



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA

JOHN M. QUAIN  
CHAIRMAN

July 10, 1998

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

TO THE PARTIES:

On July 9, 1998, the Commission ruled on Petitions for Reconsideration of the PP&L restructuring plan, as identified in the Commission's June 15, 1998 order. After consultation with my fellow Commissioners, I have been authorized to send this letter which offers the opportunity for substantive settlement discussions in this case.

We all wish to avoid costly and non-constructive appellate litigation. Thus far, this complex and admittedly difficult matter has been marked by commendable forbearance and cooperative efforts by all involved. We wish to see that effort continue. Therefore, we would offer a settlement conference to be convened on Thursday, July 16, 1998, at 10:00 a.m. in Executive Chambers, 1st Floor, North Office Building in Harrisburg, to address a limited set of issues identified by the parties, in an attempt to forestall or resolve appellate litigation.

There are certain pre-conditions, however, which must be met to accomplish this and to accept the offer of a settlement conference. First, in order to convene such a settlement conference, we ask all parties to fax written notice to my office by noon on Wednesday, July 15, 1998, that they accept the offer of the conference and will attend, coming to the table in good faith, with full authority to negotiate and to resolve the issues. Since I would facilitate the conference, we further request that the parties waive any objection to my voting on the compliance filing issues, or any subsequent petitions arising from a settlement conference, or, if that conference is not successful, any remand of this case by any appellate court.

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The parties must also clearly state those issues which they are bringing to the table. Again, we would stress that what is essential is not a re-opening of this entire matter, but an articulation of the essential positions the parties hold contrary to the Commission's orders of June 15 and July 9, 1998.

Kindly consider this offer and respond at the earliest date possible.



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JOHN M. QUAIN  
Chairman

cc: Vice Chairman Bloom  
Commissioner Rolka  
Commissioner Brownell  
Commissioner Wilson

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July 13, 1998

VIA HAND DELIVERY

James McNulty, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
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PA. P.U.C.  
SECRETARY'S BUREAU

RE: Application of Pennsylvania Power & Light Company  
For Approval of its Restructuring Plan Under Section 2806  
of the Public Utility Code;  
Docket No. R-00973954

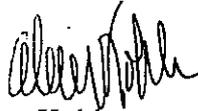
Dear Mr. McNulty:

Please find the original and three copies of Enron's corrected answer to PP&L Inc.'s Reconsideration Petition in the above-referenced matter. Please replace Enron's original answer with the corrected one. Thank you for your attention to this matter.

If you have any questions, please contact the undersigned.

Respectfully,

EEF



Alan Kohler

For WOLF, BLOCK, SCHORR and SOLIS-COHEN, LLP

AK/cln  
Enclosures  
cc: All Parties of Record

DSH:11441.1

**ORIGINAL**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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ENRON POWER MARKETING, INC.'S  
ANSWER TO PP&L, INC.'S RECONSIDERATION PETITION

Enron Power Marketing, Inc. ("Enron"), by its counsel, submits this Answer in response to the petition filed by PP&L Inc. ("PP&L") on June 26, 1998 seeking reconsideration and other related relief pertaining to the Commission's June 15, 1998 Opinion and Order establishing a restructuring plan for PP&L at the above-captioned docket. PP&L has requested expedited treatment and seeks Commission adjudication of its petition at its July 9, 1998 Public Meeting.<sup>1</sup>

In responding to PP&L's petition, Enron is focusing on paragraphs 37 and 38 of the petition which requests the Commission to reconsider a requirement included in PP&L's Code of Conduct under which PP&L must seek and receive regulatory approval

<sup>1</sup> Enron strongly supports PP&L's request for expedited treatment. As set forth below, if the Commission has any hopes for market entry by electric generation suppliers ("EGS") into PP&L and other electric distribution companies ("EDC") service territories, it must finalize the restructuring rules immediately. Further delays simply cannot be tolerated.

of transactions between affiliated divisions.<sup>2</sup> PP&L's request for elimination of this requirement is based on completely inaccurate and misleading assertions and should be summarily denied.

PP&L's reasons for reconsideration fall into two general categories. First, it claims that the relief ordered by the Commission was not requested by any party and that it therefore violated PP&L's due process rights. In addition to conveying a complete misunderstanding of Pennsylvania due process requirements, PP&L's claim is a complete misstatement. The fact of the matter is that Enron introduced testimony supporting such relief and the Competitive Interveners specifically requested the Commission to implement such a requirement in its briefs in the proceeding.<sup>3</sup> PP&L's due process rights have been fully protected and its complaint represents nothing more than an unsupported "second shot at the apple" at an issue which it fully litigated and lost.

