

DOCKETED

MAR 18 2003

January 11, 2003

R-00973954

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2003 JAN 14 AM 9:52

SECRETARY'S BUREAU

DOCUMENT
FOLDER

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

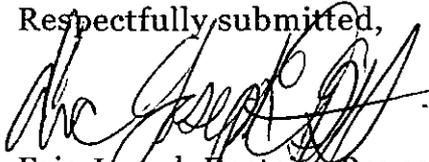
Dear Secretary McNulty:

~~R-00973954~~

Enclosed for filing on behalf of Eric Joseph Epstein, *Pro se*, are three (3) copies of Eric Joseph Epstein's Notice of Intervention in the Above-Referenced Proceeding

Mr. Epstein is submitting this Notice of Intervention pursuant to Procedures Established by the Pennsylvania Public Utility Commission Regulations (PUC) Sections 5.71-74 and the 52 Pennsylvania Code §§ 5.71-74.

Respectfully submitted,



Eric Joseph Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17112
(717)-541-1101 Phone
(717)-541-5487 Fax
eepstein@igc.apc.org

ORIGINAL

122

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

R-00973954

Re: Petition of PPL Electric :
Utilities Corporation 2002 : Docket No. R-~~00973954~~
Competitive Transition : ~~M-FACE0212~~
Charge Reconciliation Filing :

Notice of Intervention
Eric Joseph Epstein, *Pro se*
in the Above-Captioned Matter

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1) Eric Joseph Epstein ("Mr. Epstein" or "Epstein" is a signatory to the JOINT PETITION FOR FULL SETTLEMENT OF PP&L's INC's RESTRUCTURING PLAN AND RELATED COURT PROCEEDINGS (August 12, 1998) (Docket No. R-00973954);

2) Epstein was also a sponsor of the Nuclear Decommissioning provision contained in the Negotiated Settlement (D. 1 . **Nuclear Decommissioning**, Page. 21, Lines, 1-8);

3) Eric Joseph Epstein was actively in the Petition of PP&L, Inc., for Permission to Defer, For Future Recovery, A Portion of Its Transition Charges, or In The Alternative, To Exceed the Rate Caps Pursuant to 66 Pa. C.S. § 2804(4)iii(G); Docket No: P-00991780;

4) Mr. Epstein was also an active party in the Petition of PPL, Inc. Petition asking for Issuance of Determination Under Section 329(c) of PUCHA, 15 USC Section 79z-5a9(c); Docket No. P-00991787;

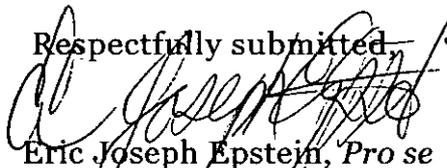
5) Eric Joseph Epstein is participating in Petition of PPL Electric Utilities Corporation 2001 Intangible Transition Charge Reconciliation Filing (Docket No. R-00016773);

6) Pennsylvania Power Light ("PPL" or "The Company") submitted its Final 2002 CTC Reconciliation Filing with the Pennsylvania Public Utility Commission (PUC) on December 12, 2002, and the Commission, through a Secretarial Letter (December 19, 2002), accepted PPL's calculations;

7) The Company filed a subsequent tariff supplemental filing as well as real time data for final quarter, 2002;

8) Pending review of Pennsylvania Power Light's cumulative CTC request, and consistent with issues raised by Mr. Epstein in Petition of PPL Electric Utilities Corporation 2001 Intangible Transition Charge Reconciliation Filing (Docket No. R-00016773), Eric Joseph Epstein respectfully requests that the Pennsylvania Public Utility Commission grant this Petition to Intervene with full-party status.

Respectfully submitted,



Eric Joseph Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17112
(717)-541-1101 Phone
(717)-541-5487 Fax
eepstein@igc.apc.org

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities :
Corporation 2002 Intangible :
Transition Charge Reconciliation :
Filing, Docket No: :

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the active participants named below by US mail or hand delivery in accordance with the requirements of Section 1.54.

David M. Kleppinger, Esquire
McNees, Wallace & Nurick
100 Pine Street, PO Box 1166
Harrisburg, PA 17108-1166

Paul E. Russell, Esquire
PP&L Company
Two North Street
Allentown, PA 18101

James A. Mullins, Esquire
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Fifth Floor, Forum Place
Harrisburg, PA 17120

Kenneth Mickens, Esquire
Office of Trial Staff, Senior Prosecutor
Pennsylvania PUC
Commonwealth Keystone Building
400 North Street, 3rd Floor West
Harrisburg, PA 17120

Angela Jones, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Bldg.
300 North Second Street
Harrisburg, PA 17101

Billie E. Ramsey, Esquire
Executive Director
ARIPPA
1802 Market Street, 1st Floor
Camp Hill, PA 17011

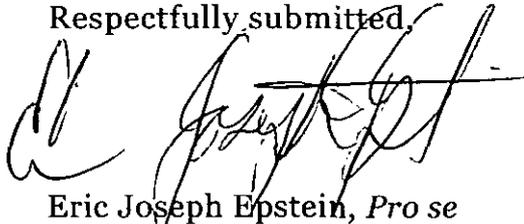
Daniel Clearfiled, Esquire
Kevin Moody, Esquire
Wolf & Block et al
Locust Court Bldg., Suite 300
Harrisburg, PA 17101

SECRETARY'S BUREAU
PA PUC

2003 JAN 14 AM 9:52

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Eric Joseph Epstein". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Eric Joseph Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17112

DATE: JANUARY 11, 2003

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2003 JAN 14 AM 9:52

PA PUC
SECRETARY'S BUREAU

January 11, 2003

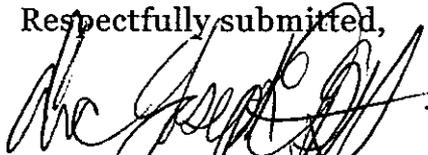
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
Commonwealth Avenue and North Street
Harrisburg, PA 17105-3265

Dear Secretary McNulty:

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Mr. Epstein is submitting this Notice of Intervention pursuant to Procedures Established by the Pennsylvania Public Utility Commission Regulations (PUC) Sections 5.71-74 and the 52 Pennsylvania Code §§ 5.71-74.

Respectfully submitted,



Eric Joseph Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17112
(717)-541-1101 Phone
(717)-541-5487 Fax
eepstein@igc.apc.org

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Petition of PPL Electric :
Utilities Corporation 2002 : **Docket No. R-00973954/**
Competitive Transition : **M-FACE0212**
Charge Reconciliation Filing :

Notice of Intervention
Eric Joseph Epstein, *Pro se*
in the Above-Captioned Matter

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2003 JAN 14 AM 9:52

SECRETARY'S BUREAU
PUC

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3) Eric Joseph Epstein was actively in the Petition of PP&L, Inc., for Permission to Defer, For Future Recovery, A Portion of Its Transition Charges, or In The Alternative, To Exceed the Rate Caps Pursuant to 66 Pa. C.S. § 2804(4)iii(G); Docket No: P-00991780;

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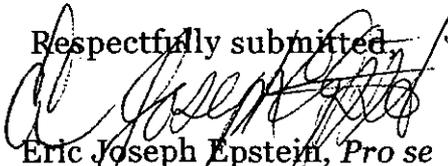
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7) The Company filed a subsequent tariff supplemental filing as well as real time data for final quarter, 2002;

8) Pending review of Pennsylvania Power Light's cumulative CTC request, and consistent with issues raised by Mr. Epstein in Petition of PPL Electric Utilities Corporation 2001 Intangible Transition Charge Reconciliation Filing (Docket No. R-00016773), Eric Joseph Epstein respectfully requests that the Pennsylvania Public Utility Commission grant this Petition to Intervene with full-party status.

Respectfully submitted,



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Harrisburg, PA 17112
(717)-541-1101 Phone
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eepstein@igc.apc.org

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities :
Corporation 2002 Intangible :
Transition Charge Reconciliation :
Filing, Docket No: :

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the active participants named below by US mail or hand delivery in accordance with the requirements of Section 1.54.

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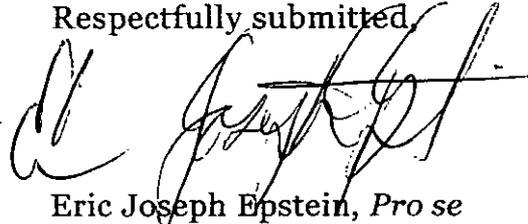
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Harrisburg, PA 17101

PA PUC
SECRETARY'S BUREAU

2003 JAN 14 AM 9:52

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Eric Joseph Epstein", written over a horizontal line.

Eric Joseph Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17112

DATE: JANUARY 11, 2003

One Commerce Square
417 Walnut Street
Harrisburg, PA 17101-1904
717-237-4000
Fax: 717-237-4004

John H. Isom
717.237.4022
jisom@morganlewis.com

**Morgan, Lewis
& Bockius LLP**
COUNSELORS AT LAW

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03 JAN 24 PM 3:40
P.A.P.U.C.
SECRETARY'S BUREAU

January 24, 2003

VIA HAND DELIVERY

ORIGINAL

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

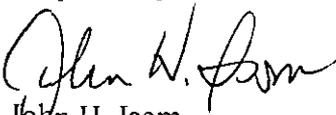
**Re: PPL Electric Utilities Corporation's Answer To And Motion To Dismiss The
"Notice of Intervention," Eric Joseph Epstein, *Pro Se*
Docket No. R-00973954/M-FACE 0212**

Dear Secretary McNulty:

Enclosed, for filing, are the original and three (3) copies of the "Answer To And Motion To Dismiss The "Notice of Intervention," Eric Joseph Epstein, *Pro Se*." As indicated by the enclosed certificate of service, copies of the answer are being served upon all parties of record and upon the Honorable Louis G. Cocheres.

If there are any questions concerning these matters, please contact me at the address or telephone number provided above.

Respectfully submitted,


John H. Isom

JHI/ss

cc: Certificate of Service

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FOLDER

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

RECEIVED
03 JAN 24 PM 3:40

Re: Competitive Transition Charge :
Reconciliation Filing of PPL Electric :
Utilities Corporation For the Year Ended :
December 31, 2002 :

Docket No. R-00973954/M-FACE 021212
PA.P.U.C.
SECRETARY'S BUREAU

**PPL ELECTRIC UTILITIES CORPORATION'S ANSWER TO AND MOTION
TO DISMISS THE "NOTICE OF INTERVENTION, ERIC JOSEPH EPSTEIN,
PRO SE IN THE ABOVE-CAPTIONED MATTER"**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PPL Electric Utilities Corporation ("PPL Electric") hereby answers, pursuant to 52 Pa. Code §§ 5.61 and 5.66, and moves, pursuant to 52 Pa. Code § 5.101(a)(3), to dismiss the "Notice of Intervention, Eric Joseph Epstein, *Pro Se* in the above-captioned Matter" ("Intervention"). Before responding to Mr. Epstein's specific intentions, however, it must be observed that Mr. Epstein's Intervention, although styled as a "Notice," is in reality, a petition to intervene. Notices of intervention may be used only by "another agency of the Commonwealth which is authorized by statute to participate in the proceeding." 52 Pa. Code § 5.71(a)(1). Thus, notices of intervention may be filed only by agencies of the Commonwealth with authority to intervene as a matter of law. Mr. Epstein, an individual, clearly is not eligible to file a notice of intervention. Instead, like any other non-government entity wishing to intervene in a proceeding before the Pennsylvania Public Utility Commission ("Commission"), Mr. Epstein must petition the Commission to grant intervention and demonstrate that he is eligible to intervene.

Under the Commission's regulations, there are standards which any entity must meet in order to qualify as an intervenor. 52 Pa. Code § 5.72. As explained below, Mr. Epstein's Intervention should be dismissed because it fails to meet these Commission

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standards. Indeed, Mr. Epstein, in his Intervention, does not identify any specific interest that he proports to represent nor does he identify any relief that he intends to seek. Therefore, Mr. Epstein has not established that he is eligible to intervene in this proceeding.

Further, as explained below, Mr. Epstein's only attempt to identify an interest is a reference to a document which, to the knowledge of PPL Electric, does not exist.

Although Mr. Epstein may have intended to refer to his Notice of Intervention in another proceeding, the Commission expressly denied Mr. Epstein's intervention. In any event, Mr. Epstein failed to establish that he is eligible to intervene in this proceeding.

PPL Electric responds to these separately-numbered averments of Mr. Epstein as follows:

1 – 4. In response to Paragraphs Nos. 1 – 4 of Mr. Epstein's Intervention, PPL Electric admits that Mr. Epstein has participated in several proceedings before the Commission involving PPL Electric.

5. The averments of Paragraph No. 5 of the Intervention are denied. To the contrary, PPL Electric has no knowledge of Mr. Epstein's filing of any document in PPL Electric's 2001 Intangible Transition Charge Reconciliation Proceeding at Docket No. R-00016773. PPL Electric has no record of any such filing by Mr. Epstein at Docket No. R-00016773. Further, PPL Electric requested that the Commission's Secretary's Bureau review its docket at R-00016773, and the Commission's Secretary's Bureau indicated to PPL Electric that the Secretary's Bureau had no record of any filing by Mr. Epstein at Docket No. R-00016773.

6. In response to Paragraph No. 6 of the Intervention, it is admitted that on December 13, 2002, PPL Electric submitted its 2002 Competitive Transition Charge Reconciliation Filing. The Filing sets forth over/under collections for the period ended December 31, 2002, including actual data through November 30, 2002, and an adjustment to reflect the actual over/under collection amount for the month of December, 2001.

The reconciliation filing was submitted pursuant to the procedures established in the “Joint Petition for Full Settlement of PP&L, Inc.’s Restructuring Plan and Related Court Proceedings” at Docket No. R-00973954 and the associated provisions of PPL Electric’s Tariff – Electric Pa. P.U.C. No. 201. It is admitted further that in correspondence dated December 19, 2002, the Commission issued a secretarial letter which, among other things, accepted PPL Electric’s Competitive Transition Charge Reconciliation statement of the year ended December 31, 2002, subject to public hearing to be held pursuant to 66 Pa.C.S. § 1307(e).

7. In response to Paragraph No. 7 of the Intervention, PPL Electric admits that on December 20, 2002, PPL Electric filed Supplement No. 28 to Tariff – Electric Pa. P.U.C. No. 201, revising the Competitive Transition Charges set forth in the tariff, based upon PPL Electric’s 2002 Reconciliation Filing.

8. The averments of Paragraph No. 8 of the Intervention are denied. As explained previously, neither PPL Electric nor the Commission Secretary’s Bureau has any record of any attempt by Mr. Epstein to intervene in PPL Electric’s 2001 Intangible Transition Charge Reconciliation Proceeding at Docket No. R-00016773. Further, it is

denied that Mr. Epstein is participating in such proceeding which, in any event, has terminated by a final order of the Commission.

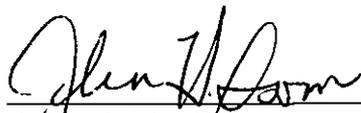
PPL Electric notes that Mr. Epstein may have intended to refer to his Notice of Intervention in PPL Electric's 2002 Intangible Transition Charge Reconciliation Proceeding at Docket No. R-00027837, in which he attempted unsuccessfully to intervene. Attached for the Commission's convenience as Appendix "A" hereto is a copy of Mr. Epstein's "Notice of Intervention" at Docket No. R-00027837. If Mr. Epstein intended in this proceeding to rely upon he averments in the 2002 Intangible Transition Charge Reconciliation Proceeding, such reliance is misplaced. PPL Electric explained that Mr. Epstein's Notice of Intervention at Docket No. R-00027837 was meritless in "PPL Electric Utilities Corporation's Answer to Motion to Dismiss the 'Notice of Intervention, Eric Joseph Epstein, *Pro Se* and Request for Indefinite Delay in the Above-Captioned Matter'" which was filed with the Commission on November 6, 2002. Attached for the Commission's convenience as Appendix "B" hereto is a copy of PPL Electric's Answer and Motion to Dismiss. The Commission agreed with PPL Electric that Mr. Epstein's Notice of Intervention at Docket No. R-00027837 was meritless and dismissed the Intervention in an Order entered on December 19, 2002. For the Commission's convenience, a copy of its Order entered on December 19, 2002, at Docket No. R-00027837 is provided as Appendix "C" hereto.

