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November 24, 1999

R-00 97 3954

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
North Office Building - Filing Room
PO Box 3265
Harrisburg, PA 17105-3265

RE: Mid-Atlantic Power Supply Association; Substitution of Counsel

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Dear Secretary McNulty:

The purpose of this letter is to request that the Pennsylvania Public Utility Commission substitute counsel for the Mid Atlantic Power Supply Association ("MAPSA"). Please remove Malatesta Hawke and McKeon LLP, ("MHM") attorneys William T. Hawke, Craig R. Burgraff, Janet L. Miller and Todd S. Stewart as counsel for the MAPSA in any matter in which the firm has entered an appearance on behalf of MAPSA.

Please substitute in place of MHM the firm of Rhoads & Sinon, and attorney James Cawley, as counsel for the Mid-Atlantic Power Supply Association. In any future Pa. PUC proceedings where MAPSA is a party by virtue of participation in any of the dockets listed herein, please serve Mr. Cawley. Mr. cawley's address and telephone numbers are as follows:

James Cawley, Esq.
Rhoads & Sinon, LLP
One South Market Square
12th Floor
Harrisburg, PA 17101
(717) 233-5731
(717) 232-1459 (fax)

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The enclosed Certificate of Service reflects, to the best of our knowledge, all parties to matters in which MAPSA was represented by MHM. This list was compiled based upon

James J. McNulty, Secretary
Re: Substitution of Counsel
Mid-Atlantic Power Supply Association
November 22, 1999
Page 2

Commission service lists for each of the dockets referenced on the attached dockets sheet.

Attached hereto is what we believe to be a complete list of all dockets where MHM has entered an appearance for MAPSA. In addition, there are numerous dockets which are related to those listed where other parties served MHM as counsel for MAPSA. We would appreciate the Pennsylvania Public Utility Commission and parties substituting the firm of Rhoads & Sinon in place of MHM and its attorneys on those service lists as well.

If you have any questions regarding this substitution of counsel, please direct them either to me or to Mr. Cawley.

Very truly yours,


James Cawley

Rhoads & Sinon, LLP


Todd S. Stewart

Malatesta Hawke & McKeon LLP

TSS/bes

Attachment

cc: Chief Administrative Law Judge Robert Christianson
Certificate of Service

DOCKETS LIST
Mid-Atlantic Power Supply Association

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DOCKET NO.	CASE CAPTIONS
D-98S042	PECO Energy Company's Request For Establishment Of A Procedural Timeline For Its Annual CTC Reconciliation And Permission to Use A Cash Rather Than A Billed Basis Reconciliation Methodology
L-00970121	Rulemaking Order Establishing Standards For Changing A Customer's Electric Supplier
L-00970126	Rulemaking Re: Customer Information Disclosure for Electricity Providers, 52 Pa. Code Chapter 54
L-00970128	Rulemaking Re: Advanced Meter Deployment for Electricity Providers, 52 Pa. Code §§57.251-57.259
L-00970129	Rulemaking Re: Licensing Requirements for Electric Generation Suppliers; 52 Pa. Code Chapter 54 and §3.551
L-00970131	Rulemaking Re: Reporting Requirements for Quality of Service Benchmarks and Standards, 52 Pa. Code Chapter 54, §§54.151-54.155
L-00980132	Rulemaking Re: Establishment of Competitive Safeguards for the Pennsylvania Electric Industry
L-00980136	Rulemaking Re: Amending Annual Resource Planning Report Filing Requirements, 52 Pa. Code §§ 57.141-57.154
M-FACE#9905	West Penn Power Company - 1999 Competitive Transition Charge Reconciliation
M-00960890F0012	Retail Access Phased Implementation; 66 Pa. C.S. §2806(b)(4)
M-00960890F0015	Standards for Electronic Data Transfer and Exchange Between Electric Distribution Companies and Electric Generation Suppliers
M-00981208	Obligation of the Gas Suppliers to Comply With Chapter 56 Provisions
M-00991220	Procedures Applicable To Electric Distribution Companies and Electric Generation Suppliers During The Transition To Full Retail Choice

P-00971168 P-00971169 P-00971171 P-00971170 P-00971172 P-00971173 P-00971175 P-00971183	Consolidated Pilot Program Proceedings
C-00981846 P-00981615 P-00981862 P-00982011	Mid-Atlantic Power Supply Association v. PECO Energy Company; Clean Air Council, Inc. v. PECO Energy Company
R-00973953	Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code
R-00973954	Application of PP&L Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code
R-00974008	Application of Metropolitan Edison Company for Approval of Restructuring Under Section 2806 of the Public Utility Code
R-00974009	Application of Pennsylvania Electric Company for Approval of Restructuring Plan Under Section 2806 of the Public Utility Code
R-00973981	Application of West Penn Power Company for Approval of Restructuring Plan Under Section 2806 of the Public Utility Code
R-00974104	Application of Duquesne Light Company for Approval of Restructuring Plan Under Section 2806 of the Public Utility Code
R-00994875	PP&L, Inc. - 1999 Intangible Transition Charge Reconciliation Filing.
R-00984298	Pennsylvania Public Utility Commission v. PECO Energy Company

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FEDERAL EXPRESS

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December 1, 1999

DEC 1 1999

James J. McNulty, Esquire
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Harrisburg, Pennsylvania 17105-3265

PENNSYLVANIA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DOCUMENT
FOLDER

Re: **PP&L, Inc.**
Transition Bond Report
Docket No. R-00973954

ORIGINAL

Dear Mr. McNulty:

Enclosed for filing on behalf of PP&L, Inc. ("PP&L") are eight (8) copies of PP&L's Transition Bond Report. This report is being filed pursuant to the requirements of Paragraph 16 of the Commission's Order approving the settlement of PP&L's restructuring case. Application of Pennsylvania Power & Light Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code, et al., Docket No. R-00973954, Order entered August 27, 1998, pp. 19-20.

As indicated on the attached Certificate of Service, PP&L has served copies of the enclosed report upon all of the joint petitioners in its restructuring proceeding at Docket No. R-00973954.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on December 1, 1999, which is the date it was deposited with an over-night express delivery service as shown on the delivery receipt attached to the mailing envelope.

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James J. McNulty, Esquire

- 2 -

December 1, 1999

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 the enclosed filing, please call.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul E. Russell". The signature is written in a cursive style with a large initial "P" and "R".

