



ORIGINAL

OFFICE OF CONSUMER ADVOCATE

555 Walnut Street 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048

IRWIN A. POPOWSKY
Consumer Advocate

FAX (717) 783-7152
E-Mail: paoca@ptd.net

DOCUMENT
FOLDER

December 30, 1999

James J. McNulty
Pennsylvania Public Utility Commission
North Office Building
North and Commonwealth Avenue
Harrisburg, PA 17105-3265

RECEIVED
99 DEC 30 PM 3:48
P.A.P.U.C.
SECRETARY'S BUREAU

DOCKETED

JAN 12 2000

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

Dear Secretary McNulty:

The Office of Consumer Advocate (OCA) is in receipt of PP&L's Letter dated December 7, 1999 filed in the above-captioned docket. By its Letter, PP&L requests three actions by the Pennsylvania Public Utility Commission: (1) the issuance of certificates of public convenience evidencing the Commission's prior approval for PP&L to transfer its generation assets and liabilities to affiliates, (2) the issuance of certain determinations necessary for the affiliate owners of the generation assets to be exempt wholesale generators (EWG), and (3) approval, pursuant to 66 Pa.C.S. §1102(a)(4), of PP&L's acquisition of the stock of CEP Commerce, Inc., currently an indirect subsidiary of PP&L. These approvals are part of a larger corporate realignment that PP&L is proposing to implement. As PP&L also discusses in its Letter, as part of the transfer of its generation assets and liabilities, PP&L will enter into an agreement with its affiliate, PP&L Energy Plus, to purchase energy and capacity required by PP&L to meet its provider of last resort obligations. The Agreement regarding these purchases is attached to PP&L's letter.

The OCA is concerned with PP&L's proposals contained in its Letter. Given the Letter request of PP&L in its restructuring docket, the OCA is unsure of the appropriate procedure or whether this request will be published for comment in the *Pennsylvania Bulletin*. The OCA has contacted the Company to discuss various issues raised by PP&L's request, but given the intervening holidays, the OCA and the Company have not had an opportunity to fully discuss all of the OCA's concerns. The OCA has determined to submit this letter preliminarily identifying its concerns so that the Commission is aware of the OCA's concerns in a timely manner. The OCA intends to continue its discussions with the Company and other interested parties.

The OCA recognizes that the transfer of PP&L's generation assets and liabilities to affiliated entities was a provision of the Settlement of PP&L's restructuring proceeding. The OCA does not oppose the transfer, consistent with the Settlement. The specific structure proposed by PP&L for the transfer, and its corporate realignment, however, raise issues regarding consistency with the Settlement as well as questions regarding the full implementation of other aspects of the Settlement that must be reconciled before the certificates are issued.

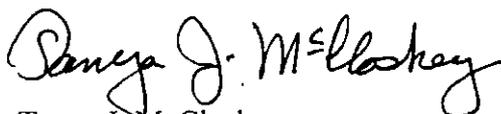
In addition, the OCA submits that PP&L, through its Letter, has requested determinations and approvals that were not addressed in the Settlement, such as its request for determinations under PUHCA so that its affiliated generators can receive EWG status. At this time, PP&L has not provided sufficient information or justification for the Commission to issue the necessary findings pursuant to PUHCA as requested. The OCA is concerned that PP&L's proposed structure for its corporate realignment and its proposal for the purchase of energy and capacity from its affiliate for its provider or last resort service raise questions as to whether the Commission can find this to be in the public interest, particularly since the proposed structure may limit the Commission's authority in a manner that is inconsistent with the protections provided under PUHCA.

The key issues that the OCA has preliminarily identified with PP&L's request and proposal are the applicability of the Codes of Conduct contained in the Settlement to the various affiliated entities under the corporate realignment; the impact of the transfer of PP&L Energy Plus and whether the review and audit has been completed as required by Paragraph K.2 of the Settlement; the impact on the rate cap of purchases from the affiliated PP&L Energy Plus at the shopping credit level; and the impact on the protections provided by PUHCA of PP&L's proposal to purchase from an affiliated EWG through an intermediary affiliate. Importantly, as to PUHCA, Section 32(k)(1) of PUHCA prohibits the purchase of energy by an electric utility from an affiliated EWG without an exemption provided in Section 32(k)(2). To qualify for an exemption under Section 32(k)(2), the state commission must find, among other things, that it has sufficient regulatory authority and access to the books and records of the utility and the affiliate. PP&L, however, has proposed a structure that places its affiliate PP&L Energy Plus between the electric utility and the affiliated EWG and thus, has not requested findings under Section 32(k)(2). The OCA submits that it is not clear that this structure is consistent with the intent of PUHCA in allowing EWG status.

James J. McNulty
December 30, 1999
Page 3

The OCA intends to continue its discussions with PP&L and other interested parties. Given the uncertain procedural status of this filing, however, the OCA wanted to make its concerns known to the Commission in a timely fashion. If you have any questions regarding this letter, please do not hesitate to contact me. A copy of this letter has been served upon PP&L and all parties of record in PP&L's restructuring proceeding.

Sincerely,



Tanya J. McCloskey
Senior Assistant Consumer Advocate

cc: Karen Oill Moury, Law Bureau
All Parties Of Record
56129

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document,
Office of Consumer Advocate's Comments Letter, upon parties of record in this proceeding in accordance
with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon
the persons listed below:

Dated this 30th day of December, 1999.

SERVICE BY INTER-OFFICE MAIL OR FIRST CLASS MAIL, POSTAGE PREPAID

Johnnie E. Simms, Esq.
Scott DeBroff, Esq.
Office of Trial Staff
PA Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

Bernard A. Ryan, Jr., Esq.
Office of Small Business Advocate
Suite 1102, Commerce Bldg.
300 North Second Street
Harrisburg, PA 17101

David M. Kleppinger, Esq.
Robert A. Mills, Esq.
McNees, Wallace & Nurick
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166

Daniel Clearfield, Esq.
Robert J. Longwell, Esq.
Wolf, Block, Schorr & Solis-Cohen
Suite 300, Locust Court Bldg.
212 Locust Street
Harrisburg, PA 17101

Todd Stewart, Esq.
William T. Hawke, Esq.
Malatesta, Hawke & McKeon
Harrisburg Energy Center
100 North Tenth Street
Harrisburg, PA 17101

Craig A. Doll, Esq.
214 State Street
Harrisburg, PA 17101

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

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

RECEIVED
99 DEC 30 PM 3:48
PA.P.U.C. BUREAU
SECRETARY'S OFFICE

Linda C. Smith, Esq.
Dilworth, Paxson, Kalish & Kauffman
Suite 403
305 North Front Street
Harrisburg, PA 17101-1236

David W. Francis, Esq.
Powell, Trachtman, Logan, Carrle
Bowman & Lombardo
114 North Second Street
Harrisburg, PA 17101

Harry S. Geller, Esq.
PA Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Robert F. Young, Esq.
Anthony C. Adonizio, Esq.
Allegheny Electric Cooperative, inc.
212 Locust Street
P. O. Box 1266
Harrisburg, PA 17108-1266

Susan M. Shananman, Esq.
Suite 203
212 North third Street
Harrisburg, PA 17101-1505

Eric Epstein
2308 Brandywine Drive
Harrisburg, PA 17110

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

Paul E. Russell, Esq.
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101-1179

Richard L. Caplan, Esq.
Caplan & Luber, LLP
The Caplan & Luber Building
40 Darby Road
Paoli, PA 19301-1461

Donald A. Kaplan, Esq.
Lisa M. Helpert, Esq.
Preston, Gates, Ellis & Rouvelas
Meeds, LP
Suite 500
1735 New York Avenue, N.W.
Washington, DC 20006

Mid-Atlantic Power Supply Assoc.
Suite 200
620 Herndon Parkway
Herndon, VA 20170

Jerry Mendl
MSB Energy Associates
Suite 200
7507 Hubbard Avenue
Middleton, WI 53562

Bruce Biewald
Synapse Energy Economics, Inc.
101 Chilton Street
Cambridge, MA 02138

John R. Orr, Esq.
Duke Energy Trading & Marketing
Suite 650
One Westchase Center, 10777 Westeimer
Houston, TX 77042

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140

Scott J. Rubin, Esq.
Public Utility Consulting
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

William Schmitt
IBEW Local 1600
540 Grange Road
P.O. Box 470
Trexertown, PA 18087

Mary McFall Hopper, Esq.
PECO Energy
2301 Market Street
P. O. Box 8699
Philadelphia, PA 19101-8699

Andrew Altman, Deputy Director
Clean Air Council
Suite 300
135 South 19th Street
Philadelphia, PA 19103

Gordon J. Smith, Esq.
John & Hengerer
Suite 600
1200 17th Street, N.W.
Washington, DC 20036-3006

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

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

Randall V. Griffin, Esq.
Delmarva Power & Light Company
800 King Street
P. O. Box 231
Wilmington, DE 19899

Usher Fogel, Esq.
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207

David M. Boonin
Jeff Bladen
New Energy Ventures, Inc.
Suite 2525
1845 Walnut Street
Philadelphia, PA 19103-4725

James D. Steffes
Enron Corporation
1400 Smith Street
P. O. Box 4428
Houston, TX 77002

David A. McCormick, Esq.
Department of the Army
United States Army Legal Services
901 North Stuart Street
Arlington, VA 22203-1837

Joel D. Newton, Esq.
Verner Liipfert Bernhard McPherson
& Hand
901-15th Street, N.W.
Washington, DC 20005-2301

John L. Munsch, Esq.
Allegheny Power Company
800 Cabin Hill Drive
Greensburg, PA 15601

Michael L. Kessler, Esq.
American Energy Solutions, Inc.
111 South Alfred Street
Alexandria, VA 22314

Michael A. Stosser, Esq.
Adelia S. Borrasca, Esq.
Heller, Ehrman, White & McAuliffe
Suite 200
815 Connecticut Avenue, N.W.
Washington, DC 20006

Michael T. Vough, Esq.
Vough & Mecadon
Greater Pittston Professional Center
126 South Main Street
Pittston, PA 18640

David Martin
Gilberton Power Company
50 Eleanor Ave.
Frackville, PA 17931

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

Gary A. Jeffries, Esq.
CNG Energy Services Corp.
One Park Ridge Center
P. O. Box 15746
Pittsburgh, PA 15244-0746

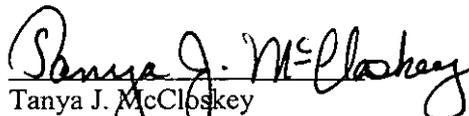
Joan O. Brandeis, Esq.
Schnader, Harrison, Segal & Lewis
Suite 3600
1600 Market Street
Philadelphia, PA 19103

Stephen Feld, Esq.
Pennsylvania Power Co.
One East Washington Street
P. O. Box 891
New Castle, PA 16103

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

Bohdan R. Pankiw
Law Bureau
PA Public Utility Commission
Room 203, North Office Bldg.
P. O. Box 3265
Harrisburg, PA 17105-3265

David K. Koff, Esq.
Koff, Wendolowski, Ferguson & Mangan, P.C.
Suite 115
22 East Union Street
Wilkes-Barre, PA 18701-2721


Tanya J. McCloskey
Senior Assistant Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, Pa. 17101-1923

Scott J. Rubin
Attorney • Consultant

ORIGINAL

3 Lost Creek Drive • Selinsgrove, PA 17870 • (570)743-2233 • Fax: (570)743-8145 • sjrubin@ptd.net

December 30, 1999

James J. McNulty, Secretary
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

DOCUMENT
FOLDER

Re: Application of PP&L, Inc. for Approval of its
Restructuring Plan Under Section 2806 of the
Public Utility Code
Docket No. R-00 973954
Docket No. A-

Dear Mr. McNulty:

Enclosed for filing please find an original and three (3) copies of the Petition to Intervene of International Brotherhood of Electrical Workers, Local 1600, in the above-referenced proceeding. A copy of this document has been served on all parties of record, as shown on the attached certificate of service.

Also enclosed is an extra copy of the document that I would appreciate having time-stamped and returned in the enclosed envelope. Thank you.

Sincerely,


Scott J. Rubin, Esq.