If Mr. Epstein intended to refer to his Notice of Intervention at Docket No. 00027837, his Intervention in this proceeding should be rejected for the additional reason that all that remains before the Commission at this time is a reconciliation under Section 1307(e) of the Public Utility Code, 66 Pa.C.S. § 1307(e), under which historic CTC

revenues are compared with historic CTC expenses. In his Notice of Intervention at Docket No. R-00028737, Mr. Epstein's averments were critical, albeit erroneously so, of projected sales by PPL Electric. Such contentions have no relevance to PPL Electric's historical sales and expenses and, as such, Mr. Epstein's contentions, even if they had merit, are beyond the scope of the reconciliation of historic costs and revenues.

WHEREFORE, for all the foregoing reasons, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission dismiss the "Notice of Intervention, Eric Joseph Epstein, *Pro Se* in the Above-Captioned Matter."

Respectfully submitted,



David B. MacGregor
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Paul E. Russell
Associate General Counsel
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101-1170
Voice: 610.774.4254
Fax: 610.774.6726
E-mail: perussell@pplweb.com

Of Counsel:

Morgan, Lewis & Bockius LLP

Date: January 24, 2003

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

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OCT 16 2002

OFFICE OF
GENERAL COUNSEL

October 14, 2002

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

**Re: Petition of PPL Electric Utilities Corporation
2002 Intangible Transition Charge
Reconciliation Filing Docket No.:
Notice of Intervention
Eric Joseph Epstein, *Pro se*
and
Request for an Indefinite Delay
in the Above Captioned Matter**

Dear Secretary McNulty:

Enclosed for filing on behalf of Eric Joseph Epstein, *Pro se*, are eight (8) copies of Eric Joseph Epstein's Notice of Intervention and Request to Delay Over and Under Collections for PPL's 2002 Intangible Transition Charge for the period ended August 31, as well as an estimate of Over/Under Collections for the three months ending November 30, 2002.

Mr. Epstein is submitting this Notice of Intervention pursuant to Procedures Established by the Pennsylvania Public Utility Commission (PUC) in its Supplemental Qualified Rate Order, entered on May 21, 1999, at Docket No. R-00994637, and their associated provisions in PPL's Tariff - Electric PA. P.U.C. No. 201.

Eric Joseph Epstein was an active participant in PPL's restructuring case (Docket No. R-00973954).

Mr. Epstein was also actively engaged in PP&L Inc.'s Petition asking for Permission to Defer, For Future Recovery, A Portion of Its Competitive Transition Charges, or In the Alternative, To Exceed The Rate Caps Pursuant to 66 Pa. C.S. § (2804 94) (iii) (G); Docket No. P-00991780.

Eric Joseph Epstein, respectfully requests an **Indefinite Delay in the Above Captioned Matter.**

Mr. Epstein's request is based on:

- 1) PPL's utilization of conflicting and speculative empirical data to support the Company's conclusions; and,
- 2) The potential that a nexus or accounting relationship may exist in this Present filing, and PPL's behavior in the Installed Capacity (ICAP) market form January through, March 2001.

Economic Projections and Trends: 2002-2003

In December, 2001, PPL's stock fell by 3% due to events surrounding PPL's ICAP market manipulation.

PPL's stock closed at \$32.34 on Friday, January 4, 2002.
Its 52-week high was \$62.36.

On January 6, 2002, PPL lowered its 2002 earnings forecast a second time, and canceled plans for six new power plants.

On September 9, 2002, Standard & Poor's downgraded PPL's rating.

One month later, on Friday, October 11, 2002, PPL's stock closed at \$28.77 on the New York Stock Exchange; down \$2.53 for the week of October 7, 2002.

Yet, PPL's latest Shareowner News, (October 2002), forecast a 9% increase in core earnings, and a "forecast of earnings from core operations of \$3.30 to 3.50 per share." (PPL Corporation, *Shareowner News*, October 2002).

However, in a filing before the Commission on the same day as PPL, PECO Energy offered a much different forecast. "The Company estimates an annual net reduction of between \$5 and \$6 million." (1)

PPL's calculations contain implicit assumptions and substantive omissions. The Company presumes an economic upturn, an absence of conflict in the Middle East, and PPL is predicting an increase in new construction starts of larger homes, which apparently consume more electricity while being more energy efficient. PPL failed to factor for the creation of a Pennsylvania Energy Office (2), and the Company assumes that unseasonably hot weather will continue.

1

PECO Energy Company, Docket No. M-0001418; Exelon's Petition for Expedited Approval of Consensus Modifications to PECO Energy Company's Universal Service Program and Associated Tariffs.

2

The next governor, whether its is Mike Fisher or Ed Rendell has already committed to the creation of a Pennsylvania Energy Office that will most likely contain renewable energy portfolio.

Moreover, PPL's wide scale deployment of consumer-controlled, demand side management meters, i.e. Automated Meter Readers (AMR), has been heralded by the Company as a means enhance customer service and improve operating efficiencies. However, this technological initiative is unaccounted for in PPL's Present filing.

On May, 7, 2002, PPL announced a phased-plan to install real-time, Automated Meter Readers in approximately 1.3 million homes of Pennsylvania customers. The project is scheduled to begin in 2003 and conclude in 2004; therefore, the Company can not claim to have "sales experience" in this area.

Automated Meter Readers (AMR) are currently being deployed by Dusquene, PECO Energy, and PPL. PPL's purchasing trend of AMR's would indicate they plan an aggressive installation schedule. (3)

3 According to the suppliers of Automated Meter Reading equipment, ESCO Technologies Incorporated, "The PPL Electric Utilities Corporation ("PPL") contract, our largest contract in the communications business, contributed over \$10 million to third quarter sales. To date, we have delivered over 150,000 units to PPL since the award of the program in February of this year." (PR/Newswire-FirstCall, August 7, 2002).

Moreover, the President of PPL Electric Utilities, Michael E. Bray the project will actually reduce consumption.

“Automated meters will greatly reduce estimated bills because weather, pets and other factors will not prevent us from collecting electricity-use information.” (*Update*, The Department of Environmental Protection, May 10, 2002, p. 33).

PPL’s forecasting, both economic and meteorological, are speculative and ignore state and national trends, fail to calculate for technological advances the Company has introduced and marketed, and presume clairvoyant machinations relating to home starts and drought conditions.

Below, is the Company’s grand forecasting scheme:

**Summary of Changes Reflected in
Current Year 2003 Sales Forecast**

The year 2003 sales forecast, which is dated October 2002, reflects PPL Electric Utilities Corporation’s (“PPL Electric”) most recent projection of retail customer sales for the 12 months ending December 31, 2003. The sales forecast has been reviewed for internal consistency and will form the basis for PPL Electric’s operating budget for the year 2003. It reflected an additional three years of sales experience not contained in the year 2002 forecast dated December 1999 and used in PPL Electric’s Compliance Filing at Docket #R-00994875.

The current Year 2003 sales forecast for the residential class is higher by 2.8% from the prior forecast. The increase in air conditioning use and an increase in the average size of new homes account for most of this change. The impact of these factors has increase the projected Year 2003 sales forecast by 358 million kwh. (ATTACHMENT 4).

Additionally, the Company does not think that increased consumption will affect the residential customers ability to service bills. "The collections curve that will be applied to retail customer ITC billings during 2003 is the same as that used in 2002, and reflects current customer payment patterns." (ATTACHMENT 5).

Mr. Epstein respectfully requests that the PUC order PPL to respond to the following set of inquires:

A 1) Explain the justification and economic assumptions utilized to arrive at the Company's varying projections;

A 2) A change in the rules for "Goodwill Accounting" could hurt PPL's earnings, though the company said it can't yet quantify such an impact, if any.

How was the potential impact of "Goodwill Accounting" factored into PPL's projections? (4)

A 3) PPL announced plans to develop an additional 4,605 megawatts of generating capacity, but in 2002 cut projects that would have produced 2,100 megawatts of power. Though PPL said it still sees a need for new generating capacity, market prices and regulatory conditions deterred it from constructing additional base load.

Has PPL accounted bridged the gap between demand and generation by entering into short-term Power Purchase Agreements (PPA)? If so, how do these PPA's or other contracts defray the cost of PPL purchasing market energy on the "spot market"?

Does PPL have a plan to protect and insulate itself against falling prey to market manipulation during periods of winter-peaking demand?

4 The Federal Energy Regulatory Commission's (FERC) Deputy Executive Director ordered Com Ed (August 27, 2002), an Exelon subsidiary, to move \$4.8 billion off its balance sheet as a result of the Unicom Corporation Merger, approved by the Pa PUC June, 2000. Com Ed appealed the Ruling (September, 2002), stating the decision would create a "material adverse effect on Com Ed's financial stability". The Company also maintained, "Com Ed will be exposed to significant reductions in future earnings."

The FERC reversed itself on September 27, 2002.

“Gaming the Grid”

PPL’s exercise of unilateral and documented abuses of its market power in the Pennsylvania-Jersey-Maryland Grid (PJM) capacity credit market during the first quarter of 2001 dramatically and artificially increased credit capacity markets to the economic detriment of Pennsylvania consumers, including PPL customers obligated to service **ITC tariffs.**

PPL, identified as “E 1” in PJM and Pa PUC investigations, manipulated the ICAP market during the first quarter of the 2001. This monopolistic practice may have violated the Retail Access Code of Conduct, and establishes the need to reexamine PPL’s ITC accounting practices to determine if PPL consumers affected in the Present filing case were overcharged or indirectly and adversely affected by PPL’s ICAP practices. The PUC ordered an Investigation into PJM’s ICAP market on November 30, 2001.

The Pennsylvania Public Utility Commission accused PPL of gaming the capacity market in the PJM grid in early 2001, but asked state regulators and federal authorities to investigate.

“The Pennsylvania PUC has evidence that allegedly shows PPL withheld electricity to create an artificial power shortage in the market for extra capacity where utilities buy credits to meet PJM reserve requirements...Such alleged activity drove up prices when the capacity price shot up from \$5/mwh to a \$177/mwh on average for more than three months.”

The Commission concluded “that there is cause to believe that PPL has engaged in the exercise of unlawful market power in the PJM ICAP markets...” (**Investigation Report**, Docket # I-00910090, June 13, 2002.)

Four days later, on June 17, 2002, PPL traveled to "Wall Street" to assure investors the Company, in the words of PPL's representative, John R. Biggar, "has long-standing policies to ensure that, across the company, the actions of our marketing operation are ethical and legal.

PPL Corporation's "Shareowner News", further reinforced Mr. Biggar's assertions by printing the following articles a month after PPL's visit to Wall Street: "*PPL supports initiatives following recent reports about flawed financial reporting and accounting practices at other companies*", and "*PPL has polices to ensure its energy marketing is legal and ethical*" ("July 2002).

Mr. Epstein is asking the Commission to hold in abeyance PPL's ITC filing until the following legal and regulatory hurdles have been cleared:

B 1) The Pennsylvania PUC's Law Bureau, the Federal Energy Regulatory Commission, the United States Department of Justice, and the Attorney of Pennsylvania have concluded their investigations;

B 2) Resolution of PPL's Appeal(s) of the PUC's Order Adopted on June 13,2002, Docket No. I-00010090; and,

B 3) In the interim, Mr. Epstein respectfully requests that the Present ITC revenue request, based on "good faith projections", (6) be ensured by William F. Hecht, Chairman, President, and Chief Executive Officer, John Biggar, Executive Vice President and Chief Financial Officer, and the Company's Chief Risk Officer, material equivalent or Larry De Simone, Executive Vice President of Supply, in his capacity as PPL's representative on the Electric Power Supply Association's "blue-ribbon" steering committee.

6 PPL has already complied with the requirements of the Security and Exchange Commission and the Sarbannes-Oxley Act in relation to officer certification of financial disclosures.

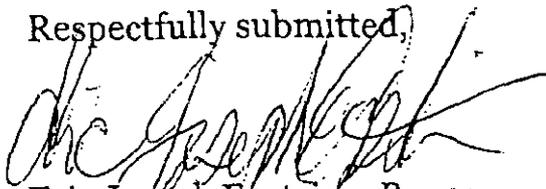
FROM MORNING LEWIS PHLADELPHIA REC-9-5 (MON/10/21/02 14:23) 157113/511112/111111

The veracity of Company's statements was further undercut in a recent survey conducted by Rating Research LLC of industry executives. Published in an industry journal, *Platts, Reputation Matters*, "Energy" Business & Technology (July/August, 2002, Vol. 4, No. 4), PPL scored "low" and "challenged" in "Reputation strength score".

In fact PPL finished **16 out of 21** in the categories of "**Marketing Effectiveness**" and "**Financial Stability**". (*Please refer to enclosure for complete survey results.*)

Copies of this correspondence have been served via the United States Postal Service to all parties listed on the enclosed Certificate of Service.

Respectfully submitted,



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epstein@igc.apc.org

DATED: OCTOBER 14, 2002

cc: Certificate of Service (**Active Parties Only**)

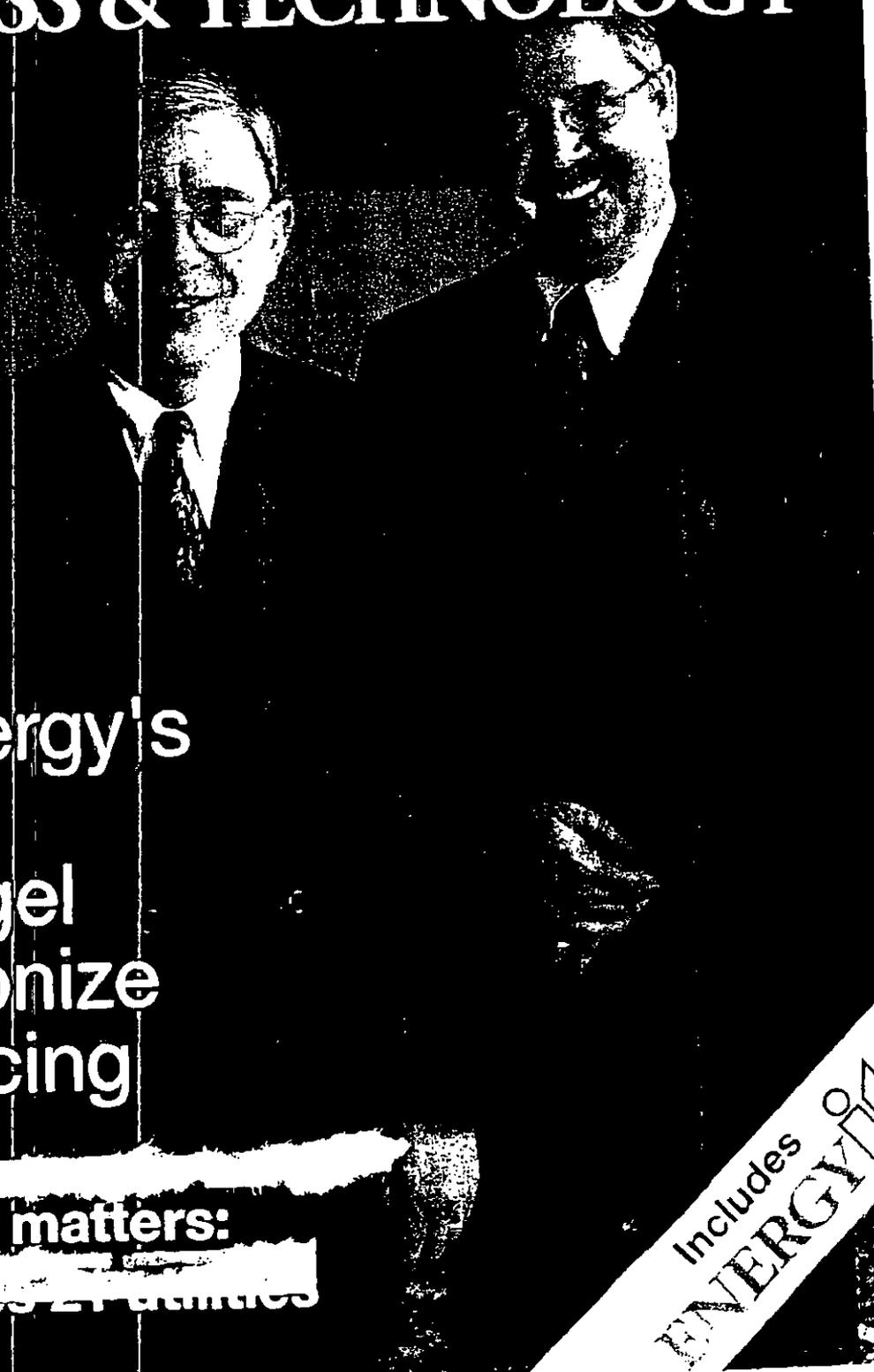
Enclosure

13

ENERGY

BUSINESS & TECHNOLOGY

JULY/AUGUST 2002
Vol. 4 • No. 4



**Xcel Energy's
Brunetti
and Gogel
revolutionize
outsourcing**

**Reputation matters:
Survey rates 27 utilities**

Includes
ENERGY

Reputation matters

Thanks to Enron, image will be a key enhancer—or diminisher—of corporate strength and competitiveness for the foreseeable future. How do U.S. power companies stack up on the factors that contribute to reputation? A new survey provides answers by going straight to the source—the executives who run energy firms and the analysts who track them.