Paul E. Russell

Enclosures

cc: Certificate of Service
Mr. Glenn Bartron
Mr. Dennis P. Dougherty
Mr. Richard E. Wallace
Mr. Robert A. Rosenthal
Mr. Robert F. Wilson

PP&L, Inc.
Transition Bond Report
Docket No. R-00994637

DOCKETED
DEC 09 1999

1. Introduction

Paragraph 16 of the Pennsylvania Public Utility Commission's ("PUC" or the "Commission") order approving PP&L, Inc.'s ("PP&L" or the "Company") Restructuring Plan requires the Company to file a Transition Bond Report within 120 days after the issuance of Transition Bonds.

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"16. That PP&L shall file with this Commission, no later than 120 days after the issuance of refinancing of Transition Bonds, a description of the final structure of each issuance or refinancing of such Transition Bonds, including the principal amount, the price at which each such series and/or class of Transition Bonds was sold, payment schedules, the interest rate and other financing costs, and the final plans for PP&L's use of the proceeds of such offering. Notwithstanding such filing, the final structure of each such issuance of refinancing shall not be subject to change or revision by this Commission after the date of such issuance or refinancing."

Application of Pennsylvania Power & Light Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code, et al., Docket No. R-00973954, Order entered August 27, 1998 ("Restructuring Order"), pp. 19-20.

On August 10, 1999, PP&L issued approximately \$2.42 billion in Transition Bonds, Series 1999-1, as authorized by the Restructuring Order and the Commission's Order granting PP&L's request for a supplemental qualified rate order. Petition of PP&L, Inc. for Issuance of a Supplemental Qualified Rate Order Under Sections 2808 and 2812 of the Public Utility Code, Docket No. R-00994637, Order

entered May 21, 1999. On August 10, 1999, PP&L also placed into effect Commission-approved tariffs to flow through to customers 75% of the net savings from the Company's securitization and to implement Intangible Transition Charges. Set forth below is the information required by Paragraph 16 of the Restructuring Order.

2. Final Structure

Attachment 1 is a copy of the front cover of the Prospectus Supplement (to the Prospectus dated July 29, 1999) which sets forth the principal amount of each class of Transition Bonds, the price at which each class was sold, underwriting discounts and commissions, and the resulting net proceeds. Attachment 2 is a copy of Table 1 from the Prospectus Supplement (to the Prospectus dated July 29, 1999) which sets forth the interest rate for each of the eight classes of Transition Bonds.

3. Repayment Schedule

Attachment 3 is a copy of Table 2 from the Prospectus Supplement (to the Prospectus dated July 29, 1999) which sets forth the expected amortization schedule for each of the eight classes of Transition Bonds and the expected overall amortization schedule for Series 1999-1.

4. Use of Proceeds

PP&L used the proceeds from the issuance of Transition Bonds (net of premiums and expenses) to retire debt and to reacquire preferred stock and common stock as shown below:

<u>PP&L, Inc.</u>	
Debt retirement	\$1,439
Preferred stock	380
Common stock	481
Premiums & expenses	<u>120</u>
Total	\$2,420

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PROSPECTUS SUPPLEMENT
(To Prospectus dated July 29, 1999)

\$2,420,000,000 Transition Bonds, Series 1999-1
PP&L Transition Bond Company LLC
PP&L, Inc., Servicer

The following securities are being offered in this prospectus supplement*:

Class	Principal Amount	Price	Underwriting Discounts and Commissions	Net Proceeds	Expected Final Payment Date	Final Maturity Date
Class A-1 Bonds	\$293,000,000	99.99269%	.22400%	\$292,322,262	03/25/2001	03/25/2003
Class A-2 Bonds	\$178,000,000	99.98213%	.30000%	\$177,434,191	12/26/2001	12/26/2003
Class A-3 Bonds	\$303,000,000	99.99922%	.35000%	\$301,937,137	03/25/2003	03/25/2005
Class A-4 Bonds	\$201,000,000	99.99466%	.40000%	\$200,185,267	12/26/2003	12/26/2005
Class A-5 Bonds	\$313,000,000	99.96589%	.45000%	\$311,484,736	03/25/2005	03/25/2007
Class A-6 Bonds	\$223,000,000	99.98204%	.50000%	\$221,844,949	12/26/2005	12/26/2007
Class A-7 Bonds	\$455,000,000	99.99491%	.60000%	\$452,246,841	06/25/2007	06/25/2009
Class A-8 Bonds	\$454,000,000	99.99409%	.67500%	\$450,908,669	12/26/2008	06/25/2009

(*) These securities will be referred to as the series 1999-1 bonds in this prospectus supplement.

Interest and principal on the series 1999-1 bonds will be payable quarterly, on the 25th day of March, June and September and on the 26th day of December or the first business day after these dates, beginning December 27, 1999.

Consider carefully the risk factors beginning on page 12 of the prospectus.

The series 1999-1 bonds represent obligations of PP&L Transition Bond Company LLC, which is the issuer, and are backed only by the assets of PP&L Transition Bond Company LLC. Neither PP&L, Inc., PP&L Resources, Inc., nor any of their other affiliates are liable for payments on the bonds.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed on the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

There currently is no secondary market for the series 1999-1 bonds, and there is no assurance that one will develop.

MORGAN STANLEY DEAN WITTER
CREDIT SUISSE FIRST BOSTON
MERRILL LYNCH & CO.
SALOMON SMITH BARNEY

BANC ONE CAPITAL MARKETS, INC.
CHASE SECURITIES INC.
FIRST UNION CAPITAL MARKETS CORP.
MELLON FINANCIAL MARKETS, INC.

JANNEY MONTGOMERY SCOTT INC.
PRYOR, McLENDON, COUNTS & CO., INC.

This prospectus supplement does not contain complete information about the offering of the series 1999-1 bonds. Additional information is contained in the prospectus. Prospective investors are urged to read both this prospectus supplement and the prospectus in full. Sales of the series 1999-1 bonds may not be consummated unless the purchaser has received both this prospectus supplement and the prospectus.

The date of this prospectus supplement is July 29, 1999.

THE SERIES 1999-1 BONDS

The Series 1999-1 Bonds will be issued under and secured pursuant to the Indenture as supplemented. The following summary describes the material terms of the Series 1999-1 Bonds.

Where to Find Definitions of Capitalized Terms. Capitalized terms used in this Prospectus Supplement are defined in a Glossary of Defined Terms which is Appendix A to the Prospectus. This Glossary may be found after the Section entitled "Various Legal Matters Relating to the Transition Bonds" in the Prospectus.

General

The Series 1999-1 Bonds will be issued on the Series Issuance Date and will include the following Classes.