Enclosures

cc: All parties of record

RECEIVED

DEC 30 1999

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

35

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKET
JAN 11 2000

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

PETITION TO INTERVENE
OF INTERNATIONAL BROTHERHOOD OF ELECTRICAL
WORKERS, LOCAL 1600

DOCUMENT
FOLDER

Pursuant to 52 Pa. Code §§ 5.71, *et seq.*, the International Brotherhood of Electrical Workers, Local 1600 ("Local 1600") hereby petitions to intervene in the above-captioned proceeding. In support of this Petition, Local 1600 states as follows:

1. Local 1600 is the authorized bargaining unit for several groups of employees of the public utility PP&L, Inc. ("PP&L"), and is located at:

Ron Tomasko
IBEW Local 1600
540 Grange Rd.
P.O. Box 470
Trexlerstown, PA 18087

RECEIVED

DEC 30 1999

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

2. PP&L has filed an application seeking the issuance of a certificate of public convenience and necessity to transfer its generating plants to separate limited liability companies that will become second-level subsidiaries of a sister company to PP&L. In particular, the plants would be transferred to separate subsidiaries (one subsidiary for each plant location) of PPL Generation, LLC ("Generation"). Generation will be a subsidiary of PPL Energy Funding Corp. which, in turn, would be a subsidiary of PP&L Resources, Inc. ("Resources"). Resources is also the parent company of PP&L.

3. In addition, PP&L proposes to create a separate service company, PPL Services Corporation (“Services”) that would also be a subsidiary of Resources. A footnote in the application simply notes that Services would be created, that it would enter into an affiliated interest agreement with PP&L, but that no jurisdictional assets would be transferred from PP&L to Services. However, there is no indication of the types of services that will be provided by Services to PP&L, the number of type of employees who may be transferred to Services, whether Services will provide any services to PP&L that are subject to Commission oversight (such as call center operations), or any other description of the function of Services.

4. Local 1600 has many questions about the proposed transfers and reorganization, including whether PP&L’s proposal may have any adverse effect on the members of Local 1600. For example, it appears that functions that currently take place within a single corporate entity (PP&L) and which are governed by a single collective bargaining agreement between PP&L and Local 1600, would take place under seven different corporate entities (PP&L, Services, and five separate generation companies). This may raise concerns about the effect of the proposed transfer and reorganization on PP&L’s employees, a matter which should be considered by the Commission as part of the public interest when the Commission determines whether to issue a certificate of public convenience and necessity. Thus, until its questions are resolved, it is unclear to Local 1600 whether the proposed transfer and reorganization is in the public interest.

5. Local 1600 recognizes that by signing the Joint Petition for Settlement in PP&L’s restructuring proceeding, Local 1600 has consented to the divestiture of PP&L’s generating plants; however, this consent does not include acquiescence in the specific

corporate structure proposed by PP&L or in the creation of a new service company with unspecified functions. Local 1600 would emphasize, however, that it is not necessarily opposed to PP&L's transfer and reorganization; it simply needs additional information before determining whether the proposal would have an adverse effect on Local 1600 and its members or might otherwise be contrary to the public interest.

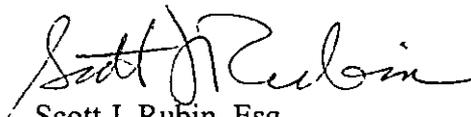
6. No other party to this proceeding represents the interests of the members of Local 1600.

7. Local 1600 intends to actively participate in this proceeding on such matters that affect the interests of its members. Such participation may include the presentation of direct or rebuttal testimony and the cross-examination of witnesses presented by PP&L and other parties to this proceeding.

8. Local 1600 will be represented in this case by, and all documents should be served upon, the undersigned counsel.

WHEREFORE, International Brotherhood of Electrical Workers, Local 1600, respectfully requests the right to intervene as an active party in this proceeding.

Respectfully submitted,



Scott J. Rubin, Esq.
3 Lost Creek Drive
Selinsgrove, PA 17870
phone: (570) 743-2233
fax: (570) 743-8145
sjrubin@ptd.net

Counsel for:
IBEW, Local 1600

Dated: December 30, 1999

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the Petition to Intervene of the International Brotherhood of Electrical Workers, Local 1600, upon the active participants, listed on the following pages, by first class mail in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).



Scott J. Rubin, Esq.

Counsel for:
International Brotherhood of Electrical Workers,
Local 1600

Dated: December 30, 1999

Paul E. Russell
Pennsylvania Power & Light Co.
Two North Ninth St.
Allentown, PA 18101

Johnnie E. Simms
Office of Trial Staff
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Billie E. Ramsey
ARIPPA
1300 Market St.
Lemoyne, PA 17043

James Cawley
Rhoads and Sinon
1 South Market Sq.
P.O. Box 1146
Harrisburg PA 17108-1146

Joan O. Brandeis
Schnader, Harrison, Segal & Lewis
1600 Market St., #3600
Philadelphia, PA 19103-4252

Paul E. Nordstrom
Verner & Liipfert, Bernhard, McPherson &
Hand
901 15th St., NW
Washington, DC 20005

Harry S. Geller
Pa. Utility Law Project
118 Locust St.
Harrisburg, PA 17101

Bernard M. Ryan
Office of Small Business Advocate
300 North Second St. #1102
Harrisburg, PA 17101

Michael L. Kessler
American Energy Solutions, Inc.
111 South Alfred St.
Alexandria, VA 22304

Rhonda Hendrickson
100 North 10th St.
Harrisburg, PA 17108

Lisa M. Helpert
Preston Gates Ellis & Rouvelas Meeds, LLP
1735 New York Ave., NW, #500
Washington, DC 20006

David M. Kleppinger
McNees, Wallace & Nurick
P.O. Box 1166
Harrisburg, PA 17108

Robert Longwell
Wolf, Block, Schorr and Solis-Cohen
212 Locust Street, Suite 300
Harrisburg, PA 17101-1236

Craig G. Goodman
Equitable Resources
3333 K St., NW, #425
Washington, DC 20007

Robert P. Haynes, III
Mette, Evans & Woodside
3401 North Front St.
Harrisburg, PA 17110-0950

Eric J. Epstein
4100 Hillsdale Road
Harrisburg, PA 17112

Ryan Russell Ogden and Seltzer
800 N. Third St. #101
Harrisburg, PA 17102

Michael Vough
Vough and Assoc.
126 South Main St.
Pittston, PA 18040

David W. Francis
Powell, Trachtman, Logan, Carrle, Bowman &
Lombardo, PC
114 N. Second St.
Harrisburg, PA 17101

Robert F. Young
Allegheny Electric Cooperative, Inc.
P.O. Box 1266
Harrisburg, PA 17108-1266

Irwin A. Popowsky
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923

Elizabeth R. Benson
Energy Associates
7303 Timber Lane
Falls Church, VA 22046-2735

Richard L. Caplan
Caplan & Lubner, LLP
40 Darby Road
Paoli, PA 19301

David A. McCormick
Department of the Army
Office of the Judge Advocate General
901 North Stuart St.
Arlington, VA 22203-1837

J. Kennedy and Associates, Inc.
35 Glenlake Parkway #475
Atlanta, GA 30328

Stephen L. Huntoon
PECO Gas Supply Co.
2301 Market St.
Philadelphia, PA 19101-8699

John L. Munsch
Allegheny Power
800 Cabin Hill Dr.
Greensburg, PA 15601

Ron Tomasko
IBEW Local 1600
P.O. Box 470
Trexlerstown, PA 18087

Craig A. Doll
214 State St.
Harrisburg, PA 17101

Gary A. Jeffries
CNG Energy Services Corp.
P.O. Box 15746
Pittsburgh, PA 15224-0746

Michael Stosser
Heller Ehrman White & McAuliffe
815 Connecticut Ave., NW Suite 200
Washington, DC 20006-4004

David Boonin
New Energy Ventures, Inc.
200 S. Broad St., Suite 800
Philadelphia, PA 19102

Joseph Dworetzky
Hangley Aronchick Segal & Pudlin
One Logan Square, 12th Floor
Philadelphia, PA 19103-6933

Randall Griffin, Esq.
Delmarva Power & Light Co.
P.O. Box 231
Wilmington, DE 19899

Andrew Altman
Clean Air Council
135 South 19th St., Suite 300
Philadelphia, PA 19103

Linda Smith
Dilworth, Paxson, Kalish & Kauffman LLP
305 N. Front St., Suite 403
Harrisburg, PA 17101-1236

Gordon Smith
John & Hengerer
1200 17th St., NW Suite 600
Washington, DC 20036-3006

Usher Fogel
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207

Mid-Atlantic Power Supply Assoc.
620 Herndon Parkway, Suite 200
Herndon, VA 20170

Sheila Hollis
Duane Morris & Heckscher LLP
1667 K Street, NW
Washington, DC 20006-1608

David Cruthirds
Electric Clearinghouse, Inc.
100 Louisiana, Suite 5800
Houston, TX 77002-5050

Susan Shanaman
212 North Third St., Suite 203
Harrisburg, PA 17101-1505

James Norris
Eckert Seamans Cherin & Mellott
600 Grant St., 42nd Floor
Pittsburgh, PA 15219

Patricia Armstrong
Thomas, Thomas, Armstrong & Niesen
P.O. Box 9500
Harrisburg, PA 17108-9500



**AN ASSOCIATION OF INDEPENDENT POWER PRODUCERS
IN THE ANTHRACITE AND BITUMINOUS REGIONS OF PENNSYLVANIA**

December 30, 1999

REPLY TO:

Billie E. Ramsey, Esq.
Executive Director
1300 Market Street
Suite 7
Lemoyne, PA 17043
(717) 763-7635
(717) 763-7455 Fax

David F. Martin, P.E.
President
48 Eleanor Avenue
Frackville, PA 17931
(570) 874-4119
(570) 874-2034 Fax
<http://www.arippa.org>

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
B-20 North Office Building
Harrisburg, PA 17120

ORIGINAL

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

Hand Delivered

**DOCUMENT
FOLDER**

Dear Secretary McNulty:

Enclosed for filing please find an original and three (3) copies of
the Answer of ARIPPA to the Letter-Request of PP&L, Inc. ("PP&L")
dated December 7, 1999, wherein PP&L requests three actions by
the Pennsylvania Public Utility Commission ("PUC") relative to
PP&L's transfer of its generation assets and wholesale contracts.

Copies have been served this day upon all parties of record in
accordance with the attached certificate of service.

Very truly yours,

Billie E. Ramsey
Billie E. Ramsey

RECEIVED
99 DEC 30 PM 3:31
PA. P.U.C.
SECRETARY'S BUREAU

Enc.

cc: As per Certificate of Service

Members:

Ebensburg Power Company
Ebensburg, PA

Foster Wheeler Mt. Carmel, Inc.
Mt. Carmel, PA

Gilberton Power Company
Frackville, PA

Inter-Power/Ahicon Partners, L.P.
Colver, PA

Northeastern Power Company
Mc Adoo, PA

Panther Creek Partners
Nesquehoning, PA

Piney Creek L.P.
Clarion, PA

U. S. Generating Company
Northampton, PA

U. S. Generating Company
Scrubgrass, PA

Westwood Operating Co., L.L.C.
Tremont, PA

Wheelabrator Frackville Energy Co.
Frackville, PA

Affiliate Member:

Air Products & Chemicals, Inc.
Cambria, PA

40

SRB

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

Application of PP&L, Inc. for
Approval of Its Restructuring Plan
Under Section 2806 of the
Public Utility Code

Docket No. R-00973954

**DOCUMENT
FOLDER**

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

99 DEC 30 PM 3:32

RECEIVED

DOCKETED
DEC 31 1999

ANSWER OF ARIPPA

ARIPPA hereby responds to the Letter-Request filed by PP&L, Inc. ("PP&L") on December 7, 1999, wherein PP&L requests three actions by the Pennsylvania Public Utility Commission ("PUC") relative to the transfer of its generation assets and wholesale contracts, as follows:

1. ARIPPA is a Pennsylvania trade association comprised of twelve (12) waste coal-fired power plants, four of which sell power under PUC-approved contracts to PP&L.

2. These four plants have been certified by the Federal Energy Regulatory Commission ("FERC") as qualifying facilities ("QFs") under Section 201 of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), 16 U.S.C. §796 (17) through(22).

3. The four contracts were entered into by the parties under the terms of the Joint Petition of Pennsylvania Power & Light Company and Specified Potential

Cogeneration and Small Power Production Facilities for a Declaratory Order, which was approved by the PUC by its Order entered June 30, 1986 at Docket No. P-860126.

4. ARIPPA was a party to PP&L's restructuring proceeding and was a signatory to the Joint Petition for Full Settlement of PP&L, Inc.'s Restructuring Plan and Related Court Proceedings ("Joint Petition") that was approved by the PUC by its Order entered on August 27, 1998.

5. Section L.2 of the Joint Petition provides as follows:

PP&L and its subsidiaries are permitted, but not required, to transfer or assign all of their generating assets and liabilities, as those assets and liabilities are delineated in its Restructuring Plan filing and included at the date of transfer in the accounts set forth in Appendix J hereto, and any other assets necessary for the operation of the generating plants, and their wholesale power contracts (other than PUC-approved contracts with qualifying facilities selling power to PP&L) to a separate corporate entity or entities. The entity or entities may, at PP&L's discretion, be an affiliate or subsidiary of PP&L or a non-affiliate.