The fallout from the Enron and Arthur Andersen scandals has spread far beyond the energy and accounting/auditing industries. Together with charges that conflicts of interest routinely taint the advice of Wall Street analysts, the scandals have triggered a crisis of investor confidence in the integrity of America's financial system. A newly coined expression—Enronitis—has become synonymous with unethical or illegal corporate behavior, arrogance, and a lot more.

Thus, it is not surprising that, in a recent Rating Research LLC (RRC) survey of over 450 consumers who own stocks or bonds, a resounding 94% say that information about a company's reputation and business practices is important to them, and two-thirds say it is very important. At the same time, nearly one-fourth of investors say they are less confident in the quality of information about the reputation of companies available to them today than one year ago.

These facts reinforce an important theme: reputation matters. In fact, it may matter more than ever before, particularly in an industry such as electric power that is under constant scrutiny by regulators, environmen-

talists, and ordinary citizens. Energy companies understand how important image has become. For proof, consider the way that many of them responded to the Enron bankruptcy and the subsequent collapse of energy traders' stock prices. They

scrambled to reduce their debt and emphasize that their revenues come from hard assets like power plants and pipelines rather than soft ones like trading desks. Their goal, of course, was to bolster their credit ratings, because a credit rating not only reflects

BY JEFFREY
RESNICK

About the survey's methodology

Electric utilities were selected for inclusion in the reputation survey through a process of mailing and phoning a variety of analysts and other market indices of leading utility companies. Rating Research LLC's RRC industry experts also reviewed electric utilities for possible inclusion that were small in market capitalization or in industry leaders that were judged to have potential impact on the overall landscape of the electric utility industry.

Interviews were conducted during the first quarter of 2002 and covered a random sample of industry executives and financial analysts who said they specialized in the energy industry. Senior executives from a broad range of companies in the electric utility sector, not just the utilities rated, were included

in the sample population. Each industry executive was allowed to provide his opinions about up to 10 electric utilities, based on his level of familiarity with the utilities. Executives were not allowed to give opinions about their own company. Interviews with senior executives lasted, on average, 25 minutes and more than 1,000 company profiles were obtained.

Financial analysts' surveys lasted, on average, almost one hour and included many open-ended questions designed to understand the reasons for their opinions. Almost 400 company profiles were obtained as a result of interviews with the financial analysts. Opinion Research Corp. conducted all the interviews under guidelines established by the Council of American Survey Research Organizations.

1. Electric utility dimension ranking

Company	Marketing effectiveness	Organizational culture/ethics	Financial stability	Workforce processes	Innovation	Workforce diversity	Environmental focus	Global capabilities	Charitable support
AEP	10	10	5	6	11	10	10	9	19
Allegheny Energy	10	17	17	13	21	13	13	21	10
Ambler	2	3	2	3	4	11	14	11	4
Chesapeake	10	17	11	10	10	17	17	18	13
CVS Energy	14	13	15	14	11	14	4	17	7
Gen Energy	14	13	12	14	11	18	7	16	6
ComEd	10	6	13	13	16	21	9	11	13
Duke Energy	16	16	19	14	15	17	20	17	20
Duke Energy	11	11	11	2	11	16	6	11	10
Edison International	6	17	15	11	17	10	11	11	12
Energy	11	17	11	11	17	10	11	10	14
Exelon	17	17	11	11	11	12	16	15	12
FirstEnergy	21	21	20	21	19	20	21	12	21
FPL Group	10	21	13	13	22	17	11	8	3
PG&E	19	20	13	20	26	10	13	15	17
PPL	16	16	17	17	18	14	12	14	13
Progress Energy	15	5	2	5	9	14	28	20	6
PSEG	7	19	16	16	6	19	17	15	19
Southern Company	22	2	18	18	20	22	6	21	18
TXU	11	6	6	6	6	15	5	9	5
Xcel Energy	12	12	8	8	5	2	2	9	1

a company's financial health—it also contributes to its reputation. In other words, the winners and losers of the electric-power competition race will be determined not just by balance sheets, but by corporate reputation as well.

Executives assess competitors

In an attempt to quantify that subjective term, RRC—a joint venture of The Ratrix Group and Opinion Research Corp.—conducted in-depth interviews with senior-level executives of power companies and analysts that specialize in the industry (see box for more on the survey methodology). The questions posed were about a broad range of issues or "dimensions" that contribute to reputation in all industries, plus issues specific to the electric power industry. The following dimensions comprise RRC's Reputation Strength Model (RSM) for the electric utility industry. There are nine of them, and Table 1 shows how each of 21 utilities ranks on each dimension:

- Marketing effectiveness.
- Organizational culture/ethics.
- Financial stability.
- Workforce/processes.

- Innovation.
- Workforce diversity.
- Environmental focus.
- Global capabilities.
- Charitable support.

The survey also collected another set of opinions that represent desired behaviors or perceptions. Questions were asked about the following five issues, and Table 2 shows the respons-

2. Electric utility measure ranking

Company	Reasonably willful				
AEP	11	12	10	10	10
Allegheny Energy	11	10	15	21	10
Ambler	7	12	10	10	6
Chesapeake	10	11	11	12	17
CVS Energy	15	16	10	10	11
Gen Energy	15	16	10	10	11
ComEd	12	14	13	10	17
Duke Energy	14	13	16	10	17
Duke Energy	4	12	11	11	11
Edison International	6	11	11	11	11
Energy	20	21	16	14	11
Exelon	3	16	11	10	9
FPL Group	9	15	12	11	13
FirstEnergy	10	21	18	10	6
PG&E	18	16	20	10	14
PPL	16	17	15	10	6
Progress Energy	16	17	15	10	10
PSEG	20	17	15	10	11
Southern Company	1	19	17	11	11
TXU	2	21	17	11	5
Xcel Energy	2	17	10	10	6

The electric power industry scores lower on average on most significant dimensions of reputation than other industries—even ones 'under the microscope'

es as rankings on these measures:

- Personally willing to invest in.
- Personally willing to support in times of controversy.
- Perception as an excellent company.
- Customers prefer to do business with.
- Customers willing to pay a premium for a company's products and services.

So how does the industry fare from the perspective of reputation? And how do leading electric utilities stack up on these measures? First, let's look at the industry as a whole.

Industry lacks self-esteem

The electric power industry scores considerably lower on average on most significant dimensions of reputation than other industries—even ones "under the microscope," such as pharmaceuticals. For example, as Table 2 shows, there are some low rankings on a telling measure, "personally willing to support in times of controversy." At best, only about 40% of industry executives are inclined to be supportive of a competitor if it runs into problems. Even companies that scored high on this dimension—such as Edison International—have an almost equal number of detractors.

On another important measure, "customers prefer to do business with," survey respondents are also less inclined to agree or strongly agree with that proposition than executives and analysts in other industries. Importantly, for the companies that score particularly low on this measure—DTE Energy, Consolidated Edison Co. of N.Y., Inc., Pacific Gas & Electric Co. (PG&E), CMS Energy, Ameren, and Allegheny Energy—it could mean that under full competition, they will lose substan-

tially more customers than others. If that happens, their financial health would suffer, making them a less attractive strategic partner to other power companies. All in all, these survey results suggest that there is little cushion for power companies in trouble.

There are a host of possible explanations for these disappointing ratings. Over the years, electricity's cost and high environmental profile have made activists out of ordinary citizens. Anxiety over the safety of nuclear power has led to the mothballing of working plants in Europe and the U.S. environmentalists accuse the industry of insensitivity on issues ranging from acid rain to siting of new plants and transmission lines. Rate increases have long been made into a political issue. Furthermore, industry restructuring for competi-

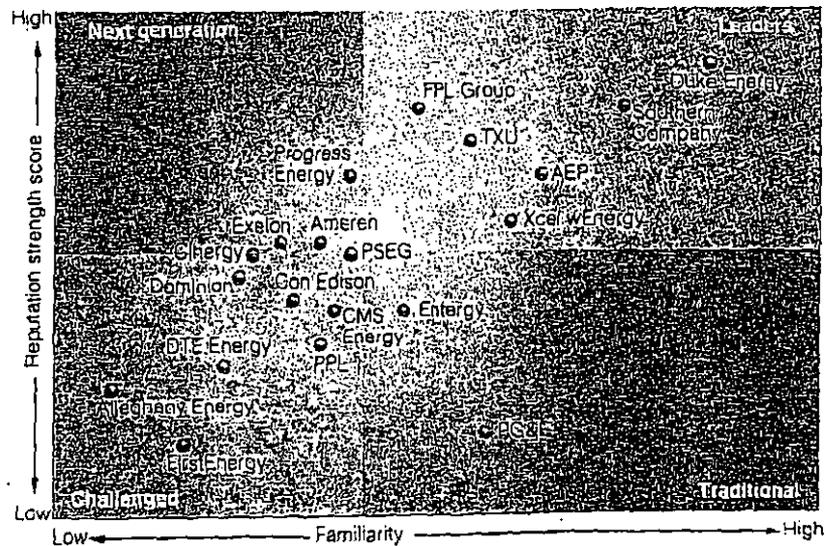
tion has made the electricity business much more complex, increasing the perception of greater risk.

A more benign explanation for the poor results in the dimension categories may be the regional nature of some companies in the survey. In addition, the merger and acquisition binge of recent years has resulted in a multitude of name changes requiring substantial communication programs before traction for new names and reputations can begin.

Reputation is relative

An analysis of individual dimensions makes it difficult to grasp the overall position of an electric power company. The rankings assess a company's strength on individual issues, rather than on a collective basis. A vehicle that enables comparisons on a total basis is the Reputation Strength Score (RSS). A company's RSS is a composite of its rankings on the nine reputation dimensions. The chart compares the RSS of the 21 utilities in matrix form.

As the figure below shows, Duke Energy, Southern Company, and FPL Group are the industry reputation leaders, receiving the highest RSS from



The data points in the outlook matrix reflect both a company's RSS and its familiarity within the industry

Companies with a high RSS may be more favorably treated by lenders than those with a lower total score; companies on the bottom rungs of the ranking ladder will need to work considerably harder

industry executives. Duke also wins hands-down on the "perception as an excellent company" metric, with almost 70% of industry respondents agreeing or strongly agreeing with this statement. This provides Duke with several competitive advantages, including: a greater likelihood of maintaining a strong and loyal customer base; securing acceptance of new services more easily; and forging business alliances more easily. Because FPL Group and Cinergy place next among the leaders on "perception as an excellent company," some of those benefits will accrue to them as well. However, the further one is away from the leadership position, the less the benefit accrues.

Among financial analysts, the survey findings likewise point to Duke Energy as the clear favorite. The company is viewed as having an excellent management team, a clear strategy and a good business, and a strong balance sheet. Summarizing the overall perceptions of Duke Energy, one analyst noted that: "It has identified its focus in the deregulated markets and has remained on that track. It has avoided the vulnerabilities that other companies have experienced, while determining and executing a strategy."

While they see Duke maintaining its top position, some analysts see possibilities for others, like Dominion, to join the leaders' circle in the future. FPL and Dominion, along with Duke, lead the pack in the perception as a good personal investment by senior executives in the industry by scoring strongly on "personally willing to invest in." Strong and well-diversified energy businesses and above-average financial strength sup-

port this view. However, tempering this outcome is the relatively small proportion of respondents who strongly agree that they would be personally willing to invest in one of the 21 companies. This underscores the industry confidence gap mentioned earlier.

DTE Energy, Allegheny Energy, PG&E, FirstEnergy, and Entergy Corp. are at the bottom end of the RSS ranking. This position makes it considerably more difficult for them to succeed in a competitive environment where customers and potential business partners have choices. In addition, the competitive and capital-intensive nature of the power business makes access to funding on favorable terms critical. That means two things: Companies with a high RSS may be more favorably treated by lenders than those with a lower total score; and companies on the bottom rungs of the ranking ladder will need to work considerably harder than their peers to achieve similar levels of industry recognition and support.

Some of these companies—such as PG&E, FirstEnergy, and Entergy—also come up short in the "perception as an excellent company" category. As a result, these companies may live in a world of more limited opportunity. They could be more exposed to the impact of their own or the industry's problems, and could face an uphill battle marketing their strategic growth initiatives to investors

and potential business partners. For example, one analyst described PG&E as having "lost the trust of the consumer and the market, making it difficult to achieve their goals."

Reputation's three key drivers

Of the nine dimensions that make up RRC's Reputation Strength Model for the electric power industry, the three most heavily weighted by the model are marketing effectiveness, organizational culture/ethics, and financial stability. Strong scores in these categories correlate closely with a high RSS.

Given the shift to competitive markets, it shouldn't be surprising that marketing effectiveness is regarded as a key to power companies' future success. An ability to adapt to market conditions and attract new customers, build strategic alliances, invest wisely in new technology and—most important, differentiate yourself from rivals selling the same commodity—will continue to provide a company with perhaps its strongest competitive advantage.

The winner in the marketing effectiveness category is Duke Energy; with a significant number of respondents surveyed giving the company a high rating on this dimension. Southern Company and FPL Group are next in line. The lowest rankings belong to PG&E, Allegheny, and FirstEnergy.

In the organizational culture/ethics category, the two most important metrics measure to what degree a company is regarded as "open and honest with the public" and "adheres to ethical business practices." As competition spreads, these characteristics will grow in importance. This dimension of RSS also measures such perceptions as:

Given the shift to competitive markets, it shouldn't be surprising that marketing effectiveness is regarded as a key to power companies' future success

CORPORATE STRATEGIES

- Is a company considered trustworthy?
- Is it customer-focused?
- Does it have a loyal customer base?
- Does it communicate effectively with financial markets?
- Does it have a positive community impact?

Within the Organizational Culture/Ethics dimension, Duke Energy, Southern Company, FPL Group, and TXU have index scores that exceed the group average by greater than 20%. Conversely, companies like Allegheny Energy, Entergy, CMS Energy, PG&E, and FirstEnergy all score well below average. Given today's pan-industry skepticism of corporate financial reporting and accounting practices, a perception of a company as ethical is worth its weight in gold.

Within the electric power industry, the third key driver—financial stability—denotes several strengths, including the ability to survive business downturns and positive relationships with regulators. Generally, companies with strong scores in this category and on marketing Effectiveness have a higher overall RSS. However, there are a couple of interesting exceptions.

Dominion turned in an above average score on financial stability. However, it ranked slightly below average on RSS and relatively low on marketing effectiveness. Edison International ranks in the bottom third on financial stability, reflecting its "fallen angel" status as a casualty of the California energy crisis. Yet Edison scores relatively well on marketing effectiveness and has an RSS that is slightly above average. Thus, the company may be able to re-establish itself as a leader if it can sort out its financial difficulties.

Although somewhat less critical than the above three key drivers, environmental focus remains an important aspect of a power company's reputation. A positive score here suggests that a company may have some advantages in dealing with the political and public relations aspect of environmental issues. Among the companies

Given today's pan-industry skepticism of corporate financial reporting and accounting practices, a perception of a company as ethical is worth its weight in gold

in this position are FPL Group, Xcel Energy, and Progress Energy, and—to a lesser extent—CMS Energy, Con Edison, PG&E and TXU. It's worth noting here that Duke Energy, the overall industry reputation leader, ranks only sixth overall on the environmental focus dimension.

Who's ready—and not—for prime time

The data points in the outlook matrix (figure) reflect both a company's RSS and its familiarity within the industry. Positioned near the top of the Leaders category are Duke Energy and Southern Company, and they are followed by AEP, TXU, FPL Group, and Xcel Energy. With their high RSS and high levels of familiarity, these firms are better positioned than most others to successfully navigate and benefit from the rapid changes occurring in the electricity marketplace.