TABLE 1

<u>Class</u>	<u>Initial Class Principal Balance</u>	<u>Expected Final Payment Date</u>	<u>Final Maturity Date</u>	<u>Bond Rate</u>
A-1	\$293,000,000	March 25, 2001	March 25, 2003	6.08%
A-2	\$178,000,000	December 26, 2001	December 26, 2003	6.41%
A-3	\$303,000,000	March 25, 2003	March 25, 2005	6.60%
A-4	\$201,000,000	December 26, 2003	December 26, 2005	6.72%
A-5	\$313,000,000	March 25, 2005	March 25, 2007	6.83%
A-6	\$223,000,000	December 26, 2005	December 26, 2007	6.96%
A-7	\$455,000,000	June 25, 2007	June 25, 2009	7.05%
A-8	\$454,000,000	December 26, 2008	June 25, 2009	7.15%

How PP&L Transition Bond Company LLC Will Make Series 1999-1 Bond Payments. PP&L Transition Bond Company LLC will pay interest and principal relating to the Series 1999-1 Bonds through DTC or, if the Series 1999-1 Bonds are no longer in book-entry form, at the offices of The Bank of New York at 101 Barclay Street, Floor 12 East, New York, NY 10286, Attention: Asset Backed Finance Unit. PP&L Transition Bond Company LLC will make payments by wire transfer in immediately available funds to the account designated by Cede & Co. as nominee of DTC if the Series 1999-1 Bonds are in book-entry form. Otherwise, PP&L Transition Bond Company LLC will make payments by check mailed first-class, postage prepaid to a Series 1999-1 Bondholder's address as it appears as of the record date on the register maintained by the Trustee. After prior notice to the Series 1999-1 Bondholders, PP&L Transition Bond Company LLC will pay the final installment of principal

TABLE 2
Expected Amortization Schedule
Outstanding Class Principal Balance

Issuance or Payment Date	Class A-1	Class A-2	Class A-3	Class A-4	Class A-5	Class A-6	Class A-7	Class A-8	Series 1999-1
8/10/99	293,000,000	178,000,000	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	2,420,000,000
12/27/99	263,315,284	178,000,000	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	2,390,315,284
3/25/00	201,074,523	178,000,000	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	2,328,074,523
6/25/00	140,987,613	178,000,000	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	2,267,987,613
9/25/00	88,690,386	178,000,000	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	2,215,690,386
12/26/00	36,616,412	178,000,000	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	2,163,616,412
3/25/01	—	148,795,346	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	2,097,795,346
6/25/01	—	85,478,334	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	2,034,478,334
9/25/01	—	29,831,440	303,000,000	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	1,978,831,440
12/26/01	—	—	277,308,357	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	1,923,308,357
3/25/02	—	—	209,424,797	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	1,855,424,797
6/25/02	—	—	145,286,566	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	1,791,286,566
9/25/02	—	—	88,534,909	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	1,734,534,909
12/26/02	—	—	31,832,576	201,000,000	313,000,000	223,000,000	455,000,000	454,000,000	1,677,832,576
3/25/03	—	—	—	163,274,080	313,000,000	223,000,000	455,000,000	454,000,000	1,608,274,080
6/25/03	—	—	—	96,517,432	313,000,000	223,000,000	455,000,000	454,000,000	1,541,517,432
9/25/03	—	—	—	36,944,118	313,000,000	223,000,000	455,000,000	454,000,000	1,481,944,118
12/26/03	—	—	—	—	290,339,977	223,000,000	455,000,000	454,000,000	1,422,339,977
3/25/04	—	—	—	—	218,538,788	223,000,000	455,000,000	454,000,000	1,350,538,788
6/25/04	—	—	—	—	149,923,675	223,000,000	455,000,000	454,000,000	1,281,923,675
9/25/04	—	—	—	—	88,234,499	223,000,000	455,000,000	454,000,000	1,220,234,499
12/26/04	—	—	—	—	26,437,199	223,000,000	455,000,000	454,000,000	1,158,437,199
3/25/05	—	—	—	—	—	176,722,080	455,000,000	454,000,000	1,085,722,080
6/25/05	—	—	—	—	—	107,969,661	455,000,000	454,000,000	1,016,969,661
9/25/05	—	—	—	—	—	45,728,103	455,000,000	454,000,000	954,728,103
12/26/05	—	—	—	—	—	—	438,304,028	454,000,000	892,304,028
3/25/06	—	—	—	—	—	—	362,494,702	454,000,000	816,494,702
6/25/06	—	—	—	—	—	—	287,665,428	454,000,000	741,665,428
9/25/06	—	—	—	—	—	—	219,322,507	454,000,000	673,322,507
12/26/06	—	—	—	—	—	—	150,687,290	454,000,000	604,687,290
3/25/07	—	—	—	—	—	—	70,515,210	454,000,000	524,515,210
6/25/07	—	—	—	—	—	—	—	447,302,056	447,302,056
9/25/07	—	—	—	—	—	—	—	376,326,600	376,326,600
12/26/07	—	—	—	—	—	—	—	304,969,223	304,969,223
3/25/08	—	—	—	—	—	—	—	223,215,871	223,215,871
6/25/08	—	—	—	—	—	—	—	145,058,241	145,058,241
9/25/08	—	—	—	—	—	—	—	72,753,715	72,753,715
12/26/08	—	—	—	—	—	—	—	—	—

Series 1999-1 Bond Principal Payments May Be Made Later than Scheduled. There can be no assurance that the principal balance of any Class of the Series 1999-1 Bonds will be reduced to the amounts indicated in the foregoing table. The actual principal payments on a Class may be made on a Payment Date later than indicated in the table. The Series 1999-1 Bonds will not be in default if not paid on the dates specified in Table 2, unless any Class is not paid in full on or prior to its respective Final Maturity Date.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PP&L, Inc. Transition Bond Report : Docket No. R-00973954

CERTIFICATION OF SERVICE

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

Via Federal Express

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Dated: December 1, 1999


Deidre L. Bilger



FEDERAL EXPRESS

December 7, 1999

RECEIVED

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
North Office Building
North Street & Commonwealth Avenue
Harrisburg, Pennsylvania 17105-3265

DEC 07 1999

PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

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

Dear Secretary McNulty:

In an Order entered on August 27, 1998 in the above-captioned proceeding, the Commission approved a "Joint Petition for Full Settlement of PP&L, Inc.'s Restructuring Plan and Related Court Proceedings" ("Joint Petition"). Among other things, the Pennsylvania Public Utility Commission ("PUC" or the "Commission") Order approving the Joint Petition authorized PP&L, Inc. ("PP&L" or the "Company") to transfer its generation assets and liabilities ("Generation Assets"):

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

Docket No. R-00973954, Order entered August 27, 1998 ("Restructuring Order"), p. 11.