Joint Petition at 40 (emphasis added).

6. PP&L's Letter-Request of December 7, 1999 states that it intends to assign its wholesale power agreements to PP&L EnergyPlus Co. LLC. PP&L

EnergyPlus Co. LLC will be a marketing subsidiary of PPL Energy Funding Corporation, which will be a direct subsidiary of PP&L Resources separate from PP&L, Inc. See Attachment B, Description of the Corporate Realignment, page 2, footnote 5.

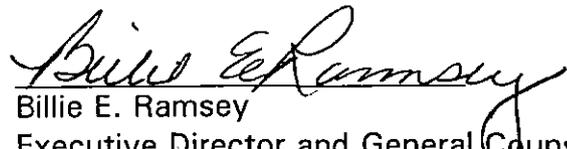
7. PP&L's Letter-Request does not expressly state that QF contracts are among those that will be assigned to PP&L EnergyPlus Co. LLC; however the Letter-Request does not expressly exclude QF contracts from the intended assignment.

8. PP&L states at page 3 of its Letter-Request that the Joint Petition authorizes PP&L to transfer all of its generation assets "as well as wholesale power contracts." This is not completely accurate since the Joint Petition specifically prohibits PP&L from assigning its PUC-approved QF contracts to a separate corporate entity.

9. Since PP&L's Letter-Request is unclear on this point, the PUC's order in this proceeding should expressly state that QF contracts are to remain with PP&L, Inc. as provided in the Joint Petition.

WHEREFORE, ARIPPA respectfully requests that the PUC expressly provide in its order that QF contracts are to remain with PP&L, Inc. as provided in the Joint Petition.

Respectfully submitted,


Billie E. Ramsey
Executive Director and General Counsel
ARIPPA
1300 Market Street, Suite 7
Lemoyne, PA 17043
(717) 763-7635

Dated: December 30, 1999

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document upon the persons and in the manner indicated below:

Service by First Class Mail Postage Pre-Paid

Paul E. Russell, Esq.
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101

Bohdan R. Pankiw, Esq.
Pennsylvania Public Utility Commission
203 North Office Building
P.O. Box 3265
Harrisburg, PA 17105-3265

Kathryn G. Sophy, Esq.
Pennsylvania Public Utility Commission
203 North Office Building
P.O. Box 3265
Harrisburg, PA 17105-3265

Johnnie E. Simms, Esq.
Office of Trial Staff
Pennsylvania Public Utility Commission
Third Floor, Pitnick Building
901 North Seventh Street - Rear
P.O. Box 3265
Harrisburg, PA 17105-3265

James A. Mullins, Esq.
Tanya J. McCloskey, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1921

Bernard A. Ryan, Jr., Esq.
Office of Small Business Advocate
1102 Commerce Building
300 North Second Street
Harrisburg, PA 17101

John Munsch, Esq.
Allegheny Power Corp.
800 Cabin Hill Drive
Greensburg, PA 15601-2301

David M. Kleppinger, Esq.
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Daniel Clearfield, Esq.
Alan Kohler, Esq.
Wolf, Block, Schorr and Solis-Cohen LLP
Locust Court Building, Suite 300
212 Locust Street
Harrisburg, PA 17101

Richard L. Caplan, Esq.
Caplan & Luber, LLP
40 Darby Road
Paoli, Pa 19301

James Cawley, Esq.
Rhoads & Sinon, LLP
One South Market Square
12th Floor
Harrisburg, PA 17101

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

99 DEC 30 PM 3:32

RECEIVED

Scott J. Rubin, Esq.
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

Michael Fiorentino, Esq.
Clean Air Council - Harrisburg
3700 Vartan Way
Harrisburg, PA 17110

Roger E. Clark, Esq.
905 Denston Drive
Ambler, PA 19002

Mr. Eric Epstein
4100 Hilldale Road
Harrisburg, PA 17112

David A. McCormick, Esq.
Regulatory Law Office
US Army Legal Services Agency
Department of the Army
Office of the Judge Advocate General
DAJA - RL 3949
901 North Stuart Street, Room 713
Arlington, VA 2203-1837

Stephen L. Huntoon, Esq.
Mary McFall Hopper, Esq.
PECO Energy Company
2301 Market Street, S23-1
P.O. Box 8699
Philadelphia, PA 19101-8699

Paul E. Nordstrom, Esq.
Verner, Liipfert, Bernhard, McPherson & Hand
901 15th Street, NW
Suite 700
Washington, DC 20005-2301

Robert P. Haynes, III, Esq.
Mette, Evans & Woodside
3401 North Front Street
P.O. Box 5950
Harrisburg, PA 17110-0950

Harry S. Geller, Esq.
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101-1414

David W. Francis, Esq.
Powell, Trachtman, Logan, Carrle, Bowman &
Lombardo, P.C.
114 North Second Street
Harrisburg, PA 17101

Michael L. Kessler, Esq.
American Energy Solutions, Inc.
111 South Alfred Street
Alexandria, VA 22314

Michael T. Vough, Esq.
Greater Pittston Professional Center
126 South Main Street
Pittston, PA 18640-1793

Michael A. Stosser, Esq.
Heller, Ehrman, White & McAuliffe
815 Connecticut Ave., NW
Suite 200
Washington, DC 20006-4004

Craig A. Doll, Esq.
214 State Street
Harrisburg, PA 17101

Joan O. Brandeis, Esq.
Schnader Harrison Segal & Lewis
Suite 3600
Philadelphia, PA 19103-4252

Bruce A. Connell, Esq.
DuPont Power Marketing, Inc.
Legal Department
600 North Dairy Ashford, ML-1034
Houston, TX 77079

Gene Stilp, Esq.
1550 FCVR
Harrisburg, PA 17112-9240

Otto Hofmann, Esq.
PA Rural Electric Association
212 Locust Street
P.O. Box 1266
Harrisburg, PA 17108-1266

Craig G. Goodman, Esq.
ERI, Inc.
3333 K Street, NW
Suite 425
Washington, DC 20007

Gary A. Jeffries, Esq.
CNG Energy Services Corp.
One Park Ridge Center
P.O. Box 15746
Pittsburgh, PA 15244-0746

Shawn P. Leyden, VP and General Counsel
Energis Resources
499 Thornall Street
Edison, NJ 08837

David M. DeSalle, Esq.
Ryan, Russell, Ogden & Seltzer, LLP
800 North Third Street, Suite 101
Harrisburg, PA 17102

Usher Fogel, Esq.
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207

John P. Zinkund, Executive Vice President
Pennsylvania Petroleum Association
2001 North Front Street
Suite 121, Building 2
Harrisburg, PA 17102

Susan M. Shanaman, Esq.
212 North Third Street, Suite 203
Harrisburg, PA 17101-1505

Patricia Armstrong, Esq.
Thomas, Thomas, Armstrong & Niesen
P.O. Box 9500
212 Locust Street, Suite 500
Harrisburg, PA 17108-9500

Linda C. Smith, Esq.
Dilworth, Paxson, Kalish & Kauffman LLP
305 North Front Street, Suite 403
Harrisburg, PA 17101-1236

Joseph A. Dworetzky, Esq.
Hangley, Aronchick, Segal & Pudlin
One Logan Square, 12th Floor
Philadelphia, PA 19103

Robert A. Mills, Esq.
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Gordon Smith, Esq.
John & Hengerer
1200 17th Street, NW
Suite 600
Washington, DC 20036-3006

Jeff Bladen, Esq.
NEV East, LLC
1845 Walnut Street
Suite 2525
Philadelphia, PA 19103-4725

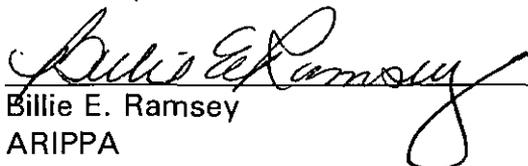
Sheila S. Hollis, Esq.
Duane, Morris & Heckscher LLP
1667 K Street, NW
Suite 700
Washington, DC 20006-1608

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

Eugene Brady, Executive Director
Commission on Economic Opportunity
165 Amber Lane
P.O. Box 1127
Wilkes-Barre, PA 18703-1127

David E. Koff, Esq.
Koff, Wendolowski, Ferguson & Mangan
22 East Union Street, Suite 115
Wilkes-Barre, PA 18701-2721

Dated: December 30, 1999


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

PPLICA, as a party to the Restructuring Settlement, objects to this categorization of the intent of the parties in signing the Settlement. PP&L's requests made in the December 7th letter go beyond a mere approval of the transfer of the generating assets and address important factual and legal determinations from this Commission that were outside of the contemplation of the parties signing the Settlement. As explained below, some of those determinations cannot be made based solely on the vague and unsupported assertions in PP&L's December 7th letter.

3. As recognized in the Office of Consumer Advocate's ("OCA") December 30, 1999, letter regarding PP&L's requests, the Company's entire proposal raises numerous issues under the Public Utility Holding Company Act of 1935 ("PUHCA") that were not addressed as part of the Restructuring Settlement. First, the arguments and evidence presented by PP&L in the letter are not sufficient to establish that it is appropriate for the transferred facilities to be considered to be "eligible facilities" as defined in Section 32(a) of PUHCA, 15 U.S.C. § 79z-5a(a) (i.e., that categorizing the assets as essential facilities will benefit consumers, is in the public interest, and does not violate state law). PP&L's letter provides little support for the requested determination beyond the mere assertion that permitting PP&L's generating limited liability companies to obtain EWG status will facilitate the structural separation of generation assets from transmission and distribution assets. PP&L has not addressed other key issues, such as whether restricting these facilities to wholesale transactions will promote or hinder the development of a competitive generation market in Pennsylvania. PPLICA requests that PP&L provide further information fully supporting the "eligible facilities" and EWG findings request.

4. In addition, as recognized by the OCA, PP&L's proposal appears to be circumventing other requirements under PUHCA, including Section 32(k)(1). The Commission should carefully consider whether approval of both the EWG findings request and the corporate realignment will result in an inappropriate structure that removes the otherwise applicable

protections under Section 32(k)(1).

5. Furthermore, PPLICCA is concerned that the structure of the proposed realignment, and the placement of PP&L EnergyPlus between the generation supply purchases by PP&L from the generating facilities to fulfill PP&L's provider of last resort obligations, will permit PP&L to inappropriately create a circumstance under which it could request an exception to the generation rate cap established by the Competition Act. To the extent the proposal permits such circumstances to occur, it is clearly contrary to the public interest and must be rejected.

6. In summary, PP&L's December 7, 1999, letter is extremely cursory and does not constitute sufficient support for all of the Commission actions requested therein. PPLICCA requests that the Company provide further support and information for its proposals and that interested parties be provided with subsequent opportunities to comment on this information. Until further information is obtained, including but not limited to information supporting the request for EWG findings, the Commission must deny PP&L's request.

Respectfully submitted,

McNEES, WALLACE & NURICK

By 
David M. Kleppinger
Pamela C. Polacek
Charis M. Burak
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000

Counsel to the PP&L Industrial Customer Alliance

Dated: January 6, 2000

DOCUMENT
FOLDER

MCNEES, WALLACE & NURICK
ATTORNEYS AT LAW

ORIGINAL

100 PINE STREET
P. O. BOX 1166
HARRISBURG, PA 17108-1166
TELEPHONE (717) 232-8000
FAX (717) 237-5300
<http://www.mwn.com>

PAMELA C. POLACEK
DIRECT DIAL: (717) 237-5368
E-MAIL ADDRESS: PPOLACEK@MWN.COM

January 6, 2000

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17105

RECEIVED
00 JAN -6 3:46
PA. PUBLIC
SECRETARY'S
BUREAU
VIA HAND DELIVERY

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

Petition of PP&L, Inc. for Exempt Wholesale Generator Findings Under Section 32(a) of the Public Utility Holding Company Act; Docket No. P-_____

Dear Secretary McNulty:

Enclosed for filing with the Commission are an original and seven (7) copies of the Answer of the PP&L Industrial Customer Alliance ("PPLICA") in the above-referenced proceedings. The original and three copies of this document should be filed in Docket No. R-00973954 and four copies should be filed at the Docket that will be assigned to the portion of PP&L's December 7, 1999, letter requesting findings related to Exempt Wholesale Generator status.

If you have any questions regarding this filing, please contact the undersigned. As evidenced by the attached Certificate of Service, all parties have been duly served. Please date-stamp the enclosed copy of this letter for our filing purposes.

