101), which concluded that utilities should discontinue application of SFAS 71 for the generation portion of their business when a deregulation plan is in place and its terms are known. For PP&L, this will be upon the issuance of the PUC's restructuring order expected to be no later than mid-1998. One of the EITF's key conclusions is that utilities should continue to carry some or all of their regulatory assets and liabilities that originated in the generation portion of the business if the regulatory cash flows to realize and settle them will be derived from the regulated portion of the business (e.g., transmission and distribution). In addition, costs or obligations of the generation portion of the business that are incurred after application of SFAS 71 ceases and that are covered by the regulated cash flows for the portion of the business that remains regulated on a cost of service basis would also meet the criteria to be considered regulatory assets or liabilities.

PUC Proceedings

The Customer Choice Act establishes a definitive process for transition to market-based pricing for electric generation. This transition effectively includes cost-of-service based ratemaking during the transition period, subject to a rate cap. Rates will include a non-bypassable CTC, which is designed to give utilities the opportunity to recover their stranded costs during the transition period.

Given the current regulatory environment, PP&L's electric transmission and distribution businesses are expected to remain regulated on a cost-of-service basis and, as a result, the provisions of SFAS 71 should continue to apply to those businesses. The impact of the discontinuance of application of SFAS 71 to the generation portion of PP&L's business will depend to a large degree on the outcome of the restructuring proceeding currently pending before the PUC. See Financial Note 2 for a discussion of the potential financial impacts of that proceeding.

FERC Proceedings

Under FERC Order 888, 16 small utilities which have power supply agreements with PP&L signed before July 11, 1994, requested and were provided with PP&L's current estimate of its stranded costs applicable to these customers if they were to terminate their agreements in 1999. PP&L has now executed settlement agreements with these customers, which will be filed with the FERC for approval. These settlement agreements provide for continued power supply by PP&L through January 2004. If FERC approves the agreements as filed, PP&L would be required to write off a portion of its stranded costs applicable to these customers. The amount of this write-off is currently estimated at approximately $28 million after-tax, or 17 cents per share of common stock. FERC action on this matter is not expected until the second quarter of 1998.

4. Rate Matters

Base Rate Filing with the PUC

In 1995, the PUC issued a final order with respect to the base rate case filed by PP&L in December 1994. The PUC Decision increased PUC jurisdictional rates by about $85 million annually, or 3.8%. The PUC Decision permitted the levelization of depreciation expense for the Susquehanna station, recovery of retiree health care costs and costs of the 1994 voluntary early retirement program and revised costs to decommission Susquehanna SES. The order also permitted recovery of deferred operating and capital costs, net of energy savings, for Susquehanna Unit 2 but disallowed similar costs for Unit 1. The PUC also rejected PP&L's request to include in the ECR the cost of capacity billed to other utilities after the contractual arrangements with these utilities expire.

The OCA appealed three issues from the PUC Decision to the Pennsylvania Commonwealth Court. In May 1997, the Commonwealth Court issued its decision on the OCA's appeal. Two of the issues, recovery of SFAS 106 deferrals and the carrying charges and operating expenses for Susquehanna Unit 2 from commercial operation until the plant was recognized in rates, were decided in PP&L's favor. The third issue was the recovery of Pennsylvania Gross Receipts Tax (GRT) on uncollectible revenues. PP&L had requested an allowance for GRT on the full amount of revenue approved by the PUC, while the OCA had proposed a $745,000 annualized adjustment to disallow GRT on revenues that PP&L will not be able to collect. The PUC had rejected the OCA's proposed adjustment. The Commonwealth Court reversed the PUC Decision and remanded that issue to the PUC for adjustment of the allowance.

FERC - Major Utility Rates

In January 1996, PP&L filed a request with the FERC to incorporate a change in the method of calculating depreciation under its contracts with four major electric utility customers (Atlantic, BG&E, JCP&L, and UGI).

PP&L also sought to increase the charges to those customers for nuclear decommissioning costs. A settlement of this case was approved by the FERC in June 1997, under terms which have no material effect on PP&L.

5. Sales to Other Electric Utilities

PP&L provides Atlantic with 125,000 kilowatts of capacity (summer rating) and related energy from its wholly owned coal-fired stations. Sales to Atlantic will expire in March 1998.

PP&L provided JCP&L with 567,000 kilowatts of capacity and related energy from all of its generating units during 1997. This amount will decline by 189,000 kilowatts per year until the end of the agreement on December 31, 1999. PP&L expects to be able to resell the capacity and energy at market prices.

PP&L provides BG&E with 129,000 kilowatts or 6.6 percent of its share of capacity and related energy from the Susquehanna station. Sales to BG&E will continue through May 2001.

In June 1997, PP&L began a sale of capacity and energy to JCP&L pursuant to an agreement which provides that JCP&L will purchase 150,000 kilowatts of capacity and energy for 12 months, increasing to 200,000 kilowatts in June 1998, and then to 300,000 kilowatts in June 1999 through the end of the agreement in May 2004. Prices for this energy and capacity reflect market conditions.

In July 1997, FERC accepted a new wholesale power tariff that permits PP&L to sell capacity and energy at market-based rates, both inside and outside the PJM area, subject to certain conditions. This tariff allows PP&L to become more active in the wholesale market with utilities and other entities, and removes pricing restrictions which in the past had limited PP&L to charging at or below cost-based rates. Sales of capacity and energy have been made under this new tariff.

In January 1998, the United States Department of Energy approved PP&L's application for an export license to sell capacity and/or energy to electric utilities in Canada. This export license allows PP&L to sell either its own capacity and energy not required to serve domestic obligations or power purchased from other utilities.

6. Income Taxes

For 1997, 1996 and 1995, the corporate federal income tax rate was 35%, and the Pa. CNI rate was 9.99%.

The tax effects of significant temporary differences comprising PP&L Resources' net deferred income tax liability were as follows (millions of dollars):

	1997	1996
Deferred tax assets		
Deferred investment tax credits	$ 82	$ 86
Accrued pension costs	77	67
Other	66	75
Valuation allowance	(6)	(6)
	219	222
Deferred tax liabilities		
Electric utility plant - net	1,755	1,788
Other property - net	9	9
Taxes recoverable through future rates	377	399
Reacquired debt costs	43	46
Other	35	11
	2,219	2,253
Net deferred tax liability	$2,000	$2,031

Details of the components of income tax expense, a reconciliation of federal income taxes derived from statutory tax rates applied to income from continuing operations for accounting purposes, and details of taxes, other than income are as follows (millions of dollars):

Income Tax Expense	**1997**	**1996**	**1995**
Included in Operating Expenses			
Provision - Federal	$169	$189	$195
State	59	64	62
	228	253	257
Deferred - Federal	20	4	9
State	9	6	6
	29	10	15
Investment tax credit, net - Federal	(10)	(10)	(10)
	247	253	262
Included in Other Income and Deductions			
Provision (credit) - Federal	(6)	(1)	8
State	(2)	1	4
	(8)	0	12
Deferred - Federal	(1)	1	10
State	0	(1)	2
	(1)	0	12
	(9)	0	24
Total income tax expense - Federal	172	183	212
State	66	70	74
	$238	$253	$286

Reconciliation of Income Tax Expense			
Indicated federal income tax on pre-tax income at statutory tax rate - 35%	$195	$213	$223
Increase (decrease) due to:			
State income taxes	40	44	50
Flow through of depreciation differences not previously normalized	22	20	16
Amortization of investment tax credit	(10)	(10)	(10)
Research & experimentation income tax credits	(1)	(5)	
Other	(8)	(9)	7
	43	40	63
Total income tax expense	$238	$253	$286
Effective income tax rate	42.7%	41.5%	44.9%
Taxes, Other Than Income			
State gross receipts	$104	$105	$102
State utility realty	46	44	46
State capital stock	34	34	33
Social security and other	20	20	20
	$204	$203	$201

7. Nuclear Decommissioning Costs

PP&L's most recent estimate of the cost to decommission the Susquehanna station was completed in 1993 and was a site-specific study, based on immediate dismantlement and decommissioning of each unit following final shutdown. The study indicates that PP&L's 90% share of the total estimated cost of decommissioning the Susquehanna station is approximately $724 million in 1993 dollars. The estimated cost includes decommissioning the radiological portions of the station and the cost of removal of nonradiological structures and materials. The operating licenses for Units 1 and 2 expire in 2022 and 2024, respectively.

Decommissioning costs charged to operating expense were $12 million in both 1997 and 1996 and $8 million in 1995 and are based upon amounts included in customer rates. The increase in 1996 is a result of the PUC Decision, in which recovery of decommissioning costs was based on the cost estimates in the 1993 site-specific study. Rates charged to small utilities reflect the estimated cost of decommissioning in the 1993 study. In January 1996, PP&L filed with the FERC to increase its decommissioning rate to reflect the projected cost of decommissioning the Susquehanna station. A settlement of this case was approved by the FERC in June 1997. See Note 4 for further information.

Amounts collected from customers for decommissioning, less applicable taxes, are deposited in external trust funds for investment and can be used only for future decommissioning costs. The market value of securities held and accrued income in the trust funds at December 31, 1997 and 1996 aggregated approximately $163 million and $128 million, respectively. The trust funds experienced, on a fair market value basis, a $24 million net gain in 1997, which includes net unrealized appreciation of $18 million, and a net gain in 1996 of $6 million, which includes net unrealized appreciation of $2 million. The trust fund activity is reflected in the nuclear plant decommissioning trust fund and in other noncurrent liabilities on the Consolidated Balance Sheet. Accrued nuclear decommissioning costs were $166 million and $130 million at December 31, 1997 and 1996, respectively.

The FASB issued an exposure draft on the accounting for liabilities related to closure and removal of long-lived assets, including decommissioning of nuclear power plants. As a result, current industry accounting practices for decommissioning may change, including the possibility that the estimated cost for decommissioning could be recorded as a liability at the present value of the estimated future cash outflows that will be required to satisfy those obligations. Due to FASB's recognition that these issues intertwine with other unresolved accounting issues, FASB has not yet determined when it will issue another exposure draft or a final statement.

8. Financial Instruments

The carrying amount shown on the Consolidated Balance Sheet and the estimated fair value of PP&L Resources' financial instruments are as follows (millions of dollars):

	December 31, 1997		December 31, 1996	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Nuclear plant decommissioning trust fund (a)	$163	$163	$128	$128
Financial investments (a)	58	62	206	206
Other investments	13	13	18	18
Cash and cash equivalents	50	50	101	101
Other financial instruments included in other current assets	3	3	2	2
Liabilities				
Preferred stock with sinking fund requirements (b)	47	49	295	294
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures (b)	250	256	-	-
Long-term debt (b)	2,735	2,895	2,832	2,885
Commercial paper and bank loans	135	135	144	144

(a) The carrying value of these financial instruments generally is based on established market prices and approximates fair value.

(b) The fair value generally is based on quoted market prices for the securities where available and estimates based on current rates offered to PP&L Resources where quoted market prices are not available.

9. Regulatory Assets

The following regulatory assets were reflected in the PP&L Consolidated Balance Sheet (millions of dollars):

	1997	1996
Deferred depreciation	$ 71	$ 140
Deferred operating and carrying costs - Susquehanna	15	17
Utility plant carrying charges - net of amortization	19	21
Reacquired debt costs	103	110
Taxes recoverable through future rates	909	963
Assessment for decommissioning uranium enrichment facilities	28	30
Postretirement benefits other than pensions	25	28
Voluntary early retirement program	36	49
ECR undercollection	49	17
Buyout of NUG contracts	84	
Other	20	24
	$1,359	$1,399

As of December 31, 1997, substantially all of PP&L's regulatory assets are being recovered through rates charged to customers over periods ranging from 3 to 35 years. In December 1996, Pennsylvania passed restructuring legislation which permits utilities to recover approved regulatory assets as transition or stranded costs. See Note 2 "PUC Restructuring Proceeding".

For a discussion of taxes recoverable through future rates, postretirement benefits other than pensions, assessment for decommissioning uranium enrichment facilities, VERP, and additional information on the PUC Decision, see Notes 4, 6, and 13.

10. Credit Arrangements & Financing Activities

PP&L issues commercial paper and, from time to time, borrows from banks to provide short-term funds required for general corporate purposes. In addition, certain subsidiaries also borrow from banks to obtain short-term funds. Bank borrowings generally bear interest at rates negotiated at the time of the borrowing. PP&L's weighted average interest rate on short-term borrowings was 6.6% and 4.9% at December 31, 1997 and 1996, respectively. PP&L currently has authorization from the FERC to issue up to $750 million of short-term debt.

In April 1997, PP&L redeemed $210 million principal amount of four series of first mortgage bonds. Three of the series of first mortgage bonds were redeemed under the maintenance and replacement fund provisions of the mortgage. These series of bonds consisted of $40 million principal amount of the 7% series due 1999; $60 million principal amount of the 7-1/4% series due 2001; and $80 million principal amount of the 7-1/2% series due 2003. The fourth series, $30 million principal amount of the 6-3/4% series due 1997, was redeemed under the optional redemption provisions of that series.

In April 1997, PP&L instituted a short-term bond program in order to meet certain short-term working capital requirements and to accomplish other corporate purposes. Under this program, a total of $800 million of short-term bonds (having maturities not in excess of 30 days) were issued from time to time, with no more than $150 million of such bonds outstanding at any one time. No such bonds were outstanding at December 31, 1997.

In March and April 1997, PP&L Resources acquired 79.10% ($369 million par value) of the outstanding preferred stock of PP&L in a tender offer. By obtaining a majority of the 4-1/2% Preferred Stock and a majority of the combined amount of the 4-1/2% Preferred Stock and Series Preferred Stock (collectively, the Preferred Stock), PP&L Resources will be able to waive certain restrictive provisions contained in PP&L's Articles of Incorporation, including limitations on PP&L's ability to increase the authorized number of shares of Preferred Stock, merge or consolidate with other corporations, and issue additional Preferred Stock and unsecured debt.