Second, PP&L contrives a "hodgepodge" of practical concerns which it alleges could result from the need for regulatory approval of divisional transactions. Stripped of

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<sup>2</sup> PP&L refers to its divisions as its EGS division and its EDC division. PP&L's EGS division, PP&L Energy Plus, is a licensed supplier and also owns and operates PP&L's generation assets. The EDC division serves the distribution and transmission functions and also serves as the provider of last resort ("PLR").

<sup>3</sup> Enron St. 6.0 (Dirmeier), pp. 6-7; Competitive Interveners' Main Brief, p. 34-35, Reply Brief, p. 20. The Competitive Interveners are Enron, New Energy Ventures, the Mid-Atlantic Power Supply Association and the Pennsylvania Petroleum Association. The Competitive Interveners filed joint briefs at the direction of ALJ Kashi. Apparently, PP&L did not take the time to review the positions of the parties before making its erroneous assertions.

their rhetoric, the concerns are empty and are an attempt to relitigate issues already considered and decided. It must be remembered that PP&L, unlike all other major EDC's, chose not to structurally separate and to organize its licensed EGS as an affiliated division of the EDC rather than a corporate affiliate. However, this does not mean that the Code of Conduct, including review of affiliate or divisional transactions, should not be applied equally to PP&L as other EDCs. All other major EDCs are, by operation of law, subject to the regulatory review procedures provided for by Chapter 21 and have not complained or raised concerns regarding its practical application. PP&L should be treated no different and should not be permitted to evade the Commission's regulatory oversight through manipulation of its corporate organization.

Finally, the Commission must not permit further delays in the compliance process for implementing PP&L's Restructuring Order. Not only should the Commission summarily deny PP&L's reconsideration petition on July 9, 1998, but the Commission should stick to its present deadline of July 15, 1998 for submission of its compliance filing.<sup>4</sup> Furthermore, the Commission should direct PP&L to immediately schedule meetings with all interested parties, including EGSs, to resolve any potential disputes regarding its proposed tariffs so that the rules applicable to PP&L's service territory can be finalized as soon as possible.

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<sup>4</sup> By Order entered June 26, 1998, the Commission extended PP&L's compliance filing deadline until July 15, 1998.

In response to PP&L's petition, Enron asserts as follows:

1. Enron asserts that the relief requested pertaining to PP&L's Code of Conduct lacks merit and should be summarily denied.

2. Enron is not taking any position on the allegations contained in paragraphs 2 through 36 of PP&L's petition.

3. Enron strongly denies and opposes the allegations set forth in Paragraphs 37 and 38 of PP&L's petition as specifically set forth below:

37. PP&L's assertion that the issue of regulatory approval of divisional transactions was not raised or requested by any party is a complete misstatement by PP&L. PP&L's decision not to structurally separate its EGS functions from its EDC functions was of grave concern to Enron and other suppliers from the outset of PP&L's restructuring proceeding. As Enron witness Michael Dirmeier explained in testimony introduced into the underlying record in this proceeding:

The fundamental prerequisite to true and effective competition is that regulated and non-regulated activities should be as physically, functionally and legally separated as is possible under the Act. Ideally, the EDC would no longer have any relationship, other than as between totally separate companies, with its present affiliated generation and marketing businesses. The Commission should mandate the maximum level of separation possible to ensure that EDCs treat all participants in the electric markets, including generation undertaken by related companies, in precisely the same manner.

\* \* \*

Not only should [the] functional separation requirement be equally applicable to PP&L's Delivery Group and Generation Supply Group as to separate corporate affiliates, but the separation requirement must be more clearly defined and more strictly enforced since the potential for abuse is much greater without the clear boundaries provided by structural corporate division."

Enron St. 6.0 (Dirmeier), pp. 6, 15.

Following the close of the record, in their Main Brief, the Competitive Interveners specifically requested the Commission to impose a regulatory approval requirement for transactions between PP&L's EDC and EGS divisions. As the Competitive Interveners clearly and concisely stated:

As to PP&L's proposed Code of Conduct, many of the modifications and clarifications to PECO's proposed Code of Conduct addressed by the Commission in the PECO Restructuring Orders are also relevant here. First, the Commission required that "The Commission must assert the same level of review of transactions between an EDC and its competitive entity, whether it is separately incorporated or not." [PECO Opinion and Order, p. 128.] Such a requirement is particularly important, since PP&L is not proposing to separately incorporate the Generation Supply Group [EGS division], and will prevent PP&L from evading Commission review of transactions between the Delivery Group [EDC division] and the Generation Supply Group. Such a provision is missing from PP&L's proposed code and should be added to satisfy the Commission's standard.

