

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00	:	
2. BUREAU: FUS	:	
3. SECTION(S):	:	
5. APPROVED BY:	:	4. PUBLIC MEETING DATE:
DIRECTOR:	:	00/00/00
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 12/09/96
8. DOCKET NO: A-110500 F0247	:	9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: NEXTLINK PENNSYLVANIA, L.P.

RESPONDENT/APPLICANT: PENNSYLVANIA POWER & LIGHT CO.

COMP/APP COUNTY:

UTILITY CODE: 110500

ALLEGATION OR SUBJECT

APPLICATION OF PENNSYLVANIA POWER & LIGHT COMPANY FOR APPROVAL UNDER SECTION 1102(A)(3) OF THE TRANSFER TO NEXTLINK PENNSYLVANIA, L.P. OF AN INTEREST IN CERTAIN FIBER OPTIC CABLE.

**DOCKETED**  
DEC 23 1996

**DOCUMENT  
FOLDER**

2000 One Logan Square  
Philadelphia, PA 19103-6993  
215-963-5000  
Fax: 215-963-5299

**ORIGINAL**

**Morgan, Lewis  
& Bockius LLP**  
C O U N S E L O R S   A T   L A W

Anthony C. DeCusatis  
215-963-5034

December 9, 1996

**DOCKETED**  
DEC 23 1996

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PROTHONOTARY'S OFFICE

**VIA HAND DELIVERY**

John G. Alford, Secretary  
Pennsylvania Public Utility Commission  
New Filing Section - Room B-20  
North Office Building  
Commonwealth Avenue and North Street  
Harrisburg, PA 17120

A-110500F0247

Re: **Application Of Pennsylvania Power & Light Company For  
Approval Under Section 1102(a)(3) Of The Transfer To NEXTLINK  
Pennsylvania, L.P. Of An Interest In Certain Fiber Optic Cable  
Docket No. A-**

Dear Secretary Alford:

Enclosed for filing are an original and two copies of the **Application Of Pennsylvania Power & Light Company For Approval Under Section 1102(a)(3) Of The Transfer To NEXTLINK Pennsylvania, L.P. Of An Interest In Certain Fiber Optic Cable**. An affidavit of verification is attached to the Application, and a check in the amount of \$350 payable to the Commonwealth of Pennsylvania is enclosed in satisfaction of the Commission's filing fee under 52 Pa. Code § 1.43(a).

Exhibit A to the Application consists of the Agreement for Fiber Optic Facilities on Electric Transmission Structures (the "Agreement") between Pennsylvania Power & Light Company ("PP&L") and NEXTLINK Pennsylvania, L.P. ("NEXTLINK"). The Agreement contains proprietary information and, therefore, the original and two copies of the Application provided for the public document folder do not contain Exhibit A. Instead, an original and two copies of the Application together with Exhibit A have been enclosed in a sealed envelope marked "Proprietary," which should be retained in folders not available for public inspection. If any complainants, intervenors or other parties with legitimate interests in this matter desire to review Exhibit A, PP&L will provide copies thereof for inspection upon execution of an

**DOCUMENT  
FOLDER**

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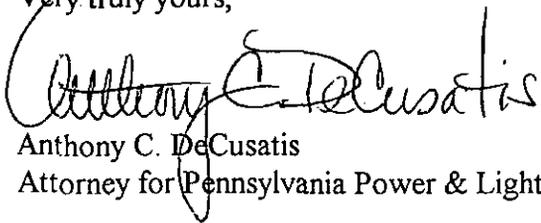
John G. Alford, Secretary  
December 9, 1996  
Page 2

appropriate confidentiality and non-disclosure agreement. Arrangements for a confidentiality and non-disclosure agreement can be made with the undersigned.

An additional copy of this letter and of the Application are enclosed to be date-stamped and returned to us as evidence of filing.

If there are any questions concerning the Application, please feel free to call us.