On the opposite end of the spectrum are the Challenged companies, which must address several substantial issues to remain viable. The three firms at the bottom left of the matrix—Allegheny Energy, FirstEnergy, and DTE Energy—have the lowest composite scores. FirstEnergy's poor showing is likely the consequence of its recent and highly publicized problems running its nuclear operations, as well its history of financial weakness.

In the Traditional quadrant are only two firms, Entergy and PG&E. The data indicate that both may have a bit of a problem with familiarity. Nonetheless, there's no getting around the fact that each has a low RSS.

Several companies find themselves in the compelling Next Generation quadrant, including Progress Energy, Ameren, and Exelon. All three

need to address their low ranking on key measures such as organizational culture/ethics and financial stability if they wish to leapfrog into the Leaders quadrant. Survey responses indicate that Ameren and Exelon, each of which underwent strategic mergers and acquisitions in recent years, are not well understood by industry insiders. Edison International also shows up in the Next Generation quadrant, and the responses suggest it needs to elevate the perception of its financial stability to move into the Leaders section.

Using reputation as a weapon

In today's environment, expect to see more and more CEOs focus on reputation. Electric utilities seeking to move into the Leaders category should consider the advice of Professor Stephen A. Greyser, a noted marketing expert at Harvard Business School, who believes that reputation can be a long-term building block in company strategy. Based on his own research and extensive experience with senior corporate leaders, he says companies must actively establish, nurture, and preserve their reputations as part of management's mission and accountability. Where reputation is concerned, says Greyser, "the CEO is the ultimate custodian."

For further information on the Electric Power Industry Survey—the latest in a series of Reputation Strength Ratings published by RRC—visit www.ratingresearch.com or call (908) 470-1260. ■

Jeffrey Resnick is the chief research officer of Rating Research LLC, Bedminster, N.J.

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities :
Corporation 2002 Intangible :
Transition Charge Reconciliation :
Filing, Docket No: :

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the active participants named below by US mail or hand delivery in accordance with the requirements of Section 1.54.

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i

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Eric Joseph Epstein", written over a horizontal line.

Eric Joseph Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17112

DATE: OCTOBER 14, 2002

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Re: Petition of PPL Electric Utilities :
Corporation, 2002 Intangible Transition : Docket No. R-00027837
Charge Reconciliation Filing :

**PPL ELECTRIC UTILITIES CORPORATION'S ANSWER
TO AND MOTION TO DISMISS THE "NOTICE OF INTERVENTION,
ERIC JOSEPH EPSTEIN, *PRO SE* AND REQUEST FOR
AN INDEFINITE DELAY IN THE ABOVE CAPTIONED MATTER"**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PPL Electric Utilities Corporation ("PPL Electric") hereby answers, pursuant to 52 Pa. Code §§ 5.61 and 5.66, and moves, pursuant to 52 Pa. Code § 5.101(a)(3), to dismiss the "Notice of Intervention, Eric Joseph Epstein, *Pro Se* and Request for an Indefinite Delay in the Above Captioned Matter" ("Intervention"). Before responding to Mr. Epstein's specific contentions, however, it must be observed that Mr. Epstein's Intervention, although styled as a "Notice," is in reality a petition to intervene. Notices of intervention may be used only by "another agency of the Commonwealth which is authorized by statute to participate in the proceeding." Thus, notice of intervention may be filed only by agencies of the Commonwealth with authority to intervene as a matter of law. 52 Pa. Code § 5.71(a)(1). Mr. Epstein, an individual, clearly is not eligible to file a notice of intervention. Instead, like any other non-government entity wishing to intervene in a proceeding before the Pennsylvania Public Utility Commission ("Commission"), Mr. Epstein must petition the Commission to grant intervention.

Under the Commission's regulations, there are standards which any entity must meet in order to qualify as an intervenor. 52 Pa. Code § 5.72. As explained below, Mr. Epstein's Intervention should be dismissed because it fails to meet these Commission standards.

Specifically, Mr. Epstein has failed to allege an interest in this proceeding which is cognizable by the Commission.

This proceeding is for the purpose of implementing the 2003 annual adjustments to PPL Electric's Intangible Transition Charges ("ITCs"). The ITCs produce the funds for payment of principal and interest on the Transition Bonds which securitized a substantial portion, \$2.85 billion, of PPL Electric's allowed stranded costs. Annual reconciliation of ITC recoveries is an essential element of the securitization transaction and the Commission's Qualified Rate Order authorizing that transaction.

The relief which Mr. Epstein seeks, an indefinite delay in the proceeding, is expressly precluded by Section 2812(b)(4) of the Electric Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2812(b)(4) ("Competition Act"), as well as prior orders of the Commission, PPL Electric's Commission-approved tariff, and the settlement of PPL Electric's restructuring proceeding to which Mr. Epstein was a signatory. All of these authorities require that annual adjustments to PPL Electric's ITCs be implemented within 90 days of filing, which in this instance would allow those adjustments to the ITCs to become effective on January 1, 2003.

Mr. Epstein's Intervention is based primarily upon his criticisms of PPL Electric's projection of retail electric sales for 2003, which is used in the calculation of the adjustments to its 2003 ITCs. As explained below, Mr. Epstein's allegations are irrelevant to that sales projection and provide no basis for his intervention in this proceeding.

Mr. Epstein criticizes PPL Electric's projections because, in his view, they overstate retail electric sales for 2003. However, if PPL Electric's projected retail energy sales were reduced, as Mr. Epstein suggests, the result would be higher ITCs than if the ITCs were calculated using PPL Electric's projection.

For all of these reasons, Mr. Epstein's Intervention should be dismissed.

In support of this Answer and Motion to Dismiss, PPL Electric states the following:

A. BACKGROUND

1. On October 1, 2002, PPL Electric filed with the Commission a schedule of its actual ITC over/under collections for the nine months ended August 31, 2002, together with an estimate of over/under collections for the three months ending November 30, 2002. In addition, PPL Electric submitted the most current forecasts of sales, uncollectibles, and payment lags for calendar year 2003. PPL Electric will update the ITC over/under collections to reflect actual data through November 30, 2002. On December 15, 2002, PPL Electric will submit a tariff supplement and supporting data setting forth revised ITCs to become effective on January 1, 2003.

2. The precise adjustments to PPL Electric's ITCs will be set forth in the tariff supplement and supporting data to be filed on December 15, 2002. The precise amounts of such adjustments are not known at this time because data used to compute the over/under collection adjustments will be updated to reflect actual experience through November 30, 2002.

Nevertheless, it is anticipated that those adjustments will be minor because PPL Electric's estimates used to calculate preliminary ITC adjustments in the past have been accurate. PPL Electric's Over/(Under) Collection Adjustment Factor Ratio for 2003 as set forth in the filing dated October 1, 2002, in this proceeding was 0.004262, which means that the difference between projected sales and actual sales was less than $\frac{1}{2}$ of one percent.

3. Mr. Epstein has filed with the Commission the Intervention dated October 14, 2002.

B. ANSWER TO AVERMENTS RELATED TO STANDING

4. At page 1 of the Intervention, Mr. Epstein makes several allegations concerning his participation in prior proceedings of PPL Electric before the Commission. It is admitted that Mr. Epstein has participated in certain prior proceedings of PPL Electric. Nevertheless, for the reasons explained below, Mr. Epstein's Intervention should be rejected because he has failed to identify therein an interest that is cognizable before the Commission. Indeed, the specific relief requested by Mr. Epstein, an "indefinite delay" in the effective date of the annual adjustments to PPL Electric's 2003 ITCs, is barred by PPL Electric's tariff, prior orders of this Commission and Section 2812(b)(4) of the Competition Act.

C. THE INTERVENTION SHOULD BE DISMISSED BECAUSE THE REQUESTED RELIEF IS CONTRARY TO LAW

5. As set forth, inter alia, at page 2 of the Intervention, Mr. Epstein seeks an "indefinite delay in the above-captioned matter," which would delay the effective date of the 2003 ITC adjustment until an unknown date potentially far into the future.

6. The relief sought by Mr. Epstein is barred by the Commission's Final Order entered on August 27, 1998, approving the "Joint Petition for Full Settlement of PP&L Inc.'s Restructuring Plan and Related Court Proceedings" ("Restructuring Settlement") resolving all of the issues in PPL Electric's¹ Restructuring Proceeding, *Application of Pennsylvania Power & Light Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code*, at Docket No. R-00973954. The Final Order contained the Commission's initial Qualified Rate Order authorizing PPL Electric to issue Transition Bonds securitizing \$2.85 billion of PPL

¹ At different times relevant to this proceeding, the name of PPL Electric has been changed. All references herein to Pennsylvania Power & Light Company and PP&L, Inc. and various abbreviations of these names should be interpreted to refer to PPL Electric.

Electric's allowed stranded costs and authorizing PPL Electric to charge ITCs to provide for the payment of the principal, interest and other Qualified Transition Expenses associated with the Transition Bonds. Specifically, in ordering paragraph number 11 at pages 15-16 of the Final Order, the Commission stated, *inter alia*, that:

“Pursuant to Section 2812(b)(5), of the [Competition] Act, the Commission authorizes PP&L to make annual adjustments (each an ‘Annual Adjustment’) to the Intangible Transition Charges if collections of such Intangible Transition Charges fall below the amount necessary to ensure the receipt by the assignee of the Intangible Transition Property and the Financing Party of revenue sufficient to recover fully the Qualified Transition Expenses consistent with this Commission’s Order Pursuant to 66 Pa.C.S. § 2812(b)(5), **this Commission shall finally adjudicate all annual adjustments [to PPL Electric’s ITCs] within ninety days of PP&L’s Annual Adjustment filing.**” (Emphasis added.)

In ordering paragraph number 18, at page 21 of the Final Order, the Commission stated:

“That this Commission hereby declares that paragraphs 5 through 21 of this Qualified Rate Order shall be irrevocable for purposes of Section 2812 of the Public Utility Code, 66 Pa.C.S. § 2812, and accordingly agrees that **it will not directly or indirectly, by any subsequent action, reduce, postpone, impair or terminate this Qualified Rate Order or the Intangible Transition Charges authorized to be imposed or collected under this Qualified Rate Order.**” (Emphasis added.)

These ordering paragraphs were based upon the “Application of PP&L, Inc. for Issuance of a Qualified Rate Order,” which was Appendix E to the Settlement to which Mr. Epstein was a party. Thus, Mr. Epstein’s Intervention is contrary to both the Settlement and the Commission’s Final Order approving the Settlement. Mr. Epstein did not appeal from the Final Order, and it became binding upon all of the parties, including Mr. Epstein.

7. As PPL Electric approached the actual issuance of Transition Bonds, on April 1, 1999, it filed with the Commission, at Docket No. R-00994637, a "Petition of PP&L, Inc. for Issuance of a Supplemental Qualified Rate Order under Sections 2808 and 2812 of the Public Utility Code" ("Supplemental QRO Petition") to clarify and make more specific certain provisions of the initial Qualified Rate Order which was included in the Final Order. The Commission approved the Supplemental QRO Petition with certain modifications in an Order entered on May 21, 1999 ("Supplemental QRO Order"). In ordering paragraph number 9, at page 20 of the Supplemental QRO Order, the Commission approved the reconciliation procedures set forth in the Petition, as modified by the Settlement Agreement among the parties. These annual adjustment procedures are set forth in PPL Electric's Tariff - Electric Pa. P.U.C. No. 201 and are presently in effect.

8. Provided as Exhibit "A" hereto is a copy of the relevant pages of PPL Electric's Tariff - Electric Pa. P.U.C. No. 201. As shown on tariff pages 19Q - 19S, PPL Electric's tariff requires an annual filing each October 1 containing nine months of actual and three months of estimated data. The tariff further requires subsequent filings substituting actual for estimated data through December 1. The tariff provides for adjustments to the ITCs to become effective each January 1. There is no provision for any delay in the effective date, "indefinite" or otherwise, beyond January 1.

9. The "indefinite delay" requested by Mr. Epstein in the Intervention also is contrary to Section 2812(b)(4) of the Competition Act, 66 Pa.C.S. § 2812(b)(4), which provides as follows:

The commission shall provide in any qualified rate order for a procedure for the expeditious approval by the commission of periodic adjustments to the intangible transition charges that are the subject of the pertinent qualified rate order. Such adjustments

shall insure the recovery of revenue sufficient to provide for the payment of principal, interest, acquisition or redemption premium and for other fees, costs and charges in respect of transition bonds approved by the commission as part of or in conjunction with a qualified rate order. The commission shall determine whether the adjustments are required on each anniversary of the initial issuance of the qualified rate order and at the additional intervals as may be provided for in the qualified rate order. **The adjustments, if required, shall be approved within ninety days of each anniversary of the issuance of the qualified rate order or each additional interval provided for in the qualified rate order.**"

(Emphasis added.)

The statute is clear and mandatory. The Commission must approve adjustments to ITCs within ninety days. Any "indefinite delay" of ITC adjustments beyond ninety days would violate the statute.

D. MR. EPSTEIN'S CONTENTIONS ARE MERITLESS BECAUSE ITCs ARE SUBJECT TO RECONCILIATION, AND THEREFORE, DIFFERENCES BETWEEN PROJECTED AND ACTUAL SALES WILL NOT PRODUCE ANY BENEFIT OR DETRIMENT TO PPL ELECTRIC OR ITS CUSTOMERS.

10. Mr. Epstein's contentions regarding the projections of retail electric sales for 2003 and the effect of such projections on the annual ITC adjustments are meritless. As shown in PPL Electric's Tariff – Electric Pa. P.U.C. No. 201, Exhibit "A" hereto, ITC revenues are reconciled as part of the annual adjustment process. That is, any overrecoveries are refunded to customers during the next period, and underrecoveries similarly are collected from customers in the next period. To the extent that there may be overrecoveries, they are deposited in interest bearing accounts, and the interest is used to meet transition costs, thereby reducing amounts to be collected from customers in the future. Therefore, customers are neither harmed nor benefited by any difference between projected retail sales used to calculate ITCs and actual sales. Similarly, PPL Electric is neither harmed nor benefited by such differences.

E. MR. EPSTEIN'S INTERVENTION SHOULD BE DISMISSED BECAUSE, IF PPL ELECTRIC'S 2003 SALES FORECAST WERE ADJUSTED DOWNWARD AS HE SUGGESTS, THE ADJUSTMENT WOULD INCREASE ITCs CHARGED TO CUSTOMERS.

11. Mr. Epstein's criticisms of PPL Electric's retail sales forecast for 2003 suggest that PPL Electric has overstated 2003 retail electric sales. In evaluating the significance of Mr. Epstein's criticisms, it must be recognized that the Qualified Transition Expenses do not vary based upon PPL Electric's retail electric sales. That is, the Qualified Transition Expenses recovered through the ITCs will be the same for any year, regardless of whether forecasted retail electric sales are greater than, less than or equal to actual sales for any year. The ITCs are calculated by dividing the fixed amount of Qualified Transition Expenses by the projected sales. Therefore, a greater level of projected sales would produce lower ITCs, and conversely, a lower level of projected sales, as suggested by Mr. Epstein, would produce higher ITCs. Thus, Mr. Epstein's Intervention should be dismissed because, even if his unjustified criticisms of PPL Electric's projection of retail electric sales were valid and PPL Electric's projection were reduced, the arithmetic result would be an increase to PPL Electric's ITCs.

F. EACH OF MR. EPSTEIN'S CRITICISMS OF PPL ELECTRIC'S CALCULATION OF ITS ITCs IS IRRELEVANT OR MERITLESS OR BOTH

12. Each of Mr. Epstein's criticisms of PPL Electric's calculation of its ITCs is meritless on its face. Below, PPL Electric will address each of Mr. Epstein's criticisms in the order in which they appear in the Intervention and explain why none of them provides any justification for adjusting PPL Electric's ITCs.

13. Mr. Epstein's first criticism of PPL Electric's computation of its ITCs is set forth at page 2 of the Intervention and reads as follows:

"In December, 2001, PPL's stock fell by 3% due to events surrounding PPL's ICAP market manipulation.

“PPL’s stock closed at \$32.34 on Friday, January 4, 2002. It’s 52-week high was \$62.36.”

The above criticism of PPL Electric’s ITC calculations is meritless on its face.

PPL Electric’s common stock is not publicly traded. Instead, PPL Electric’s common stock is wholly-owned by PPL Corporation, a holding company whose stock is traded on the New York Stock Exchange. Although Mr. Epstein’s reference is unclear, as a practical matter, he must be referring to the stock of PPL Corporation.