Competitive Intervener Main Brief, pp. 34-35 (footnotes omitted).<sup>5</sup>

Furthermore, in its Reply Brief, the Competitive Interveners reasserted their request for a regulatory review requirement for transactions between PP&L divisions when it stated:

"Structural separation through the establishment of fully independent entities is preferable, whenever possible . . . . Functional separation without legal separation must not provide a basis for any competitive advantage or opportunities for the marketing entity." For example, the Commission required that transactions between an EGS and an affiliated supplier should be subject to the same level of Commission scrutiny whether or not the affiliate is structurally separated from the EDC. PECO Restructuring Order, p. 128. This requirement is equally applicable to PP&L and should be included in its final restructuring plan.

Competitive Intervener' Reply Brief, p. 20, fn. 50.

Accordingly, not only was the request for relief raised by the Competitive Interveners, but it was raised as one of the most critical aspects of an adequate Code of Conduct for PP&L — particularly given PP&L's refusal to structurally separate its operations. PP&L's assertions to the contrary are complete misstatements and should be disregarded.

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<sup>5</sup> PP&L would have the Commission think that it "dreamed up" this requirement just for PP&L. However, the fact of the matter is that this requirement was included as a part of PECO's Code of Conduct in the PECO Restructuring Order and was an adoption of similar testimony by Enron witness Dirmeier introduced into the PECO restructuring proceeding.

38. PP&L's practical concerns regarding the requirement of regulatory approvals for divisional transactions are no more convincing than its misplaced due process claims. PP&L first complains that the requirement places its EGS in a different position than other market participants since other EGSs would not require regulatory approval of transactions with the EDC.

PP&L completely misses the point. It is the affiliated nature of the two PP&L divisions which creates the need for competitive safeguards in the first place and led the General Assembly to require regulatory approval of affiliate transactions generally for all public utilities through enactment of Chapter 21 of the Code. The fact that PP&L has not structurally separated its operations creates the potential for further abuse and is further reason why regulatory oversight is necessary. Nonaffiliated entities simply have no incentive to engage in anti-competitive or otherwise inappropriate transactions which provide any advantage or benefit to the utility and regulatory review would serve no purpose. Although the General Assembly did not require that utility EDC and EGS operations be structurally separated, it also did not intend that a utility be able to evade application of the law — including Chapter 21 — through manipulation of its corporate structure. PP&L, by its own admission, is trying to avoid

essential protections for the competitive market which are a critical component of the PECO Settlement and which are pending for generic implementation in the Commission's competitive safeguards rulemaking docket.<sup>6</sup>

The generation component of the code of conduct agreed to by PECO and the other parties for its generation facilities has several basic principles but focuses on prohibiting the entity that controls the generation assets from utilizing those assets in a way that gives the EDC or the affiliated supplier an unreasonable preference over a non-affiliated EGS.<sup>7</sup> The specific rules in the PECO Code are designed to prevent the incumbent from being able to utilize its monopoly position with respect to generation to undercut the retail market. It prohibits PECO's generation affiliate from selling what would otherwise be wholesale generation services directly into the retail market in the affiliated EDC's service territory and prohibits any anti-competitive or discriminatory conduct which would prevent retail

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<sup>6</sup> Notice of Proposed Rulemaking Regarding the Establishment of Competitive Safeguards for the Pennsylvania Electric Industry, L-090132. See June 12, 1998 Enron Comments, pp. 16-18.

<sup>7</sup> Joint Petition for Full Settlement, R-0097953, Appendix H.

electricity customers from obtaining the benefits of a properly functioning and workable competitive electricity market.<sup>8</sup>

Again, PP&L's potential for abuse is much greater and, if anything, requires additional protections. Unlike PECO which has agreed to structurally separate its generation asset function, in addition to its EDC and EGS functions, PP&L has not even functionally separated its generation asset function from its EGS. Accordingly, permitting transactions between PP&L's divisions without strict regulatory oversight will be potentially disastrous to competition regardless of any other market conditions adopted by the Commission.