To provide financing for a portion of this tender offer, PP&L arranged for the issuance of a total of $250 million of "Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures" (Preferred Securities) by two Delaware statutory business trusts. These securities consist of four million shares of 8.20% Preferred Securities issued by PP&L Capital Trust to the public in April 1997 at $25 per share, for proceeds of $100 million; and six million shares of 8.10% Preferred Securities issued by PP&L Capital Trust II to the public in June 1997 at $25 per share, for proceeds of $150 million. PP&L owns all of the common securities of both trusts. The sole asset of PP&L Capital Trust is $103 million of PP&L's 8.20% junior subordinated deferrable interest debentures (Junior Subordinated Debentures), due April 1, 2027, and the sole asset of PP&L Capital Trust II is $155 million of PP&L's 8.10% Junior Subordinated Debentures, due July 1, 2027. The obligations of PP&L under the Junior Subordinated Debentures, the indenture under which the Junior Subordinated Debentures were issued, the trust agreements of the trusts and the guarantees by PP&L of payment of the Preferred Securities, in the aggregate, constitute a full and unconditional guarantee by PP&L of each trust's Preferred Securities.

PP&L Capital Funding, a wholly-owned subsidiary of PP&L Resources, was formed in September 1997 to provide financing for PP&L Resources and its subsidiaries. The payment of principal, interest and premium, if any, with respect to debt securities issued by PP&L Capital Funding will be guaranteed by PP&L Resources.

In November 1997, PP&L and PP&L Capital Funding established a new joint revolving credit facility with a group of 14 banks comprised of two separate revolving credit agreements -- a $150 million 364-day revolving credit agreement and a $300 million five-year revolving credit agreement. Under the terms of these credit agreements, either company can borrow at interest rates based on Eurodollar deposit rates or the prime rate, and the respective obligations of each company are several and not joint. The new revolving credit facility replaced PP&L Resources' $300 million revolving credit agreement, PP&L's $250 million revolving credit agreement and three separate PP&L credit agreements totaling $45 million, all of which were terminated. At December 31, 1997, PP&L had no borrowings outstanding under the new revolving credit agreements, and PP&L Capital Funding had $90 million of borrowings outstanding under the five-year revolving credit agreement.

PP&L Capital Funding has registered $400 million of debt securities with the SEC. It is expected that these debt securities will be issued from time to time as medium-term notes to provide long-term debt financing for PP&L Resources and its unregulated subsidiaries. In this regard, in November 1997 PP&L Capital sold $100 million of medium-term notes having a seven-year term and $2 million of medium-term notes having a ten-year term. The proceeds from these sales of medium-term notes were used to repay bank borrowings incurred by PP&L Resources under its prior revolving credit agreement that had been used to provide interim financing for the capital needs of PP&L Global.

PP&L leases its nuclear fuel from a trust. The maximum financing capacity of the trust under existing credit arrangements is $200 million.

11. Windfall Profits Tax - PP&L Global

In July 1997, the U.K. assessed a windfall profits tax on privatized utilities. The tax is payable in two equal installments; the first installment was made on December 1, 1997 and the second one is due in December 1998. SWEB's windfall profits tax was approximately 90 million pounds sterling, or about $148 million. Based on PP&L Global's 25% ownership interest in SWEB, PP&L Resources incurred a one-time charge against earnings of $37 million, or 23 cents per share, in 1997.

12. Acquisitions of Penn Fuel Gas, Inc. and H.T. Lyons, Inc.

In June 1997, PP&L Resources entered into an agreement with Penn Fuel Gas, Inc. (PFG), a Pennsylvania corporation, pursuant to which PP&L Resources would acquire PFG. PFG, with nearly 100,000 customers in Pennsylvania and a few hundred customers in Maryland, distributes and stores natural gas and sells propane.

Under the terms of the agreement, PFG would become a wholly-owned subsidiary of PP&L Resources. Upon consummation of the acquisition, each outstanding PFG common share would be converted into the right to receive between 6.968 and 8.516 shares of PP&L Resources' Common Stock, and each outstanding PFG preferred share would be converted into the right to receive between 0.682 and 0.833 shares of PP&L Resources' Common Stock. PP&L Resources expects to issue shares of its Common Stock valued at about $121 million to complete the transaction. The exact conversion rate and number of PP&L Resources' shares to be issued will be based on the market value of the Common Stock of PP&L Resources at the time of the merger. The transaction is expected to be treated as a pooling-of-interests for accounting and financial reporting purposes.

The acquisition of PFG is subject to several conditions, including the receipt of required approvals by the PUC and the SEC. The Maryland Public Service Commission has determined not to institute proceedings on the matter. The U.S. Department of Justice and the Federal Trade Commission have granted early termination of the required waiting period for the acquisition under the Hart-Scott-Rodino Premerger Notification Act. In October 1997, PFG's shareholders approved the acquisition at a special shareholders meeting. The acquisition does not require the approval of PP&L Resources' shareholders. The acquisition is expected to be completed by mid-1998.

In the third quarter of 1997, PP&L Resources recorded one-time, non-payroll related transaction costs associated with the acquisition of PFG of $6 million, which reduced earnings by about three cents per share. Additional charges may be incurred in connection with closing on this transaction, which are not expected to be material in amount.

On January 22, 1998, PP&L Resources acquired H.T. Lyons, a heating, ventilating and air-conditioning firm in a cash transaction for an amount that is not material.

13. Pension Plan and Other Postretirement and Postemployment Benefits

Pension Plan

PP&L has a funded noncontributory defined benefit pension plan covering substantially all employees. Benefits are based upon a participant's earnings and length of participation in the Plan, subject to meeting certain minimum requirements.

PP&L has an unfunded supplemental retirement plan for certain management employees. A similar plan for directors was terminated December 31, 1996. Benefit payments pursuant to these supplemental plans are made directly by PP&L. At December 31, 1997, the projected benefit obligation of these supplemental plans was approximately $23 million. PP&L Global has established, effective December 1, 1994, a non-qualified retirement plan for its corporate officers. The cost of the plan was immaterial in 1997.

The components of PP&L's net periodic pension cost for the three plans were (millions of dollars):

	1997	1996	1995
Service cost-benefits earned during the period	$ 32	$ 32	$ 27
Interest cost	64	61	58
Actual return on plan assets	(254)	(146)	(241)
Net amortization and deferral	166	68	167
Net periodic pension cost	$ 8	$ 15	$ 11

The net periodic pension cost charged to operating expenses was $5 million in 1997, $9 million in 1996 and $6 million in 1995. The balance was charged to construction and other accounts. The funded status of PP&L's Plan was (millions of dollars):

	December 31 1997	1996
Fair value of plan assets	$1,396	$1,187
Actuarial present value of benefit obligations:		
Accumulated benefit obligation-vested	762	695
Effect of projected future compensation	200	191
Projected benefit obligation	962	886
Plan assets in excess of projected benefit obligation	434	301
Unrecognized transition assets (being amortized over 23 years)	(54)	(59)
Unrecognized prior service cost	52	55
Unrecognized net gain	(636)	(495)
Accrued expense	$ (204)	$(198)

The weighted average discount rate used in determining the actuarial present value of projected benefit obligations was 6.75% and 7.0% on December 31, 1997 and 1996, respectively. The rate of increase in future compensation used in determining the actuarial present value of projected benefit obligations was 5.0% on December 31, 1997 and 1996. The assumed long-term rates of return on assets used in determining pension cost in 1997 and 1996 was 8.0%. Plan assets consist primarily of common stocks, government and corporate bonds and temporary cash investments.

PP&L's subsidiaries formerly engaged in coal mining have a noncontributory defined benefit pension plan covering substantially all non-bargaining unit, full-time employees, which is fully funded, primarily by group annuity contracts with insurance companies. This plan was amended to freeze benefit increases effective June 1996. In addition, the companies are liable under federal and state laws to pay black lung benefits to claimants and dependents with respect to approved claims, and are members of a trust which was established to facilitate payment of such liabilities. Such costs were not material in 1997, 1996 and 1995.

Postretirement Benefits Other Than Pensions

Substantially all employees of PP&L and its subsidiaries will become eligible for certain health care and life insurance benefits upon retirement. PP&L sponsors four health and welfare benefit plans that cover substantially all management and bargaining unit employees upon retirement. One plan provides for retiree health care benefits to certain management employees, another plan provides retiree health care benefits to bargaining unit employees, a third plan provides retiree life insurance benefits to certain management employees up to a specified amount and a fourth plan provides retiree life insurance benefits to bargaining unit employees.

Dollar limits have been established for the amount PP&L will contribute annually toward the cost of retiree health care for employees retiring after March 1993.

The PUC Decision in 1995 permitted recovery of the PUC-jurisdictional amount of retiree health care costs resulting from the adoption of SFAS 106. In addition, the PUC Decision permitted PP&L to recover, over a period of about 17 years, the amount of SFAS 106 costs that would have been deferred from January 1, 1993 through September 30, 1995, pursuant to a PUC order but for a Commonwealth Court decision that PP&L could not recover these deferred costs. As a result of the PUC Decision, which provided for recovery of $27 million of previously expensed SFAS 106 costs, PP&L recorded a $16 million after-tax credit to income in the third quarter of 1995.

In December 1993, PP&L established a separate VEBA for each of the four health and welfare benefit plans for retirees. After making initial contributions, additional funding of the trusts was deferred pending resolution of PP&L's ability to recover the costs of the plans in rates. Continued funding of these trusts was subject to the resolution of the OCA appeal of the PUC Decision. In 1997, the Pennsylvania Supreme Court ruled that the Commonwealth Court's decision to uphold the PUC Decision is now final. In December 1997, PP&L contributed an additional $31 million to these VEBAs.

The following table sets forth the plans' combined funded status reconciled with the amount shown on PP&L Resources' Consolidated Balance Sheet as of December 31 (millions of dollars):

	1997	**1996**
Accumulated postretirement benefit obligation:		
Retirees	$137	$123
Fully eligible active plan participants	21	19
Other active plan participants	79	85
	237	227
Plan assets at fair value, primarily temporary cash investments	64	31
Accumulated postretirement benefit obligation in excess of plan assets	173	196
Unrecognized prior service costs	(4)	(5)
Unrecognized net loss	(11)	(12)
Unrecognized transition obligation (being amortized over 20 years)	(131)	(139)
Accrued postretirement benefit cost	$ 27	$ 40

The net periodic postretirement benefit cost included the following components (millions of dollars):

	1997	1996	1995
Service cost - benefits attributed to service during the period	$ 4	$ 4	$ 4
Interest cost on accumulated postretirement benefit obligation	17	15	15
Actual return on plan assets	(2)	(1)	(2)
Net amortization and deferral	10	9	9
Net periodic postretirement benefit cost	$29	$27	$26

Retiree health and benefits costs charged to operating expenses were approximately $23 million in 1997, $20 million in 1996, and a net credit of approximately $17 million in 1995 (reflecting both a $32 million credit due to the PUC Decision and costs applicable to contractual agreements with other major utilities). Costs in excess of the amount charged to expense were charged to construction and other accounts.

For measurement purposes, an 8% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1998; the rate was assumed to decrease gradually to 6% by 2006 and remain at that level thereafter. Increasing the assumed health care cost trend rates by 1% in each year would increase the accumulated postretirement benefit obligation as of December 31, 1997, by about $11 million and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by about $1 million.

In determining the accumulated postretirement benefit obligation, the weighted average discount rate used was 6.75% and 7.0% on December 31, 1997 and 1996, respectively. The trusts that are holding the plan assets, except for retiree health care benefits to certain management employees, are tax-exempt. The expected long-term rate of return on plan assets for the tax-exempt trusts was 6.5% on December 31, 1997 and 1996.

PP&L and its subsidiaries formerly engaged in coal mining accrued an additional liability for the cost of health care of retired miners previously employed by them. The liability, based on the present value of future benefits, was estimated at $51 million and $54 million as of December 1997 and 1996, respectively. In December 1997, PP&L contributed $25 million to a VEBA to partially fund these health care costs.

Postemployment Benefits

PP&L provides health and life insurance benefits to disabled employees and income benefits to eligible spouses of deceased employees. Postemployment benefits charged to operating expenses were not material.

14. Jointly Owned Facilities

At December 31, 1997, PP&L or its subsidiary owned undivided interests in the following facilities (millions of dollars):

	-----Generating Stations------			Merrill Creek
	Susquehanna	**Keystone**	**Conemaugh**	**Reservoir**
Ownership interest	90.00%	12.34%	11.39%	8.37%
Electric utility plant in service	$4,060	$68	$103	
Other property				$22
Accumulated depreciation	1,160	37	40	9
Construction work in progress	67	1		

Each participant in these facilities provides its own financing. PP&L receives a portion of the total output of the generating stations equal to its percentage ownership. PP&L's share of fuel and other operating costs associated with the stations is reflected on the PP&L Consolidated Statement of Income. In December 1997, Allegheny Electric Cooperative, Inc. issued a Request for Proposals for the sale of its assets, including its 10% interest in Susquehanna. This proposed sale is still pending. The Merrill Creek Reservoir provides water during periods of low river flow to replace water from the Delaware River used by PP&L and other utilities in the production of electricity.

15. Subsidiary Coal Reserves

In November 1995, PP&L sold the coal reserves of one of its subsidiaries for $52 million, which resulted in a $42 million gain, or $20 million after-tax. PP&L had acquired the reserves in 1974 with the intention of supplying future coal-fired generating stations, but later concluded that it would not develop these reserves for such purposes. In 1994, the reserves' carrying value was written down from $84 million to $10 million.

16. Commitments and Contingent Liabilities

Construction Expenditures

PP&L's construction expenditures for the period 1998-2002 are estimated to aggregate $1.3 billion, including AFUDC. For discussion pertaining to construction expenditures, see Review of Financial Condition and Results of Operations under the caption "Financial Condition -- Capital Expenditure Requirements" on page 32.

Nuclear Insurance

PP&L is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating stations. Facilities at the Susquehanna station are insured against property damage losses up to $2.75 billion under these programs. PP&L is also a member of an insurance program which provides insurance coverage for the cost of replacement power during prolonged outages of nuclear units caused by certain specified conditions. Under the property and replacement power insurance programs, PP&L could be assessed retroactive premiums in the event of the insurers' adverse loss experience. The maximum amount PP&L could be assessed under these programs at December 31, 1997 was about $31 million.