Very truly yours,

MCNEES, WALLACE & NURICK

By

Pamela C. Polacek 34

Pamela C. Polacek

Counsel to the PP&L Industrial Customer Alliance

PCP:dt

Enclosures

c: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA FEDERAL EXPRESS

Paul E. Russell, Esquire
Associate General Counsel
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101

VIA FIRST CLASS MAIL

Daniel Clearfield, Esquire
Alan Kohler, Esquire
Robert Longwell, Esquire
Wolf, Block, Schorr and Solis-Cohen
212 Locust Street
Harrisburg, PA 17101

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

Tanya McCloskey, Esquire
Barrett C. Sheridan, Esquire
James A. Mullins, Esquire
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1921

Johnnie E. Simms, Esquire
Scott H. DeBroff, Esquire
Prosecutors, Office of Trial Staff
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

David M. DeSalle, Esquire
Ryan, Russell, Ogden & Seltzer, LLP
800 North Third Street, Suite 101
Harrisburg, PA 17102-2025

David W. Francis, Esquire
Powell, Trachtman, Logan, Carrle,
Bowman & Lombardo, P.C.
114 North Second Street
Harrisburg, PA 17101

Craig A. Doll, Esquire
214 State Street
Harrisburg, PA 17112

Eric Joseph Epstein
2308 Brandywine Drive
Harrisburg, PA 17110

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

James Cawley, Esquire
Rhoads & Sinon
1 South Market Square
Harrisburg, PA 17108-1146

RECEIVED
00 JAN -6 PM 3:46
PA PUBLIC BUREAU
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

Page 2

Docket No. R-00973954

Robert F. Young, Esquire
Anthony C. Adonizio, Esquire
Allegheny Electric Cooperative, Inc.
212 Locust Street
P.O. Box 1266
Harrisburg, PA 17108-1266

John P. Zinkand
Executive Vice President
Pennsylvania Petroleum Association
Suite 121, Building 2
2001 North Front Street
Harrisburg, PA 17102

Linda C. Smith, Esquire
Dilworth, Paxson, Kalish & Kauffman, LLP
305 North Front Street, Suite 403
Harrisburg, PA 17101-1236

Robert P. Haynes, III, Esquire
Zeigler & Zimmerman
355 North 21st Street
Camp Hill, PA 17011

Susan M. Shanaman, Esquire
212 North Third Street
Suite 203
Harrisburg, PA 17101-1505

Patricia Armstrong, Esquire
Thomas, Thomas, Armstrong & Niesen
212 Locust Street
P.O. Box 9500
Harrisburg, PA 17108-9500

John Haucke, Executive Vice President
Pennsylvania Association of Plumbing,
Heating, Cooling Contractors, Inc.
4015 Jonestown Road
Harrisburg, PA 17109-9109

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

Brian A. Rider
Pennsylvania Retailers Association
224 Pine Street
Harrisburg, PA 17101-1325

Harry S. Geller, Esquire
118 Locust Street
Harrisburg, PA 17108

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

Roger E. Clark, Esquire
905 Denston Drive
Ambler, PA 19002

Enron Corporation
Attn: James D. Steffes
1400 Smith Street
P.O. Box 4428
Houston, TX 77002

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

Neil Talbot
81 Grand Street, No. 5
New York, NY 10013

Scott J. Rubin, Esquire
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

CERTIFICATE OF SERVICE

Page 3

Docket No. R-00973954

Gene Stilp, Coordinator
1550 FCVR
Harrisburg, PA 17112-9240

David A. McCormick, Esquire
Regulatory Law Office
U.S. Army Legal Services Agency
Department of the Army
DAJA-RL 3949
901 North Stuart Street, Room 713
Arlington, VA 22203-1837

Richard L. Caplan, Esquire
Caplan and Lubner, LLP
40 Darby Road
Paoli, PA 19301

Randall V. Griffin, Esquire
800 King Street
P.O. Box 231
Wilmington, DE 19899

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

Michael A. Stosser, Esquire
Kraft Foods, Inc.
815 Connecticut Avenue NW
Suite 200
Washington, DC 20006-4004

Bruce A. Connell, Esquire
Legal Department
600 North Dairy Ashford, ML-1034
Houston, TX 77079

Michael T. Vough, Esquire
Vough & Mecadon
Greater Pittston Professional Center
126 South Main Street
Pittston, PA 18640-1793

Michael L. Kessler
Vice President and General Counsel
American Energy Solutions, Inc.
111 South Alfred Street
Alexandria, VA 22314

Gary A. Jeffries
Senior Attorney
CNG Energy Services Corporation
One Park Ridge Center
P.O. Box 15746
Pittsburgh, PA 15244-0746

Usher Fogel, Esquire
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207

Gordon J. Smith, Esquire
John & Hengerer
1200 17th Street, N.W., Suite 600
Washington, D.C. 20036-3006

John R. Orr, Esquire
Duke Energy Trading and Marketing, L.L.C.
One Westchase Center, 10777 Westheimer
Suite 650
Houston, TX 77042

Clinton A. Vince, Esquire
Paul E. Nordstrom, Esquire
Deborah A. Swanstrom, Esquire
Joel D. Newton, Esquire
Verner, Liipfert, Bernhard, McPherson &
Hand
901 15th Street, NW
Washington, DC 20005-2301

Joseph A. Dworetzky, Esquire
John P. Lavelle, Jr., Esquire
Hangle, Aronchick, Segal & Pudlin
One Logan Square, 12th Floor
Philadelphia, PA 19103

CERTIFICATE OF SERVICE

Page 4

Docket No. R-00973954

David Cruthirds
Electric Clearinghouse, Inc.
1000 Louisiana, Suite 5800
Houston, TX 77002-5050

Norma J. Rosner, Esquire
General Counsel
Vastar Power Marketing, Inc.
200 Westlake Park Boulevard
Houston, TX 77079

Vickiren S. Aeschleman
Director - Regulatory Policy
QST Energy, Inc.
300 Hamilton Boulevard, Suite 300
Peoria, IL 61602

Keith M. Sappenfield, II
Director of Marketing Support
Noram Energy Mangement, Inc.
P.O. Box 2628
Houston, TX 77252-2628

Jerry Mendl
MSB Energy Associates
7507 Hubbard Avenue, Suite 200
Middleton, WI 53562

Fred Zalcman
Pace Energy Project
Pace University School of Law
78 North Broadway
White Plains, NY 10603

James H. Norris, Esquire
Eckert, Seamans, Cherin & Mellott
42nd Floor - 600 Grant Street
Pittsburgh, PA 15219

Dave Boonin
New Energy Ventures
1845 Walnut Street, Suite 2525
Philadelphia, PA 19103

Bruce Biewald
Synapse Energy Economics, Inc.
101 Chilton Street
Cambridge, MA 02138

Andrew Altman, Deputy Director
Clean Air Council
Suite 300
135 South 19th Street
Philadelphia, PA 19103

David Martin
Gilberton Power Company
50 Eleanor Ave.
Frackville, PA 17931

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

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

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

Bohdan R. Pankiw, Esquire
Law Bureau
PA Public Utility Commission
Room 203, North Office Building
P. O. Box 3265
Harrisburg, PA 17105-3265

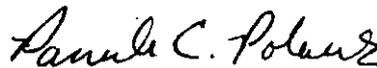
CERTIFICATE OF SERVICE

Page 5

Docket No. R-00973954

David K. Koff, Esquire
Koff, Wendolowski, Ferguson & Mangan, P.C.
Suite 115
22 East Union Street
Wilkes-Barre, PA 18701-2721

Sheila S. Hollis, Esquire
Mary Ann Ralls, Esquire
Stephanie A. Sugrue, Esquire
Duane, Morris & Heckshcer, LLP
1667 K. Street, N.W., Suite 700
Washington, DC 20006-1608



Pamela C. Polacek, Esquire

Counsel to the PP&L Industrial Customer Alliance

Dated this 6th day of January, 2000, at Harrisburg, Pennsylvania.

1701 Market Street
Philadelphia, PA 19103-2921
215-963-5000
Fax: 215-963-5299

David B. MacGregor
215-963-5448

Morgan, Lewis
& Bockius LLP
COUNSELORS AT LAW

ORIGINAL

January 10, 2000

DOCUMENT
FOLDER

00 JAN 10 PM 4:25
SECRETARY'S BUREAU

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
P.O. Box 3265
Harrisburg PA 17105-3265

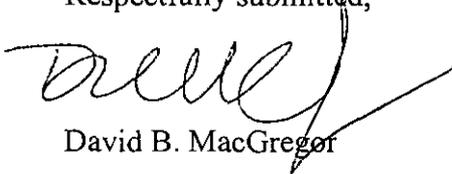
Re: Application of PP&L, Inc. for Approval of Its Restructuring Plan Under Section 2806 of The Public Utility Code, Docket No. R-00973954

Dear Secretary McNulty:

Enclosed, for filing, are the original and three copies of the "Answer of PP&L, Inc. to the Protest of Allegheny Electric Cooperative, Inc." in the above-referenced proceeding.

If there are any questions concerning this matter, please contact the undersigned at the address or telephone number provided above. As indicated in the enclosed Certificate of Service, copies of this answer are being served by first class mail upon all parties of record.

Respectfully submitted,



David B. MacGregor

DBM/kms

Enclosures

cc: Certificate of Service

1-HA/85236.1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

Application of PP&L, Inc. for Approval :
of its Restructuring Plan Under Section :
2806 of the Public Utility Code :

Docket No. R-00973954

RECEIVED
90 JAN 10 PM 1:25
PENNSYLVANIA
PUBLIC
UTILITY
COMMISSION
SECRETARY'S BUREAU

**DOCUMENT
FOLDER**

**Answer of PP&L, Inc. to the Protest of
Allegheny Electric Cooperative, Inc.**

DOCKETED
JAN 12 2000

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PP&L, Inc. ("PP&L") hereby answers the Protest of Allegheny Electric Cooperative, Inc. ("AEC") that was filed with the Pennsylvania Public Utility Commission ("Commission") on December 27, 1999, as follows:

1. The averments of Paragraph No. 1 of the Protest are admitted in part and denied in part. It is admitted that on December 7, 1999, PP&L made one filing, a Letter-Request, to the Commission concerning the transfer of its generation assets and liabilities to certain affiliates. It is denied that the affiliates which would receive PP&L's generation assets and liabilities will be indirect subsidiaries. The structures of the PP&L corporate system, both before and after the realignment, are shown in Attachment A to the Letter-Request; that attachment speaks for itself.

As explained in the Letter-Request, the Commission, in an Order entered on August 27, 1998, in the above-captioned proceeding, approved a "Joint Petition for Full Settlement of PP&L, Inc.'s Restructuring Plan and Related Court Pro-

ceedings" ("Settlement Petition"). Among other things, the Commission approved the transfer by PP&L of its generating assets and liabilities and expressly granted all approvals, licenses and certificates required for the transfer as follows:

"3. That all aspects of PP&L's transfer of its generation assets and liabilities and wholesale agreements under the settlement are approved. In addition, we grant the approvals, licenses and certificates of public convenience required under the Public Utility Code regarding the transfer or assignment of PP&L's generating assets and liabilities under the settlement, including but not limited to approvals under Chapters 5, 11, 19, 21 and 28 of the Public Utility Code."

Docket No. R-00973954, order entered August 27, 1998 ("Restructuring Order"), p. 11. Accordingly, in its December 7, 1999 Letter-Request, PP&L did not request permission to transfer its generating assets and liabilities; the Commission granted all required approvals, licenses and certificates for such transfers in its August 27, 1998 Order. PP&L merely is requesting that the Commission issue various documents evidencing its prior approval.

Although AEC did not agree to the transfer, nevertheless, it had notice of the proceeding, it in fact participated in many aspects of the proceeding, it had a full and complete opportunity to litigate such issues in the proceeding, but it declined to do so. After requesting comments or objections to the Restructuring Settlement in a Tentative Order, the Commission adopted the Restructuring Order approving the transfer and specifically granting all approvals, licenses and certificates required for the transfer. Therefore, although AEC declined to join in this component of the restructuring settlement, it failed to object to approval of the transfer by filing

comments to the Commission's Tentative Order. Therefore, it is bound by the Restructuring Order, just as the Commission's Restructuring Order binds customers who had notice of the restructuring proceeding, but did not participate in it.

It is denied further that AEC "reserved all rights" to challenge the transfer by PP&L of its generation assets and liabilities. To the contrary, as quoted in Paragraph No. 8 of the Protest, the Settlement Petition does not "expand" or "change" AEC's rights. AEC's Protest in fact is barred by the Restructuring Order.