Very truly yours,



Anthony C. DeCusatis  
Attorney for Pennsylvania Power & Light Company

ACD  
Enclosures

cc: Douglas T. Beebe, Office of Special Assistants (w/encl)  
Irwin A. Popowsky, Consumer Advocate (w/encl)  
Bernard A. Ryan, Jr. Small Business Advocate (w/encl)

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF PENNSYLVANIA :  
POWER & LIGHT COMPANY FOR :  
APPROVAL UNDER SECTION 1102(A)(3) : DOCKET NO. A-  
OF THE TRANSFER TO NEXTLINK :  
PENNSYLVANIA, L.P. OF AN INTEREST :  
IN CERTAIN FIBER OPTIC CABLE :

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APPLICATION

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TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("COMMISSION"):

A. INTRODUCTION

1. The name and address of the Applicant are:

Pennsylvania Power & Light Company  
Two North Ninth Street  
Allentown, PA 18101

2. The names and addresses of the Applicant's attorneys are:

David B. MacGregor  
Anthony C. DeCusatis  
Morgan, Lewis & Bockius LLP  
2000 One Logan Square  
Philadelphia, PA 19102

and

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PROTHONOTARY'S OFFICE

Jesse A. Dillon  
Pennsylvania Power & Light Company  
Two North Ninth Street  
Allentown, PA 18101

3. This Application pertains to a transaction whereby the Pennsylvania Power & Light Company ("PP&L" or the "Company") will transfer to NEXTLINK Pennsylvania, L.P. ("NEXTLINK") an interest in certain fiber optic cables owned or to be installed by PP&L as part of PP&L's fiber optic network and grant NEXTLINK an option to lease a portion of certain additional fiber optic cables, pursuant to an Agreement for Fiber Optic Facilities on Electric Transmission Structures (the "Agreement"). A copy of the Agreement is attached as Exhibit A hereto.

B. THE COMPANIES

4. PP&L is a public utility that provides electric service to the public under and subject to the regulatory jurisdiction of the Commission. As of September 30, 1996, PP&L furnished electric service to approximately 1.2 million customers in its service territory encompassing 29 counties in central-eastern Pennsylvania. In addition to its retail operations, PP&L supplies wholesale electric service to 16 Pennsylvania boroughs subject to the regulatory jurisdiction of the Federal Energy Regulatory Commission ("FERC").

5. NEXTLINK is a limited partnership maintaining its principal office at 925 Berkshire Boulevard, Wyomissing, Pennsylvania. NEXTLINK is engaged in the

business of providing telecommunications services using telecommunications facilities located within Pennsylvania. NEXTLINK is not affiliated with PP&L, and the transaction described herein was negotiated at arms-length.

C. PP&L'S FIBER OPTIC NETWORK

6. PP&L needs extensive communication links among its various facilities (service centers, operations centers, substations, generating stations) for voice and data transmission. Historically, these communication links were maintained over lines owned and operated by telephone common carriers.

7. Based upon extensive study of its communications needs, PP&L determined that those needs could be met more efficiently, reliably and cost-effectively by developing a fiber optic network connecting all of the Company's major locations with fiber owned by PP&L or dedicated to its use. A substantial portion of this network is in place. The transactions for which approval is herein requested will provide an important addition to the Company's fiber optic network.

D. THE TRANSACTION

8. Harwood to Wilkes-Barre/Scranton. PP&L will construct a 48-fiber cable from its Harwood substation to Wilkes-Barre and from Wilkes-Barre to its Scranton substation. PP&L will grant NEXTLINK a perpetual Indefeasible Right of Use ("IRU") in 24 fibers in these cables. NEXTLINK has agreed to pay the full construction cost for

the installation of a 36-fiber cable along this route. The incremental cost for the difference between a 36 and 48-fiber cable will be borne by PP&L. In addition, NEXTLINK has agreed to pay 2/3rds of the operating and maintenance ("O&M") expenses for the Harwood to Wilkes-Barre/Scranton cable. As the facts recited above indicate, NEXTLINK will pay a share of the construction and O&M costs that exceed its proportionate use of the fiber optic cable to be installed. This additional amount is consideration for PP&L's granting NEXTLINK an IRU in PP&L's Wescosville to Harwood cable, as described hereafter.