PP&L's public liability for claims resulting from a nuclear incident at the Susquehanna station is limited to about $8.9 billion under provisions of The Price Anderson Amendments Act of 1988. PP&L is protected against this liability by a combination of commercial insurance and an industry assessment program. In the event of a nuclear incident at any of the reactors covered by The Price Anderson Amendments Act of 1988, PP&L could be assessed up to $151 million per incident, payable at a rate of $20 million per year, plus an additional 5% surcharge, if applicable.

Environmental Matters

Air

The Clean Air Act deals, in part, with acid rain, attainment of federal ambient ozone standards and toxic air emissions. PP&L has complied with the Phase I acid rain provisions required to be implemented by 1995 by installing continuous emission monitors on all units, burning lower sulfur coal and installing low nitrogen oxide burners on certain units. To comply with the year 2000 acid rain provisions, PP&L plans to purchase lower sulfur coal and use banked or purchased emission allowances instead of installing FGD on its wholly-owned units.

PP&L has met the initial ambient ozone requirements of the Clean Air Act by reducing nitrogen oxide emissions by 40% through the use of low nitrogen oxide burners. Further seasonal (i.e., 5 month) nitrogen oxide reductions to 55% and 75% of 1990 levels for 1999 and 2003, respectively, are specified under the Northeast Ozone Transport Region's Memorandum of Understanding. The PA DEP has finalized regulations which require PP&L to reduce its ozone seasonal NO_x by 57% beginning in 1999.

The EPA has finalized new national standards for ambient levels of ground-level ozone and fine particulates. Based in part on the new ozone standard, the EPA has proposed NO_x emission limits for 22 states, including Pennsylvania, which in effect requires approximately an 80% reduction from the 1990 level in Pennsylvania in the 2005-2012 timeframe. The new particulates standard may require further reductions in both NO_x and SO_2 and may extend the reductions from seasonal to year round.

The Clean Air Act requires the EPA to study the health effects of hazardous air emissions from power plants and other sources. Depending on the outcome of these studies, PP&L may be required to take additional action.

Expenditures to meet the 2000 acid rain and 1999 NO_x reduction requirements are included in the table of projected construction expenditures in the section "Financial Condition - Capital Expenditure Requirements" in the Review of the Financial Condition and Results of Operations. PP&L currently estimates that additional capital expenditures and operating costs for environmental compliance under the Clean Air Act will be incurred beyond 2002 in amounts which are not now determinable but which could be material.

Water and Residual Waste

DEP residual waste regulations set forth requirements for existing ash basins at PP&L's coal-fired generating stations. Any new ash disposal facility must meet the rigid siting and design standards set forth in the regulations. To address these DEP regulations, PP&L has installed dry fly ash handling systems at most of its power stations, which eliminate the need for ash basins. In other cases, PP&L has modified the existing facilities to allow continued operation of the ash basins under a new DEP permit. Any groundwater contamination caused by the basins must also be addressed.

Groundwater degradation related to fuel oil leakage from underground facilities and seepage from coal refuse disposal areas and coal storage piles has been identified at several PP&L generating stations. Remedial work is substantially completed at two generating stations. At this time, the only other remedial work being planned is to abate a localized groundwater degradation problem at Montour.

The recently issued final NPDES permit for the Montour station contains stringent limits for iron and chlorine discharges. Depending on the results of a toxic reduction study to be conducted, additional water treatment facilities or operational changes may be needed at this station.

Capital expenditures through the year 2002 to comply with the residual waste regulations, correct groundwater degradation at fossil-fueled generating stations, and address waste water control at PP&L facilities are included in the table of construction expenditures in the section "Financial Condition - Capital Expenditure Requirements" in the Review of the Financial Condition and Results of Operations. In this regard, PP&L currently estimates that $6.5 million of additional capital expenditures may be required in the next four years to close some of the ash basins and address other ash basin issues at various generating plants. Additional capital expenditures could be required beyond the year 2002 in amounts which are not now determinable but which could be material. Actions taken to correct groundwater degradation, to comply with the DEP's regulations and to address waste water control are also expected to result in increased operating costs in amounts which are not now determinable but which could be material.

Superfund and Other Remediation

In 1995, PP&L entered into a consent order with the DEP to address a number of sites where PP&L may be liable for remediation of contamination. This may include potential PCB contamination at certain PP&L substations and pole sites; potential contamination at a number of coal gas manufacturing facilities formerly owned and operated by PP&L; and oil or other contamination which may exist at some of PP&L's former generating facilities. As of December 31, 1997, PP&L has completed work on nearly half of the sites included in the agreement.

At December 31, 1997, PP&L had accrued $8.1 million, representing the amount PP&L can reasonably estimate it will have to spend to remediate sites involving the removal of hazardous or toxic substances including those covered by the consent order mentioned above. Future cleanup or remediation work at sites currently under review, or at sites not currently identified, may result in material additional operating costs which PP&L cannot estimate at this time. In addition, certain federal and state statutes, including Superfund and the Pennsylvania Hazardous Sites Cleanup Act, empower certain governmental agencies, such as the EPA and the DEP, to seek compensation from the responsible parties for the lost value of damaged natural resources. The EPA and the DEP may file such compensation claims against the parties, including PP&L, held responsible for cleanup of such sites. Such natural resource damage claims against PP&L could result in material additional liabilities.

General

Due to the environmental issues discussed above or other environmental matters, PP&L may be required to modify, replace or cease operating certain facilities to comply with statutes, regulations and actions by regulatory bodies or courts. In this regard, PP&L also may incur capital expenditures, operating expenses and other costs in amounts which are not now determinable but which could be material.

Loan Guarantees of Affiliated Companies

PP&L Global has guaranteed a subsidiary's pro rata share of the outstanding portion of certain debt issuances of an affiliate. At December 31, 1997, $13 million of such loans were guaranteed by PP&L Global. PP&L Global's guarantee is expected to increase to $18 million during 1998, as the affiliate draws down the balance of its debt facility.

IEC has arrangements with banks under which the banks may lend funds to IEC on an uncommitted basis. PP&L has been authorized by the PUC to guarantee up to $45 million of these bank loans or to lend up to $45 million under a fixed rate loan agreement with PP&L. IEC has been authorized by the PUC to have a maximum of $45 million outstanding at any one time under both of these loan arrangements.

In addition, PP&L Spectrum has a $1 million line of credit, which is guaranteed by PP&L Resources.

Source of Labor Supply

At December 31, 1997, PP&L had a total of 6,343 full-time employees. Approximately 65 percent of these full-time employees are represented by the IBEW. The labor agreement with the IBEW expires in May 1998.

17. New Accounting Standards

During 1997, the FASB issued SFAS 128, Earnings Per Share; SFAS 129, Disclosure of Information about Capital Structure; SFAS 130, Reporting Comprehensive Income; and SFAS 131, Disclosures About Segments of an Enterprise and Related Information. SFAS 128 and SFAS 129 are effective for financial statements issued for periods ending after December 15, 1997, however these statements cause no additional disclosures. SFAS 130 and SFAS 131 are effective in 1998. The adoption of these statements is not expected to have a material impact on PP&L Resources' or PP&L's financial statements.

PP&L Resources, Inc.
PP&L, Inc.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions		Deductions from Reserves -	
Description	Balance at Beginning of Period	Charged to Income	Charges to Other Accounts	Losses or Expenses Applicable	Balance at End of Period
		(Millions of Dollars)			
Year Ended December 31, 1997					
Reserves deducted from assets in the Balance Sheet					
Uncollectible accounts	$25	$17		$26	$16
Year Ended December 31, 1996					
Reserves deducted from assets in the Balance Sheet					
Uncollectible accounts	35	20		30	25
Obsolete inventory - Materials and supplies	15			15	0
Year Ended December 31, 1995					
Reserves deducted from assets in the Balance Sheet					
Uncollectible accounts	29	25		19	35
Obsolete inventory - Materials and supplies	0	15			15

QUARTERLY FINANCIAL, COMMON STOCK PRICE AND DIVIDEND DATA (Unaudited)

PP&L Resources, Inc. and Subsidiaries

(Millions of Dollars, except per share data)

	For the Quarters Ended (a)			
	March 31	June 30	Sept. 30	Dec. 31
1997				
Operating revenues	$786	$686	$778	$799
Operating income	171	118	133	123
Net income	117	65	42	72
Earnings per common share (b)	0.72	0.39	0.25	0.44
Dividends declared per common share (c)	0.4175	0.4175	0.4175	0.4175
Price per common share				
High	24	20 7/8	23 1/16	24 1/4
Low	20	19	19 7/16	20
1996				
Operating revenues	$789	$669	$715	$737
Operating income	176	120	136	124
Net income	116	61	79	73
Earnings per common share (b)	0.73	0.38	0.49	0.45
Dividends declared per common share (c)	0.4175	0.4175	0.4175	0.4175
Price per common share				
High	26	24 1/2	24	24 1/2
Low	23 1/2	22	21 5/8	21 7/8

(a) PP&L's electric utility business is seasonal in nature with peak sales periods generally occurring in the winter months. In addition earnings in several quarters were affected by several one-time adjustments. Accordingly, comparisons among quarters of a year may not be indicative of overall trends and changes in operations.

(b) The sum of the quarterly amounts may not equal annual earnings per share due to changes in the number of common shares outstanding during the year or rounding.

(c) PP&L Resources has paid quarterly cash dividends on its common stock in every year since 1946. The dividends paid per share in 1997 and 1996 were $1.67. The most recent regular quarterly dividend paid by PP&L Resources was 41.75 cents per share (equivalent to $1.67 per annum) paid January 1, 1998. Future dividends will be dependent upon future earnings, financial requirements and other factors.

QUARTERLY FINANCIAL DATA (Unaudited)

PP&L, Inc. and Subsidiaries

(Millions of Dollars)

	For the Quarters Ended (a)			
	March 31	June 30	Sept. 30	Dec. 31
1997				
Operating revenues	$786	$686	$778	$799
Operating income	171	118	133	123
Net income	120	70	81	77
Earnings available to PP&L Resources	113	61	69	65
1996				
Operating revenues	$789	$669	$715	$737
Operating income	176	120	136	124
Net income	125	69	86	77
Earnings available to PP&L Resources	118	62	79	70

(a) PP&L's electric utility business is seasonal in nature with peak sales periods generally occurring in the winter months. Accordingly, comparisons among quarters of a year may not be indicative of overall trends and changes in operations.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information for this item concerning directors of PP&L Resources will be set forth in the sections entitled "Nominees for Directors" and "Directors Continuing in Office" in PP&L Resources' 1998 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 1997, and which information is incorporated herein by reference. Information required by this item concerning the executive officers of PP&L Resources is set forth on pages 19 through 20 of this report.

Information for this item concerning directors of PP&L will be set forth in the sections entitled "Nominees for Directors" and "Directors Continuing in Office" in PP&L's 1998 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 1997, and which information is incorporated herein by reference. Information required by this item concerning the executive officers of PP&L is set forth on pages 19 through 20 of this report.

ITEM 11. EXECUTIVE COMPENSATION

Information for this item for PP&L Resources will be set forth in the sections entitled "Compensation of Directors," "Summary Compensation Table" and "Retirement Plans for Executive Officers" in PP&L Resources' 1998 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 1997, and which information is incorporated herein by reference.

Information for this item for PP&L will be set forth in the sections entitled "Compensation of Directors," "Summary Compensation Table" and "Retirement Plans for Executive Officers" in PP&L's 1998 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 1997, and which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information for this item for PP&L Resources will be set forth in the section entitled "Stock Ownership" in PP&L Resources' 1998 Notice of Annual Meeting and Proxy

Statement, which will be filed with the SEC not later than 120 days after December 31, 1997, and which information is incorporated herein by reference.

Information for this item for PP&L will be set forth in the section entitled "Stock Ownership" in PP&L's 1998 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 1997, and which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information for this item for PP&L Resources will be set forth in the section entitled "Certain Transactions Involving Directors or Executive Officers" in PP&L Resources' 1998 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 1997, and which information is incorporated herein by reference.

Information for this item for PP&L will be set forth in the section entitled "Certain Transactions Involving Directors or Executive Officers" in PP&L's 1998 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 1997, and which information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Financial Statements - included in response to Item 8.

PP&L Resources, Inc.
Report of Independent Accountants
Consolidated Statement of Income for the Three Years Ended December 31, 1997
Consolidated Statement of Cash Flows for the Three Years Ended December 31, 1997
Consolidated Balance Sheet at December 31, 1997 and 1996
Consolidated Statement of Shareowners' Common Equity for the Three Years Ended December 31, 1997
Consolidated Statement of Preferred Stock at December 31, 1997 and 1996
Consolidated Statement of Company-Obligated Mandatorily Redeemable Securities at December 31, 1997 and 1996
Consolidated Statement of Long-Term Debt at December 31, 1997 and 1996
Notes to Financial Statements

PP&L, Inc.
Report of Independent Accountants
Consolidated Statement of Income for the Three Years Ended December 31, 1997
Consolidated Statement of Cash Flows for the Three Years Ended December 31, 1997
Consolidated Balance Sheet at December 31, 1997 and 1996
Consolidated Statement of Shareowner's Common Equity for the Three Years Ended December 31, 1997
Consolidated Statement of Preferred Stock at December 31, 1997 and 1996
Consolidated Statement of Company-Obligated Mandatorily Redeemable Securities at December 31, 1997 and 1996
Consolidated Statement of Long-Term Debt at December 31, 1997 and 1996
Notes to Financial Statements

2. Supplementary Data and Supplemental Financial Statement Schedule - included in response to Item 8.

Schedule II - Valuation and Qualifying Accounts and Reserves for the Three Years Ended December 31, 1997

All other schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements or notes thereto.

3. Exhibits

Exhibit Index on page 93.

(b) Reports on Form 8-K:

The following Reports on Form 8-K were filed during the three months ended December 31, 1997:

Report dated October 24, 1997

Item 5. Other Events

Information regarding a schedule extension in PP&L's restructuring case.

Report dated November 12, 1997

Item 5. Other Events

Information regarding the distribution, from time to time, of up to $400 million aggregate principal amount of Medium-Term Notes, Series A of PP&L Capital Funding.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

Exhibits relating to the $400 million aggregate principal amount of Medium-Term Notes, Series A of PP&L Capital Funding.

Report dated December 3, 1997

Item 5. Other Events

Information regarding a schedule extension in PP&L's restructuring case.