PPL Corporation controls about 11,500 megawatts of generating capacity in the United States, sells energy in key U.S. markets and delivers electricity to customers in Pennsylvania, the United Kingdom and Latin America. The market price of the stock of PPL Corporation is affected by all of its many operations, as well as general market conditions. To attribute any particular change in the value of PPL Corporation’s stock to any single cause, as does Mr. Epstein, is clearly erroneous.

Mr. Epstein’s comments regarding the market for installed capacity reserves on the PJM Interconnection are incorrect and unrelated to PPL Electric. PPL Electric does not participate in the PJM capacity auction markets. It acquires energy and capacity to meet its requirements pursuant to a long-term contract with PPL EnergyPlus, LLC at predetermined prices that were not affected by the increase in capacity prices in early 2001. PPL Electric’s retail customers therefore did not pay higher energy prices as a result of any increase in capacity prices in the PJM daily auction market.

PPL EnergyPlus, LLC does participate in PJM capacity auction markets, but it has explained that it did not engage in any misconduct and that the increase in capacity prices in early 2001 was a function of the interaction of supply and demand conditions that PPL

EnergyPlus, LLC did not cause. The PJM Market Monitor found that PPL EnergyPlus, LLC violated no PJM rule or agreement.

Changes in the market price of the stock of PPL Corporation and the participation of PPL EnergyPlus, LLC in the market for installed capacity reserves on the PJM Interconnection clearly have no effect on levels of retail electric sales by PPL Electric. Customers' purchases of electricity from PPL Electric are determined by customers' energy requirements.

14. Mr. Epstein's next criticism of PPL Electric's calculation of its ITC is set forth at page 3 of the Intervention and reads as follows:

"On January 6, 2002, PPL lowered its 2002 earnings forecast a second time and cancelled plans for six new power plants."

This statement is both inaccurate in part and incomplete.

On January 4, 2002, PPL Corporation issued a press release announcing cancellation of six generating projects that were in the early stages of development. Five of these projects were physically located in Pennsylvania, and one was located in Washington state. These cancellations were in response to projections of lower long-term wholesale energy prices. PPL Corporation nevertheless expects its corporate system's generation capital expenditures through 2003 to be approximately \$1.5 billion for 2,100 megawatts of generating capacity projects in Arizona, Illinois, Pennsylvania and New York, which are under active development. Electric generation units are long-lived facilities, and the decision to cancel construction of six projects was in response to long-range wholesale price forecasts, and not usage by PPL Electric's retail customers during 2003.

On January 4, 2002, PPL Corporation released revised earnings forecasts for 2001 and 2002. The revised earnings forecast reflected continued declines in the wholesale energy markets, effects of the bankruptcy of Enron and lower-than-expected earnings from Latin

American operations. Such revised earnings forecasts do not reflect any expected reduction in usage of electric energy by PPL Electric's retail customers and do not even pertain to the forecast period which Mr. Epstein criticizes, which is 2003.

15. At page 3 of the Intervention, Mr. Epstein criticizes PPL Electric's calculation of its ITC for 2003 as follows:

"On September 9, 2002, Standard & Poor's downgraded PPL's rating."

Contrary to Mr. Epstein's assertions, Standard & Poor's did not during September 2002 downgrade any securities issued by PPL Corporation or by PPL Electric. Instead, Standard & Poor's placed PPL Capital Funding, PPL Energy Supply and PPL Montana on negative outlook. This action by Standard & Poor's did not involve PPL Electric, and was totally unrelated to expected retail electric sales by PPL Electric.

16. At page 3 of the Intervention, Mr. Epstein criticizes PPL Electric's calculation of ITCs for 2003 as follows:

"One month later, on Friday, October 11, 2002, PPL's stock closed at \$28.77 on the New York Stock Exchange, down \$2.53 for the week of October 7, 2002."

Mr. Epstein's apparent references to the market price of the stock of PPL Corporation are unrelated to projected energy usage by PPL Electric's retail customers during 2003 for the reasons explained in paragraph number 13, above.

17. At page 3 of the Intervention, Mr. Epstein criticizes PPL Electric's calculation of the ITC for 2003 as follows:

"Yet, PPL's latest Shareholder News, (October, 2002), forecasts a 9% increase in core earnings, and a 'forecast of earnings from core operations of \$3.30 to 3.50 per share' (PPL Corporation *Shareholder News*, October 2002.)"

It should be noted that the forecast to which Mr. Epstein refers is for calendar year 2002, and that forecast was confirmed based on the actual results of the first nine months of calendar year 2002. The reaffirmation by PPL Corporation of its earnings forecast from core business for 2002, which was based upon nine months of actual experience, provides no basis for criticizing the calculations by PPL Electric of its ITCs for 2003.

It should be noted that none of Mr. Epstein's earlier purported criticisms of PPL Electric's forecast of 2003 retail electric sales are directed to the core business, which is the retail distribution of electricity and natural gas. Therefore, there is no inconsistency among the forecasts referred to by Mr. Epstein.

18. At page 4 of the Intervention, Mr. Epstein criticizes PPL Electric's calculations of its ITCs as follows:

"However, in a filing before the Commission on the same day as PPL, PECO Energy offered a much different forecast. 'The Company estimates an annual net reduction of between \$5 and \$6 million.'"(Footnote omitted.)

PPL Electric is unfamiliar with the filing by PECO Energy, and therefore, is unable to respond to the excerpt quoted by Mr. Epstein in the Intervention. The vague statement quoted by Mr. Epstein, however, relates to PECO Energy, and not PPL Electric. Therefore, PECO Energy's statement provides no basis for criticizing the forecast of PPL Electric of electric energy sales to its retail customers in 2003.

19. At page 4 of the Intervention, Mr. Epstein criticizes PPL Electric's calculation of its ITCs for 2003 as follows:

"PPL's calculations contain implicit assumptions and substantive omissions. The Company presumes an economic upturn, and absence of conflict in the Middle East, and PPL is predicting an increase when new construction starts of larger homes, which apparently consume more electricity while being more energy efficient. PPL failed to factor for the creation of a Pennsylvania

Energy Office, and the Company assumes that unseasonably hot weather will continue.” (Footnote omitted.)

Contrary to Mr. Epstein’s contentions, PPL Electric’s forecast of a modest 2.8 percent increase in retail electric sales to residential customers, which is partially offset by a reduction in sales to commercial and industrial customers during 2003, contains no unreasonable or extreme assumptions. Mr. Epstein’s speculation about a possible future conflict in the Middle East and the possible future effects of a Pennsylvania Energy Office, which presently does not exist, provides no basis for revising PPL Electric’s retail electric sales projection for 2003. Further, Mr. Epstein’s unsupported assertion that PPL Electric’s retail electric sales forecast for 2003 “assumes that unseasonably hot weather will continue” is erroneous. PPL Electric’s retail electric sales forecast for 2003 is based on normal weather conditions.

20. Mr. Epstein sets forth, at pages 5-6 of the Intervention, a discussion of Automated Meter Reading (“AMR”) devices. Mr. Epstein, however, apparently does not understand the capability of an AMR device. An AMR device simply reads metered energy usage at a customer’s premises at scheduled intervals, and periodically communicates that usage electronically to centralized locations without participation by meter readers. An AMR device does not control electric energy usage at the premises where it is installed. There is no reason to believe that the installation of AMR devices will materially affect retail electric sales during 2003. Mr. Epstein’s characterization of Mr. Bray’s statement regarding the impact of AMR devices is erroneous. Mr. Bray did not say that AMR devices will reduce consumption; he said that AMR devices will reduce the number of bills that must be estimated because a visit to the premises will no longer be necessary.

21. At pages 6 – 7 of the Intervention, Mr. Epstein sets forth a summary of PPL Electric’s retail electric sales forecasts for 2003. Mr. Epstein, however, makes no criticisms of those 2003 sales forecasts. These summaries clearly provide no basis for adjusting PPL Electric’s retail electric sales forecast for 2003.

22. At pages 7 – 8 of the Intervention, Mr. Epstein asks that the Commission order PPL Electric to respond to certain questions. As explained below, these questions are totally irrelevant to this proceeding. They provide no basis for adjusting PPL Electric’s retail electric sales forecast for 2003 or delaying implementation of the ITC adjustments beyond January 1, 2003. Accordingly, PPL Electric should not be required to respond to the questions in any way.

a. Mr. Epstein asks that PPL Electric explain the economic assumptions used to produce PPL Electric’s “varying projections.” It must be emphasized, however, that there have not been substantial variations in PPL Electric’s retail electric sales forecasts for 2003. Moreover, the most recent forecast was provided as Attachment 4 to PPL Electric’s filing on October 1, 2002. PPL Electric provided, as part of Attachment 4, an explanation of the principal reasons for the small differences between the most current and prior forecasts.

b. Mr. Epstein next makes references to changes in accounting rules for goodwill and inquires how those changes could affect PPL Electric’s 2003 retail electric sales forecast. The changes in accounting rules to which Mr. Epstein refers have no effect on PPL Electric or its 2003 retail electric sales forecast. Within the PPL Corporation system, such changes in accounting rules have affected only investments by PPL Corporation and its subsidiaries in certain Latin American and United Kingdom projects. Accounting rules for such projects,

however, will have no influence on retail electric sales by PPL Electric to its Pennsylvania customers.

c. Mr. Epstein next refers to the cancellation in 2002 by PPL Corporation of six of its electric generation projects, all of which were in the early stages of development and five of which were located in Pennsylvania. As explained previously, these cancellations were a reaction to long-term wholesale market price forecasts and will have no effect on 2003 electric sales by PPL Electric to its retail customers.

d. Mr. Epstein next raises questions concerning purchases of electric energy by PPL Electric to serve its retail customers. Contrary to Mr. Epstein's concerns, PPL Electric's retail customers are not subject to changes in spot market prices or changes in prices due to winter-peaking demand. To the contrary, PPL Electric obtains supplies to serve its retail customers by purchasing electricity from PPL EnergyPlus, LLC, an affiliate, under a contract which extends through 2009. Under that contract, PPL Electric purchases electric supplies at the electric generation rate cap applicable to PPL Electric. Therefore, PPL Electric's customers are shielded from the effects of short-term price increases through the applicable rate cap, and PPL Electric is shielded from short-term price increases through its contract with PPL EnergyPlus, LLC.

Mr. Epstein's several questions provide no logical basis for any adjustment to PPL Electric's 2003 retail electric sales forecast.

23. At pages 9 – 10 of the Intervention, Mr. Epstein discusses price increases in the installed capacity credit market in the PJM Interconnection during the first calendar quarter of 2001. As explained previously, PPL Electric purchases its energy and capacity requirements from PPL EnergyPlus, LLC under a long-term contract at a pre-set price. It does not participate in capacity auction markets. PPL Electric's prices to its customers are unaffected by installed capacity credit prices.

24. The entity whose activities were the subject of the Commission's investigation concerning changes in the market price of installed capacity credits during the first calendar quarter of 2001 was PPL EnergyPlus, LLC. PPL EnergyPlus, LLC has denied that it engaged in any wrongdoing. Significantly, there has been no finding by the Commission of any wrongdoing. As the Commission explained in Paragraph Nos. 15 – 16 of its Motion to Quash the appeal from the Investigative Report that was filed in *PPL EnergyPlus, LLC v. Pa. P.U.C.* on August 14, 2002, at Commonwealth Court Docket No. 1663 C.D. 2002:

“15. In its *Investigation Report*, the Commission concluded, *inter alia*, that ‘there is cause to believe that the PP&L has engaged in the exercise of unlawful market power in the PJM ICAP markets . . .’ *Investigation Report* at 64. As a result, pursuant to section 2811(d) of the Code, the Commission then referred the matter to the other governmental agencies for further investigation and such further action as may be warranted.”

“16. The Commission did not take any further action in its *Investigation Report* against the Petitioners. As is plain from the statutory scheme and the language of the report, the Commission's *Investigation Report* is not and was not intended to constitute a conclusive or final determination on the merits of the factual or legal issues raised by the actions of the Petitioners in the ICAP market. Rather, the report reflects the Commission's determination that, based upon its investigation undertaken pursuant to section 2811(b), a referral to other governmental agencies was warranted.”

Further, as explained above, PPL Electric's retail electric sales customers were not affected by the market price for installed capacity credits during the first calendar quarter of 2001, because PPL Electric purchases its electric supply needs from PPL EnergyPlus, LLC at the generation rate cap. For the same reasons, PPL Electric's retail electric sales customers will not be affected by any possible changes in prices for installed capacity credits during 2003.

25. Mr. Epstein, at page 12 of the Intervention, requests specifically that this proceeding be held in abeyance until the appeal by PPL Electric and PPL EnergyPlus, LLC from the Commission's order adopted on June 13, 2002 at Docket No. I-00010090, is resolved and until the Commission's Law Bureau, the Federal Energy Regulatory Commission, the United States Department of Justice and the Pennsylvania Attorney General have concluded their investigation.

a. The appeal from the Commission's order adopted on June 13, 2002, has been resolved by the Commonwealth Court's order quashing the appeal on the basis of the Commission's representations that its Order and Investigation Report would have no adverse effect on PPL Electric and PPL EnergyPlus, LLC. Exhibit "B" hereto is a true and correct copy of the Commonwealth Court's Order terminating the appeal.

b. There is no basis in fact or law for holding PPL Electric's ITC adjustment proceeding in abeyance pending the outcome of unrelated investigations by agencies to which Mr. Epstein referred. To the contrary, as explained above, Section 2812(b)(4) of the Competition Act, as well as prior Commission orders and PPL Electric's tariff all require the Commission to conclude this proceeding within ninety days of PPL Electric's filing so that the ITC adjustment can become

effective on January 1, 2003. It would be unlawful and completely unreasonable to hold PPL Electric's ITC adjustment proceeding in abeyance pending outcomes of unrelated investigations of unknown duration.

26. Mr. Epstein also asks that certain officers of the PPL corporate system "ensure" PPL Electric's ITC revenue request. Such request is unreasonable particularly with regard to the small adjustment to the 2003 ITCs based upon the retail sales projection for 2003. Inevitably, there will be some difference between PPL Electric's actual sales during 2003 and projections of sales for the same period. Moreover, there is no requirement in the Public Utility Code or the Commission's regulations requiring "certifications" by utility officers in support of ITC reconciliation filings, and no such requirement should be imposed here.

G. THE ITC ADJUSTMENT PROCEDURE IS CRITICAL TO THE AAA RATING FOR THE TRANSITION BONDS

27. As explained on pages 8 through 10 and 14 of the Commission's Supplemental QRO Order entered on May 21, 1999, the reforecasting of sales volumes annually was critical to the ability of PPL Electric to obtain a AAA rating for its transition bonds. That low risk rating, of course, enabled PPL Electric to have the bonds issued at the lowest possible cost. In addition, the annual adjustment to the ITC to reflect actual over/under recoveries and changes in forecasts of retail sales were critical to the AAA bond rating. If the Commission were to disrupt the ITC adjustment procedure adopted in its Supplemental QRO Order and set forth in PPL Electric's tariff in violation of Section 2812(b)(4) of the Competition Act, it is highly unlikely that any securitization involving the Commonwealth of Pennsylvania would ever achieve an AAA bond rating again.

WHEREFORE, for all the foregoing reasons, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission dismiss the "Notice of Intervention, Eric Joseph Epstein, *Pro Se* and Request for an Indefinite Delay in the Above Captioned Matter."