Even if AEC's protest is not barred, any protest that AEC attempts to bring against the transfer of PP&L's generating assets and liabilities must raise issues that are within this Commission's jurisdiction. Paragraph L.6 of the Joint Petition, which is cited by AEC, does not and cannot change this legal requirement. As discussed in more detail below, AEC has not raised any jurisdictional issues. Rather, it has identified various concerns that can only be addressed by other regulatory agencies or through the remedy provisions of its agreements with PP&L. Because this Commission does not have the authority to address any of the issues raised by AEC, it cannot grant any portion of the requested relief. Accordingly, it should dismiss AEC's Protest.

2. The averments of Paragraph No. 2 of the Protest are admitted.
3. The averments of Paragraph No. 3 of the Protest are admitted.
4. The averments of Paragraph No. 4 of the Protest are admitted.
5. The averments of Paragraph No. 5 of the Protest are admitted,

but such averments have no significance since AEC's Protest is barred by the Restructuring Order.

6. In response to Paragraph No. 6 of the Protest, it is admitted that AEC has a ten percent undivided ownership in the Susquehanna Steam Electric Station ("SSES") and that AEC owns a transmission line approximately 42 miles long that transmits AEC's share of the output of the SES ("SSES Line"). PP&L denies that it is proposing to transfer its obligations under the SSES Transmission Agreement, under which it operates and maintains the SSES Line.¹ It is admitted that AEC and PP&L have entered into certain contractual arrangements related to the ownership and operation of the SSES. For the reasons explained below, however, it is denied that AEC has any significant interest in the Commission's resolution of PP&L's Letter-Request.

7. *It is admitted that the contractual arrangements between PP&L and AEC govern the determination of AEC's portion of the costs associated with the operation of SSES and the SSES Line. To the extent that AEC believes that such agreements are not being followed, however, the resolution of such disputes is not within the jurisdiction of this Commission. Instead, the resolution of such disputes are governed by the agreements themselves. For example, the express terms of the Operating Agreement require PP&L to allocate SSES operating costs in an equitable manner, and AEC is obligated under the SSES Operating Agreement to pay for its share of properly allocated operating costs. If AEC disagrees with PP&L's method of allocating these costs, AEC may challenge such allocation in the proper forum.*

¹ After the corporate realignment, PP&L will continue to provide operations and maintenance over AEC's transmission line. The transmission line operating contract is thus not being assigned.

8. The averments of Paragraph No. 8 of the Protest are denied. In further response, the averments of Paragraph No. 1 of this Answer are incorporated herein by reference.

9. The averments of Paragraph No. 9 of the Protest are denied. AEC's rights with regard to allocation of costs and assets are set forth in the various agreements between AEC and PP&L, not through regulation of retail utility service by the Commission. As discussed in more detail in PP&L's response to Paragraph No. 12 of the Protest, the agreements between AEC and PP&L explicitly permit PP&L to assign its rights and obligations under the agreements. Further, issues with regard to alleged additional risk arising from the transfer of SSES to another entity are subject to the exclusive jurisdiction of the Nuclear Regulatory Commission ("NRC"), not this Commission. PP&L has made an application to the NRC. AEC simply has not identified any concern that is cognizable before this Commission.

10. The averments of Paragraph No. 10 of the Protest are denied. The corporate realignment proposed by PP&L does not constitute an amendment to any of the cited agreements between PP&L and AEC. To the contrary, the SSES agreements referred to by AEC explicitly permit PP&L to assign those agreements to another entity, and PP&L has proposed to do nothing more than that. Even more fatal to AEC's Protest is the fact that these agreements are not subject to the Commission's jurisdiction. AEC cites no authority for the proposition that the Commission has the authority to consider the terms of non-jurisdictional agreements in its review of PP&L's Letter-Request.

11. The averments of Paragraph No. 11 of the Protest are admitted to the extent that AEC has correctly quoted a small portion of the Operating Agreement. PP&L denies, however, that it has failed in any way to comply with the Operating Agreement.

12. The averments of Paragraph No. 12 of the Protest are admitted in part and denied in part. It is admitted that PP&L has not sought approval from the Rural Utilities Service ("RUS") for the transfer of its generation assets and liabilities. It is denied that the approval of the RUS is required for PP&L to effectively assign the Tenancy in Common Agreement and the Operating Agreement to PPL Susquehanna.² Contrary to AEC's assertion, such assignment does not, under the express terms of those agreements, constitute an "amendment" that requires approval of the RUS. AEC fails to point out in its Protest that the Tenancy in Common Agreement, as approved by the RUS, expressly allows PP&L to assign its interest in the agreement without consent from AEC and that the Operating Agreement contemplates such assignment. In any event, even if PP&L were required to obtain approval from RUS for the transfer of SSES – which it is not – such matters should be brought before the RUS or a court of competent jurisdiction, not before this Commission.

13. The averments of Paragraph No. 13 of the Protest are denied. Initially, it is denied that PP&L is making any changes in "rate, charges, classification,

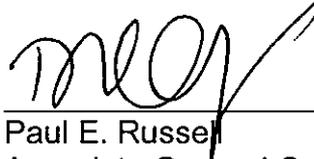
² The Transmission Agreement obligates PP&L to perform operations and maintenance of AEC's line. Because PP&L will not be assigning its obligations under the Transmission Agreement, any concerns AEC may have about the performance under the Transmission Agreement are moot.

or services or any sale, regulations or contract relating thereto” Rather, as explained above, PP&L is merely acting under the contractual provisions which permit assignment of the agreements between PP&L and AEC. Therefore, the remaining averments of Paragraph No. 13 of the Protest are irrelevant. In any event, however, AEC's rights to intervene in a proceeding before this Commission are determined under the Public Utility Code and the Commission's regulations and orders.

14. The averments of Paragraph No. 14 of the Protest are not cognizable before this Commission. The technical and financial fitness of the entity to which PP&L's interest in SSES will be transferred are matters within the exclusive regulatory authority of the NRC. Further, AEC's rights and obligations with regard to SSES are governed by contractual arrangements between PP&L and AEC, which are assignable. If PP&L or its assignee violates such agreements, AEC's remedies are not before this Commission. Similarly, allocations of costs of SSES and related facilities are governed by the SSES agreements and are not within the regulatory purview of this Commission. The averments of Paragraph Nos. 9, 10, 11, 12, and 13 of this Answer are incorporated herein by reference.

WHEREFORE, for all the foregoing reasons, PP&L, Inc. respectfully requests that the Protest of Allegheny Electric Cooperative, Inc. be denied.

Respectfully submitted,



Paul E. Russell
Associate General Counsel
PP&L, Inc.
Two North Ninth Street
Allentown, PA 18101-1179
Phone: 610-774-4254
FAX: 610-774-6726

David B. MacGregor
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
Phone: 215-963-5448
FAX: 215-963-5299

John H. Isom
Morgan, Lewis & Bockius LLP
One Commerce Square
417 Walnut Street
Harrisburg, PA 17101
Phone: 717-237-4022
FAX: 717-237-4004

OF COUNSEL:

MORGAN, LEWIS & BOCKIUS LLP

Dated: January 10, 2000

Attorneys for PP&L, Inc.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

SECRETARY'S BUREAU
00 JAN 10 PM 4:25

CERTIFICATION OF SERVICE

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

First Class Mail

Bohdan R. Pankiw, Esquire
Pennsylvania Public Utility Commission
North Office Building
North Street & Commonwealth Avenue
Harrisburg, PA 17105-3265

Kathryn G. Sophy, Esquire
Pennsylvania Public Utility Commission
North Office Building
North Street & Commonwealth Avenue
Harrisburg, PA 17105-3265

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

Bernard A. Ryan, Esquire
Angela Jones, Esquire
Office Of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

James A. Mullins, Esquire
Assistant Consumer Advocate
Office Of Consumer Advocate
555 Walnut Street
5th Flr Forum Place
Harrisburg, PA 17101-1923

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

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

James Cawley, Esquire
Rhoads & Sinon LLP
One South Market Square
P.O. Box 1146
Harrisburg, PA 17108
for Mid-Atlantic Power Supply Assoc.

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

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

David M. Kleppinger, Esquire
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108
for PPLICA

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

Eric Epstein
4100 Hillside Drive
Harrisburg, PA 17112
Pro se

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

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

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

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

Clinton A. Vince, Esquire
Paul E. Nordstrom, Esquire
Deborah A. Swanstrom, Esquire
Verner Liipfert, Bernhard, McPherson
& Hand
901 15th Street, N.W., Suite 700
Washington, DC 20005
for Allegheny Power

Jack Munsch, Esquire
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601

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

Linda C. Smith, Esquire
Dilworth, Paxson, Kalish & Kauffman LLP
305 N. Front Street
Suite 403
Harrisburg, PA 17101-1236

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

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

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

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

Gordon Smith, Esquire
John & Hengerer
1200 17th Street, N.W., Suite 600
Washington, DC 20036-3006

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

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

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

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

Gary A. Jeffries, Esquire
CNG Energy Services Corporation
One Park Ridge Center
P.O. Box 15746
Pittsburgh, PA 15275

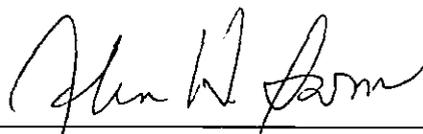
Susan M. Shanaman, Esquire
212 North Third Street
Suite 203
Harrisburg, PA 17101-1505

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

David E. Koff, Esquire
Koff, Wendolowski, Ferguson & Mangan
22 East Union Street, Suite 115
Wilkes-Barre, PA 18701-2721

Eugene Brady, Executive Director
Commission on Economic Opportunity
165 Amber Lane
P.O. Box 1127
Wilkes-Barre, PA 18703-1127

Dated: January 10, 2000



John H. Isom

DATE: January 10, 2000

SUBJECT: R-00973954
P-00991787

TO: Law Bureau

FROM: James J. McNulty, Secretary *ddt*

We attach hereto a copy of the Request of PP&L for issuance of Certificates of Public Convenience evidencing the Commission's prior approval for PP&L to transfer all of its generation assets to affiliates.

Also enclosed is a Petition for Issuance of determination under Section 32(c) of PUHCA 15 USC §79z-5a(c).

The attached requests of PP&L are assigned to your Bureau for appropriate action.

N.B., This PP&L filing also requested approval of the transfer of the CEP Group's 100% stock ownership of CEP Commerce, Inc., to PP&L. This request is being separately assigned to the Bureau of Fixed Utility Services at A-110500 F0294.

Attachment

cc: Bureau of Fixed Utility Services

ddt

DOCKETED
JAN 10 2000

DOCUMENT
FOLDER

Thomas, Thomas, Armstrong & Niesen
Attorneys and Counsellors at Law

SUITE 500
212 LOCUST STREET
P. O. BOX 9500
HARRISBURG, PA 17108-9500

www.ttanlaw.com

FIRM (717) 255-7600

FAX (717) 236-8278

February 1, 2000

DOCUMENT
FOLDER

DOCKETED
FEB 02 2000

PATRICIA ARMSTRONG

Direct Dial: (717) 255-7627

E-Mail: parmstrong@ttanlaw.com

CHARLES E. THOMAS
(1913 - 1998)

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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

RECEIVED
00 FEB -1 PM 4:08
PA.P.U.C.
SECRETARY'S BUREAU

Dear Secretary McNulty:

In response to the Answer of PP&L, Inc. dated January 10, 2000 in the above referenced proceeding to the Protest of Allegheny Electric Cooperative, Inc. ("Allegheny"), Allegheny believes it is important to clarify the procedural status of this matter as follows.

By letter dated December 7, 1999, PP&L, Inc. requested the Pennsylvania Public Utility Commission to take various actions to enable PP&L to transfer its competitive electric power business through a series of intermediate transactions¹ (including the transfer to a generation holding company, a marketing company, a project development company et al) its generation assets and power marketing organization to various indirect subsidiaries of CEP Group, Inc. ("affiliates"). PP&L seeks the issuance of certificates of public convenience and Commission approval under chapters 5, 11, 19, 21 and 28 of the Public Utility Code.

Specifically PP&L asked for approval of the transaction under Section 1102 (a)(4) and also asked the Commission to make a finding under the Public Utility Holding Company Act that allowing PP&L's generating plants to be eligible facilities as defined in Section 32(a) of PUHCA is in the public interest, benefits consumers and does not violate state law, allowing the limited liability companies that will own these facilities to obtain exempt wholesale generator ("EWG")

¹This Commission has held - the existence of complicated corporate structures with interlocking agreements, with possibility of abuse and deceptive practices is a factor for the commission to consider in passing upon a certificate of public convenience - Re Trenton-Phila Coach Co, 42 PaPUC 286 (check case)

James J. McNulty, Secretary
February 1, 2000
Page 2

status. We would also note that while PP&L filed a power purchase agreement with the letter it did not file any other required affiliated interest agreement(s).