Report dated December 24, 1997

Item 5. Other Events

Information regarding a schedule extension in PP&L's restructuring case.

SHAREOWNER AND INVESTOR INFORMATION

Annual Meetings: The annual meetings of shareowners of PP&L Resources and PP&L are held each year on the fourth Friday of April. The 1998 annual meetings will be held on Friday, April 24, 1998, at Lehigh University's Stabler Arena, at the Goodman Campus Complex located in Lower Saucon Township, outside Bethlehem, PA.

Proxy Material: A proxy statement and notice of PP&L Resources' and PP&L's annual meetings are mailed to all shareowners of record as of February 27, 1998.

Dividends: The 1998 dates for consideration of the declaration of dividends by the board of directors or its finance committee are February 27, May 22, August 28 and November 20. Subject to the declaration, dividends are paid on the first day of April, July, October and January. Dividend checks are mailed in advance of those dates with the intention that they arrive as close as possible to the payment dates. The 1998 record dates for dividends are expected to be the 10th day of March, June, September and December.

Direct Deposit of Dividends: Shareowners may choose to have their dividend checks deposited directly into their checking or savings account. Quarterly dividend payments are electronically credited on the dividend date, or the first business day thereafter.

Dividend Reinvestment Plan: Shareowners may choose to have dividends on their PP&L Resources common stock or PP&L preferred stock reinvested in PP&L Resources common stock instead of receiving the dividend by check.

Certificate Safekeeping: Shareowners participating in the Dividend Reinvestment Plan may choose to have their common stock certificates forwarded to PP&L for safekeeping.

Lost Dividend or Interest Checks: Dividend or interest checks lost by investors, or those that may be lost in the mail, will be replaced if the check has not been located by the 10th business day following the payment date.

Transfer of Stock or Bonds: Stock or bonds may be transferred from one name to another or to a new account in the name of another person. Please contact Investor Services regarding transfer instructions.

Bondholder Information: Much of the information and many of the procedures detailed here for shareowners also apply to bondholders. Questions related to bondholder accounts should be directed to Investor Services.

Lost Stock or Bond Certificates: Please contact Investor Services for an explanation of the procedure to replace lost stock or bond certificates.

PP&L Resources Summary Annual Report: published and mailed in mid-March to all shareowners of record.

Shareowners' Newsletter: an easy-to-read newsletter containing current items of interest to shareowners -- published and mailed at the beginning of each quarter.

Periodic Mailings: Letters regarding new investor programs, special items of interest, or other pertinent information are mailed on a non-scheduled basis as necessary.

Duplicate Mailings: The summary annual report and other investor publications are mailed to each investor account. If you have more than one account, or if there is more than one investor in your household, you may contact Investor Services to request that only one publication be delivered to your address. Please provide account numbers for all duplicate mailings.

Shareowner Information Line: Shareowners can get detailed corporate and financial information 24 hours a day using the Shareowner Information Line. They can hear timely recorded messages about earnings, dividends and other company news releases; request information by fax; and request printed materials in the mail.

The toll-free Shareowner Information Line is 1-800-345-3085.

With the introduction of the Shareowner Information Line, PP&L Resources will no longer publish the Quarterly Review. Replacing these quarterly mailings with an enhanced information service is part of the company's effort to improve the quality and timeliness of shareowner communications. Other PP&L Resources publications, such as the annual and quarterly reports to the Securities and Exchange Commission (Forms 10-K and 10-Q) will be mailed upon request. There will be no change in the mailing of annual reports, proxy statements or dividend checks.

Another part of this new service is an enhanced Internet home page (www.papl.com). Shareowners can access PP&L Resources' Securities and Exchange Commission filings, stock quotes and historical performance. Visitors to our website can provide their E-mail address and indicate their desire to receive future earnings or news releases automatically at the time of their release.

Investor Services: For any questions you have or additional information you require about PP&L Resources and its subsidiaries, please call the Shareowner Information Line, or write to:

George I. Kline
Manager-Investor Services
PP&L, Inc.
Two North Ninth Street
Allentown, PA 18101

Internet Access: For updated information throughout the year, check out our home page at http://www.papl.com. You may also contact Investor Services via E-mail at invserv@papl.com.

Security Analyst and Institutional Investor Inquiries: Members of the financial community seeking additional information may contact:

Timothy J. Paukovits
Investor Relations Manager
Phone: (610) 774-4124
Fax: (610) 774-5106
E-mail: tjpaukovits@papl.com

Listed Securities:
New York Stock Exchange
PP&L Resources, Inc.:
Common Stock (Code: PPL)

PP&L, Inc.:
4-1/2% Preferred Stock
(Code: PPLPRB)
4.40% Series Preferred Stock
(Code: PPLPRA)

PP&L Capital Trust:
8.20% Preferred Securities
(Code: PPLPRC)

PP&L Capital Trust II:
8.10% Preferred Securities
(Code: PPLPRD)

Philadelphia Stock Exchange
PP&L Resources, Inc.:
Common Stock

PP&L, Inc.
4-1/2% Preferred Stock
3.35% Series Preferred Stock
4.40% Series Preferred Stock
4.60% Series Preferred Stock

Fiscal Agents:
Stock Transfer Agents and Registrars
Norwest Bank Minnesota, N.A.
Shareowner Services
161 North Concord Exchange
South St. Paul, MN 55075

PP&L, Inc.
Investor Services Department

Dividend Disbursing Office and Dividend Reinvestment Plan Agent
PP&L, Inc.
Investor Services Department

Mortgage Bond Trusteee
Bankers Trust Co.
Attn: Security Transfer Unit
P.O. Box 291569
Nashville, TN 37229

Bond Interest Paying Agent
PP&L, Inc.
Investor Services Department

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PP&L Resources, Inc.
(Registrant)

PP&L, Inc.
(Registrant)

By /s/William F. Hecht
William F. Hecht - Chairman, President and Chief Executive Officer (PP&L Resources, Inc. and PP&L, Inc.)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

	TITLE
By /s/William F. Hecht William F. Hecht - Chairman, President and Chief Executive Officer (PP&L Resources, Inc. and PP&L, Inc.)	Principal Executive Officer and Director
By /s/John R. Biggar John R. Biggar - Senior Vice President - Financial(PP&L Resources, Inc. and PP&L, Inc.)	Principal Financial Officer
By /s/Joseph J. McCabe Joseph J. McCabe - Vice President and Controller(PP&L Resources, Inc. and PP&L, Inc.)	Principal Accounting Officer
E. Allen Deaver, Clifford L. Jones Nance K. Dicciani, Ruth Leventhal William J. Flood, Marilyn Ware Lewis Elmer D. Gates, Frank A. Long Stuart Heydt, Norman Robertson	Directors

By /s/William F. Hecht
William F. Hecht, Attorney-in-fact

Date: March 3, 1998

EXHIBIT INDEX

The following Exhibits indicated by an asterisk preceding the Exhibit number are filed herewith. The balance of the Exhibits have heretofore been filed with the Commission and pursuant to Rule 12(b)-32 are incorporated herein by reference. Exhibits indicated by a ■ are filed or listed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

3(a)-1	-	Articles of Incorporation of PP&L Resources, Inc. (Exhibit B to Proxy Statement of PP&L and Prospectus of Resources, dated March 9, 1995)
3(a)-2	-	Restated Articles of Incorporation of PP&L, Inc. (Exhibit A to Proxy Statement of PP&L and Prospectus of Resources, dated March 9, 1995)
*3(a)-3	-	Articles of Amendment of PP&L, Inc., dated September 12, 1997
3(b)-1	-	By-laws of PP&L Resources, Inc. (Exhibit 3.2 to Registration Statement No. 33-57949)
3(b)-2	-	By-laws of PP&L, Inc. (Exhibit 3(ii) to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1993)
4(a)-1	-	Amended and Restated Employee Stock Ownership Plan, dated October 26, 1988 (Exhibit 4(b) to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1988)
4(a)-2	-	Amendment No. 1 to said Employee Stock Ownership Plan, effective January 1, 1989 (Exhibit 4(b)-2 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1989)
4(a)-3	-	Amendment No. 2 to said Employee Stock Ownership Plan, effective January 1, 1990 (Exhibit 4(b)-3 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1989)

4(a)-4	-	Amendment No. 3 to said Employee Stock Ownership Plan, effective January 1, 1991 (Exhibit 4(b)-4 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1990)
4(a)-5	-	Amendment No. 4 to said Employee Stock Ownership Plan, effective January 1, 1991 (Exhibit 4(a)-5 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1991)
4(a)-6	-	Amendment No. 5 to said Employee Stock Ownership Plan, effective October 23, 1991 (Exhibit 4(a)-6 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1991)
4(a)-7	-	Amendment No. 6 to said Employee Stock Ownership Plan, effective January 1, 1990 and January 1, 1992 (Exhibit 4(a)-7 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1991)
4(a)-8	-	Amendment No. 7 to said Employee Stock Ownership Plan, effective January 1, 1992 (Exhibit 4(a)-8 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1991)
4(a)-9	-	Amendment No. 8 to said Employee Stock Ownership Plan, effective July 1, 1992 (Exhibit 4(a)-9 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1992)
4(a)-10	-	Amendment No. 9 to said Employee Stock Ownership Plan, effective January 1, 1993 (Exhibit 4(a)-10 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1992)
4(a)-11	-	Amendment No. 10 to said Employee Stock Ownership Plan, effective January 1, 1993 (Exhibit 4(a)-11 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1993)

4(a)-12	-	Amendment No. 11 to said Employee Stock Ownership Plan, effective January 1, 1994 (Exhibit 4(a)-12 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1994)
4(a)-13	-	Amendment No. 12 to said Employee Stock Ownership Plan, effective January 1, 1994 (Exhibit 4(a)-13 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1994)
4(a)-14	-	Amendment No. 13 to said Employee Stock Ownership Plan, effective April 27, 1995 (Exhibit 4(a)-14 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1995)
4(a)-15	-	Amendment No. 14 to said Employee Stock Ownership Plan, effective January 1, 1989 and January 1, 1995 (Exhibit 4(a)-14 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1994)
4(a)-16	-	Amendment No. 15 to said Employee Stock Ownership Plan, effective October 25, 1995 (Exhibit 4(a)-16 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1995)
4(a)-17	-	Amendment No. 16 to said Employee Stock Ownership Plan, effective January 1, 1989 (Exhibit 4(a)-17 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
4(a)-18	-	Amendment No. 17 to said Employee Stock Ownership Plan, effective January 1, 1996 (Exhibit 4(a)-18 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
*4(a)-19	-	Amendment No. 18 to said Employee Stock Ownership Plan, effective December 12, 1994, January 1, 1997, January 1, 1998, and January 1, 2000
*4(a)-20	-	Amendment No. 19 to said Employee Stock Ownership Plan, effective January 1, 1998

4(b)-1	-	Mortgage and Deed of Trust, dated as of October 1, 1945, between PP&L and Guaranty Trust Company of New York, as Trustee (now Bankers Trust Company, as successor Trustee) (Exhibit 2(a)-4 to Registration Statement No. 2-60291)
4(b)-2	-	Supplement, dated as of July 1, 1954, to said Mortgage and Deed of Trust (Exhibit 2(b)-5 to Registration Statement No. 219255)
4(b)-3	-	Supplement, dated as of October 1, 1989, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated November 6, 1989)
4(b)-4	-	Supplement, dated as of July 1, 1991, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated July 29, 1991)
4(b)-5	-	Supplement, dated as of May 1, 1992, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated June 1, 1992)
4(b)-6	-	Supplement, dated as of November 1, 1992, to said Mortgage and Deed of Trust (Exhibit 4(b)-29 to PP&L's Form 10-K Report (File 1-905) for the year ended December 31, 1992)
4(b)-7	-	Supplement, dated as of February 1, 1993, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated February 16, 1993)
4(b)-8	-	Supplement, dated as of April 1, 1993, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated April 30, 1993)
4(b)-9	-	Supplement, dated as of June 1, 1993, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated July 7, 1993)
4(b)-10	-	Supplement, dated as of October 1, 1993, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated October 29, 1993)

4(b)-11	-	Supplement, dated as of February 15, 1994, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated March 11, 1994)
4(b)-12	-	Supplement, dated as of March 1, 1994, to said Mortgage and Deed of Trust (Exhibit 4(b) to PP&L's Form 8-K Report (File No. 1-905) dated March 11, 1994)
4(b)-13	-	Supplement, dated as of March 15, 1994, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated March 30, 1994)
4(b)-14	-	Supplement, dated as of September 1, 1994, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K (File No. 1-905) dated October 3, 1994)
4(b)-15	-	Supplement, dated as of October 1, 1994, to said Mortgage and Deed of Trust (Exhibit 4(a) to PP&L's Form 8-K Report (File No. 1-905) dated October 3, 1994)
4(b)-16	-	Supplement, dated as of August 1, 1995, to said Mortgage and Deed of Trust (Exhibit 6(a) to PP&L's Form 10-Q Report (File No. 1-905) for the quarter ended September 30, 1995)
*4(b)-17	-	Supplement, dated as of April 1, 1997 to said Mortgage and Deed of Trust
4(c)-1	-	Indenture, dated as of November 1, 1997, among PP&L Resources, Inc., PP&L Capital Funding, Inc. and The Chase Manhattan Bank as Trustee (Exhibit 4.1 to PP&L's 8-K (File No. 1-905) dated November 12, 1997)
4(c)-2	-	Supplement, dated as of November 1, 1997, to said Indenture (Exhibit 4.2 to PP&L's 8-K (File No. 1-905) dated November 12, 1997)
4(d)-1	-	Junior Subordinated Indenture, dated as of April 1, 1997, between PP&L, Inc. and The Chase Manhattan Bank, as Trustee (Exhibit 4.1 to Registration Statement No. 333-20661)