While Enron is advocating a requirement in the Competitive Safeguards Rulemaking that all EDCs, including PP&L, be required to functionally separate their generation assets function which would then be subject to a Genco Code of Conduct similar to PECO's, the Commission's requirement for regulatory review of PP&L's divisional transactions provides some protection to the competitive market in the meantime.<sup>9</sup> Accordingly, the Commission should maintain the requirement until such

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<sup>8</sup> Full Settlement, Appendix G, Rule 5.

<sup>9</sup> The filing of transactions between the divisions will give the Commission and market participants a "fighting chance" to identify anti-competitive behavior before it occurs and to address it through the transaction review process.

time as it can be strengthened, not eliminate the requirement and provide PP&L unfettered ability to manipulate the marketplace.

38(a). PP&L claims that the requirement will interfere with the PLR responsibilities because of the regulatory delays in reviewing divisional transactions. Such a concern is exaggerated out of proportion and is no more than an attempt to avoid critical regulatory oversight of its operations.

It must be remembered that the procedures contained in Section 2101(b) regarding review of affiliate transactions, includes "deemed approved" language which results in approval of contracts within 30 days of submission unless the Commission affirmatively rejects the transaction or extends the review period.<sup>10</sup> PP&L will have plenty of opportunity to finalize and receive regulatory approval of arrangements between its divisions in a timely manner which will have no impact on its PLR functions as long as its actions and business strategy are proper. However, if PP&L attempts to provide opportunities to its division or itself which are not available to other market participants, regulatory delay is justified so that the activity can be brought to a halt before it begins.

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<sup>10</sup> PP&L would have the Commission think it will encounter months of regulatory delay.

38(b). Again, PP&L's concerns are greatly over exaggerated and represent an attempt to evade oversight, not a legitimate practical concern. Every other major EDC in the Commonwealth has voluntarily structurally separated its EDC operation from its EGS and generation asset operations and as a result of the structural separation, has placed itself within Chapter 21's purview. No other EDC has raised a concern about its ability to transact with an affiliate as a result of Chapter 21 regulatory delays. The only requirement placed on PP&L is that pertaining to regulatory approval of the service arrangement between divisions — an arrangement which can be established and submitted in advance. While each transaction must be consistent with and per authority of the Commission approved arrangement, hourly approvals are not at issue here as PP&L appears to claim. Again, PP&L is attempting to evade a requirement which will be in effect for other utilities, by operation of law, and, if anything, is more critical for a company which has not structurally separated. Such evasion is completely inappropriate and should be rejected by the Commission.

Furthermore, PP&L's passing reference that such a requirement will increase rates to its PLR customers or jeopardize reliability is misleading. PP&L's PLR customers are required to pay existing tariffed rates for generation for the foreseeable future and are protected by a rate cap.

Furthermore, it is inconceivable that a 30 day review process which will be applicable to every other utility will somehow adversely impact PP&L's reliability of service.

38(c). While there is no provision in the Act which expressly provides for the application of Chapter 21 to PP&L's divisions, there is nothing that prevents Chapter 21 requirements and procedures from being included as a component of PP&L's restructuring plan. Whether Chapter 21 directly applies to PP&L's divisions is not at issue. What requirements must be included in PP&L's restructuring plan to enable the transition to competition in PP&L's service territory is at issue. As set forth above, required regulatory approval of divisional transactions is a critical aspect of PP&L's Code of Conduct which is supported by the underlying record of this proceeding and should be maintained by the Commission.

38(d). The Code of Conduct provisions cited by PP&L provide some protection for non-power goods and services, but provide no protection for power or generation related goods and services. Furthermore, it is difficult to predict the type of ant-competitive behavior which divisions under the same corporation will engage in. The regulatory oversight requirement will give the Commission and market participants a "fighting chance" to deter anti-competitive behavior before it becomes widespread. Furthermore, the

requirement is already imposed on other major electric utilities by operation of law and is appropriate for application to PP&L.

38(d). PP&L does nothing more than repeat its exaggerated and alleged concerns pertaining to PLR service and system reliability. While PP&L clearly understand that these two areas are "regulatory attention getters," they have nothing to do with the pending issue and PP&L's references should be disregarded.

4. Reconsideration of a Commission order is not appropriate at this time. As the Commission stated in Duick v. Pennsylvania Gas and Water Company, 56 Pa. P.U.C. 553 (1992) in establishing the applicable standard:

A petition for reconsideration under the provisions of 66 Pa.C.S. §703(g) may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part . . . . What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked by the Commission.

Duick at 559.