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Pursuant to the Restructuring Order, this letter is a request by PP&L for certain action by the Commission, described below, which will enable PP&L to transfer its Generation Assets to an affiliate, thereby permitting PP&L Resources, Inc. ("PP&L Resources") to implement a proposed realignment of its corporate structure.¹

Specifically, through a series of intermediate transactions described below, PP&L will transfer its competitive electric power business, including its Generation Assets and power marketing organization, to indirect subsidiaries of CEP Group, Inc.,² which is now a direct subsidiary of PP&L and after the realignment will become a direct subsidiary of PP&L Resources. PPL Energy Funding Corporation will operate its business through three subsidiaries: (1) a generation holding company subsidiary ("PPL Generation, LLC"), which will own PP&L's Generation Assets, several related companies and PP&L's interest in Safe Harbor Water Power Corporation through several limited liability companies; (2) a marketing company subsidiary, PP&L EnergyPlus Co., LLC ("PP&L EnergyPlus"), which will include PP&L's wholesale and retail energy marketing businesses; and (3) a project development subsidiary, PPL Global, LLC (formerly PP&L Global, Inc.), which will acquire and develop energy facilities located in the United States and will acquire, develop and own energy facilities abroad. Other existing subsidiaries of PP&L Resources will be aligned in the new corporate structure according to their principal business functions. Attachment A contains diagrams of the corporate structure of PP&L Resources before and after the proposed corporate realignment. Attachment B provides a detailed description of the intermediate transactions which will result in the new corporate structure shown on Attachment A.

As described in more detail below, this letter requests three actions by the PUC relative to PP&L's transfer of its Generation Assets:

- The issuance of certificates of public convenience evidencing the Commission's prior approval for PP&L to transfer all of its Generation Assets to affiliates.
- The issuance of certain determinations necessary for the new owners of PP&L's Generation Assets to be exempt wholesale generators

¹ In connection with its proposed corporate realignment, PP&L also is submitting filings to other state and federal agencies, including the Pennsylvania Department of Environmental Protection, the Federal Energy Regulatory Commission ("FERC") and the Nuclear Regulatory Commission.

² PP&L intends to cause CEP Group, Inc. to be renamed PPL Energy Funding Corporation.

("EWGs") under the Public Utility Holding Company Act of 1935 ("PUHCA").

- Approval, pursuant to 66 Pa. C.S. § 1102(a)(4), of PP&L's acquisition of the stock of CEP Commerce, Inc., currently an indirect subsidiary of PP&L.³

As noted above, the Joint Petition states that PP&L is authorized to transfer all of its Generation Assets (as set forth in Appendix J to the Joint Petition) and any other assets associated with the operation of these generating plants, as well as wholesale power contracts. Joint Petition, at ¶ L.2. Attachment C is a copy of Appendix J to the Joint Petition which sets forth the asset and liability accounts (page 1) and the generating facilities (page 2) approved for transfer.

Pursuant to the PUC's prior approval of the transfer of all of PP&L's Generation Assets granted in the Restructuring Order cited above, PP&L requests that the Commission issue one or more Certificates of Public Convenience, pursuant to Section 1102(a) of the Public Utility Code (66 Pa.C.S. § 1102(a)) to evidence the Commission's prior approval of PP&L's transfer of its Generation Assets to the various generation subsidiaries of PPL Generation, LLC (on behalf of and at the direction of CEP Group). This transfer will include all of the items recorded in the accounts set forth on page 1 of Attachment C. The transfer also will include all of the generating facilities (with all ancillary facilities) set forth on page 2 of Attachment C – except Sunbury SES which has been sold and Holtwood SES, which has been retired – and all other facilities associated with the generating function of each plant, e.g., generation leads, step up transformers and related equipment.

This request for the issuance of one or more Certificates of Public Convenience is identical in all material respects to a request submitted by PP&L on June 30, 1999, in the context of its sale of Sunbury SES. In a Secretarial Letter dated September 21, 1999, the Commission granted PP&L's request and issued a Certificate of Public Convenience evidencing its prior approval of the transfer.

On December 23, 1998, Pennsylvania Electric Company filed a similar request regarding the transfer of the Homer City Generating Station ("Homer City"). In a Secretarial Letter dated January 6, 1999, at Docket Nos. R-00974008 and

³ As part of the proposed corporate realignment, PP&L Resources also is creating a service company ("PPL Services Corporation"). No jurisdictional assets will be transferred to this company and transactions with PP&L will be governed by PP&L's existing affiliated interest agreement.

R-00974009, the Commission granted that request and issued Certificates of Public Convenience evidencing the Commission's prior approval of the transfer. Moreover, on March 4, 1999, the Commission issued an order approving UGI Utilities, Inc.'s transfer of all of its generating assets to its affiliate UGI Development Company. Application of UGI Corporation, Docket No. A-111100F0004 (Order entered March 4, 1999).

Pursuant to Paragraph 3 of the Restructuring Order, PP&L also requests that the PUC issue a determination under Section 32(c) of PUHCA, 15 U.S.C. § 79z-5a(c), that allowing PP&L's generating plants to be "eligible facilities" (as defined in Section 32(a) of PUHCA, 15 U.S.C. § 79z-5a(a)):

- (1) will benefit consumers;
- (2) is in the public interest; and
- (3) does not violate State law.

This certification is a necessary condition for the limited liability companies which will own these generating facilities to obtain "exempt wholesale generator" status from the FERC under Section 32(a) of PUHCA. Id.

There is clearly substantial support for these findings. First, EWG status for PP&L's generating limited liability companies will facilitate the structural separation of generation assets from transmission and distribution assets and promote the development of a competitive electric market. Establishing EWG status with the FERC is less time consuming and less rigorous than filing the required documentation with the Securities and Exchange Commission ("SEC") and will permit structural separation of generation assets from transmission and distribution assets to take place sooner. EWG status therefore will benefit consumers and is in the public interest.

Second, the PUC has previously approved the transfer of PP&L's Generation Assets to third parties, including affiliates, in its Restructuring Order, and has previously issued Section 32(c) determinations for the transfer of generating facilities by PP&L in a proceeding involving Sunbury SES. See Application of PP&L, Inc., Docket No. R-00973954 (Order entered September 15, 1999).