4(d)-2	-	Amended and Restated Trust Agreement, dated as of April 8, 1997, among PP&L, Inc., The Chase Manhattan Bank, as Property Trustee, Chase Manhattan Bank (Delaware), as Delaware Trustee, and John R. Biggar and James E. Abel, as Administrative Trustees (Exhibit 4.4 to Registration Statement No. 333-20661)
4(d)-3	-	Guarantee Agreement, dated as of April 8, 1997, between PP&L, Inc. and The Chase Manhattan Bank, as Trustee (Exhibit 4.6 to Registration Statement No. 333-20661)
4(e)-1	-	Amended and Restated Trust Agreement, dated as of June 13, 1997, among PP&L, Inc., The Chase Manhattan Bank, as Property Trustee, Chase Manhattan Bank (Delaware), as Delaware Trustee, and John R. Biggar and James E. Abel, as Administrative Trustees (Exhibit 4.4 to Registration Statement No. 333-27773)
4(e)-2	-	Guarantee Agreement, dated as of June 13, 1997, between PP&L, Inc. and The Chase Manhattan Bank, as Trustee (Exhibit 4.6 to Registration Statement No. 333-27773)
*10(a)	-	364-Day Revolving Credit Agreement, dated as of November 20, 1997, between PP&L, Inc., PP&L Capital Funding, Inc. and PP&L Resources, Inc. and the Banks named therein
*10(b)	-	Five-Year Revolving Credit Agreement, dated as of November 20, 1997, between PP&L, Inc., PP&L Capital Funding, Inc. and PP&L Resources, Inc. and the banks named therein
10(c)	-	Credit Agreement, dated as of March 14, 1996, between PP&L, Inc. and The First National Bank of Chicago (Exhibit 10(c) to PP&L, Inc.'s Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
10(d)	-	Pollution Control Facilities Agreement, dated as of May 1, 1973, between PP&L, Inc. and the Lehigh County Industrial Development Authority (Exhibit 5(z) to Registration Statement No. 2-60834)

*10(e)	-	Operating Agreement of the PJM Interconnection, dated as of June 2, 1997 and revised as of December 31, 1997
10(f)	-	Capacity and Energy Sales Agreement, dated June 29, 1983, between PP&L, Inc. and Atlantic City Electric Company (Exhibit 10(f)-2 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1983)
10(g)-1	-	Capacity and Energy Sales Agreement, dated March 9, 1984, between PP&L, Inc. and Jersey Central Power & Light Company (Exhibit l0(f)-3 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1984)
10(g)-2	-	First Supplement, effective February 28, 1986, to said Capacity and Energy Sales Agreement (Exhibit 10(e)-4 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1986)
10(g)-3	-	Second Supplement, effective January 1, 1987, to said Capacity and Energy Sales Agreement (Exhibit 10(g)-3 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1989)
10(g)-4	-	Amendments to Exhibit A, effective October 1, 1987, to said Capacity and Energy Sales Agreement (Exhibit 10(e)-6 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1987)
10(g)-5	-	Third Supplement, effective December 1, 1988, to said Capacity and Energy Sales Agreement (Exhibit 10(g)-5 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1989)
10(g)-6	-	Fourth Supplement, effective December 1, 1988, to said Capacity and Energy Sales Agreement (Exhibit 10(g)-6 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1989)

10(h)-1	-	Capacity and Energy Sales Agreement, dated January 28, 1988, between PP&L, Inc. and Baltimore Gas and Electric Company (Exhibit 10(e)-7 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1987)
10(h)-2	-	First Supplement, effective November 1, 1988, to said Capacity and Energy Sales Agreement (Exhibit 10(i)-2 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1989)
10(h)-3	-	Second Supplement, effective June 1, 1989, to said Capacity and Energy Sales Agreement (Exhibit 10(i)-3 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1989)
10(h)-4	-	Third Supplement, effective June 1, 1991, to said Capacity and Energy Sales Agreement (Exhibit 10(g)-4 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1991)
*10(h)-5	-	Fourth Supplement, effective June 1, 1992, to said Capacity and Energy Sales Agreement
*10(h)-6	-	Fifth Supplement, effective July 15, 1993, to said Capacity and Energy Sales Agreement
*10(h)-7	-	Sixth Supplement, effective June 1, 1993, to said Capacity and Energy Sales Agreement
■10(i)	-	Amended and Restated Directors Deferred Compensation Plan, effective July 1, 1995 (Exhibit C to Proxy Statement of PP&L and Prospectus of Resources, dated March 9, 1995)
■10(i)-1	-	Amendment No. 1 to said Amended and Restated Directors Deferred Compensation Plan, effective November 1, 1996 (Exhibit 10(j)-1 to PP&L, Inc.'s Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)

■10(i)-2	-	Amendment No. 2 to said Amended and Restated Directors Deferred Compensation Plan, effective January 1, 1997 (Exhibit 10(j)-2 to PP&L, Inc.'s Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
*■10(i)-3	-	Amendment No. 3 to said Amended Directors Deferred Compensation Plan, effective January 1, 1998
■10(j)-1	-	Amended and Restated Deferred Compensation Plan for Executive Officers, effective January 1, 1990 (Exhibit 10(s) to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1990)
■10(j)-2	-	Amendment No. 1 to said Officers Deferred Compensation Plan, effective January 1, 1991 (Exhibit 10(j)-2 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1991)
■10(j)-3	-	Amendment No. 2 to said Officers Deferred Compensation Plan, effective October 23, 1991 (Exhibit 10(j)-3 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1991)
■10(j)-4	-	Amendment No. 3 to said Officers Deferred Compensation Plan, effective January 1, 1992 and April 1, 1992 (Exhibit 10(j)-4 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1991)
■10(j)-5	-	Amendment No. 4 to said Officers Deferred Compensation Plan, effective January 1, 1995 (Exhibit 10(j)-5 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1994)
■10(j)-6	-	Amendment No. 5 to said Officers Deferred Compensation Plan, effective January 1, 1996 (Exhibit 10(l)-6 to PP&L, Inc.'s Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
■10(k)	-	Amended and Restated Supplemental Executive Retirement Plan, effective August 31, 1995 (Exhibit 10(k) to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1995)

■10(k)-1	-	Amendment No. 1 to said Amended and Restated Supplemental Executive Retirement Plan, effective July 1, 1996 (Exhibit 10(m)-1 to PP&L, Inc.'s Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
■10(l)	-	Amended and Restated Executive Retirement Security Plan, effective August 31, 1995 (Exhibit 10(l) to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1995)
■10(l)-1	-	Amendment No. 1 to said Amended and Restated Executive Retirement Security Plan, effective January 1, 1996 (Exhibit 10(n)-1 to PP&L, Inc.'s Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
■10(m)-1	-	Amended and Restated Incentive Compensation Plan, effective January 1, 1995 (Exhibit D to Proxy Statement of PP&L and Prospectus of Resources, dated March 9, 1995)
■10(m)-2	-	Amendment No. 1 to said Amended and Restated Incentive Compensation Plan, effective April 27, 1995 (Exhibit 10(m)-2 to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1995)
■10(m)-3	-	Amendment No. 2 to said Amended and Restated Incentive Compensation Plan, effective January 1, 1996 (Exhibit 10(o)-3 to PP&L, Inc.'s Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
■10(m)-4	-	Amendment No. 3 to said Amended and Restated Incentive Compensation Plan, effective January 1, 1997 (Exhibit 10(o)-4 to PP&L, Inc.'s Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)
■10(n)	-	Description of Executive Compensation Incentive Award Program (Exhibit 10(p) to PP&L Form 10-K Report (File No. 1-905) for the year ended December 31, 1996)[1]

1 This description is provided pursuant to 17 C.F.R. § 229.601(b)(10)(iii)(A).

10(o)	-	Nuclear Fuel Lease, dated as of February 1, 1982, between PP&L, as lessee, and Newton I. Waldman, not in his individual capacity, but solely as Cotrustee of the Pennsylvania Power & Light Energy Trust, as lessor (Exhibit 10(g) to PP&L's Form 10-K Report (File No. 1-905) for the year ended December 31, 1981)
*12(a)	-	PP&L Resources, Inc. and Subsidiaries Computation of Ratio of Earnings to Fixed Charges
*12(b)	-	PP&L, Inc. and Subsidiaries Computation of Ratio of Earnings to Fixed Charges
*23	-	Consent of Price Waterhouse LLP
*24	-	Power of Attorney
*27	-	Financial Data Schedule

Exhibit 12(a)

PP&L RESOURCES, INC. AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Millions of Dollars)

	1997	1996	1995	1994	1993
Fixed charges, as defined:					
Interest on long-term debt	$196	$207	$213	$214	$226
Interest on short-term debt and other interest	25	17	18	18	13
Amortization of debt discount, expense and premium - net	2	2	2	2	2
Interest on capital lease obligations					
Charged to expense	9	13	15	12	9
Capitalized	2	2	2	1	1
Estimated interest component of operating rentals	15	8	8	6	5
Proportionate share of fixed charges of 50-percent-or-less-owned persons	1	1	1	1	1
Total fixed charges	$250	$250	$259	$254	$257
Earnings, as defined:					
Net income	$296	$329	$323	$216	$314
Preferred and Preference Stock Dividend Requirements	24	28	28	28	34
Less undistributed income of less than 50-percent-owned persons	-	-	-	-	-
	320	357	351	244	348
Add (Deduct):					
Federal income taxes	169	189	195	198	163
State income taxes	59	64	62	77	64
Deferred income taxes	29	10	15	(45)	22
Investment tax credit - net	(10)	(10)	(10)	(12)	(14)
Income taxes on other income and deductions - net	(9)	0	24	(38)	(1)
Amortization of capitalized interest on capital leases	2	4	5	9	12
Total fixed charges as above (excluding capitalized interest on capital lease obligations)	248	248	257	253	256
Total earnings	$808	$862	$899	$686	$850
Ratio of earnings to fixed charges	3.23	3.45	3.47	2.70	3.31

PP&L, INC. AND SUBSIDIARIES, CONSOLIDATED

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Millions of Dollars)

	1997	1996	1995	1994	1993
Fixed charges, as defined:					
Interest on long-term debt	$195	$207	$213	$214	$226
Interest on short-term debt and other interest	17	11	18	18	13
Amortization of debt discount, expense and premium - net	2	2	2	2	2
Interest on capital lease obligations					
Charged to expense	9	13	15	12	9
Capitalized	2	2	2	1	1
Estimated interest component of operating rentals	15	8	8	6	5
Proportionate share of fixed charges of 50-percent-or-less-owned persons	1	1	1	1	1
Total fixed charges	$241	$244	$259	$254	$257
Earnings, as defined:					
Net income	$348	$357	$352	$243	$348
Less undistributed income of less than 50-percent-owned persons	-	-	-	-	-
	348	357	352	243	348
Add (Deduct):					
Federal income taxes	169	189	195	199	163
State income taxes	59	64	62	77	64
Deferred income taxes	29	10	15	(45)	22
Investment tax credit - net	(10)	(10)	(11)	(12)	(14)
Income taxes on other income and deductions - net	1	(2)	26	(38)	(1)
Amortization of capitalized interest on capital leases	2	4	6	9	12
Total fixed charges as above (excluding capitalized interest on capital lease obligations)	239	243	257	253	256
Total earnings	$837	$855	$902	$686	$850
Ratio of earnings to fixed charges	3.47	3.50	3.48	2.70	3.31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the fiscal year ended December 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from _________ to ___________

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-11459	**PP&L Resources, Inc.** (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101 (610) 774-5151	23-2758192
1-905	**PP&L, INC.** (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101 (610) 774-5151	23-0959590

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock of PP&L Resources, Inc.	New York & Philadelphia Stock Exchanges
Preferred Stock of PP&L, Inc.	
4-1/2%	New York & Philadelphia Stock Exchanges
3.35% Series	Philadelphia Stock Exchange
4.40% Series	New York & Philadelphia Stock Exchanges
4.60% Series	Philadelphia Stock Exchange
Company-obligated Mandatorily Redeemable Securities of PP&L, Inc.	
8.20% Series ($25 stated value)(a)	New York Stock Exchange
8.10% Series ($25 stated value)(b)	New York Stock Exchange

(a) Issued by PP&L Capital Trust and guaranteed by PP&L, Inc.
(b) Issued by PP&L Capital Trust II and guaranteed by PP&L, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

PP&L Resources, Inc.	[X]
PP&L, Inc.	[X]

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

PP&L Resources, Inc.	Yes X	No ____
PP&L, Inc.	Yes X	No ____

The aggregate market value of the voting common stock held by non-affiliates of PP&L Resources, Inc. at January 31, 1998 was $3,670,816,160. PP&L Resources, Inc. held all 157,300,382 outstanding common shares, no par value, of PP&L, Inc. The aggregate market value of the voting preferred stock held by non-affiliates of PP&L, Inc. at January 31, 1998 was $88,801,387.

The number of shares of PP&L Resources, Inc. Common Stock, $.01 par value, outstanding on January 31, 1998 was 166,855,280.

Documents incorporated by reference:

Registrants have incorporated herein by reference certain sections of their 1998 Notices of Annual Meetings and Proxy Statements which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 1997. Such Proxy Statements will provide the information required by Part III of this Report.

PP&L Resources, Inc.
Two North Ninth Street
Allentown, PA 18101-1179

ppl

EXHIBIT J

IN DATE   Statement Date: DEC 31 1997

DUNS: 00-790-9427	DATE PRINTED	SUMMARY
PP&L, INC	AUG 31 1998	RATING 5A2
(FORMERLY PENNSYLVANIA POWER & LIGHT COMPANY)	ELECTRIC UTILITY	STARTED 1995
(SUBSIDIARY OF PP&L RESOURCES, INC, ALLENTOWN, PA)	SIC NOS. 49 11 67 99 46 13 65 12	SALES F $3,049,000,000 WORTH F $2,783,000,000 EMPLOYS 6,343 (2,000 HERE)
TWO NORTH NINTH STREET AND BRANCH(ES) OR DIVISION(S) ALLENTOWN PA 18101 TEL: 610 774-5151		HISTORY CLEAR FINANCIAL CONDITION GOOD

CHIEF EXECUTIVE: WILLIAM F HECHT, CHB-PRES

SPECIAL EVENTS

08/20/98 EARNINGS UPDATE: According to published reports, comparative operating results for the 6 months ended June 30, 1998 are as follows: revenue of $1,719,000,000; net income (loss) of $(793,000,000) and earnings per share of $(4.75) compared to revenue of $1,488,000,000; net income (loss) of $181,000,000 and earnings per share of $1.11 for the comparable period in the prior year.