In order to obtain approval under Section 1102 (a), the Public Utility Code requires, in Section 1103, that the Commission find that the transfer is necessary or proper for the service, accommodation, convenience and safety of the public.² The Appellate Courts, have held that the fitness of the transferee is a required finding by the Public Utility Commission in issuing any such order. Mobilfone v. Pa. P.U.C., 67 Pa. Cmwlth. Ct. 219 (1982). Allegheny specifically indicated in the Restructuring proceeding that until the transferee was known and more information was provided relative to any such transfer and corporate reorganization that it could not and would not agree to a transfer. PP&L and the Settlement document then agreed and provided that Allegheny would retain any and all rights to object to the transfer once those issues were ripe and the transferee and the structure of the transfer were known. In fact using PP&L's very own rationale - since PP&L did not object to the settlement which specifically included Allegheny's right to protest - it is bound by the provision that says Allegheny reserved its right to object to the transfer.

On December 6, 1999, PP&L provided some information and sought PUC approval of the transfer. Allegheny exercised its reserved rights and protested the Application. PP&L may ultimately be able to satisfy Allegheny that the transfer is in the public interest (including the interest of Allegheny, the residents of the Commonwealth, PP&L's customers - including Allegheny, and Allegheny's approximate 600,000 end use consumers). However, until that occurs Allegheny objects to the transfer. Further we submit that the Commission could not in its August 27, 1998 Order, have pre-approved the transfer finding the transferee(s) fit, when the transferee entities were not known on August 27, 1998. This Commission should at least recognize, for example, that transfers to limited liability companies may not be in the public interest. While PP&L may believe it has "provided substantial documentation concerning, and explanations with regard to, the overall realignment of the PP&L corporate system" (PP&L Response to the Office of Consumer Advocate et al. dated January 12, 2000, page 2), it is clear that numerous parties to the proceeding besides Allegheny, do not agree that sufficient information has been provided.

Additionally Allegheny reserved its right in the Joint Settlement to object to any request for approval under Section 2811(e). The electric cooperatives in this Commonwealth and their affiliated generation suppliers have the right to address allocation issues, affiliated interest issues, etc. to determine whether any of the transfers are likely to result in anticompetitive, or discriminatory conduct which prevent the customers of this Commonwealth from the benefit of a competitive market. There are no assurances or details of any kind that the corporate realignment will not result in the misallocation of costs and the incurrence by Allegheny of costs which PP&L could manipulate so as to adversely affect Allegheny and thus result in anticompetitive activity vis a vis Allegheny or other suppliers. Mr. William Hecht, PP&L Resources President and CEO's recent statement in the November 1, 1999 issue of "The Energy Report, 'that the delivery,

²Any finding also requires protection of bondholders and other security holders as their assets are transferred and investment put at risk.

James J. McNulty, Secretary
February 1, 2000
Page 3

marketing and generation businesses are not as separate as they might seem” heightens Allegheny’s concerns. PP&L’s actions have already been such to preclude fair competition in this Commonwealth by their pancaking of transmission rates, which results in Allegheny’s payment of effectively a double transmission charge putting Allegheny at a competitive disadvantage.

Moreover, as heretofore noted there were no affiliated interest agreements provided except for Attachment D. While PP&L in its January 12, 2000 Response to the OCA et al., refers to a 1995 affiliated interest agreement as governing services between the new subsidiaries and PP&L, we question how a 1995 affiliated interest agreement can apply to companies which just came into existence. As to Exhibit D - we question why PP&L only filed Exhibit D with the Pennsylvania Public Utility Commission, when in fact it filed several similar documents before the FERC. In the filing before the FERC, a proposed Power Sales Agreement between PP&L and PP&L Susquehanna contains a \$35/MWH plus a monthly capacity reservation charge of 1/12 of the annual contribution to the SSES Nuclear Decommissioning Trust, plus taxes associated with the decommissioning amounts. There is no cost of service information supplied, but that price appears to be below market prices and may place Energy Plus in a competitive advantage compared to other wholesale or retail suppliers trying to compete in that same market. While the price in similar agreements for the other generation LLC’s is also \$35/MWH, it is without decommissioning costs. It appears that either Susquehanna costs are being subsidized by the other generation companies or that there will be power priced in a predatory manner that is below its embedded actual cost, which will have a significant anticompetitive effect in the market, resulting in anticompetitive activity contrary to Chapter 28.

As to PP&L’s request for EWG status, this Commission does not have the requisite basis to make any such decision. A detailed analysis of the proposed corporate realignment is essential and the full detail of the realignment has not been provided.

Wherefore, contrary to PP&L, Inc.’s bald assertions, adequate information has not been supplied at this time to permit the approvals requested by PP&L, Inc. and Allegheny has properly raised the issues before the Commission.

Very truly yours,

THOMAS, THOMAS, ARMSTRONG & NIESEN

By 
Patricia Armstrong

CERTIFICATE OF SERVICE

I hereby certify that I have this 1st day of February, 2000, served a true and correct copy of the foregoing letter on behalf of Allegheny Electric Cooperative, Inc. on the persons listed below by first class mail, postage prepaid, in accordance with the requirements of Section 1.54 (relating to service by a participant).

Bohdan R. Pankiw, Esquire
Pennsylvania Public Utility Commission
North Office Building
North Street & Commonwealth Ave.
P.O. Box 3265
Harrisburg, PA 17105-3265

John E. Bechtold
Manager – Fuels
GPU Generation, Inc.
Jersey Central Power & Light Company
1001 Broad Street
Johnstown, PA 15907

Scott DeBroff, Esquire
Johnnie Simms, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Bernard A. Ryan, Esquire
Angela Jones, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17013

Kathryn G. Sophy, Esquire
Pennsylvania Public Utility Commission
North Office Building
North Street & Commonwealth Ave.
P.O. Box 3265
Harrisburg, PA 17105-3265

James A. Mullins, Esquire
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Daniel Clearfield, Esquire
Alan Kohler, Esquire
Wolf, Block, Schorr & Solis
Locust Court Bldg., Suite 300
212 Locust Street
Harrisburg, PA 17101

Craig A. Doll, Esquire
214 State Street
Harrisburg, PA 17101

Todd Stewart, Esquire
William T. Hawke, Esquire
Malatesta Hawke & McKeon LLP
Harrisburg Energy Center
100 North Tenth Street
Harrisburg, PA 17101

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

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

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

David M. DeSalle, Esquire
Ryan, Russell, Ogden & Seltzer, LLP
800 North Third Street
Suite 101
Harrisburg, PA 17102-2025

Fred Zalzman, Esquire
78 N. Broadway
White Plains, NY 10603

Clinton A. Vince, Esquire
Paul E. Nordstrom, Esquire
Deborah A. Swanstrom, Esquire
Joel D. Newton, Esquire
Verner, Liipfert, Bernhard, McPherson &
Hand
901 15th Street, NW, Suite 700
Washington, DC 20005

Otto Hofmann, Esquire
Pennsylvania Rural Electric Association
212 Locust Street
Harrisburg, PA 17101

David Kleppinger, Esquire
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108

Eric Epstein
4100 Hillside Drive
Harrisburg, PA 17112

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

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

Jack Munsch, Esquire
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601

Linda C. Smith, Esquire
Dilworth, Paxson, Kalish & Kauffman
305 North Front Street
Suite 403
Harrisburg, PA 17101-1236

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

Mary McFall Hopper, Esq.
PECO Energy
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101-8699

Gordon J. Smith, Esq.
John & Hengerer
Suite 600
1200 17th Street, N.W.
Washington, DC 20036-3006

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

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

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

David E. Koff, Esquire
Koff, Wendolowski, Ferguson & Mangan
22 East Union Street, Suite 115
Wilkes-Barre, PA 18701-2721

Scott J. Rubin, Esq.
Public Utility Consulting
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

Usher Fogel, Esq.
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207

Bruce A. Connell
General Counsel
600 N. Dairy Ashford, ML-1034
Houston, TX 77079

Gary A. Jeffries, Esquire
CNG Energy Services Corporation
One Park Ridge Center
P.O. Box 15746
Pittsburgh, PA 15244-07460

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

Susan M. Shanaman, Esq.
Suite 203
212 North Third Street
Harrisburg, PA 17101-1505

Paul E. Russell, Esquire
Associate General Counsel
PP&L, Inc.
Two North Ninth street
Allentown, PA 18101-1179

Robert Weinberg, Esquire
Duncan, Weinberg, Genzer & Pembroke
1615 M Street, NW
Suite 800
Washington, DC 20036


Patricia Armstrong

RECEIVED
00 FEB - 1 PM 4:08
PA.P.J.C.
SECRETARY'S BUREAU

RHOADS & SINON LLP

ORIGINAL

ROBERT H. LONG, JR.*
SHERILL T. MOYER
JAN P. PADEN
RICHARD B. WOOD
LAWRENCE B. ABRAMS III*
J. BRUCE WALTER
JOHN P. MANBECK
FRANK J. LEBER
PAUL A. LUNDEEN
JACK F. HURLEY, JR.
DAVID B. DOWLING
DAVID F. O'LEARY
DAVID O. TWADDELL
CHARLES J. FERRY
STANLEY A. SMITH
JENS H. DAMGAARD*
DRAKE D. NICHOLAS
THOMAS A. FRENCH
DEAN H. DUSINBERRE
DONNA M.J. CLARK
CHARLES E. GUTSHALL

PAUL F. WESSELL
SHAWN D. LOCHINGER
JAMES H. CAWLEY
LORI J. MCELROY
DEAN F. PIERMATTEI
TODD J. SHILL
KENNETH L. JOEL
THOMAS J. NEHILLA
KEVIN M. GOLD
CARL D. LUNDBLAD
STEPHEN MONIAK
JAMES E. ELLISON
RICHARD E. ARTELL
ROBERT J. TRIBECK
TIMOTHY J. NIEMAN
PAUL J. BRUDER, JR.
JOANNE BOOK CHRISTINE
SUSAN E. SCHWAB
AMY J. MENDELSON*
MICHAEL W. WINFIELD

ATTORNEYS AT LAW
DAUPHIN BANK BUILDING
TWELFTH FLOOR
ONE SOUTH MARKET SQUARE
P.O. BOX 1146
HARRISBURG, PA 17108-1146
TELEPHONE (717) 233-5731
FAX (717) 231-6600
EMAIL jcawley@rroads-sinon.com

OF COUNSEL
FRANK A. SINON
HENRY W. RHOADS
JOHN C. DOWLING
R. STEPHEN SHIBLA
NATHAN H. WATERS, JR.

PAUL H. RHOADS
1907-1984
JOHN M. MUSSELMAN
1919-1980
CLYLE R. HENDERSHOT
1922-1980

DIRECT DIAL NO.
231-6608

FILE NO.
7135/07

**DOCUMENT
FOLDER**

February 7, 2000

*ALSO ADMITTED TO THE FLORIDA BAR

**Re: Application of PP&L, Inc. for Approval of Its Restructuring Plan
Under Section 2806 of the Public Utility Code**

Docket No. R-00973954

(PP&L, Inc. Reorganization)

RECEIVED

FEB 07 2000

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dear Mr. McNulty:

Enclosed for filing are an original and three copies of the Petition to Intervene and Comments of the Mid-Atlantic Power Supply Association, together with a Certificate of Service.

Please call me if you have any questions about this filing.

Very truly yours,

RHOADS & SINON LLP

By: 
James H. Cawley

cc: Service List

83

YORK OFFICE:

SUITE 21, 11 N. CHERRY LANE, YORK, PA 17401
TELEPHONE (717) 843-1718, FAX (717) 232-1459

LANCASTER OFFICE:

15 NORTH LIME STREET, LANCASTER, PA 17602
TELEPHONE (717) 397-4431, FAX (717) 232-1459

AFFILIATED OFFICE:

CHARLES L. SIECK, ESQUIRE
STE. 203, 1700 S. DIXIE HWY, BOCA RATON, FL 33432
TELEPHONE (561) 395-5595, FAX (561) 395-9497

ORIGINAL

RECEIVED

FEB 07 2000

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

**PETITION TO INTERVENE AND COMMENTS
OF THE MID-ATLANTIC POWER SUPPLY ASSOCIATION**

DOCUMENT
FOLDER

Pursuant to 52 Pa. Code § 5.71 *et seq.*, the Mid-Atlantic Power Supply Association ("MAPSA") hereby petitions to intervene in the above-captioned proceeding and comments on the request of PP&L, Inc. ("PP&L") for certain action by the Commission, specified in PP&L's December 7, 1999 letter application, to enable PP&L to transfer its generation assets and liabilities to an affiliate. The proposed transfer, which is contemplated by the Joint Petition for Full Settlement of PP&L, Inc.'s Restructuring Plan and Related Court Proceedings ("Joint Petition"), approved by the Commission in Docket No. R-00973965 on August 27, 1998, would permit PP&L Resources, Inc. ("PP&L Resources"), of which PP&L is a subsidiary, to implement a proposed realignment of its corporate structure.