Third, the Commission also has issued Section 32(c) determinations for the transfer of generating facilities by other Pennsylvania electric utilities to affiliated entities. See Application of UGI Development Company, Docket No. P-00991693 (Order entered August 26, 1999). In UGI, the PUC made Section 32(c) determinations in connection with the transfer of electric generating facilities from UGI Utilities, Inc. to an affiliate, UGI Development Company ("UGID"). As the PUC stated in that Order:

EWG status for UGID will benefit consumers and is in the public interest. EWG status will facilitate the structural separation of generation assets from transmission and distribution assets as approved by the Commission in the public interest. March 4 Order at Docket No. A-111100F004. Establishing EWG status is less time consuming and less rigorous than filing required documentation with the SEC which will in turn will permit structural separation of generation assets from transmission and distribution assets to take place sooner.

EWG status does not violate Pennsylvania law. In a prior order, this Commission has determined that no legal impediment exists where the sale, or in this case a transfer has been approved. Pa. PUC v. West Penn Power Co. and AYP Capital, Inc., Docket No. G-00960476 (Order entered June 6, 1996).

The Commission's findings in the prior PP&L case and the UGI case also apply to PP&L's request in this case. Transfer of the Company's Generation Assets will promote the structural separation of regulated and unregulated assets, has been previously approved by the PUC and is consistent with relevant Commission precedent. For these reasons, there is clearly a substantial basis for making the requested Section 32(c) findings.

Accordingly, PP&L requests that the Commission issue a finding collectively making the determinations required under Section 32(c) of PUHCA, as to the following entities and generation plants (on behalf and at the direction of CEP Group):

PPL Martins Creek, LLC:

Martins Creek Steam Electric Station Units 1 and 2
Martins Creek Steam Electric Station Units 3 and 4
Martins Creek Combustion Turbine Generators
Allentown Combustion Turbine Generators
Fishbach Combustion Turbine Generators
Harrisburg Combustion Turbine Generators
Harwood Combustion Turbine Generators
Jenkins Combustion Turbine Generators
Lock Haven Combustion Turbine Generators
West Shore Combustion Turbine Generators
Williamsport Combustion Turbine Generators

PPL Montour, LLC:

Montour Steam Electric Station
Conemaugh Steam Electric- Station⁴
Keystone Steam Electric Station⁵

PPL Brunner Island, LLC:

Brunner Island Steam Electric Station

PPL Holtwood, LLC:

Wallenpaupack Hydroelectric Station
Holtwood Hydroelectric Station

PPL Susquehanna, LLC:

Susquehanna Steam Electric Station

As part of the transfer of its Generation Assets, PP&L will enter into an agreement to purchase from its affiliate, PP&L EnergyPlus, a portion of the energy and capacity required for PP&L to meet its provider of last resort obligations. This purchase of power from an affiliate also was approved by the PUC in its Restructuring Order. Specially, paragraph C.1.f. of the Joint Petition, which was approved in paragraph 1 of the Restructuring Order, states:

PP&L's distribution company shall satisfy its obligation as provider of last resort by maintaining or purchasing, at wholesale, required amounts of energy and capacity from other generation suppliers including, in its sole discretion, any generation affiliates, and reselling that energy and capacity."

A copy of the power purchase agreement between PP&L and PP&L EnergyPlus is included as Attachment D.

Finally, as part of the corporate realignment, CEP Group will distribute its 100% stock ownership of CEP Commerce, Inc. to PP&L. This will enable PP&L to continue to have a subsidiary capable of performing certain financial and tax-related

⁴ PP&L's 11.39% undivided interest in the Conemaugh Steam Electric Station.

⁵ PP&L's 12.34% undivided interest in the Keystone Steam Electric Station.

December 7, 1999

functions for it. PP&L requests approval of this transaction under Section 1102(a)(4) of the Public Utility Code. 66 Pa.C.S. § 1102(a)(4).

As indicated on the attached certificate of service, copies of this letter have been served on all active parties in PP&L's restructuring proceeding at Docket No. R-00973954.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on December 7, 1999, 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 this letter or require any additional information, please call.

Very truly yours,

A handwritten signature in black ink that reads "Paul E. Russell". The signature is written in a cursive style with a large, prominent "P" and "R".