OTHER SPECIAL EVENT: According to published reports, William F Hecht stated the company will reduce its quarterly common stock dividend from 41.75 cents per share to 25 cents per share, effective with the October 1, 1998 dividend payment.

STOCK/BOND ISSUANCE/REDEMPTION/REPURCHASE: According to published reports, the company plans to buy back up to 17 million shares of its common stock. Under the buyback program, which commences Friday (August 14, 1998), shareholders will have the opportunity to tender their shares within a price range established by the company.

CLOSING OF BRANCH/DIVISION: According to published reports, PP&L announced it will close its Holtwood coal-fire power plant in May of 1999 and that it will attempt to sell its Sunbury power plant. As a result of the plant closings and other previously announced reductions, the company expects the size of its work force to decrease about 250 over the next year.

03/17/98 Business name changed to PP&L, Inc.

* * * CUSTOMER SERVICE * * *

If you have questions about this report, please call our Customer Service Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.

*** Additional Decision Support Available ***

Additional D&B products, credit recommendations and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

* * * SUMMARY ANALYSIS * * *

The Summary Analysis section reflects information in D&B's file as of August 31, 1998.

RATING SUMMARY . . . .

The "5A" portion of the Rating (the Rating Classification) indicates that the company has a worth in excess of $50 million. The "2" on the right (Composite Credit Appraisal) indicates an overall "good" credit appraisal. This credit appraisal was assigned because of D&B's overall assessment of the company's financial, payment, and its historical information.

Below is an overview of the company's D&B Rating(s) since 05/02/95:

RATING	DATE APPLIED
5A2	04/02/96
--	05/02/95

* * * PAYMENT SUMMARY * * *

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

The PAYDEX for this company is 73.

This PAYDEX score indicates that payments to suppliers average 11 days beyond terms, weighted by dollar amounts. When dollar amounts are not considered, approximately 72% of the company's payments are within terms.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	TOTAL RCV'D	TOTAL DOLLAR AMOUNTS	LARGEST HIGH CREDIT	% W/IN TERMS	DAYS SLOW <31	31-60	61-90	91+
	#	$	$	%	%	%	%	%
Total in D&B's file	476	20,691,800	4,000,000					
Top 10 Industries:								
1 Nonclassified	27	351,700	300,000	55	-	45	-	-
2 Mfg computers	14	3,713,000	2,000,000	95	3	-	1	1
3 Mfg pumping equipment	9	390,100	200,000	27	73	-	-	-
4 Mfg electric wire dev	6	1,792,500	900,000	99	-	-	-	1
5 Petroleum refining	5	3,471,000	3,000,000	56	1	43	-	-
6 Mfg photograph equip	5	315,250	200,000	56	44	-	-	-
7 Whol const/mine equip	4	318,500	300,000	100	-	-	-	-
8 Nonferrous wiredrawng	3	1,001,250	1,000,000	50	50	-	-	-

9 Coal mining-undergrnd	1	4,000,000	4,000,000	100	-	-	-	-
10 Aluminum production	1	1,000,000	1,000,000	100	-	-	-	-
11 OTHER INDUSTRIES	359	2,797,750	250,000	58	27	9	3	3

Other Payment Categories:

Cash experiences	3	35,300	35,000
Payment record unknown	38	1,505,400	1,000,000
Unfavorable comments	1	50	50
Placed for collection			
with D&B	0	0	
other	0	N/A	

The highest "Now Owes" on file is $4,000,000
The highest "Past Due" on file is $200,000

Dun & Bradstreet has 476 payment experiences in its file for this company. For your convenience, we have displayed 80 representative experiences in the PAYMENTS section.

===

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)

Antic - Anticipated (Payments received prior to date of invoice)
Disc - Discounted (Payments received within trade discount period)
Ppt - Prompt (Payments received within terms granted)

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
08/98	Disc	500	-0-	-0-	2 30 N60	1 Mo
	Ppt	300000	-0-	-0-	N30	1 Mo
	Ppt	90000	-0-	-0-	N30	1 Mo
	Ppt	20000	15000			2-3 Mos
	Ppt	20000	10000			2-3 Mos
	Ppt	15000	-0-	-0-	N30	2-3 Mos
	Ppt	15000	15000	-0-		1 Mo
	Ppt	15000	15000	-0-	N30	1 Mo
	Ppt	7500	500	-0-		1 Mo
	Ppt	2500	-0-	-0-	N30	4-5 Mos
	Ppt	2500	-0-		N30	4-5 Mos
	Ppt	750	-0-	-0-	N30	4-5 Mos
	Ppt	500	-0-	-0-	N30	6-12 Mos
	Ppt	500	-0-	-0-	N30	6-12 Mos
	Ppt	500	100	-0-	N30	1 Mo
	Ppt	250	-0-	-0-	N30	6-12 Mos
	Ppt	250	-0-	-0-	2 10 N30	1 Mo
	Ppt	100	-0-	-0-	N30	2-3 Mos
	Ppt	100	100	-0-	N30	1 Mo
	Ppt	100	-0-	-0-		2-3 Mos
	Ppt	100	-0-	-0-	N30	2-3 Mos
	Ppt	100	-0-	-0-	N30	6-12 Mos
	Ppt	100	-0-	-0-	N30	2-3 Mos
	Ppt	50	-0-	-0-		6-12 Mos
	Ppt-Slow 15	1000	1000	-0-		1 Mo
	Ppt-Slow 30	200000	65000			2-3 Mos
	Ppt-Slow 30	70000	35000	-0-		1 Mo

	Ppt-Slow 30	30000	7500	-0-		1 Mo
	Ppt-Slow 30	5000	1000	50		1 Mo
	Ppt-Slow 30	2500	2500	2500	N30	2-3 Mos
	Ppt-Slow 30	1000	-0-	-0-		4-5 Mos
	Ppt-Slow 30	100	100	-0-		1 Mo
	Ppt-Slow 60	2500	-0-	-0-	2 10 N30	6-12 Mos
	Ppt-Slow 120	45000	2500	-0-	2 10 N30	1 Mo
	Slow 15	10000	2500	500	N30	1 Mo
	Slow 30	250	-0-			6-12 Mos
	Slow 50	2500	-0-	-0-		6-12 Mos
	Slow 80	10000	50	-0-		1 Mo
	Slow 120	50	-0-	-0-		6-12 Mos
07/98	Antic	7500	7500	-0-		1 Mo
	Disc	500	-0-	-0-		4-5 Mos
	Ppt	2000000	-0-	-0-	N30	2-3 Mos
	Ppt	100000	-0-	-0-	N30	4-5 Mos
	Ppt	7500	250	-0-	N30	1 Mo
	Ppt	5000	100	-0-	N30	1 Mo
	Ppt	2500	-0-	-0-		1 Mo
	Ppt	2500	-0-	-0-	N30	6-12 Mos
	Ppt	2500	-0-	-0-	N30	2-3 Mos
	Ppt	1000	-0-	-0-		2-3 Mos
	Ppt	1000	-0-	-0-	N30	1 Mo
	Ppt	1000	-0-	-0-		6-12 Mos
	Ppt	1000	-0-	-0-	N30	4-5 Mos
	Ppt	750	-0-	-0-	N30	6-12 Mos
	Ppt	750	-0-	-0-	1 10 N30	1 Mo
	Ppt	750	-0-	-0-	N30	1 Mo
	Ppt	500	50	-0-	2 10 N30	1 Mo
	Ppt	500	-0-	-0-		2-3 Mos
	Ppt	250	250	-0-		1 Mo
	Ppt	100	100	-0-		1 Mo
	Ppt	100	-0-	-0-	N30	2-3 Mos
	Ppt	100	-0-	-0-		1 Mo
	Ppt	100	-0-	-0-	N30	6-12 Mos
	Ppt	100	-0-	-0-	N30	4-5 Mos
	Ppt	50	50	-0-		1 Mo
	Ppt	50	-0-	-0-		6-12 Mos
	Ppt-Slow 30	40000	-0-	-0-	N30	2-3 Mos
	Ppt-Slow 30	15000	7500	-0-		1 Mo
	Ppt-Slow 30	10000	-0-	-0-	N30	1 Mo
	Ppt-Slow 90+	250	250	250	N30	2-3 Mos
	Ppt-Slow 120+	7500	2500	2500		1 Mo
	Slow 5	500	-0-	-0-		1 Mo
	Slow 15	1000	500	-0-	N30	1 Mo
	Slow 20	1000	1000	-0-	N30	1 Mo
	Slow 30	25000	2500	1000	N30	1 Mo
	Slow 30	5000	250	-0-	N30	1 Mo
	Slow 30	1000	1000	1000	N10	1 Mo
	Slow 30	750	-0-	-0-	N10	4-5 Mos
	Slow 80	2500	-0-	-0-		4-5 Mos
	Slow 90	250	-0-	-0-		6-12 Mos
	Slow 120	50	50	50		1 Mo

* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

FINANCE
03/17/98

	Fiscal Consolidated Dec 31 1995	Fiscal Consolidated Dec 31 1996	Fiscal Consolidated Dec 31 1997
Curr Assets	646,501,000	716,000,000	670,000,000
Curr Liabs	601,614,000	487,000,000	688,000,000
Current Ratio	1.07	1.47	.973
Working Capital	44,887,000	229,000,000	(18,000,000)
Plant	6,970,000,000	6,960,000	6,820,000,000
Worth	2,699,271,000	2,788,000,000	2,783,000,000
Sales	2,752,000,000	2,910,000,000	3,049,000,000
Operating Expenses	2,178,000,000	2,354,000,000	2,504,000,000
Deprec & Amort	352,000,000	366,000,000	377,000,000
Cash Prov Oper Act	696,000,000	799,000,000	786,000,000
Net Profit (Loss)	324,000,000	329,000,000	308,000,000

Fiscal Consolidated statement dated DEC 31 1997:

Cash	$ 21,000,000	Accts Pay	$ 148,000,000
Accts Rec	252,000,000	Short Term Debt	45,000,000
Inventory	200,000,000	Accruals	59,000,000
Deferred Income		Taxes	40,000,000
Taxes	22,000,000	L.T. Liab-(1yr)	150,000,000
Unbilled Revenues	126,000,000	Capital Lease	
Other Curr Assets	49,000,000	Obligations	58,000,000
		Dividends	81,000,000
		Other Curr Liabs	107,000,000
	---------------		---------------
Curr Assets	670,000,000	Curr Liabs	688,000,000
Fixt & Equip	6,820,000,000	Long Term Debt	2,483,000,000
Investments-Other	620,000,000	Redeemable	
Other Assets	1,362,000,000	Preferred Stock	295,000,000
		L.T. Liab-Other	250,000,000
		Def. Credits/Income	2,973,000,000
		PREFERRED STOCK	171,000,000
		COMMON STOCK	1,476,000,000
		ADDIT. PD.-IN CAP	64,000,000
		RETAINED EARNINGS	1,092,000,000
		CAP STOCK EXP	(20,000,000)
	---------------		---------------
Total Assets	9,472,000,000	Total	9,472,000,000

From JAN 01 1997 to DEC 31 1997 sales $3,049,000,000. Operating expenses $2,504,000,000. Operating income $545,000,000; other income $10,000,000; other expenses $207,000,000. Net income $308,000,000. Pfd stk div $(40,000,000). Retained earnings at start $1,094,000,000. Net income $308,000,000; dividends $310,000,000; retained earnings at end $1,092,000,000.

Prepared from statement(s) by Accountant: Price Waterhouse LLP, Philadelphia, PA.

ACCOUNTANTS OPINION: A review of the accountant's opinion indicates the financial statements meet generally accepted accounting principles and that the audit contains no qualifications.

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Accounts receivable shown net less $16,000,000 allowance. Fixed assets shown net less $3,570,000,000 depreciation.

..................STATEMENT FOOTNOTES............

CASH: Consists of cash and cash equivalents.

INVENTORY: Represents fuel, materials and supplies.

FIXTURES & EQUIPMENT: Represents net property, plant and equipment.

LONG TERM DEBT: Long term debt at Dec 31 1997, including current maturities, $150,000,000, and unamortized discount, $21,000,000 consisted of the following:.

(1) First mortgage bonds, various issues, interest rates ranging from 5-1/2% to 9-3/8%, due 1998-2029, $2,529,000,000.

(2) Other, $125,000,000.

Aggregate long term maturities through 2002 are (millions of dollars): 1998, $150; 2000, $125 and 2002, $150.

DEFERRED CREDITS/INCOME: Made up primarily of deferred income taxes, $2,022,000,000.

COMMITMENTS & CONTINGENCIES: Includes, amoung other, matters relating to administrative and legal proceedings.

..................ANNUAL TRENDS............

CASH FLOWS: Cash and cash equivalents decreased $80,000,000 during the 12 months ended Dec 31 1997. Net cash provided by operating activities amounted to $786,000,000 as compared to $799,000,000 for the 12 months ended Dec 31 1996.

OPERATING RESULTS: Revenues for the 12 months ended Dec 31 1997 increased to $3,049,000,000 as compared to $2,910,000,000 for the 12 months ended Dec 31 1996.

Net income decreased to $308,000,000 for the 12 months ended Dec 31 1997 as compared to $329,000,000 for the 12 months ended Dec 31 1996 as a result of higher power purchases costs.

...................MANAGEMENT INTERVIEW............

On MAR 17 1998 Management, submitted the above figures.

...................ANALYST'S COMMENTS..............

The company has ready access to financial markets and continues to maintain a favorable capital position. The deficit working capital position, common to the industry, is adequately supported by significant internal cash generation.

At the same time, annual depreciation has exceeded current debt maturities the past serveral years providing a substantial cushion for debt payback. Maturities over the next five years remain modest compared to depreciation trends.

Operations are being conducted on a profitable basis and maturing trade obligations are being handled in a satisfactory manner.

PUBLIC FILINGS

The following data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

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* * * JUDGMENT(S) * * *

DOCKET NO.: 95-N-2813

JDGMT TYPE:	Judgment	STATUS: Satisfied	
AGAINST:	$20,306-PENNSYLVANIA POWER & LIGHT COMPANY OTHER PARTY(IES) HAS OTHER OBLIGATION(S) UNDER THIS JUDGMENT	DATE STATUS ATTAINED:	02/22/1996
		DATE ENTERED:	12/05/1995
		LATEST INFO RECEIVED:	05/21/1996

IN FAVOR OF: GARRY BOYD SR.