Respectfully submitted,



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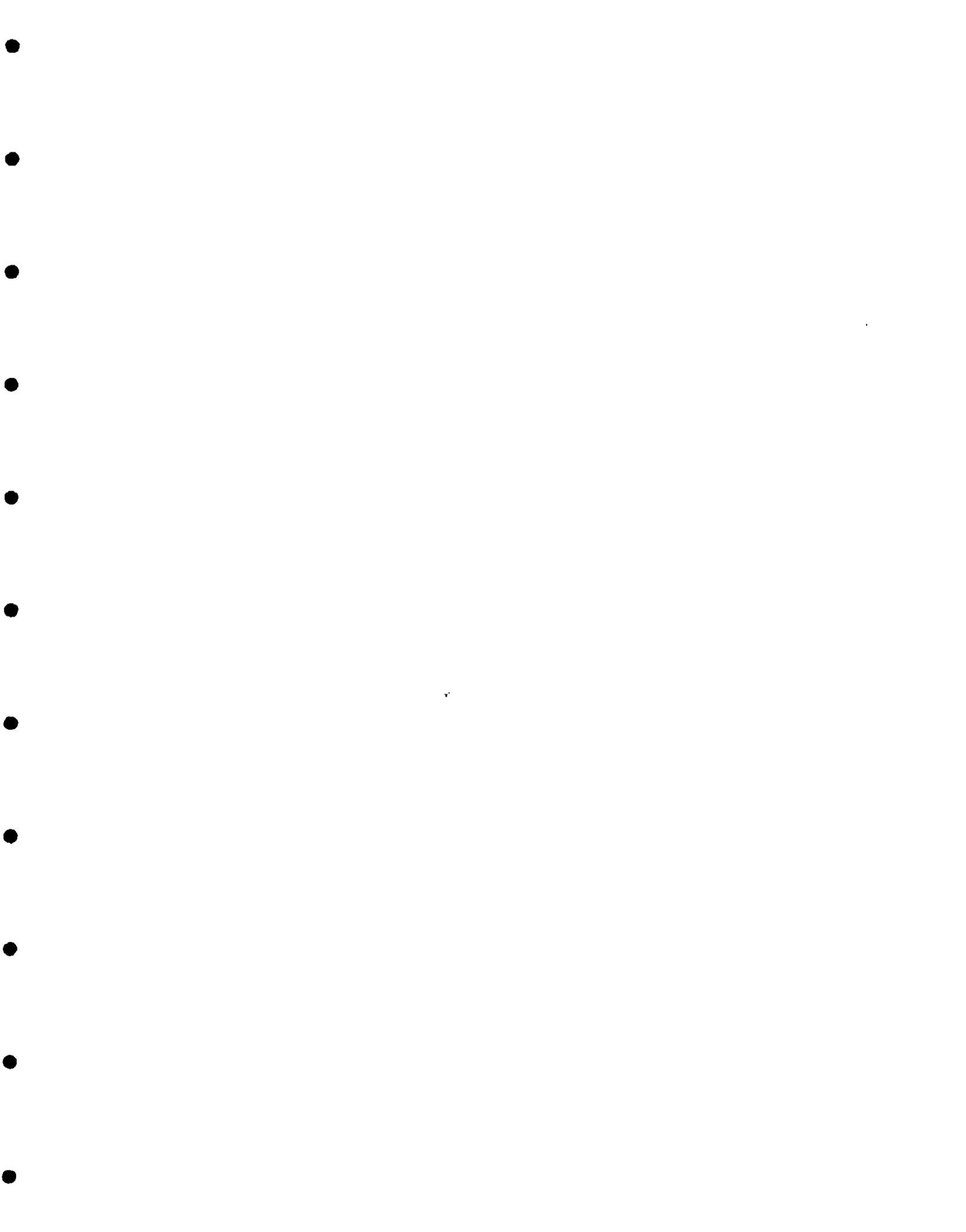
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Of Counsel:

Morgan, Lewis & Bockius LLP

Date: November 6, 2002

Attorneys for PPL Electric Utilities
Corporation



INTANGIBLE TRANSITION CHARGE RECONCILIATION RIDER

(C)

PURPOSE

This Rider provides for reconciliation of the Intangible Transition Charge ("ITC") revenue recovery.

APPLICATION

This Rider applies to the ITC rates included in each Rate Schedule in this Tariff.

INTANGIBLE TRANSITION CHARGE ADJUSTMENT

The ITC rates included in each Rate Schedule will be adjusted periodically, as described below, to recover amounts sufficient to cover scheduled payments of principal and interest on the Transition Bonds, and all other Reconciliation Funding Requirements, as defined below, as well as the applicable Pennsylvania Gross Receipts Tax on the amount of the ITC, in full and on a timely basis.

Reconciliation Funding Requirements are amounts necessary to ensure the recovery of revenues sufficient to provide for the payment of principal, interest, acquisition or redemption premiums and for other fees, costs and charges in respect of the Transition Bonds approved by the Commission in the Qualified Rate Order. The Reconciliation Funding Requirements reflect amounts needed to satisfy any funding requirements of the Overcollateralization Subaccount and to replenish the Capital Subaccount and such other accounts or subaccounts as may be required to obtain a AAA-rating, with reasonable credit enhancement, for the Transition Bonds and to satisfy other associated Qualified Transition Expenses ("QTEs"), less any amounts in the Reserve Subaccount which may include accrued interest on the balance within this subaccount, as well as any interest that may have been transferred to this subaccount from other accounts or subaccounts established by the bond trustee.

ANNUAL RECONCILIATION PROCEDURES

Beginning in the first full or partial calendar year of the term of the Transition Bonds and continuing at least until 12 months prior to the last scheduled date for payment of principal on each series of Transition Bonds, the ITC will be reconciled on an annual basis.

On October 1 of each year, the Company will file with the Commission a schedule of actual ITC over/under collections for the nine months ended August 31, together with an estimate of over/under collections for the three months ending on the immediately following November 30. As part of the October 1 filing, the Company also will submit reforecasts of deliveries, uncollectibles, payment lags and expenses for the next calendar year. On December 15, the Company will file actual ITC over/under collections as of November 30, replacing the estimates submitted on October 1. As part of the December 15 filing, PP&L also will submit a tariff supplement and supporting data setting forth ITC rates to become effective on the next January 1.

This reconciliation will be conducted separately for each of the following three Customer Classes: (1) residential; (2) small commercial and industrial, including street lighting customers; and (3) large commercial and industrial. Any over/under collection for a Customer Class will be allocated to each individual Rate Schedule included within that Customer Class based upon the

(Continued)

INTANGIBLE TRANSITION CHARGE RECONCILIATION RIDER
(CONTINUED)

(C)

ratio of (1) the cumulative ITC over/under collection applicable to the Customer Class to (2) the projected ITC revenues for the Customer Class for the period during which the ITC reconciliation factor will be applied. Any over/under collection for an individual Rate Schedule will be reflected in the ITC rates for that Rate Schedule, which will become effective for service rendered on and after January 1, and will remain in effect for a period of one year or until new ITC rates are approved by the Commission.

INTERIM RECONCILIATION PROCEDURES

During the last 12 months of the scheduled term of each series of Transition Bonds and continuing until the ITC is terminated, the ITC will be reconciled on a quarterly or monthly basis, at the Company's option.

On the 15th day of the month immediately preceding the quarter or month to be reconciled, the Company will file with the Commission a schedule of actual ITC over/under collections for the immediately preceding application period. Any ITC over/under collections will be determined and allocated in the same manner as described above for the Annual Reconciliation. Any ITC over/under collection for an individual Rate Schedule will be reflected in the ITC rates for that Rate Schedule and will become effective for service rendered on and after the 1st day of the applicable quarter or month.

TERMINATION OF THE ITC

The ITC rates will continue for each Rate Schedule until the earlier of December 31, 2009, or the payment in full of Transition Bond principal, interest and all other associated QTEs and replenishment of the Capital Subaccount allocated to that Rate Schedule. After the Transition Bond principal, interest and all other associated QTEs have been paid in full and the Capital Subaccount has been fully replenished, any overcollection of ITC revenues, including an amount equal to the balances (plus any accrued interest) remaining in the General Subaccount, the Overcollateralization Subaccount and the Reserve Subaccount will be reflected in the reconciliation of the CTC for the calendar year in which the Transition Bond principal and interest were paid in full or through a temporary reduction in distribution rates.

If all required payments of principal, interest and other associated QTEs and replenishment of the Capital Subaccount have not been made by the final stated maturity of the Transition Bonds, PP&L will continue to charge the ITC (including all Reconciliation Funding Requirements) until the Capital Subaccount has been fully replenished and all of those payments have been made in full, but will not continue ITC charges for service rendered beyond December 31, 2009. During any such default period, PP&L may adjust the ITC rates to pay the outstanding Transition Bond principal and interest, and all other Reconciliation Funding Requirements, as quickly as practical.

RATE DESIGN

Any ITC over/under collection or change in deliveries, uncollectibles, payment lags or expenses applicable to an individual Rate Schedule under the Annual Reconciliation Procedures established in this Rider will be applied to the ITC rates for that Rate Schedule in a manner that maintains, to the extent possible, the rate design of and the relationship among rate components in the Rate Schedule that existed prior to application of the adjustment to the ITC rates.

(Continued)

INTANGIBLE TRANSITION CHARGE RECONCILIATION RIDER
(CONTINUED)

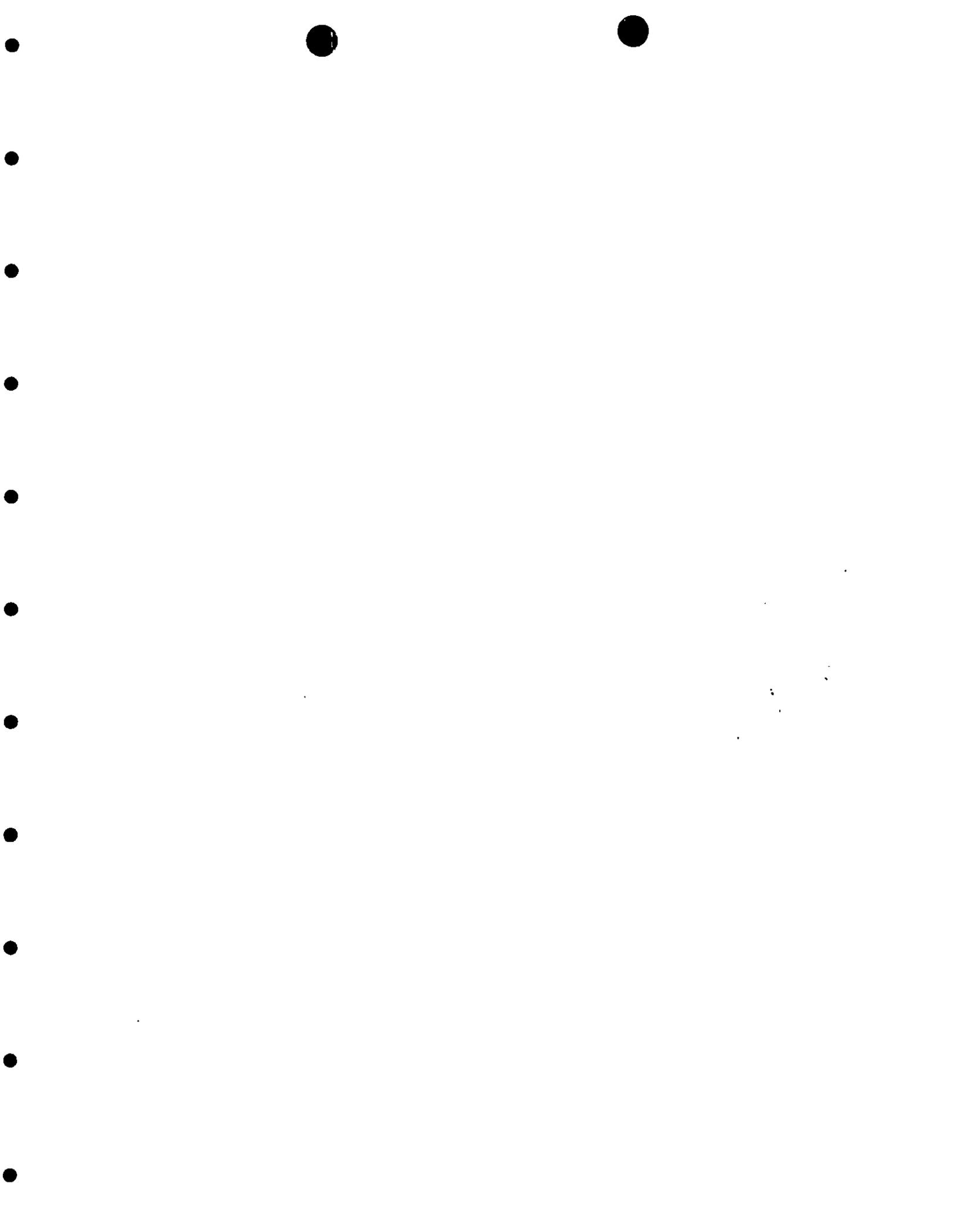
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Any ITC over/under collection applicable to an individual Rate Schedule under the Interim Reconciliation Procedures established in this Rider will be applied to the ITC rates for that Rate Schedule as a single usage-based charge or credit to the ITC rates for that Rate Schedule.

REVIEW BY THE COMMISSION

Within thirty (30) days of the end of each calendar year quarter, PP&L will file with the Commission a report of actual ITC over/under collections for the immediately preceding calendar year quarter.

Filings made by the Company pursuant to the procedures established in this Rider are subject to review and audit by the Commission, which review and audit must be concluded on a timely basis so as to permit implementation of changes in ITC rates by the applicable deadlines established in this Rider.



IN THE COMMONWEALTH COURT OF PENNSYLVANIA

PPL ENERGYPLUS, LLC, and
PPL ELECTRIC UTILITIES
CORPORATION,
Petitioners

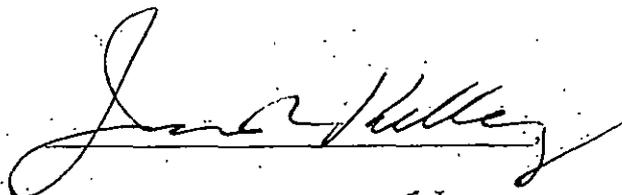
v.

No. 1663 C.D. 2002

PENNSYLVANIA PUBLIC UTILITY
COMMISSION,
Respondent

ORDER

NOW, on August 27 2002, based upon Respondent Pennsylvania Public Utility
Commission's Motion to Quash and the representations therein, and Petitioner's response
thereto, it is ORDERED that the Motion to Quash is GRANTED and the Petition is QUASHED.



S.J.

Certified from the Record

AUG 28 2002
and Order Exit



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

December 19, 2002

IN REPLY PLEASE
REFER TO OUR FILE

R-00027837

JOHN H ISOM
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HARRISBURG PA 17101-1904

PPL Electric Utilities Corporation-Intangible Transition Charge Reconciliation Filing for the period ended
November 30, 2002

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on December 19, 2002 has adopted an Order in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

tab
encls
cert. mail

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held December 19, 2002

Commissioners Present:

Glen R. Thomas, Chairman
Robert K. Bloom, Vice Chairman
Aaron Wilson, Jr.
Terrance J. Fitzpatrick
Kim Pizzingrilli

PPL Electric Utilities Corporation-
Intangible Transition Charge
Reconciliation Filing For The Period
Ended November 30, 2002

Docket Number R-00027837

ORDER

BY THE COMMISSION:

By order entered May 21, 1999 at R-00994637, the Commission approved a Settlement Agreement regarding the issuance of a Supplemental Qualified Rate Order (QRO) under the Public Utility Code, 66 Pa. C.S. § 2808 and 2812. Among other matters, the Settlement Agreement and associated May 21, 1999 Supplemental QRO revised certain procedures for the reconciliation of PPL Electric's Intangible Transition Charge (ITC) activity that had been established in PPL Electric's initial QRO entered August 27, 1998 at R-00973954. A major provision of the revised reconciliation process includes the use of reforecasted sales units rather than continually using the sales forecast contained in the Company's restructuring filing.

Pursuant to the procedures established by the Commission's May 21, 1999 action and the provisions in PPL Electric's effective tariff, the Company filed, on October 1, 2002,

a reconciliation of its Intangible Transition Charge (ITC) activity for the period of December 1, 2001 through November 30, 2002. PPL Electric has also filed timely monthly updates to its October 1 reconciliation filing in accordance with its Supplemental QRO. New ITC rates reflecting PPL Electric's activity through November 30, 2002 are to become effective January 1, 2003.

On October 14, Mr. Eric Joseph Epstein (Mr. Epstein) submitted a Notice of Intervention and Request for an Indefinite Delay (Intervention) in PPL Electric's ITC reconciliation and proposed ITC rate adjustment. Mr. Epstein contends that PPL Electric's instant ITC filing is based upon conflicting and speculative projections and that there may be a possible link between the instant filing and PPL's behavior in the installed capacity market from January through March 2002.

On November 2, 2002, PPL Electric submitted its Answer To and Motion To Dismiss (Answer) Mr. Epstein's Intervention. In its Answer, PPL Electric requests that this Intervention be dismissed.