DOCKETED
FEB 07 2000

I. BACKGROUND

The December 7, 1999 PP&L application to the Commission was filed in connection with the proposed corporate realignment and restructuring of PP&L Resources, pursuant to which the electric generation assets and the electric power marketing business of PP&L will be separated from its electric power transmission and distribution assets. The proposed corporate unbundling of PP&L Resources was precipitated by the enactment of the Electricity Generation Customer Choice and Competition Act ("Customer Choice Act"), pursuant to which all electric utilities subject

to the jurisdiction of the Commission were required to file a restructuring plan to "unbundle" their rates into separate generation, transmission and distribution components and to permit their customers to choose alternative suppliers of electric power.

In accordance with the Customer Choice Act, PP&L filed a restructuring plan with the Commission on April 1, 1997. This original plan sought the imposition of unbundled rates, customer choice, \$4.5 billion in stranded costs and Competitive Transition Charges ("CTCs") through which PP&L could recover those costs. An April 7, 1998 Recommended Decision, issued by an Administrative Law Judge, was overturned on June 8 by the Commission, which allowed for \$2.86 billion in stranded costs. Rehearing was denied on July 9, and several state and federal court appeals followed.

In part to resolve those appeals, PP&L and numerous joint petitioners, which included MAPSA, filed the Joint Petition with the Commission on August 12, 1998. In connection with the proposed restructuring of PP&L, the Joint Petition provided for, *inter alia*, a 4% rate reduction for PP&L customers; system-average shopping credits of 3.81 cents per kWh on January 1, 1999 that will escalate through the stranded cost recovery period through the CTCs; stranded costs of \$2.97 billion; withdrawal of all appeals; and resolution of all objections to the PP&L restructuring plan.

The Joint Petition also provided for a PP&L, Inc. Generation Company Code of Conduct ("Generation Code of Conduct"). The Generation Code of Conduct establishes competitive safeguard provisions to which PP&L and its subsidiaries and affiliates agreed to be bound. There is no reference to or discussion of the Generation Code of Conduct in the December 7, 1999 PP&L application filed with the Commission.

The Joint Petition also authorized PP&L and its subsidiaries "to transfer or assign all of their generating assets and liabilities . . . to a separate corporate entity or entities . . .

[that] may . . . be an affiliate or subsidiary of PP&L or a non-affiliate.” MAPSA and the other joint petitioners acknowledged that this transfer may require various governmental approvals and thus agreed that they would not oppose or support opposition to applications for those approvals.

The Commission gave final approval to the Joint Petition in an order dated August 27, 1999. In particular, the approval authorized the transfer of electric generation assets subject to, *inter alia*, the Generation Code of Conduct.

II. COMMENTS

- A. **The Commission should condition any approval of the December 7, 1999 application filed by PP&L on continued adherence by PP&L to the Generation Code of Conduct. The Commission also should affirm its own commitment to enforce the Generation Code of Conduct in any such approval.**

Consistent with its obligations under the Joint Petition, MAPSA is not opposed to the December 7, 1999 application filed by PP&L with the Commission in connection with the proposed corporate realignment and restructuring of PP&L Resources.

MAPSA emphasizes, however, that in exchange for non-opposition to its proposed corporate realignment and transfer of generation assets, PP&L agreed under the Joint Petition to the Generation Code of Conduct, of which there is no mention in the December 7 application.

Although the Commission approved the Joint Petition and in effect imposed the Generation Code of Conduct on PP&L in its August 27, 1999 order in Docket No. R-00973965, MAPSA urges the Commission to condition any approval of the December 7 application on continued adherence by PP&L to the Generation Code of Conduct. The Commission also should affirm in any such approval its own commitment to enforce the Generation Code of Conduct.

The August 27, 1999 order issued by the Commission approved the transfer of generation assets and liabilities contemplated by the Joint Petition. The order also granted the approvals, licenses and certificates of public convenience required under the Public Utility Code for the proposed transfer of generation assets. The December 7 application, however, requests from the Commission (i) the issuance of certificates of public convenience to evidence prior Commission approval for the proposed transfer of generation assets, (ii) the issuance of certain determinations required for five new PP&L affiliates to be exempt wholesale generators ("EWGs") within the meaning of Section 32 of the Public Utility Holding Company Act of 1935, as amended,¹ and (iii) an approval for the acquisition by PP&L of the stock of CEP Commerce, Inc., which is an indirect subsidiary of PP&L.

Consistent with the Joint Petition and the Commission order that approved the Joint Petition, MAPSA is not opposed to the request for certificates of public convenience and EWG determinations and a stock acquisition approval. This non-opposition, however, is conditioned upon PP&L adherence to the Generation Code of Conduct.

The Generation Code of Conduct must be observed, and must be enforced by the Commission, because PP&L, in connection with the proposed asset transfer, also proposes to conclude an agreement with an affiliate to purchase from the affiliate a substantial portion of the electric energy and capacity required for PP&L to meet its "provider of last resort" ("POLR") obligations in Pennsylvania. Indeed, the Joint Petition specifically provides that PP&L "shall satisfy its obligation as provider of last resort by

¹ 15 U.S.C. § 79z-5a.

maintaining or purchasing, at wholesale, required amounts of energy and capacity from other generation suppliers including, in its sole discretion, any generation affiliates"

Finally, there is no mention in the December 7 application of the Generation Code of Conduct. The application includes organizational charts (Attachment A), a description of the corporate realignment (Attachment B), a list of the assets and liabilities to be transferred (Attachment C), and the power sales agreement between PP&L and its affiliate (Attachment D). The Generation Code of Conduct is not included with the application. To ensure that any approval of the December 7 application is conditioned upon continued adherence by PP&L to the Generation Code of Conduct, PP&L should be required to amend the application to include the code.

- B. Commission enforcement of the Generation Code of Conduct would be consistent with its obligations *vis-a-vis* federal regulation, by the Federal Energy Regulatory Commission ("FERC"), of PP&L. The FERC recently imposed a code of conduct on several PP&L affiliates but stated that the code "does not affect other obligations of the [affiliates] including those arising under the Generation Code of Conduct . . . filed as part of the settlement before the Pennsylvania [Public Utility] Commission."**

The proposed transfer by PP&L of generation assets to affiliates as well as the proposed realignment of PP&L Resources requires several authorizations from the FERC. Some of those authorizations may involve the imposition of competitive safeguards similar to the competitive safeguards contained in the Generation Code of Conduct.

Commission enforcement of the Generation Code of Conduct, however, is consistent with, and not preempted by, competitive safeguards that may be imposed by the FERC, which recently stated that a code of conduct it imposed on several PP&L affiliates "does not affect other obligations of the [affiliates] including those arising under

the Generation Code of Conduct . . . filed as part of the settlement before the Pennsylvania [Public Utility] Commission."

Pursuant to Section 203 of the Federal Power Act,² PP&L Resources and several direct and indirect subsidiaries filed on December 7, 1999 a joint application (in FERC Docket No. EC00-31-000) for the transfer of jurisdictional facilities. A second joint application for the transfer of jurisdictional facilities and for the acceptance of related rate schedules was filed by PP&L Resources and several existing and proposed subsidiaries (in FERC Docket No. EC00-32-000) on December 7 as well. The joint applications address the proposed corporate realignment and restructuring of PP&L Resources, pursuant to which the electric generation assets of PP&L will be separated from the electric power transmission and distribution assets of PP&L.

Also in connection with the proposed corporate realignment and restructuring, five proposed indirect subsidiaries of PP&L Resources, pursuant to Section 205 of the Federal Power Act,³ filed on December 7 (in FERC Docket No. ER00-744-000) an application for authorization to sell electric power at market-based rates. Finally, the five proposed indirect subsidiaries of PP&L Resources, pursuant to Section 32 of PUHCA, each filed (in FERC Docket Nos. EC00-39-000, EC00-40-000, EC00-41-000, EC00-43-000 and EC00-44-000) an application for an EWG. The five applications were filed on December 7.⁴

² 16 U.S.C. § 824b.

³ 16 U.S.C. § 824d.

⁴ In addition to these eight FERC dockets related to the proposed restructuring of PP&L Resources, Inc., there also are two additional dockets -- P-487 and P-1881 -- related to the two hydropower projects, the licenses to which must be transferred from PP&L to

MAPSA has intervened in all eight dockets. In addition, on January 6, MAPSA filed a protest and a motion to consolidate all eight dockets. The protest argues, *inter alia*, that (i) there is no assurance provided in the applications filed in the various dockets that PP&L will abide by the Generation Code of Conduct upon FERC approval of the proposed corporate restructuring and that critical competitive safeguards thus may be abandoned to the detriment of competitive power suppliers, and (ii) the FERC should not approve the proposed corporate restructuring of PP&L Resources without the imposition, on PP&L and its subsidiaries and affiliates, of terms similar to those contained in the Generation Code of Conduct.

On January 27, 2000, the FERC granted the application, filed by the five proposed indirect subsidiaries of PP&L Resources in FERC Docket No. ER00-744-000, for authorization to sell electric power at market-based rates. PP&L had included in the application a Code of Conduct to govern the relationship between PP&L and its affiliates that engage in the sale or transmission of electric energy. The January 27 FERC order rejected that Code of Conduct. "Because the code of conduct submitted by [the five proposed subsidiaries] is inconsistent with Appendix C [to the January 27 order], it is hereby rejected, and Appendix C has been designated as the applicable code of conduct." January 27 Order at 2.

The January 27 order also addresses, however, the protest and motion for consolidation filed by MAPSA on January 6. "MAPSA expresses concern that [FERC] acceptance of the code of conduct proposed by the [five proposed subsidiaries] in their market-based rate schedule filing could be interpreted as relieving the [five proposed

PPL Holtwood, LLC, one of the five proposed indirect subsidiaries of PP&L Resources. An application for the transfer of licenses was filed in these two dockets on December 7.

subsidiaries] and affiliated companies from abiding by the terms of a Generation Code of Conduct . . . agreed to by the parties in a joint petition for full settlement before the [Commission]." January 27 Order at 3.

The January 27 Order also emphasizes that the code of conduct imposed by the FERC in Appendix C does not preempt competitive safeguards imposed by the Commission. "The [FERC]'s imposition of its standard code of conduct for purposes of approval of market-based rates *does not affect other obligations of the [five proposed subsidiaries] including those arising under the Generation Code of Conduct . . . filed as part of the settlement before the Pennsylvania Commission.*" January 27 Order at 3 (emphasis added).

The quoted language confirms that an affirmation by the Commission of its own commitment to enforce the Generation Code of Conduct in any approval of the December 7, 1999 application filed by PP&L would be consistent with, and not preempted by, competitive safeguards that have been imposed by the FERC in connection with its own authorization of the proposed restructuring and realignment by PP&L Resources.

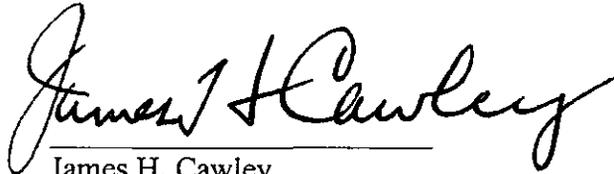
III. INTERVENTION

To ensure that these concerns are adequately addressed, MAPSA requests the right to participate as an active party in any evidentiary proceedings that may ensue. No other party to this proceeding represents the interests of the members of MAPSA.

WHEREFORE, the Mid-Atlantic Power Supply Association respectfully requests
that the Commission:

- (a) Condition any approval of PP&L's December 7, 1999 letter application on continued adherence by PP&L to the Generation Code of Conduct;
- (b) Affirm its own commitment to enforce the Generation Code of Conduct in any such approval; and
- (c) Grant MAPSA the right to intervene as an active party in any evidentiary proceedings that may ensue.

Respectfully submitted,



James H. Cawley
RHOADS & SINON LLP
One South Market Square
P. O. Box 1146
Harrisburg, PA 17108-1146
717.231.6608
717.231.6600 (fax)
jcawley@rhoads-sinon.com

Counsel for
The Mid-Atlantic Power Supply Association

Dated: February 7, 2000

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving by U.S. Mail, First Class, a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54.