WHERE FILED: DAUPHIN COUNTY PROTHONOTARY,
HARRISBURG, PA

If it is indicated that there are defendants other than the report subject, the lawsuit may be an action to clear title to property and does not necessarily imply a claim for money against the subject.

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* * * SUIT(S) * * *

CASE NO.: 4154C97
SUIT AMOUNT: $1,500
PLAINTIFF: BARRY C BOYER JR & CAROL
DEFENDANT: PENNA POER & LIGHT, HAZLETON, PA
WHERE FILED: LUZERNE COUNTY PROTHONOTARY, WILKES BARRE, PA
STATUS: Pending
DATE STATUS ATTAINED: 07/10/1997
DATE FILED: 07/10/1997
LATEST INFO RECEIVED: 08/27/1997

DOCKET NO.: 7358-1997
PLAINTIFF: MICHELE L. CLARK
CLAUDE J. CLARK III
DEFENDANT: PENNSYLVANIA POWER & LIGHT COMPANY
and OTHERS
WHERE FILED: LANCASTER COUNTY PROTHONOTARY, LANCASTER, PA
STATUS: Pending
DATE STATUS ATTAINED: 07/01/1997
DATE FILED: 07/01/1997
LATEST INFO RECEIVED: 11/10/1997

DOCKET NO.: 97-C-04516
PLAINTIFF: LOEATRICE BUDDOCK
PETER J. BUDDOCK
DEFENDANT: PENNSYLVANIA POWER AND LIGHT COMPANY
and OTHERS
WHERE FILED: NORTHAMPTON COUNTY PROTHONOTARY
EASTON, PA
STATUS: Pending
DATE STATUS ATTAINED: 06/23/1997
DATE FILED: 06/23/1997
LATEST INFO RECEIVED: 07/22/1997

DOCKET NO.: 01119 MAY 97
PLAINTIFF: $50,001-DANIEL J REPPERT
DEFENDANT: PENNSYLVANIA POWER & LIGHT COMPANY
and OTHERS
WHERE FILED: PHILADELPHIA COUNTY COMMON PLEAS COURT, PHILADELPHIA, PA
STATUS: Pending
DATE STATUS ATTAINED: 05/12/1997
DATE FILED: 05/12/1997
LATEST INFO RECEIVED: 06/02/1997

DOCKET NO.: 97C0868
PLAINTIFF: BILLIE JO BEERS-MOYER
DEFENDANT: PENNSYLVANIA POWER & LIGHT CO
WHERE FILED: LEHIGH COUNTY PROTHONOTARY, ALLENTOWN, PA
STATUS: Pending
DATE STATUS ATTAINED: 04/16/1997
DATE FILED: 04/16/1997
LATEST INFO COLLECTED: 05/20/1997

DOCKET NO.: 97C0306
PLAINTIFF: VILLAGE AT CAMELBACK PROPERTY OWNERS ASSOCIATION INC
DEFENDANT: PENNSYLVANIA POWER & LIGHT CO
WHERE FILED: LEHIGH COUNTY PROTHONOTARY, ALLENTOWN, PA
STATUS: Pending
DATE STATUS ATTAINED: 02/07/1997
DATE FILED: 02/07/1997
LATEST INFO COLLECTED: 03/07/1997

DOCKET NO.: 97C0006
PLAINTIFF: THOMAS MILLER
STATUS: Pending

ARMED FORCES INSURANCE CO — DATE STATUS ATTAINED: 01/02/1997
DEFENDANT: PENNSYLVANIA POWER & LIGHT CO — DATE FILED: 01/02/1997
WHERE FILED: LEHIGH COUNTY PROTHONOTARY, ALLENTOWN, PA — LATEST INFO COLLECTED: 01/27/1997

DOCKET NO.: 96C1868
PLAINTIFF: AARON M KNELLER — STATUS: Pending
DEFENDANT: PENNSYLVANIA POWER & LIGHT and OTHERS — DATE STATUS ATTAINED: 08/05/1996
DATE FILED: 08/05/1996
WHERE FILED: LEHIGH COUNTY PROTHONOTARY, ALLENTOWN, PA — LATEST INFO COLLECTED: 08/22/1996

DOCKET NO.: 96-C-05165
PLAINTIFF: JOSEPH S. MARCZYK
HELEN MARCZYK — STATUS: Change of venue granted
DATE STATUS ATTAINED: 08/29/1996
DEFENDANT: PENNSYLVANIA POWER AND LIGHT COMPANY and OTHERS — DATE FILED: 06/25/1996
LATEST INFO RECEIVED: 08/05/1998
WHERE FILED: NORTHAMPTON COUNTY PROTHONOTARY EASTON, PA

DOCKET NO.: 96-G0934
PLAINTIFF: DOUGLAS A. RAESNER — STATUS: Pending
DEFENDANT: PENNSYLVANIA POWER & LIGHT COMPANY and OTHERS — DATE STATUS ATTAINED: 06/21/1996
DATE FILED: 06/21/1996
LATEST INFO RECEIVED: 07/26/1996
WHERE FILED: LYCOMING COUNTY PROTHONOTARY, WILLIAMSPORT, PA

*** LIEN(S) ***

DOCKET NO.: 27-MLD-90
AMOUNT: $15,306 — STATUS: Open
TYPE: Mechanics — DATE STATUS ATTAINED: 11/08/1990
FILED BY: WESTERN SLATE CO — DATE FILED: 11/08/1990
AGAINST: PENNSYLVANIA POWER & LIGHT CO — LATEST INFO COLLECTED: 02/03/1993
WHERE FILED: LUZERNE COUNTY PROTHONOTARY, WILKES BARRE, PA

*** UCC FILING(S) ***

COLLATERAL: Negotiable instruments - Accounts receivable - Inventory - Oil, gas and minerals - and OTHERS
FILING NO: 28161597 — DATE FILED: 10/30/1997
TYPE: Original — LATEST INFO RECEIVED: 12/02/1997
SEC. PARTY: BANKERS TRUST CO, NEW YORK, NY — FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY

This data is for informational purposes only and is not an official record. Certified copies may be obtained from the Pennsylvania Department of State.

COLLATERAL: Negotiable instruments - Accounts receivable - Inventory - Oil, gas and minerals - and OTHERS
FILING NO: 28161581 — DATE FILED: 10/30/1997
TYPE: Original — LATEST INFO RECEIVED: 12/02/1997
SEC. PARTY: BANKERS TRUST CO, NEW YORK, NY — FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY

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Certified copies may be obtained from the Pennsylvania Department of State.

COLLATERAL: Negotiable instruments - Accounts receivable - Inventory - Oil, gas and minerals - and OTHERS
FILING NO: 23940356 DATE FILED: 01/27/1995
TYPE: Original LATEST INFO RECEIVED: 01/31/1995
SEC. PARTY: BANKERS TRUST CO, NEW YORK, NY FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY

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Certified copies may be obtained from the Pennsylvania Department of State.

COLLATERAL: Negotiable instruments - Accounts receivable - Oil, gas and minerals - Timber - and OTHERS
FILING NO: 23931562 DATE FILED: 01/26/1995
TYPE: Original LATEST INFO RECEIVED: 01/31/1995
SEC. PARTY: BANKERS TRUST CO, NEW YORK, NY FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY

This data is for informational purposes only and is not an official record.
Certified copies may be obtained from the Pennsylvania Department of State.

COLLATERAL: Specified Negotiable instruments including proceeds and products - Specified Accounts receivable including proceeds and products - Specified Inventory including proceeds and products - Specified Notes receivable including proceeds and products - and OTHERS
FILING NO: 22360306 DATE FILED: 09/02/1993
TYPE: Original LATEST INFO RECEIVED: 09/07/1993
SEC. PARTY: MORGAN GUARANTY TRUST CO OF NEW YORK, NEW YORK, NY FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY

This data is for informational purposes only and is not an official record.
Certified copies may be obtained from the Pennsylvania Department of State.

COLLATERAL: Specified Negotiable instruments
FILING NO: 22590573 DATE FILED: 11/17/1993
TYPE: Original LATEST INFO RECEIVED: 11/22/1993
SEC. PARTY: MORGAN GUARANTY TRUST CO OF NEW YORK, NEW YORK, NY FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY

This data is for informational purposes only and is not an official record.
Certified copies may be obtained from the Pennsylvania Department of State.

COLLATERAL: Specified Negotiable instruments - Specified Accounts receivable - Specified Inventory - Specified Oil, gas and minerals - and OTHERS
FILING NO: 21580744 DATE FILED: 01/25/1993
TYPE: Original LATEST INFO RECEIVED: 03/01/1993
SEC. PARTY: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, NEW YORK, NY FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY

COLLATERAL: Specified Negotiable instruments - Specified Accounts receivable - Specified Oil, gas and minerals - Specified Fixtures - and OTHERS
FILING NO: 20011087
DATE FILED: 08/28/1991
TYPE: Original
LATEST INFO RECEIVED: 10/09/1991
SEC. PARTY: MORGAN GUARANTY TRUST CO OF NEW YORK, NEW YORK, NY
FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT CO

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COLLATERAL: All Accounts receivable including proceeds and products - All General intangibles(s) including proceeds and products - All Chattel paper including proceeds and products - All Contract rights including proceeds and products - and OTHERS
FILING NO: 23361769
DATE FILED: 07/28/1994
TYPE: Original
LATEST INFO RECEIVED: 08/01/1994
SEC. PARTY: APPLE COMMERCIAL CREDIT, TROY, MI
FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY INC

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COLLATERAL: Building materials including proceeds and products - Leased Computer equipment including proceeds and products - Leased Communications equipment including proceeds and products - Leased Fixtures including proceeds and products - Leased Business machinery/equipment including proceeds and products
FILING NO: 25521454
DATE FILED: 06/05/1996
TYPE: Original
LATEST INFO RECEIVED: 06/10/1996
SEC. PARTY: NATIONSBANC LEASING CORP, TUCKER GA
FILED WITH: SECRETARY OF STATE/UCC DIVISION, PA
DEBTOR: PENNSYLVANIA POWER & LIGHT COMPANY

This data is for informational purposes only and is not an official record. Certified copies may be obtained from the Pennsylvania Department of State.

There are additional suits, liens, or judgments in D&B'S file on this company available by contacting 1-800-234-3867.

There are additional UCC's in D&B's file on this company available by contacting 1-800-234-3867.

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

BANKING

MARCH 1998: PP&L Resources has a revolving credit agreement totaling $300 million.

HISTORY
03/17/98

WILLIAM F HECHT, CHB-PRES-CEO+ FRANCIS A LONG, EX V PRES-COO+
ROBERT G BYRAM, SR V PRES/NUCLEAR
DIRECTOR(S): The officers identified by (+) and E Allen Deaver, William J Flood, Elmer D Gates, Dr Stuart Heydt, Clifford L Jones, Ruth Leventhal, and Norman Robertson.

Authorized capital consists of 170,000,000 shares common stock, no par value; 10,629,936 shares preferred stock, $100 par value and 5,000,000 shares preference stock, no par value.

There were 157,300,382 ($1,476,048,000) common shares; 4,663,745 ($466,375,000) cumulative preferred shares, including 2,950,000 ($295,000,000) cumulative preferred shares with sinking fund requirements at Dec 31 1997.

Trade style unregistered. Utilized for certain advertising purposes.

..................BUSINESS HISTORY/CONTROL.................

Business started 1920. Present control succeeded Apr 27 1995. 100% of capital stock is owned by PP&L Resources, Inc. PP&L, Inc became a wholley owned subsidiary of a newly formed holding company on Apr 27 1995 through a stock swap restructuring. All common stock of PP&L was exchanged for common stock of PP&L Resources, Inc on a share for share basis.

...................MANAGEMENT BACKGROUND..................

HECHT born 1943. 1964 Lehigh University, BSEE; 1970, MSEE. 1964-present Pennsylvania Power & Light Company, various management and executive positions. 1990 executive vice president/operations. 1991 president and chief operating officer. 1993 Chairman, president and Chief Executive Officer.

LONG born 1941. 1963 Northeastern University, BSEE. 1963-present Pennsylvania Power & Light Company, various management and executive positions. 1990 senior vice president/system power and engineering. 1993 executive vice president and chief operating officer.

BYRAM born 1945. Graduated Drexel University, BSME; Franklin and Marshall College, MS Physics. 1973-76 Tampa Electric Company and Consumers Power Company. 1971-73 and 1976-present Pennsylvania Power & Light Company, various management and executive positions. 1993 senior vice president/nuclear.

OTHER PRINCIPAL OFFICERS. There are numerous other officers within the company.

.....................OUTSIDE DIRECTORS....................

DEAVER, executive vice president, Armstrong World Industries Inc, Lancaster, PA.

FLOOD, secretary and treasurer, Highway Equipment & Supply Co, Hazelton, PA.

GATES, Vice Chairman, Fuller Company, Bethlehem, PA.

HEYDT, president and chief operating officer, Geisinger Foundation, Danville, PA.

JONES, former president, Pennsylvania Chamber of Business and Industry, Mechanicsburg, PA.

LEVENTHAL, professor of biology, Milton S Hershey Medical Center.

ROBERTSON, senior vice president and chief economist, Mellon Bank NA, Pittsburgh, PA.

......................RELATED COMPANY.....................

PP&L, Inc owns one-third of the capital stock (representing one-half of voting securities) of Safe Harbor Water Power Corp, Conestoga, PA. Safe Harbor Water Power Corp, started 1930, operates a hydroelectric power plant on the Susquehanna River. Intercompany relations include power purchases billed on net 30 day terms and certain guarantees of Safe Harbor debt obligations. No loans, advances or endorsements.

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OPERATION
03/17/98 Subsidiary of PP&L Resources, Inc, Allentown, PA started 1994 which operates as holding company. Parent company owns 100% of capital stock.