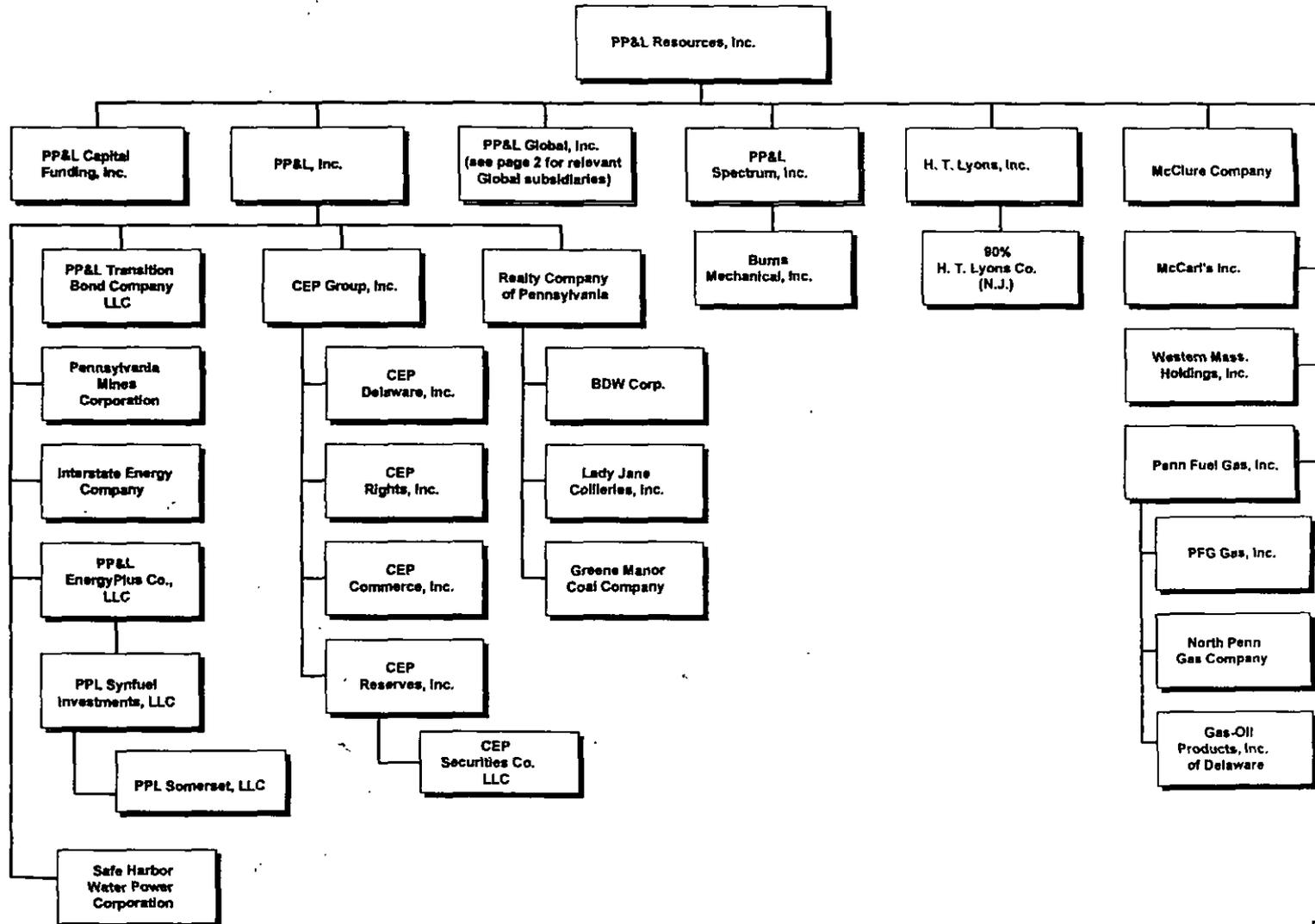
Paul E. Russell

Attachments

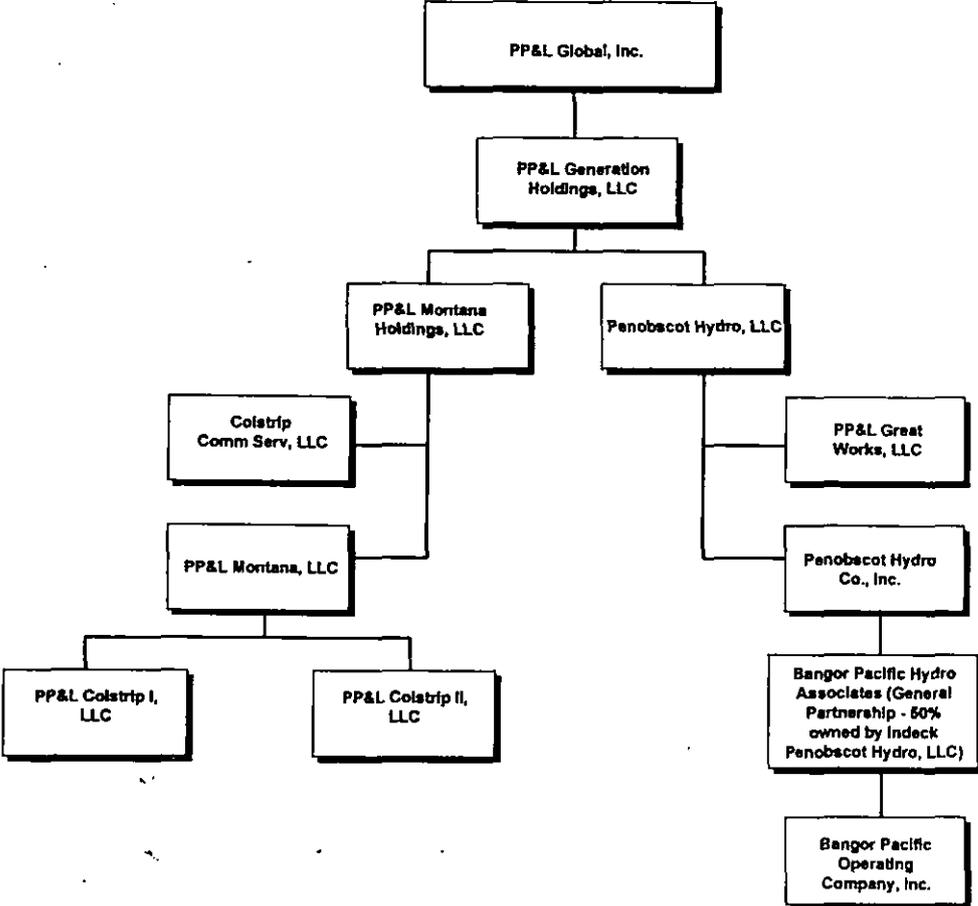
Certificate of Service

ATTACHMENT A

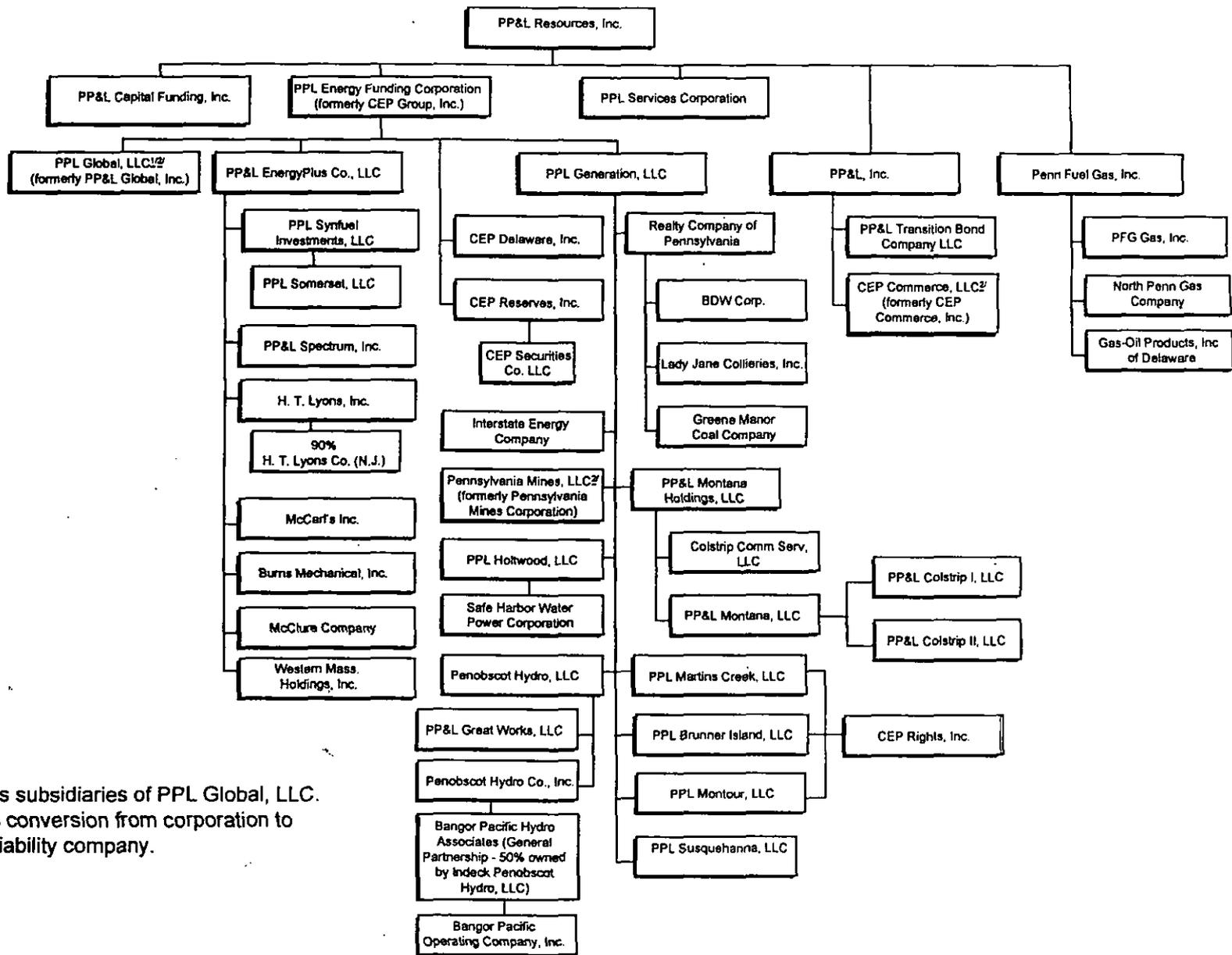
Before Realignment



Before Realignment



After Realignment



Notes:

^{1/} Excludes subsidiaries of PPL Global, LLC.

^{2/} Reflects conversion from corporation to limited liability company.

ATTACHMENT B

DESCRIPTION OF THE CORPORATE REALIGNMENT

As part of PP&L Resources' ("PP&L Resources") proposed corporate realignment, PP&L, Inc. ("PP&L"), through several steps, will transfer its increasingly competitive electric power business, including its generation assets and power marketing organization, to CEP Group.¹ In connection with the transfer, CEP Group will change its name to PPL Energy Funding Corporation ("PPL Energy Funding"). Upon completion of the corporate realignment, PPL Energy Funding will become a direct subsidiary of PP&L Resources, separate from PP&L.

PPL Energy Funding will operate its business through three subsidiaries: (1) a generation holding company subsidiary, PPL Generation, LLC ("PPL Generation"), which, through several subsidiaries, will own PP&L's generating assets and PP&L's interest in Safe Harbor Water Power Corporation;² (2) a marketing company subsidiary, PP&L EnergyPlus Co. LLC ("PP&L EnergyPlus"),³ which, upon completion of the corporate realignment, will also include PP&L's existing wholesale energy marketing business; and (3) a project development and international holdings subsidiary, currently PP&L Global, Inc. ("PP&L Global"), which, through subsidiaries, will continue to acquire and develop generation facilities located in the United States and abroad and own

¹ CEP Group is a wholly owned direct subsidiary of PP&L that engages principally in financing and cash management activities and owns various subsidiaries.

² Safe Harbor Water Power Corporation ("Safe Harbor") is an exempt wholesale generator that owns and operates the Safe Harbor hydroelectric generating facility. PP&L owns one-third of the outstanding capital stock of Safe Harbor, representing one-half of the voting securities. Baltimore Gas & Electric Company ("BG&E") owns two-thirds of the outstanding capital stock, which represents one-half of the voting securities. The entire output of the Safe Harbor facility is sold to BG&E and PP&L in proportion to their ownership interests.