Here, shed of its rhetoric and misstatements, PP&L does nothing more than attempt to relitigate issues already decided by the Commission based on the evidence before it. No new evidence or new or novel arguments have been presented. The relief

ordered by the Commission is supported by evidence of record and reconsideration should be denied.

5. In addition to rejecting the relief requested by PP&L at its July 9, 1998 Public Meeting, the Commission should take strong and affirmative steps to assure that the implementation of PP&L's restructuring plan moves forward. Although under any schedule, PP&L's proposed supplier tariff will be due in the near future, PP&L has yet to schedule meetings with suppliers in order to resolve disagreements and to keep disputes before the Commission to a minimum. This sort of collaborative process was critical to finalizing PECO's rules in a timely fashion. Unless the Commission takes strong and affirmative steps and avoids any further delays, PP&L's rules will not be finalized in time to allow EGSs to enter the market on January 1, 1999 and direct access in PP&L's territory will be delayed indefinitely.

WHEREFORE, for all of the foregoing reasons, Enron respectfully requests the Commission to issue an order denying PP&L's reconsideration petition.

Respectfully submitted,



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Daniel Clearfield  
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WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP  
212 Locust Street, Suite 300  
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(717) 237-7160

Dated: July 2, 1998

CERTIFICATE OF SERVICE

**ORIGINAL**

I hereby certify that I have this day served a true copy of the foregoing documents upon the participants, listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

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Alan Kohler

Dated: July 13, 1998

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July 13, 1998

John M. Quain, Chairman  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265

**VIA FAX**

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

Dear Chairman Quain:

As counsel to the PP&L Industrial Customer Alliance ("PPLICA"), we hereby accept your offer to participate in the initial settlement conference scheduled for 10:00 a.m. on Thursday, July 16. We will participate in good faith, have full authority to negotiate and to resolve issues accordingly. We understand that a pre-settlement agreement may be necessary under which parties agree to waive objections to your individual participation and voting on compliance filing issues, subsequent petitions arising from the settlement conference, or remands of appellate court activity.

Thank you for your willingness to participate in this effort.

Very truly yours,

McNEES, WALLACE & NURICK

By *David M. Kleppinger*  
David M. Kleppinger

**DOCKETED**  
JUL 21 1998  
EEF

DMK/dt

c: All parties of record (via U.S. Mail) -

**DOCUMENT  
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COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

DOCUMENT  
FOLDER

July 13, 1998

The Honorable Sam McCullough  
Secretary, Department of Community  
and Economic Development  
Room 433 Forum Building  
Harrisburg, PA

R-00973954

Dear Secretary McCullough:

Thank you for forwarding us a letter from the Lancaster County Planning Commission and its views about the recent decisions of the Public Utility Commission regarding the final restructuring plan for the Pennsylvania Power and Light Company (PP&L) under the Electricity Generation Customer Choice and Competition Act.

PP&L filed a Petition for Reconsideration on June 26, 1998, before the Commission requesting the Commission to increase the amount of stranded costs PP&L could recover from \$2.86 billion to approximately \$4 billion. In its original restructuring plan filed in April of 1998, PP&L had requested \$4.04 billion in stranded cost recovery.

At its Public Meeting of July 9, 1998, the Commission denied PP&L's reconsideration request. PP&L is now free to pursue its appeal which the utility filed before the Commonwealth Court of Pennsylvania challenging the Commission's Order.

We appreciate having the benefit of the views of the Lancaster County Planning Commission on this matter and I have taken the liberty of forwarding the correspondence to the Secretary of the Commission for inclusion into the official file of this proceeding.

Sincerely,

Rosemary Chiavetta, Esq.  
Director of Legislative Affairs

- cc: Charles Smithgall, Mayor, City of Lancaster and Chairman of Excel, Lancaster Campaign
- Ronald Bailey, Planning Director - Lancaster Co. Ping. Commission
- Terry Kauffman, Chairman - Lancaster Co. Ping. Commission
- Paul Thibault, Vice Chairman - Lancaster Co. Ping. Commission
- Commissioner Ron Ford - Lancaster Co. Ping. Commission
- PUC Chairman John Quain
- PUC Vice Chairman Robert Bloom
- PUC Commissioner David Rolka
- PUC Commissioner Nora Mead Brownell
- PUC Commissioner Aaron Wilson, Jr.
- PUC Secretary James McNulty

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# LANCASTER COUNTY

## LANCASTER COUNTY PLANNING COMMISSION

COUNTY COMMISSIONERS  
TERRY L. KAUFFMAN, Chairman  
PAUL THIBAUT, Vice Chairman  
RON FORD