PP&L, Inc, individually, is principally engaged in the generation, transmission and distribution of electric energy (100%). Wholly owned subsidiary companies are primarily engaged in conducting unregulated business activities, holding coal reserves, oil transportation (pipeline/refined), real estate (commercial) and passive financial investments (portfolio) (less than 1% contribution to consolidated activities).
Principal utility billings made monthly, net due 30 days. Had 1,247,000 electric customers at Dec 31 1997. Sells to residential, commercial and industrial accounts, other utilities and many others.
Territory : A 10,000 square-mile area in 29 counties of central eastern Pennsylvania.
Season peaks winter months.

EMPLOYEES: 6,343. 2,000 employed here. No great employee variance despite some seasonal peaks. Employees here represents parent company employees at headquarters location.

FACILITIES: Owns 100,000 sq. ft. in 23 story office building in good condition. (One of several buildings in the complex).

LOCATION: Central business section on main street.

BRANCHES: Coal-fired steam generating stations are located at Montour, Brunner Island, Sunbury, Martins Creek, Keystone (company's 12.34 undivided interest), Conemaugh (company's 11.39 undivided interest) and Holtwood, PA. An oil-fired generating facility is situated at Martins Creek, PA. Hydroelectric plants are located at Safe Harbor (firm purchases), Wallenpaupack and Holtwood, PA. A nuclear generating station is situated at Berwick (Susquehanna Station) (company's 90% undivided interest), PA.
Other facilities are situated in Williamsport, Wilkes-Barre, Scranton, Hazleton, Allentown, Harrisburg, and Lancaster, PA.

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GLOBAL ACTIVITY.

The following section is a global summary and is intended to assist D&B's non-U.S. customers when evaluating D&B reports on U.S. companies.

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IMPORT/EXPORT ACTIVITY.

Not Reported.

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Based on information in our file, D&B has assigned this company an extended 8 digit SIC. D&B's use of 8 digit SICs enables us to be more specific to a company's operations than if we use the standard 4 digit code.

49119902 Electric power generation.
67990000 Investors.
46130000 Refined petroleum pipelines.
65120100 Commercial building operation.

....
GLOBAL NEWSWORTHY EVENTS.
None reported.

SUBSIDIARIES: PP&L, Inc has several direct and indirect subsidiary units, all wholly owned, engaged in the consolidated operations described above. Intercompany relations comprise merchandise and service transactions on net 30 day terms and occasional loans and advances payable at the discretion of management. No endorsements or guarantees.

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FULL DISPLAY COMPLETE

1998
PP&L RESOURCES, INC.
INSURANCE PROGRAM

TYPE OF COVERAGE	COVERAGE DESCRIPTION	DEDUCTIBLE	LAYER	INSURER	LIMIT	TERM	EXP. DATE
All-Risk Property	Physical damage to PP&L property and breakdown of boilers & machinery	$500,000		Protection Mutual	$4.440 billion	5 years	12/13/99
Fossil Extra Expense	Revenue loss due to an insured forced outage of fossil units	45 days		Lloyds	$70,000,000	1 year	12/01/98
Bonds	Dishonest acts by employees	Various		Arkwright	Various	Various	1/1/99
	Transfer agent activities	Various		Seaboard	Various	Continuous	N/A
Primary Liability	Claims administration fee	N/A		PMA	N/A	1 year	12/31/98
Excess Comprehensive General Liability	Third-party public & vehicle liability claims resulting from Company operations	$2,000,000	Primary	AEGIS	$25 million	4 years	12/31/99
			Second	Energy Insurance Mutual	$100 million	3 years	12/31/98
			Third	XL Insurance Co. Limited	$40 million	3 years	12/31/00
				TOTAL	$165 million		
Fiduciary Liability	Wrongful acts arising out of administration of employee benefit plans	$1,000,000 Corp. Reimb.		AEGIS	$25 million	1 year	12/31/98

EXHIBIT K

1998
PP&L RESOURCES, INC.
INSURANCE PROGRAM

TYPE OF COVERAGE	COVERAGE DESCRIPTION	DEDUCTIBLE	LAYER	INSURER	LIMIT	TERM	EXP. DATE
Vehicle Liability	Vehicle liability property damage claim payments & fronting policy fee	$150,000		PMA	$0	1 year	12/31/98
Workers' Compensation	Compensation & medical benefits for employees injured on the job & claims administration fee	$5,000,000		PMA	Statutory	1 year	12/31/98
Directors & Officers Liability	Legal expenses & awards (if any) arising out of claims alleging wrongful acts by directors & officers	$1,000,000 Corp. Reimbursement	First	AIG	$25 million	1 year	12/31/98
			Second	AEGIS	$25 million		
			Third	ACE	$25 million		
			Fourth	EIM	$25 million		
				TOTAL	$100 million		
K&R	Executive risk protection	$0		AIG	$5 million	3 years	07/27/98
Owner-Provided Liability Program	Liability coverage for PP&L subcontractors	$0		PMA	$500,000	2 years	12/31/99

1998
PP&L RESOURCES, INC.
INSURANCE PROGRAM

TYPE OF COVERAGE	COVERAGE DESCRIPTION	DEDUCTIBLE	LAYER	INSURER	LIMIT	TERM	EXP. DATE
Nuclear Property	Physical damage, including nuclear contamination, to Susquehanna SES	$1,000,000	Primary	NML	$500 million	1 year	04/01/98
			Excess	NEIL II	$2.250 billion	1 year	11/15/98
				TOTAL	$2.750 billion		
Nuclear Extra Expense	Revenue loss caused by an insured forced outage of Susquehanna units	12 weeks		Lloyds	17.5 million	1 year	12/01/98
		17 weeks		NML	$21 million	1 year	04/01/98
		21 weeks		NEIL I	$473.2 million	1 year	09/15/98
				TOTAL	$511.7 million		
Nuclear Facility Form	Liability losses caused by the nuclear energy hazard	$0	First	ANI	$200 million	1 year	01/01/99
			Second	Secondary Fin. Protection	$8.720 billion		
				TOTAL	$8.920 billion		
Nuclear S & T Form	Liability losses caused by radioactive expousure away from plant site	$0		ANI	$200 million	1 year	01/01/99
Nuclear Workers Form	Liability losses from non-employee site workers	$0		ANI	$200 million	1 year	01/01/99

Executive Bio

PP&L Resources, Inc.

Frank A. Long is executive vice president of PP&L Resources, Inc. He also serves as executive vice president and chief operating officer of the company's electric utility subsidiary, Pennsylvania Power & Light Co.

Long started his career with PP&L in 1963 as an engineer in the System Planning Department. He was named manager-Engineering Systems in 1971. Long was named manager-Engineering & Scientific Systems in 1976, and two years later was named manager-Systems & Programming. He became manager-System Planning in 1983, and in 1989 was promoted to vice president-Power Supply. In 1990, he was appointed senior vice president-System Power & Engineering and became a member of PP&L's Corporate Leadership Committee.

Frank A. Long

He was named executive vice president and chief operating officer of PP&L in January 1993 and became executive vice president of PP&L Resources when the company was created by shareowners in April 1995.

Long has served as a member of the management committee of the Pennsylvania-New Jersey-Maryland Interconnection, the regional power pool in which PP&L participates. He also has been a member of the Executive Board of the Mid Atlantic Area Council, one of the nine regional councils comprising North American Electric Reliability Council (NERC). He is on the executive committee of the Pennsylvania Electric Association.

He is a member of the board of directors of the Visiting Nurses Association of the Lehigh Valley and also serves as a director of the Smart Discovery Center at Lehigh University, Bethlehem.

A native of Brockton, Mass., Long earned his bachelor of science degree in electrical engineering from Northeastern University. He is a registered professional engineer in Pennsylvania.

PP&L Resources, Inc. is based in Allentown, Pa. Its subsidiaries provide electric power to 1.2 million homes and businesses in central eastern Pennsylvania, invest in power projects throughout the United States and around the world and provide energy-related products and services.

Executive Bio

PP&L Resources, Inc.

John Cotter is vice president-Business Markets for PP&L, Inc. He heads the PP&L EnergyPlus sales function for business and industrial customers.

John Cotter

Cotter started at PP&L in April 1997 as manager of Energy Marketing and Gas Trading. He was named to his current position in January 1998.

Cotter came to PP&L from PECO Energy Co., where he was a power trader for off-system energy purchases and sales. He previously had served as fuel supply manager for PECO's fossil-fuel power plants.

Prior to joining PECO, Cotter had served in executive and management positions in the oil industry, specializing in trading, marketing and supply.

A native of Chester, Pa., Cotter earned an accounting degree from Widener University.

PP&L, Inc., based in Allentown, Pa., is a subsidiary of PP&L Resources, Inc. It provides electric power to 1.2 million homes and businesses in central eastern Pennsylvania. Other subsidiaries of PP&L Resources invest in power projects throughout the United States and around the world and provide energy-related products and services.

Executive Bio

PP&L Resources, Inc.

John F. Sipics is vice president-Retail Energy Supply at Pennsylvania Power & Light Co., the electric utility subsidiary of PP&L Resources, Inc. He leads the company's newly created organization that will compete with other suppliers to sell electricity to customers throughout Pennsylvania — including PP&L's current customers — in customer choice pilot programs. The group also will compete to sell electricity throughout the Mid-Atlantic region as more customers become eligible to choose electricity suppliers.

John F. Sipics

Sipics began his career at PP&L in 1970 as an engineer in the System Planning Department. He subsequently served as a project engineer, an operations coordinator- System Operation and a senior project engineer-System Planning. He later served as manager-Resource Planning and then as manager-System Operation before being promoted in 1994 to general manager of Power Systems Support, his most-recent position.

An active member of industry associations, Sipics has participated in the Institute of Electrical and Electronics Engineers; the Electric Power Research Institute's Power System Planning & Operations Task Force; the North American Electric Reliability Council Operating Committee; and various Pennsylvania-New Jersey-Maryland Interconnection Association committees and task forces.

Sipics earned bachelor's and master's degrees in electrical engineering from Lehigh University, where he also served as an adjunct lecturer for six years. He is a registered professional engineer in Pennsylvania.

Pennsylvania Power & Light Co., based in Allentown, Pa., is a subsidiary of PP&L Resources, Inc. It provides electric power to 1.2 million homes and businesses in central eastern Pennsylvania. Other subsidiaries of PP&L Resources invest in power projects throughout the United States and around the world and provide energy-related products and services.

Executive Bio

PP&L Resources, Inc.

Robert J. Grey is senior vice president, general counsel and secretary of PP&L Resources, Inc. and Pennsylvania Power & Light Co., the company's electric utility subsidiary. Grey is the corporate officer responsible for coordinating external communications and governmental, regulatory and public affairs.

Robert J. Grey

Grey joined PP&L in February 1995 as vice president, general counsel and secretary. He was promoted to his current position in March 1996. Prior to his work at PP&L, Grey was general counsel for Long Island Lighting Co. for two and a half years. Prior to that, he had been a partner with the law firm of Preston Gates & Ellis of Seattle, Wash., and Portland, Ore. His experience also includes several years as a staff counsel for the New York Public Service Commission, and he served as an attorney for the U.S. Environmental Protection Agency.

Grey is a member of the bar in Georgia, Maryland, the District of Columbia, New York, Oregon, Washington and Pennsylvania. He also is a member of the American Bar Association, where he serves on the Corporate General Counsel Committee and on the Council Group of Public Utility, Communications and Transportation Law Section. Grey is on the executive committee of the Pennsylvania Electric Association and is a member of the Conference Board's Council of Chief Legal Officers. Grey serves on the board of the Jewish Federation of the Lehigh Valley and is a member of the Federation's Endowment Committee.

A native of Westbury, Long Island, N.Y., Grey earned his bachelor of arts degree from Columbia University, his doctor of law degree from Emory University and a master of laws degree in taxation from George Washington University.

PP&L Resources, Inc. is based in Allentown, Pa. Its subsidiaries, provide electric power to 1.2 million homes and businesses in central eastern Pennsylvania, invest in power projects throughout the United States and around the world and provide energy-related products and services.

Contact: Dan McCarthy (610) 774-5758

Executive Bio

PP&L Resources, Inc.

James E. Abel, CMA, CFM; currently holds the position of treasurer of PP&L, Inc. and PP&L Resources, Inc., the parent company of PP&L, Inc. In this capacity, his responsibilities include corporate finance and overseeing administration of the company's cash management, credit risk management, payroll, accounts payable and financial risk management activities.

James E. Abel

Prior to his present position, Abel served as manager-Corporate Audit Services from 1995 to 1996 and manager-Treasury from 1984 through 1995, both at PP&L, Inc.

Abel holds a B.S. degree in accounting (with honors) and an MBA in finance from Lehigh University. He is currently an active member of the Treasury Management Association of Central Pennsylvania.

PP&L Resources, Inc., a Fortune 500 company, is based in Allentown, Pa. Its subsidiaries provide electric power to 1.2 million homes and businesses in eastern and central Pennsylvania; sell retail electricity; market or trade wholesale energy to 26 states and Canada; invest in power projects throughout the United States and worldwide, including the United Kingdom, Chile, El Salvador, Argentina, Spain, Portugal, Bolivia, Peru and Brazil; provide natural gas and propane services; and energy management and heating, ventilating and air-conditioning services.

Contact: Dan McCarthy (610) 774-5758

EXHIBIT M

AFFIDAVIT

Commonwealth of Pennsylvania :

: ss.

County of Lehigh :

John F. Cotter, Affiant, being duly sworn according to law, deposes and says that:

He is the Vice President-Marketing of PP&L EnergyPlus Co.;

That he is authorized to and does make this affidavit for said Applicant;

That PP&L EnergyPlus Co., the Applicant herein, will be a member of the Mid Atlantic Area Council and will adhere to the reliability protocols of the North American Electric Reliability Council, the appropriate regional reliability council(s) and the Commission;

That PP&L EnergyPlus Co., the Applicant, herein, agrees to comply with the operational requirements of the control area(s) in which PP&L EnergyPlus Co. provides retail service; and

That the facts above set forth are true and correct to the best of his knowledge, information and belief and that he expects said Applicant to be able to prove the same at any hearing hereof.

John F. Cotter

Signature of Affiant

Sworn and subscribed before me this 31st day of August, 1998.

Francine A. Greenzweig

Signature of official administering oath

My commission expires October 29, 1998

NOTARIAL SEAL
FRANCINE A. GREENZWEIG, Notary Public
City of Allentown, Lehigh County, PA
My Commission Expires Oct. 29, 1998