PPL Electric points out that the relief Mr. Epstein seeks, an indefinite delay in the proceeding, is expressly precluded by the Public Utility Code, 66 Pa. C.S. Section 2812 (b)(4), as well as prior Commission orders (Restructuring Final Order at R-00973954 entered August 27, 1998 and Supplemental Qualified Rate Order at R-00994637 entered May 21, 1999), PPL Electric's Commission-approved tariff, and the settlement of PPL Electric's restructuring proceeding to which Mr. Epstein was a signatory. All of these authorities require that annual adjustments to PPL Electric's ITC be implemented within 90 days of filing, which in this instance would allow those adjustments to the ITC to become effective on January 1, 2003. Further, based upon 66 Pa. C.S. Section 2812 (b)(3), the Commission agreed in those orders that it would not directly or indirectly reduce, postpone, impair or terminate the ITC rates established in PPL Electric's restructuring filing.

PPL Electric also asserts that Mr. Epstein's contentions are unrelated to PPL Electric or its ITC reconciliation filing. The contentions are related to PPL Electric affiliates and have no bearing on PPL Electric's ITC.

Upon our review of PPL Electric's ITC reconciliation, it does not appear to be unlawful, unjust, unreasonable, or contrary to the public interest. Therefore we shall permit the reconciliation and proposed adjustment to the ITC to be reflected in the ITC rates to become effective on the date requested;

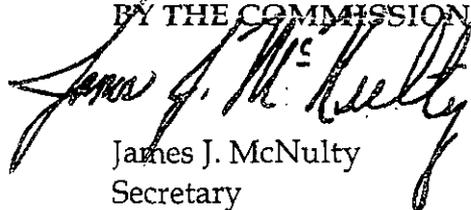
THEREFORE,

IT IS ORDERED:

1. That Mr. Eric Joseph Epstein's Notice of Intervention and Request for an Indefinite Delay is dismissed.
2. That PPL Electric Utilities Corporation's calculation of ITC over-recoveries associated with its three customer classes for the period of December 1, 2001 through November 30, 2002 is approved.
3. That PPL Electric Utilities Corporation's revised sales forecast for calendar year 2003 is approved.
4. That PPL Electric Utilities Corporation is ordered to file, in accordance with its ITC Reconciliation Rider, actual ITC collection data for November 2002.

5. That PPL Electric Utilities Corporation is ordered to file, by December 20, 2002, a tariff supplement implementing revised ITC rates, effective January 1, 2003, consistent with this Order, the Qualified Rate Order entered August 27, 1998 at R-00973954, and the Supplemental Qualified Rate Order entered May 21, 1999 at R-99994637. The revised ITC rates are to incorporate the November 2002 actual ITC collection data submitted pursuant to No. 4 above.

BY THE COMMISSION



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: December 19, 2002

ORDER ENTERED: **DEC 19 2002**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **PPL Electric Utilities Corporation's Answer to and Motion to Dismiss the "Notice of Intervention, Eric Joseph Epstein, Pro Se, in the Above-Captioned Matter"** has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA HAND DELIVERY

Honorable Louis G. Cocheres
Administrative Law Judge
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

VIA FEDERAL EXPRESS

Eric Joseph Epstein
4100 Hillsdale Road
Harrisburg, PA 17112

VIA FIRST-CLASS MAIL

Johnnie E. Simms
Office of Trial Staff
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

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

Angela T. Jones
Office of Small Business Advocate
Commerce Building Suite 1102
300 North Second Street
Harrisburg, PA 17101

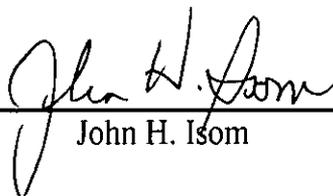
Billie E. Ramsey
Executive Director
Anthracite Region Independent Power
Producers Association (ARIPPA)
2015 Chestnut Street
Camp Hill, PA 17011

David M. Kleppinger
McNees Wallace & Nurick
100 Pine Street
PO Box 1166
Harrisburg, PA 71108

Daniel Clearfield
Kevin Moody
Wolf Block Schorr and Solis-Cohen LLP
212 Locust Street
Suite 300
Harrisburg, PA 17101

RECEIVED
03 JAN 24 PM 3:40
PA. P.U.C.
SECRETARY'S BUREAU

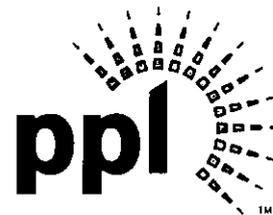
Date: January 24, 2003



John H. Isom

DOCUMENT
FOLDER

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com



FEDERAL EXPRESS

August 14, 2003

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

DOCKETED
AUG 19 2003

RECEIVED

AUG 14 2003

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: **PPL Electric Utilities Corporation**
Docket No. R-00973954

Dear Mr. McNulty:

Section C.1.a. of the Settlement Agreement in PPL Electric Utilities Corporation's ("PPL Electric") electric restructuring proceeding requires that PPL Electric transfer up to 20% of its residential service customers annually to a provider of last resort other than PPL Electric beginning January 1, 2002. The purpose of this letter is to inform the Commission of PPL Electric's ongoing plans to implement this provision of the Settlement Agreement. Specifically, PPL Electric has developed the following schedule for implementing Competitive Default Service ("CDS") in its service territory for calendar year 2004. This schedule may be subject to minor modifications as it is implemented.

- | | |
|--------------------------------|--|
| August 15, 2003 | Send advance notification to all Electric Generation Suppliers ("EGSs") licensed in Pennsylvania and provide other public notice |
| August 18 –
October 9, 2003 | Supply copies of a Request for Proposal ("RFP") to all interested parties and answer questions regarding the RFP |
| October 9, 2003 | Due date for all CDS Bids (in electronic format) |
| October 14, 2003 | Notify the qualified winning bidder |
| October 14, 2003 | Transmit customer list (20% of residential customers selected randomly) to the CDS provider |
| October 14-20, 2003 | Negotiate CDS Agreement with winning bidder |
| October 20, 2003 | Execute final CDS Agreement for 2004 |

8/15

August 14, 2003

December 10, 2003 CDS provider begins to send enrollments to PPL Electric

January 2004 Selected customers are transferred to CDS as of their
January 2004 meter reading date

It is PPL Electric's desire to implement a successful CDS program pursuant to the terms of its Settlement Agreement. Therefore, during 2004, PPL Electric will retain "customer care functions" for CDS customers. These functions include billing and collections, customer dispute and inquiry, and universal service. The decision to retain these functions is based on PPL Electric's desire to provide the best possible chance for success of the CDS program. Based on its knowledge of the market, PPL Electric believes that EGSs are not interested in or able to provide these customer care functions on an economic basis in 2004. In PPL Electric's view, requiring the CDS provider to offer these customer care functions would significantly reduce the likelihood of implementing a successful CDS program in 2004. PPL Electric will continue to evaluate this issue and may include customer care functions in future CDS proposals.

A copy of this letter has been served upon the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Trial Staff.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on August 14, 2003, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions regarding PPL Electric's CDS program, please call me.

Very truly yours,



Paul E. Russell

cc: The Honorable Terrance J. Fitzpatrick
The Honorable Robert K. Bloom
The Honorable Glen R. Thomas
The Honorable Aaron Wilson, Jr.
The Honorable Kim Pizzingrilli
Irwin A. Popowsky, Esquire
Carol Pennington, Esquire
Charles F. Hoffman, Esquire
David M. Kleppinger, Esquire

ORIGINAL

Paul E. Russell
Associate General Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com



FEDERAL EXPRESS

October 13, 2003

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

RECEIVED
OCT 13 2003
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: PPL Electric Utilities Corporation
Docket No. R-00973954

DOCKETED
OCT 22 2003

Dear Mr. McNulty:

By letter dated August 14, 2003, PPL Electric Utilities Corporation ("PPL Electric") informed the Pennsylvania Public Utility Commission (the "Commission") of its plans to implement Competitive Default Service ("CDS") in its service territory for calendar year 2004, including a detailed schedule for issuing a Request for Proposal ("RFP") and negotiation of a CDS Agreement. Pursuant to that schedule, PPL Electric issued notice of an RFP requesting bids for CDS on August 15, 2003.

The purpose of this letter is to inform the Commission that, although several entities expressed interest in providing CDS and requested copies of the RFP, no bids were submitted. As a result, PPL Electric will not offer CDS for calendar year 2004. In accordance with the requirements of its electric restructuring plan settlement, PPL Electric will conduct an RFP for calendar year 2005, and will keep the Commission informed as to the status of its future efforts to implement CDS.

Very truly yours,

Paul E. Russell

DOCUMENT

16

James J. McNulty, Esquire

- 2 -

October 13, 2003

cc: The Hon. Terrance J. Fitzpatrick, Chairman
The Hon. Robert K. Bloom, Commissioner
The Hon. Glen R. Thomas, Commissioner
The Hon. Kim Pizzigrilli, Commissioner
The Hon. Wendell F. Holland, Commissioner
Irwin A. Popowsky, Esquire
Carol Pennington, Esquire
Charles F. Hoffman, Esquire
David M. Kleppinger, Esquire

1. REPORT DATE:	December 10, 2003	2. BUREAU AGENDA NO.	
3. BUREAU:	Audits	DEC-2003-AUD-0046	
4. SECTION(S):	Technical Services	5. PUBLIC MEETING DATE:	
6. APPROVED BY:		December 18, 2003	
Director:	T.E. Sheets 3-5000		
Mgr/Spvr:	D.P. Dougherty 7-7234		
Legal Review:			
7. PERSONS IN CHARGE:	R.E. Wallace 7-7236 L.L. Treaster 2-0310		
8. DOCKET NO.:	R-00973954/M-FACE0311		

DOCUMENT
FOLDERDOCKETED
FEB 10 2004

9. (a) CAPTION (abbreviate if more than 4 lines)
 (b) Short summary of history & facts, documents & briefs
 (c) Recommendation

- (a) **PPL ELECTRIC UTILITIES CORPORATION – COMPETITIVE TRANSITION CHARGE (CTC) ANNUAL RECONCILIATION STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2003.**
- (b) On December 1, 2003, pursuant to the Commission's Order of August 27, 1998 at R-00973954 and PPL Electric's electric service tariff, the Company filed its annual CTC reconciliation statement. In accordance with the provisions of 66 Pa. C.S. §1307(e), this statement will be subject to public hearings held prior to January 30, 2004. Revised CTC rates reflecting the CTC reconciliation statement are to be filed following Commission action on the staff report.
- (c) The staff recommends that:
- PPL Electric's CTC reconciliation statement, filed December 1, 2003, be accepted subject to public hearing held pursuant to 66 Pa. C.S. §1307(e)
 - PPL Electric be directed to file, by December 19, 2003, a tariff supplement implementing revised CTC rates to be effective January 1, 2004, reflecting the Company's CTC undercollected position as of December 31, 2003

(Continued)

CS# 443698 MEMO# 443707 SL# 443699

10. **MOTION BY:** Commissioner Chm. Fitzpatrick
 Commissioner Thomas - Yes
 Commissioner Pizzingrilli - Yes
 Commissioner Holland - Yes

SECONDED: Commissioner Bloom

CONTENT OF MOTION: Staff recommendation adopted.

Uniform Cover and Calendar Sheet
PPL Electric Utilities Corporation
December 18, 2003
DEC-2003-AUD-0046
Page 2

22-A

- PPL Electric be directed to replace its November 2003 estimated CTC activity with actual data when making its tariff supplement filing referenced above
- the Commission notify the Company, and all Joint Petitioners in PPL Electric's restructuring proceeding at R-00973954, of its action by issuing the Secretarial letter.

ORIGINAL RECEIVED

January 13, 2004 2004 JAN 14 AM 11:33

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

PA P.U.C.
SECRETARY'S BUREAU

**DOCUMENT
FOLDER**

**Re: Petition of PPL Electric Utilities Corporation 2003 Competitive
Transition Charge Reconciliation Filing Docket No. R-00973954/M-
FACE0311**

Dear Secretary McNulty:

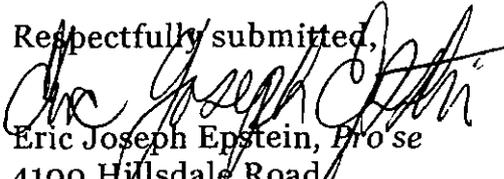
DOCKETED
APR 21 2004

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or Commissions") are three (3) copies of Eric Joseph Epstein's ("Mr. Epstein" or "Epstein") the Petition to Intervene in the Above-Referenced Proceeding.

This Petition has been filed Pursuant to Sections 5.71-5.74 of Commission Regulations, 52 Pennsylvania Code §§ Sections 5.71-5.74. Eric Joseph Epstein, hereby, submits this Petition to Intervene on the Petition of PPL Electric Utilities ("PPL" or the "Company") Corporation 2002, Competitive Transition Charge ("CTC") Reconciliation Filing Docket No. R-00973954/M-FACE 0311.

As shown by the attached Certificate of Service, all parties to this proceeding have been served via the United States Postal Service.

Respectfully submitted,


Eric Joseph Epstein, Pro se
4100 Hillsdale Road
Harrisburg, PA 17112
(717)-541-1101 Phone
(717)-541-5487 Fax
eepstein@igc.apc.org

**DOCUMENT
FOLDER**

41

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PPL Electric Utilities :
Corporation 2003 : **Docket No. R-00973954/**
Competitive Transition : **M-FACE0311**
Charge Reconciliation Filing :

**Petition to Intervene
of
Eric Joseph Epstein, *Pro se***

DOCKETED
APR 21 2004

**DOCUMENT
FOLDER**

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2004 JAN 14 AM 11:33
PA. P.U.C.
SECRETARY'S BUREAU

I. Background

- 1) Eric Joseph Epstein is a PPL shareholder;
- 2) Mr. Epstein is a residential customer of PPL;
- 3) Epstein is a Signatory to the JOINT PETITION FOR FULL SETTLEMENT OF PP&L's INC's RESTRUCTURING PLAN AND RELATED COURT PROCEEDINGS (August 12, 1998) (Docket No. R-00973954);
- 4) Mr. Epstein was also a sponsor of the Nuclear Decommissioning provision contained in the Negotiated Settlement (D. 1 . **Nuclear Decommissioning**, Page. 21, Lines, 1-8);
- 5) Eric Joseph Epstein was actively involved in the Petition of PP&L, Inc., For Permission To Defer, For Future Recovery, A Portion of Its Transition Charges, or In The Alternative, To Exceed the Rate Caps Pursuant to 66 Pa. C.S. § 2804(4)iii(G); Docket No: P-00991780;
- 6) Mr. Epstein was an Active Party in the Petition of PPL, Inc. Petition asking for Issuance of Determination Under Section 329(c) of PUCHA, 15 USC Section 79z-5a9(c); Docket No. P-00991787;
- 7) In addition, Epstein was also an Active party in PPL Electric Utilities Corporation 2002 Reconciliation Filing with the Pennsylvania Public Utility Commission;
- 8) Epstein recently filed an unofficial Data Request with PPL related to PPL's CTC's 2003 Reconciliation Filing;
- 9) Eric Joseph Epstein participated in PPL Electric Utilities Corporation 2001 and 2002 Intangible Transition Charge Reconciliation Filings;

10) Mr. Epstein submitted Informal Data Requests in PPL's 2003 ITC Reconciliation Filing;

11) Mr. Epstein filed a Petition to Intervene and Answer in Opposition to the Petition of PPL Electric Utilities Corporation for Authority to Defer for Accounting and Financial Purposes Certain Losses from Extraordinary Storm Damage and to Amortize Such Losses: Docket No. P-00032069; and

12) Epstein submitted Informal Data Requests in the Petition of PPL Electric Utilities Corporation for Authority to Defer for Accounting and Financial Purposes Certain Losses from Extraordinary Storm Damage and to Amortize Such Losses.

II. History of Proceeding

13) PPL submitted its **Final 2003 CTC Reconciliation Filing** with the Commission on December 10, 2003, which included a request by the Company to defer, for future recovery, CTC "under collections";

14) Subject to a Public Hearing, the Public Utility Commission accepted PPL's **Final 2003 CTC Reconciliation Filing**. The Commission also directed the Company to provide actual data from CTC collections for November, 2003,

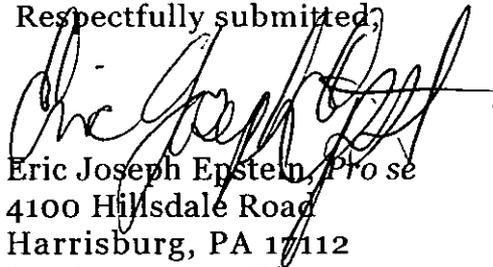
15) Eric Joseph Epstein is presently analyzing the accounting, assumptions and methodology associated with **PPL's Final 2003 CTC Reconciliation Filing**; and,

16) Mr. Epstein reserves the right to raise any issues or questions relating to any discrepancies or errors in the Above-Referenced proceeding.