CHAIRMAN QUAIN'S OFFICE

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RONALD T. BAILEY  
Planning Director

**RECEIVED**  
JUN 16 1998  
DEPT. OF COMMUNITY &  
ECONOMIC DEVELOPMENT

8 June 1998  
CC Gov Ridge  
Chairman Quain  
M. Holman  
FYI

The Honorable Samuel McCollough  
Secretary  
Department of Community and Economic Development  
Forum Building  
Harrisburg, PA 17120

**DOCUMENT  
FOLDER**

Dear Secretary McCollough:

The Lancaster County Planning Commission is responsible for developing comprehensive plans and for advising the Board of County Commissioners for Lancaster County on the physical development of this county. Based on the recommendations of the planning commission, the board of county commissioners has adopted a comprehensive plan which is based on a series of goals. One of these goals is to develop and maintain a healthy and diversified economy for the county. The Pennsylvania Power and Light Company (PP&L) has been a major partner with the Board of County Commissioners in promoting sound economic development.

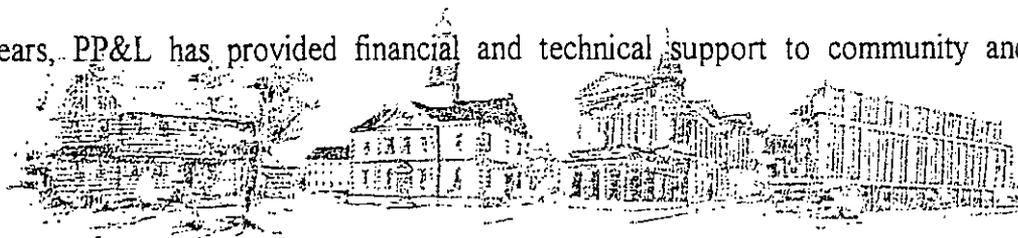
We are extremely concerned with the 14 May 1998 and 4 June 1998 decision from the state Public Utilities Commission (PUC). A review of the background information in the case, the facts presented at the proceedings, and the decision of the PUC will show that, in our judgement, the Pennsylvania Power and Light Company (PP&L) is being penalized when compared to other electrical utilities. The result of the PUC decision could be a significant reduction in the economic development services offered by PP&L.

**DUCKETED**

The Lancaster County Planning Commission strongly supports the efforts of Governor Ridge to deregulate the power industry. Deregulation, however, should not result in an erosion of economic development recruitment and retention efforts undertaken by private industry. The effects of the PUC decision, as it presently stands, would come at great cost to the economic future of this region. The PUC decision will place PP&L at a competitive disadvantage in relation to other providers who have not exercised the same level of corporate involvement and community responsibility.

The projected negative impacts upon PP&L by the PUC decision include eliminating corporate resources devoted to the state's overall economic development effort. The decision will also have negative impacts upon Lancaster County.

For years, PP&L has provided financial and technical support to community and economic

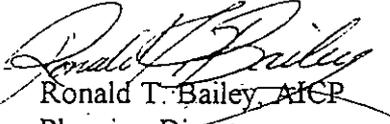


For years, PP&L has provided financial and technical support to community and economic development initiatives. The planning and development assistance provided by PP&L over the years has been extremely valuable in attracting new industry to Lancaster County. Moreover, the support and expertise of Lawrence Downing, PP&L community development director, has been especially helpful to the planning commission and to the implementation of Lancaster County's economic development planning goals.

The community and economic development efforts of PP&L are a necessary component of both the state and the county's economic expansion efforts. As you know, Lancaster County strongly supports and participates in your partnership efforts. We, likewise, initiate, structure, and participate, in county-level partnerships. Diminishing the resources that PP&L devotes to economic development will leave a void. If the PUC decision is allowed to stand, as is, the inevitable loss of economic development support by PP&L will result in either lost opportunities for economic growth in the state and the county; or, the replacement of services presently provided by PP&L with state or county tax dollars.

Thank you for your attention and consideration to this critical matter. Should a member of your staff wish to discuss this in greater detail, please contact me.

Respectfully,

  
Ronald T. Bailey, AICP  
Planning Director

cc: Terry L. Kauffman, Chairman  
Paul Thibault, Vice Chairman  
Ron Ford Commissioner  
Board of County Commissioners for Lancaster County

Charles Smithgall, Mayor, City of Lancaster, and Chairman of Excel, Lancaster Campaign