Bohdan R. Pankiw, Esquire
Chief Counsel
Kathryn G. Sophy, Esquire
Assistant Counsel
Pennsylvania Public Utility Commission
203 North Office Building
Harrisburg, PA

Charles F. Hoffman, Esquire
Director
Office of Trial Staff
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

Irwin Popowsky, Esquire
Tanya J. McCloskey, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923

Bernard A. Ryan, Jr., Esquire
Small Business Advocate
1102 Commerce Building
300 North Second Street
Harrisburg, PA 17101

Paul E. Russell, Esquire
Associate General Counsel
PP&L, Inc.
Two North Ninth Street
Allentown, PA 18101

David M. Kleppinger, Esquire
Pamela C. Polacek, Esquire
Charis M. Burak, Esquire
McNees, Wallace & Nurick
P. O. Box 1166
Harrisburg, PA 17108-1166

David M. DeSalle, Esquire
Ryan, Russell, Ogden & Seltzer, LLP
Suite 101
800 North Third Street
Harrisburg, PA 17102-2025
Patricia Armstrong, Esquire

Regina L. Matz, Esquire
Thomas, Thomas, Armstrong & Niesen
P. O. Box 9500
Harrisburg, PA 17108-9500

Linda C. Smith, Esquire
Dilworth Paxson LLP
305 North Front Street, Suite 403
Harrisburg, PA 17101-1236

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

Scott J. Rubin, Esquire
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

Mary McFall Hopper, Esquire
PECO Energy
P. O. Box 8699
Philadelphia, PA 19101-8699

Gordon J. Smith, Esquire
John & Hengerer
Suite 600
1200 17th Street, N.W.
Washington, D.C. 20036-3006

Joseph A. Dworetzky, Esquire
Hangle, Aronchick, Segal & Pudlin
Twelfth Floor
One Logan Square
Philadelphia, PA 19103-6933

Usher Fogel, Esquire
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207

David A. McCormick, Esquire
Department of the Army
United States Army Legal Services
901 North Stuart Street
Arlington, VA 22203-1837

John L. Munsch, Esquire
Allegheny Power Company
800 Cabin Hill Drive
Greensburg, PA 15601

Michael A. Stosser, Esquire
Adelia S. Borrasca, Esquire
Heller, Ehrman, White & McAuliffe
Suite 200
815 Connecticut Avenue, N.W.
Washington, D.C. 20006

Gary A. Jeffries, Esquire
CNG Energy Services Corp.
One Park Ridge Center
P. O. Box 15746
Pittsburgh, PA 15244-0746

Stephen Feld, Esquire
Pennsylvania Power Co.
One East Washington Street
P. O. Box 891
New Castle, PA 16103

David K. Koff, Esquire
Koff, Wendolowski, Ferguson & Mangan,
P.C.
Suite 115
22 East Union Street
Wilkes-Barre, PA 18701-2721

Craig A. Doll, Esquire
214 State Street
Harrisburg, PA 17101

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

Clinton A. Vince, Esquire
Verner Liipfert, Bernhard, McPherson &
Hand
Suite 700
901 15th Street
Washington, D.C. 20005

Otto Hofmann, Esquire
PREA
P. O. Box 1266
Harrisburg, PA 17108

Bruce A. Connell, Esquire
600 N. Dairy Ashford, ML-1034
Houston, TX 77079

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

Susan M. Shanaman, Esquire
Suite 203
212 North Third Street
Harrisburg, PA 17101-1505

Eric Epstein
2308 Brandywine Drive
Harrisburg, PA 17110

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

Bill Schmidt
Local Union 1600
P. O. Box 470
Trexlerstown, PA 18087


James H. Cawley
February 7, 2000

Thomas, Thomas, Armstrong & Niesen
Attorneys and Counsellors at Law

SUITE 500

212 LOCUST STREET

P. O. Box 9500

HARRISBURG, PA 17108-9500

www.ttanlaw.com

FIRM (717) 255-7600

FAX (717) 236-8278

PATRICIA ARMSTRONG

Direct Dial: (717) 255-7627

E-Mail: parmstrong@ttanlaw.com

ORIGINAL
CHARLES D. THOMAS
(1913 - 1998)

March 30, 2000

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RECEIVED
APR 03 2000

RECEIVED
00 MAR 30 PM 3:42
PA.P.U.C.
SECRETARY'S BUREAU

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

Petition of PP&L, Inc. for Issuance of Determination Under Section 32(c) of PUHCA
15 U.S.C. Section 79Z-5A(C)
Docket No. P-00991787

Application of PP&L, Inc. for Approval of the Transfer of the CEP Group's 100% Stock Ownership of CEP Commerce, Inc., to PP&L, Inc.
Docket No. A-110500F0294

Application of PP&L, Inc. and PPL Generation, LLC for Certificates of Public Convenience Evidencing the Commission's Approval of the Transfer by PP&L, Inc. Through a Series of Intermediate Transactions to PPL Generation, LLC, and the Receipt by PPL Generation, LLC, of all of the Issued and Outstanding Shares of Common Stock of Interstate Energy Company
Docket Nos. A-110500F0295 and A-140200F5000

**DOCUMENT
FOLDER**

Dear Secretary McNulty:

On March 17, 2000, PP&L filed in the above referenced proceeding, a self captioned response to various protests, objections and concerns raised by the Office of Consumer Advocate, Allegheny Electric Cooperative, Local 1600 of the International Brotherhood of Electrical Workers, Anthracite Region Independent Power Producers Association, PP&L Industrial Customer Alliance, Industrial Energy Consumers of Pennsylvania, Mid-Atlantic Power Supply Association and Eric Joseph Epstein (collectively referred to as "Parties").

EEF

72

James J. McNulty, Secretary
March 30, 2000
Page 2

On behalf of Allegheny Electric Cooperative ("AEC"), we submit that it is necessary to point out that while the 30 page response and attached exhibits is far more voluminous than the December 7, 1999 letter request filed by PP&L seeking the sundry approvals of the Pennsylvania Public Utility Commission, it completely fails to address the specific questions raised by AEC and the other Parties in their respective protests, objections and comments. While the Parties had hoped to engage in extensive informal dialog to address the various issues raised, PP&L has apparently been unable or unwilling to meet and detail specifics of the reorganization to respond to the matters raised by the Parties.

As set forth in AEC's December 27, 1999 Protest, as well as AEC's February 1, 2000 response to PP&L's Answer, there are significant issues outstanding, which if PP&L cannot or will not adequately address on an informal basis, can only be resolved through the hearing process.

Very truly yours,

THOMAS, THOMAS, ARMSTRONG & NIESEN

By 
Patricia Armstrong

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this 30th day of March, 2000, served a true and correct copy of the foregoing letter upon the persons listed below by first class mail, postage prepaid:

David M. Kleppinger, Esquire
Charis M. Burak, Esquire
Pamela Polacek, Esquire
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108

Tanya McCloskey, Esquire
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

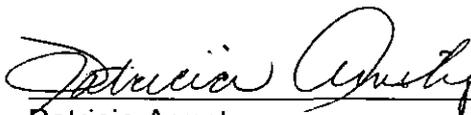
Scott J. Rubin, Esquire
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

Eric Joseph Epstein
2308 Brandywine Drive
Harrisburg, PA 17110

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

James H. Cawley, Esquire
Rhoads & Sinon LLP
One South Market Square
P.O. Box 1146
Harrisburg, PA 17108-1146

John H. Isom, Esquire
Morgan, Lewis & Bockius LLP
One Commerce Square
417 Walnut Street
Harrisburg, PA 17101-1904


Patricia Armstrong

RECEIVED
00 MAR 30 PM 3:42
PA P.U.C.
SECRETARY'S BUREAU

MCNEES, WALLACE & NURICK
ATTORNEYS AT LAW

100 PINE STREET
P. O. BOX 1166
HARRISBURG, PA 17108-1166
TELEPHONE (717) 232-8000
FAX (717) 237-5300
<http://www.mwn.com>

ORIGINAL

DOCUMENT
FOLDER

RECEIVED
00 APR 11 PM 2:23
PA. P.U.C.
SECRETARY'S BUREAU

PAMELA C. POLACEK
DIRECT DIAL: (717) 237-5368
E-MAIL ADDRESS: PPOLACEK@MWN.COM

April 11, 2000

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17120

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

Petition of PP&L, Inc. for Issuance of Determination Under Section 32(c) of PUHCA 15 U.S.C. Section 79z-5a(c); Docket No. P-00991787

Application of PP&L, Inc. for Approval of the Transfer of the CEP Group's 100% Stock Ownership of CEP Commerce, Inc., to PP&L, Inc.; Docket No. A-110500F0294

Application of PP&L, Inc. and PPL Generation, LLC for Certificates of Public Convenience Evidencing the Commission's Approval of the Transfer by PP&L, Inc. Through a Series of Intermediate Transactions to PPL Generation, LLC, and the Receipt by PPL Generation, LLC, of all of the Issued and Outstanding Shares of Common Stock of Interstate Energy Company; Docket Nos. A-110500F0295 & A-140200F5000

Dear Secretary McNulty:

On March 17, 2000, PPL Electric Utilities Corporation ("PPL") filed in the above-referenced proceedings what is styled as a "Response" to protests, objections and pleadings submitted by various parties, including the PP&L Industrial Customer Alliance ("PPLICA") and the Industrial Energy Consumers of Pennsylvania ("IECPA"). Although the PPL Response is of dubious procedural legitimacy because PPL already responded to the parties' pleadings or otherwise waived any right it had to do so by waiting to respond, PPLICA and IECPA provide this reply to the PPL "Response."

DOCKETED
APR 14 2000

81

James J. McNulty, Secretary
April 11, 2000
Page 2

On March 30, 2000, the Allegheny Electric Cooperative ("AEC") filed a letter replying to PPL's "Response." PPLICA and IECPA concur in AEC's comments regarding the inadequacy of the Response and PPL's continued refusal to address and support substantive issues related to its December 7, 1999 letter-request. PPL's attempt through the Response to expedite approval of the letter-request, while not providing the necessary factual support for each of the subsidiary requests within the letter, is inappropriate.

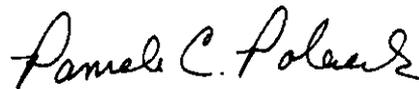
Significantly, the Company's request for Exempt Wholesale Generator findings is a critical issue that must be considered by the Commission only with full cognizance of the potential impact of the request on the development of effective competition in Pennsylvania. PPL, as the proponent of the request, must support the requested findings that classifying the transferred generating facilities as "eligible facilities" under the Public Utility Holding Company Act "(1) will benefit consumers, (2) is in the public interest, and (3) does not violate State Law." 15 U.S.C. § 79z-5a(c). Neither the Restructuring Settlement nor the Commission's Order approving that settlement considered the issues related to the EWG findings request or otherwise preordained approval of PPL's request.

In addition, the Restructuring Settlement did not provide PPL with unfettered "freedom to [reorganize] in a manner that will preserve its economic health and permit PPL Corporation to remain an effective competitor in the deregulated energy markets of the future." PPL Response, p. 12. Certainly, parties have not assented to any and all corporate whims that PPL may seek to pursue if the Company's actions: 1) require PUC approval or findings; 2) impact rates charged to PPL customers; or 3) impact the development of the competitive market. The Restructuring Settlement does not relieve PPL of the burden to prove that the finding it seeks related to EWG status are appropriate. The Commission should establish a on-the-record proceeding to form the basis for the requested approvals.

Very truly yours,

MCNEES, WALLACE & NURICK

By



David M. Kleppinger
Pamela C. Polacek

Counsel to the PP&L Industrial Customer Alliance
and the Industrial Energy Consumers of Pennsylvania

PCP:kmp

c: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Scott J. Rubin, Esquire
3 Lost Creek Drive
Selinsgrove, PA 17870-9357

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

John H. Isom, Esquire
Morgan, Lewis & Bockius LLP
One Commerce Square
417 Walnut Street
Harrisburg, PA 17101-1904

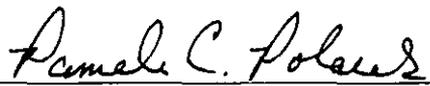
Tanya McCloskey, Esquire
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Eric Joseph Epstein
2308 Brandywine Drive
Harrisburg, PA 17110

James H. Cawley, Esquire
Rhoads & Sinon LLP
One South Market Square
PO Box 1146
Harrisburg, PA 17108-1146

Patricia Armstrong, Esquire
Thomas, Thomas, Armstrong & Niesen
212 Locust Street, Suite 12
PO Box 9500
Harrisburg, PA 17108-9500

RECEIVED
00 APR 11 PM 2:23
PA.P.U.C. BUREAU
SECRETARY'S BUREAU



Pamela C. Polacek, Esq.

Counsel to the PP&L Industrial Customer Alliance

Dated this 11th day of April, 2000, at Harrisburg, Pennsylvania.