III. Request

13) Eric Joseph Epstein respectfully requests that the Commission grant this Petition to Intervene with full party status.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Eric Joseph Epstein", written over the typed name and address.

Eric Joseph Epstein, Pro se
4100 Hillsdale Road
Harrisburg, PA 17112
(717)-541-1101 Phone
(717)-541-5487 Fax
ericepstein@comcast.net

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the active participants named below by US mail or hand delivery in accordance with the requirements of Section 1.54.

David M. Kleppinger, Esquire
Pamela C. Polacek, Esquire
Karen S. Miller, Esquire
McNees, Wallace & Nurick
100 Pine Street, PO Box 1166
Harrisburg, PA 17108-1166

The Honorable Debra Paist
Administrative Law Judge
PA PUC
Commonwealth Keystone Building
400 North Street, 3rd Floor West
Harrisburg, PA 17120

Paul E. Russell, Esquire
PP&L Company
Two North 9th Street
Allentown, PA 18101-1179

William R. Lloyd, Jr., Esquire
Office of Small Business Advocate
Commerce Building, Suite 112
300 North Second Street
Harrisburg, PA 17101

Irwin Poposwky, Esquire
Office of Consumer Advocate
555 Walnut Street
Fifth Floor, Forum Place
Harrisburg, PA 17120

Charles Hoffman, Esquire
Office of Trial Staff
PA PUC
Commonwealth Keystone Building
400 North Street, 3rd Floor West
Harrisburg, PA 17120

DATE: January 13, 2004



ORIGINAL

FEDERAL EXPRESS

August 16, 2004

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

DOCKETED

SEP 07 2004

RECEIVED

AUG 16 2004

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: PPL Electric Utilities Corporation
Docket No. R-00973954**

**DOCUMENT
FOLDER**

Dear Mr. McNulty:

Section C.1.a. of the Settlement Agreement in PPL Electric Utilities Corporation's ("PPL Electric") electric restructuring proceeding requires that PPL Electric transfer up to 20% of its residential service customers annually to a provider of last resort other than PPL Electric beginning January 1, 2002. The purpose of this letter is to inform the Public Utility Commission ("PUC") of PPL Electric's ongoing plans to implement this provision of the Settlement Agreement. Specifically, PPL Electric has developed the following schedule for implementing Competitive Default Service ("CDS") in its service territory for calendar year 2005. This schedule may be subject to minor modifications as it is implemented.

- | | |
|---------------------|--|
| August 18, 2004 | Send advance notification to all Electric Generation Suppliers ("EGSs") licensed in Pennsylvania and provide other public notice |
| August 19, 2004 | Begin to supply copies of a Request for Proposal ("RFP") to all interested parties and answer questions regarding the RFP |
| October 4, 2004 | Due date for all CDS bids (in electronic format) |
| October 12, 2004 | Notify the qualified winning bidder |
| October 12, 2004 | Transmit customer list (20% of residential customers selected randomly) to the CDS provider |
| October 12-18, 2004 | Negotiate CDS Agreement with winning bidder |
| October 18, 2004 | Execute final CDS Agreement for 2005 |

113

August 16, 2004

December 8, 2004 CDS provider begins to send enrollments to PPL Electric

January 2005 Selected customers are transferred to CDS as of their
January 2005 meter reading date

It is PPL Electric's desire to implement a successful CDS program pursuant to the terms of its Settlement Agreement. Therefore, during 2005, PPL Electric will retain "customer care functions" for CDS customers. These functions include billing and collections, customer dispute and inquiry, and universal service. The decision to retain these functions is based on PPL Electric's desire to provide the best possible chance for success of the CDS program. Based on its knowledge of the market, PPL Electric believes that EGSs are not interested in or able to provide these customer care functions on an economic basis in 2005. In PPL Electric's view, requiring the CDS provider to offer these customer care functions would significantly reduce the likelihood of implementing a successful CDS program in 2005. PPL Electric will continue to evaluate this issue and may include customer care functions in future CDS proposals.

A copy of this letter has been served upon the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Trial Staff.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on August 16, 2004, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions regarding PPL Electric's CDS program, please call me.

Very truly yours,


Paul E. Russell

cc: The Honorable Terrance J. Fitzpatrick
The Honorable Robert K. Bloom
The Honorable Glen R. Thomas
The Honorable Kim Pizzingrilli
The Honorable Wendell F. Holland
Irwin A. Popowsky, Esquire
William R. Lloyd, Esquire
Johnnie Simms, Esquire
David M. Kleppinger, Esquire

ORIGINAL

Paul E. Russell
Associate General Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com



FEDERAL EXPRESS

DOCKETED
DEC 06 2004

October 11, 2004

RECEIVED

OCT 11 2004

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

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: PPL Electric Utilities Corporation
Docket No. R-00973954

**DOCUMENT
FOLDER**

Dear Mr. McNulty:

By letter dated August 16, 2004, PPL Electric Utilities Corporation ("PPL Electric") informed the Pennsylvania Public Utility Commission (the "Commission") of its plans to implement Competitive Default Service ("CDS") in its service territory for calendar year 2005, including a detailed schedule for issuing a Request for Proposal ("RFP") and negotiation of a CDS Agreement. Pursuant to that schedule, on August 18, 2004, PPL Electric issued notice of an RFP requesting bids for CDS.

The purpose of this letter is to inform the Commission that, although several entities expressed interest in providing CDS and requested copies of the RFP, no bids were submitted. As a result, PPL Electric will not offer CDS for calendar year 2005. In accordance with the requirements of its electric restructuring plan settlement, PPL Electric will conduct an RFP for calendar year 2006, and will keep the Commission informed as to the status of its future efforts to implement CDS.

Very truly yours,

Paul E. Russell

3

James J. McNulty, Esquire

- 2 -

October 11, 2004

cc: The Hon. Wendell F. Holland, Chairman
The Hon. Robert K. Bloom, Commissioner
The Hon. Glen R. Thomas, Commissioner
The Hon. Kim Pizzigrilli, Commissioner
Irwin A. Popowsky, Esquire
William R. Lloyd, Esquire
Johnnie Simms, Esquire
David M. Kleppinger, Esquire



McNees Wallace & Nurick LLC
attorneys at law

ORIGINAL

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

January 28, 2005

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

VIA HAND DELIVERY
DOCUMENT
FOLDER

**Re: PPL Electric Utilities Corporation 2004 Competitive Transition Charge
Reconciliation Filing; Docket No. R-00973954/M-FACE0411**

Dear Secretary McNulty:

Enclosed for filing with the Pennsylvania Public Utility Commission are the original and three (3) copies of the Petition to Intervene of the PP&L Industrial Customer Alliance ("PPLICA") in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and kindly return it for our filing purposes.

Very truly yours,

MCNEES WALLACE & NURICK LLC

By *Pamela C. Polacek*
Pamela C. Polacek

Counsel to the PP&L Industrial Customer Alliance

RECEIVED
2005 JAN 28 AM 11:16
PA PUC
SECRETARY'S BUREAU

PCP/jnb

Enclosures

c: Certificate of Service
The Honorable Angela T. Jones, Administrative Law Judge (via hand delivery)

42

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 Section 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Paul E. Russell, Esquire
Associate General Counsel
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101-1179

Richard E. Kanaskie, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Steven C. Gray, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Eric Epstein
4100 Hillside Drive
Harrisburg, PA 17112

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

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Pamela C. Polacek

Counsel to the PP&L Industrial Customer Alliance

Dated this 28th day of January, 2005, at Harrisburg, Pennsylvania.

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation :
2004 Competitive Transition Charge : Docket No. R-00973954/M-FACE0411
Reconciliation Filing :

**DOCUMENT
FOLDER**

**PETITION TO INTERVENE
OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

Pursuant to Sections 5.71-5.74 of the Pennsylvania Public Utility Commission's ("Commission") Regulations, 52 Pa. Code §§ 5.71-5.74, the PP&L Industrial Customer Alliance ("PPLICA") hereby submits this Petition to Intervene in the Commission's proceeding regarding PPL Electric Utilities Corporation's ("PPL" or "Company") 2004 Competitive Transition Charge ("CTC") Reconciliation Filing. In support of this request for intervention, PPLICA states as follows:

1. Petitioner is PPLICA, which for purposes of this proceeding includes the companies listed on Attachment "A" to this Petition. The list in Attachment "A" will be updated if necessary during this proceeding.

2. The names and address of PPLICA's attorneys are:

David M. Kleppinger
Pamela C. Polacek
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108
Tel.: (717) 232-8000
Fax: (717) 237-5300
dkleppin@mwn.com
ppolacek@mwn.com

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3. On December 1, 2004, PPL submitted to the Commission its final 2004 CTC Reconciliation Filing ("Final 2004 CTC Reconciliation Filing"), which includes PPL's request to defer for future recovery a portion of its CTC undercollection.

4. By Secretarial Letter issued on December 16, 2004, the Commission accepted PPL's Final 2004 CTC Reconciliation Filing, subject to public hearing pursuant to Section 1307(e) of the Public Utility Code. See 66 Pa. C.S. § 1307(e). Further, the Commission directed PPL to file, by December 17, 2004, a tariff supplement implementing revised CTC rates to be effective January 1, 2005, as well as actual CTC collection data for November 2004.

5. PPLICA is an ad hoc association of energy-intensive industrial customers receiving electric service in PPL's service territory. PPLICA members purchase service from PPL primarily under Rate Schedules LP-4, LP-5, LP-6, IS-P, and IS-T, as well as available riders. These Rate Schedules and Rate Schedules LPEP, IS-M, and Standby make up the Large Commercial and Industrial Class for purposes of PPL's CTC reconciliation. PPLICA members collectively consume approximately 2.02 billion kWh of electricity annually in manufacturing and other operational processes, and electricity costs comprise a significant portion of their production costs. PPLICA was an active party in PPL's Restructuring Proceeding pursuant to the Electricity Generation Customer Choice and Competition Act, during which the Company's initial CTCs were established. As a result of PPL's Final 2004 CTC Reconciliation Filing, the CTC rates to be paid by PPLICA members during 2005 will be changed. As PPL's largest retail customers, PPLICA members have an interest in this proceeding that is not represented by any other party of record; consequently, PPLICA satisfies the standards for intervention under Section 5.72 of the Commission's Regulations. See 52 Pa. Code § 5.72.

6. PPLICA is currently in the process of reviewing PPL's Final 2004 CTC Reconciliation Filing. PPLICA reserves the right to raise any issues and improprieties that may be revealed through its analysis of PPL's Final 2004 CTC Reconciliation Filing.

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Commission grant this Petition to Intervene with full party status.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

David M. Kleppinger
Pamela C. Polacek
100 Pine Street
P. O. Box 1166
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Tel.: (717) 232-8000
Fax: (717) 237-5300

Counsel to the PP&L Industrial Customer Alliance

Dated: January 28, 2005

PP&L INDUSTRIAL CUSTOMER ALLIANCE

Agere Systems, Inc.
Air Products and Chemicals, Inc.
Alcoa, Inc.
Binkley & Ober, Inc.
BOC Gases
Buckeye Pipe Line Company
Certainteed Corporation
Chamberlain Manufacturing Corp.
Cinram Manufacturing Inc.
Hercules Cement Company
Hershey Foods Corporation
High Industries, Inc.
Lafarge Whitehall Cement
Magee Rieter Automotive Systems
Mount Joy Wire Corp..
Praxair, Inc.
RR Donnelley & Sons Company
Stroehmann Bakeries
TIMET North America
Wegmans Food Markets, Inc.

ATTACHMENT "A"

Paul E. Russell
Associate General Counsel

ORIGINAL

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com



FEDERAL EXPRESS

August 15, 2005

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

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AUG 15 2005

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: PPL Electric Utilities Corporation
Docket No. R-00973954

Dear Mr. McNulty:

Section C.1.a. of the Settlement Agreement in PPL Electric Utilities Corporation's ("PPL Electric") electric restructuring proceeding requires that PPL Electric transfer up to 20% of its residential service customers to a provider of last resort other than PPL Electric annually, beginning January 1, 2002. The purpose of this letter is to inform the Public Utility Commission ("PUC") of PPL Electric's ongoing plans to implement this provision of the Settlement Agreement. Specifically, PPL Electric has developed the following schedule for implementing Competitive Default Service ("CDS") in its service territory for calendar year 2006. This schedule may be subject to minor modifications as it is implemented.

- | | |
|---------------------|--|
| August 17, 2005 | Send advance notification to all Electric Generation Suppliers ("EGSs") licensed in Pennsylvania and provide other public notice |
| August 18, 2005 | Begin to provide Request for Proposals ("RFP") to interested parties and answer questions regarding the RFP |
| October 6, 2005 | Due date for all CDS bids (in electronic format) |
| October 11, 2005 | Notify the qualified winning bidder |
| October 11-17, 2005 | Negotiate CDS Agreement with winning bidder |
| October 17, 2005 | Execute final CDS Agreement for 2006 |
| December 7, 2005 | CDS provider begins to send enrollments to PPL Electric |
| January 2006 | Selected customers are transferred to CDS as of their January 2005 meter reading date |

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August 15, 2005

It is PPL Electric's desire to implement a successful CDS program pursuant to the terms of its Settlement Agreement. Therefore, during 2006, PPL Electric will retain "customer care functions" for CDS customers. These functions include billing and collections, customer dispute and inquiry, and universal service. The decision to retain these functions is based on PPL Electric's desire to provide the best possible chance for success of the CDS program. Based on its knowledge of the market, PPL Electric believes that EGSs are not interested in or able to provide these customer care functions on an economic basis in 2006. In PPL Electric's view, requiring the CDS provider to offer these customer care functions would significantly reduce the likelihood of implementing a successful CDS program in 2006. PPL Electric will continue to evaluate this issue and may include customer care functions in future CDS proposals.

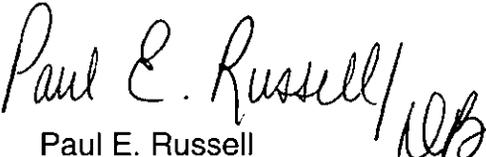
A copy of this letter has been served upon the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Trial Staff.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on August 15, 2005, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions regarding PPL Electric's CDS program, please call me.

Very truly yours,


Paul E. Russell

cc: The Honorable Wendell F. Holland, Chairman
The Honorable James H. Cawley, Vice Chairman
The Honorable Bill Shane
The Honorable Kim Pizzingrilli
The Honorable Terrance J. Fitzpatrick
Irwin A. Popowsky, Esquire
William R. Lloyd, Esquire
J. Edward Simms, Esquire
David M. Kleppinger, Esquire

Paul E. Russell
Associate General Counsel

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perussell@pplweb.com



ORIGINAL

FEDERAL EXPRESS

October 7, 2005

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

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OCT 7 2005

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: PPL Electric Utilities Corporation
Docket No. R-00973954

DOCUMENT
FOLDER

Dear Mr. McNulty:

By letter dated August 15, 2005, PPL Electric Utilities Corporation ("PPL Electric") informed the Pennsylvania Public Utility Commission (the "Commission") of its plans to implement Competitive Default Service ("CDS") in its service territory for calendar year 2006, including a detailed schedule for issuing a Request for Proposal ("RFP") and negotiation of a CDS Agreement. Pursuant to that schedule, on August 17, 2005, PPL Electric issued notice of an RFP requesting bids for CDS.

The purpose of this letter is to inform the Commission that, although several entities expressed interest in providing CDS and requested copies of the RFP, no bids were submitted. As a result, PPL Electric will not offer CDS for calendar year 2006. In accordance with the requirements of its electric restructuring plan settlement, PPL Electric will conduct an RFP for calendar year 2007, and will keep the Commission informed as to the status of its future efforts to implement CDS.

If you have any questions regarding this letter, please call.

Very truly yours,

Paul E. Russell

James J. McNulty, Esquire

- 2 -

October 7, 2005

cc: The Hon. Wendell F. Holland, Chairman
The Hon. James H. Cawley, Vice Chairman
The Hon. William R. Shane, Commissioner
The Hon. Kim Pizzingrilli, Commissioner
The Hon. Terrance J. Fitzpatrick, Commissioner
Irwin A. Popowsky, Esquire
William R. Lloyd, Esquire
Johnnie Simms, Esquire
David M. Kleppinger, Esquire