³ PP&L EnergyPlus is currently a wholly owned direct subsidiary of PP&L.

generation and distribution facilities abroad. Other existing subsidiaries of PP&L Resources will be aligned in the new corporate structure according to their principal business functions. The corporate realignment will not result in any change in the ultimate control of any of the companies involved or the ultimate control of the facilities that are being transferred.

As described below, the corporate realignment will involve pre-existing wholly owned subsidiaries of PP&L, including CEP Group and PP&L EnergyPlus, and newly formed entities. The corporate realignment will be accomplished through a number of steps, including the following:

1. CEP Group has been formed and is the sole member of (a) PPL Generation, a Delaware limited liability company; and (b) PPL Martins Creek, LLC, PPL Brunner Island, LLC, PPL Holtwood, LLC, PPL Montour, LLC and PPL Susquehanna, LLC, each a Delaware limited liability company (collectively the "Generation LLCs");
2. PP&L will transfer its generation assets as a capital contribution, on behalf of and at the request of CEP Group, to the Generation LLCs;⁴
3. CEP Group will contribute its interests in the Generation LLCs to PPL Generation;
4. PP&L will contribute its wholesale energy marketing business to PP&L EnergyPlus;⁵
5. PP&L will contribute its interest in PP&L EnergyPlus to CEP Group;

⁴ PPL Martins Creek was formed for the purpose of owning the Martins Creek Steam Electric Station and several combustion turbine generators. PPL Brunner Island was formed for the purpose of owning the Brunner Island Steam Electric Station, PPL Montour was formed for the purpose of owning PP&L's Montour Steam Electric Station and PP&L's undivided interest in the Keystone and Conemaugh Steam Electric Stations. PPL Holtwood was formed for the purpose of owning PP&L's Holtwood and Wallenpaupack hydroelectric power projects and PP&L's ownership share in Safe Harbor Water Power Corporation. PPL Susquehanna was formed for the purpose of owning PP&L's 90% undivided interest in the Susquehanna Steam Electric Station.

⁵ This contribution will include the assignment of PP&L's wholesale power agreements.