9. Wescosville to Harwood. PP&L has an existing 36 fiber cable that runs from its Wescosville substation to its Harwood substation. PP&L will grant NEXTLINK a perpetual IRU in 12 fibers of this cable. In addition, PP&L will grant NEXTLINK an option, exercisable within one year of the effective date of the Agreement, to lease, for a 10-year term, an additional 4 dark fibers for an annual lease fee as set forth in Section 10.c.iv. of the Agreement. The option can be extended for two additional option periods of one-year each. NEXTLINK can obtain the one-year option extensions by payment of a fee equal to a fixed percentage of the annual lease fee for each option extension, as stated in Section 10.c.ii. of the Agreement.

10. Space for communications hut. PP&L also agrees to provide NEXTLINK with internal or external space for the placement of a communications hut as may be needed for NEXTLINK or its customers.

E. ACCOUNTING TREATMENT

11. Payments made by NEXTLINK toward the construction cost of the Harwood to Wilkes-Barre/Scranton cable will be recorded as credits to FERC Account No. 107 - Construction Work In Progress. Under this accounting, PP&L's property records will include, as the original cost of the fiber optic cable, only an amount net of the applicable payments received from NEXTLINK.

12. Amounts received from NEXTLINK for O&M expense reimbursement will be recorded as offsetting credits to O&M expenses in FERC Account Nos. 401 and 402.

13. If NEXTLINK exercises its option to lease additional fibers in the Wescosville to Harwood cable, lease fees paid by NEXTLINK will be recorded as Other Operating Revenue in FERC Account No. 454 - Rent from Electric Property. Similarly, if NEXTLINK extends the option, the option extension fees will also be recorded as Other Operating Revenue.

F. CONCLUSION: THE TRANSACTION IS IN THE PUBLIC INTEREST

14. The transaction described herein is in the public interest, and approval thereof, as evidenced by the issuance of a certificate of public convenience, should be granted, for the following principal reasons:

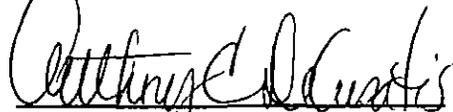
a. The proposed transaction will help PP&L to complete its fiber optic network and, thereby, implement a more reliable, efficient and cost-effective system for voice and data communication among its major facilities;

b. The proposed transaction will provide a relatively low-cost source of financing for the construction of a portion of the Company's fiber optic network;

c. The proposed transaction will have no adverse effect upon the service or rates of PP&L and, in fact, is designed to improve service and stabilize or reduce expenses relative to other available alternatives.

WHEREFORE, for the reasons set forth above, Pennsylvania Power & Light Company requests that the Commission enter an Order approving this Application and issue a certificate of public convenience evidencing its approval of the transaction hereinbefore described.

Respectfully submitted,



David B. MacGregor  
Anthony C. DeCusatis  
Morgan, Lewis & Bockius LLP  
2000 One Logan Square  
Philadelphia, PA 19102

Jesse A. Dillon  
Pennsylvania Power & Light Company  
Two North Ninth Street  
Allentown, PA 18101

Counsel for  
Pennsylvania Power & Light Company

OF COUNSEL:

MORGAN, LEWIS & BOCKIUS LLP  
One Logan Square  
Philadelphia, PA 19103

DATE: December 9, 1996

# PROPRIETARY INFORMATION

Docket Number A-110500

Name of Document Agreement for Fiber  
Optic Facilities on Electric Transmission  
Structures

Date Document Received 12-9-1986

DOCUMENT CONTAINS

PROPRIETARY INFORMATION

EXHIBIT A

Agreement for Fiber Optic Facilities on Electric Transmission Structures

Between  
NEXTLINK Pennsylvania, L.P.  
and  
Pennsylvania Power & Light Company

**PLEASE NOTE: THIS AGREEMENT IS PROPRIETARY AND CONFIDENTIAL AND IS NOT TO BE INCLUDED IN ANY PUBLIC DOCUMENT FOLDER AND SHOULD BE TREATED AS AN EXCEPTION TO THE PENNSYLVANIA "RIGHT-TO-KNOW" ACT. COPYING, DISCLOSURE OR RELEASE OF THIS DOCUMENT WITHOUT THE WRITTEN PERMISSION OF PENNSYLVANIA POWER & LIGHT COMPANY IS NOT PERMITTED.**