6. PP&L will contribute its interests in Safe Harbor and certain other subsidiaries to CEP Group, which in turn will contribute its interest in Safe Harbor to Holtwood and in the other subsidiaries to PPL Generation;
7. PP&L will distribute its ownership interest in CEP Group to PP&L Resources in a "spin-off" transaction under § 355 of the Internal Revenue Code;⁶
8. CEP Group will be renamed PPL Energy Funding Corporation;
9. PP&L Resources will contribute its interests in PP&L Spectrum, Inc. and its other mechanical contractor subsidiaries to PPL Energy Funding, which in turn will transfer these interests to PP&L EnergyPlus. PP&L Spectrum will distribute its ownership interest in Burns Mechanical, Inc. to PP&L EnergyPlus;
10. PP&L Generation Holdings, LLC ("PP&L Generation Holdings"), a wholly-owned subsidiary of PP&L Global, will distribute its ownership interest in Penobscot Hydro, LLC ("Penobscot Hydro") (and Penobscot Hydro's wholly owned subsidiaries PP&L Great Works, LLC and Penobscot Hydro Co., Inc.) and PP&L Montana Holdings, LLC ("PP&L Montana Holdings") (and PP&L Montana Holdings' wholly owned subsidiaries PP&L Montana, LLC and Colstrip Comm Serv, LLC) to PP&L Global,⁷ which in turn will distribute these ownership interests to PP&L Resources. PP&L Resources will contribute this ownership interest to PPL Energy Funding, which in turn will contribute its ownership interest to PPL Generation.
11. PP&L Global will be converted to a limited liability company by merger into a newly formed limited liability company affiliate, which will survive and be named PPL Global, LLC
12. PP&L Resources will contribute its ownership interest in PPL Global, LLC to PPL Energy Funding.

Each Generation LLC will enter into an agreement with PP&L EnergyPlus under which the Generation LLC will sell capacity, energy and ancillary services to PP&L

⁶ The spin-off may be effected by having PP&L transfer its stock interest in CEP Group to PP&L Resources in exchange for shares of PP&L's common stock held by PP&L Resources. In either event, CEP Group will become a direct subsidiary of PP&L Resources, and PP&L Resources will continue to own all of PP&L's outstanding common stock.

⁷ PP&L Generation Holdings will remain a subsidiary of PP&L Global.

EnergyPlus. Each Generation LLC will also enter into an interconnection agreement with PP&L, Inc. In addition, PP&L EnergyPlus and PP&L will enter into a Power Sales Agreement under which PP&L EnergyPlus will provide PP&L with energy and capacity principally to satisfy PP&L's obligation to serve its retail distribution customers that have either not chosen alternative suppliers of energy and capacity or that no longer receive generation service from an alternative supplier, pursuant to Section 2807(e) of the Pennsylvania Electricity Generation Customer Choice and Competition Act and the settlement of PP&L's state restructuring proceeding.

ATTACHMENT C

PP&L GENERATION
ASSET AND LIABILITY ACCOUNTS FOR TRANSFER

<u>DESCRIPTION</u>	<u>FERC</u>
Net Plant and CWIP	101-111
Non-utility Plant	121-122
Nuclear Fuel	120
Other Investments	124
Decommissioning Funds	128
Working Funds	135
Accounts Receivables	143
Inventory	151-163
Prepayments	165
Preliminary Survey	183
Misc Deferred Debits	186
Accrued Deferred Income Taxes	180,255,281,282,283
Debt	221-228
Obligations Under Cap Lease-NC	227
Accrued Provision for Pension & Benefits	228.3
Accrued Misc Operating Provisions	228.4
Accounts Payable	232
Taxes Accrued	236
Interest Accrued	237
Tax Collections Payable	241
Misc Current & Accrued Liabilities	242
Obligations Under Cap Lease-Current	243
Misc Deferred Credits	253
Emission Allowances	254

PP&L, Inc.
Wholly-Owned and Jointly-Owned
Generating Facilities

Fossil

Brunner Island SES
Montour SES
Sunbury SES
Martins Creek SES
Holtwood SES
Keystone SES
Conemaugh SES

Nuclear

Susquehanna SES

Hydro

Holtwood HES
Wallenpaupack HES

Other

Combustion Turbines:

Allentown	West Shore
Harrisburg	Fishback
Harwood	Jenkins
Williamsport	Lock Haven

Diesels:

Brunner Island
Martins Creek
Sunbury
Keystone
Conemaugh

ATTACHMENT D

This POWER SALES AGREEMENT ("Agreement"), is made and entered into as of _____, by and between PP&L, Inc., a corporation organized under the laws of the Commonwealth of Pennsylvania, having its principal business at Two North Ninth Street, Allentown, Pennsylvania, 18101-1179, hereinafter referred to as "Buyer" or "PP&L", and PP&L EnergyPlus Co., LLC, a limited liability company organized under the laws of the Commonwealth of Pennsylvania, having its principal business at Two North Ninth Street, Allentown, PA 18101-1179, hereinafter referred to as "Seller" or "PP&L EnergyPlus", (individually, the "Party" and collectively, the "Parties"). Capitalized terms shall have the meaning set forth in the Definitional Annex to this Agreement.

WHEREAS, PP&L Resources, Inc. has undertaken a corporate realignment under which its direct subsidiary PP&L, Inc., a traditional public utility, will separate its competitive electric power business, including its generation assets and power marketing business, from its fully-regulated transmission and distribution business; and

WHEREAS, PP&L has an obligation under Section 2807(e) of the Pennsylvania Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2807(e), to act as a Provider of Last Resort ("PLR") and supply energy to its retail distribution customers that do not choose or are not yet eligible to choose an alternative retail supplier or no longer receive generation service from an alternative supplier; and

WHEREAS, the Joint Petition for Full Settlement of PP&L's Restructuring Plan and Related Court Proceedings, Pennsylvania Public Utility Commission Docket No. R-00973954 (approved August 27, 1998), allows PP&L, in its sole discretion, to purchase amounts of energy and capacity required to fulfill its PLR obligation from affiliated entities;

WHEREAS, PP&L EnergyPlus is a power marketer affiliate of PP&L and desires to provide PP&L with energy, capacity and Ancillary Services to serve PP&L's PLR customers; and

WHEREAS, PP&L EnergyPlus is authorized by FERC to engage in wholesale Power transactions at market based rates pursuant to PP&L EnergyPlus' Market-Based Rate Tariff, FERC Electric Tariff, Original Volume No. 1.

NOW THEREFORE, in consideration of the mutual agreements, covenants and conditions herein contained, and intending to be legally bound, Buyer and Seller hereby agree as follows:

**ARTICLE 1
COMMITMENTS OF THE PARTIES**

1.1 Sale of Energy, Capacity and Ancillary Services.

(a) For the Initial Term, PP&L EnergyPlus shall sell to PP&L and PP&L shall purchase from PP&L EnergyPlus its full requirements of energy, capacity and Ancillary Services.

(b) For the period commencing on January 1, 2002 and ending on December 31, 2009, PP&L shall be entitled to a Daily Call Option as set forth in Article 4. PP&L EnergyPlus may provide such energy, capacity and Ancillary Services from any source.

(c) Prior to the end of the Initial Term, by mutual agreement beyond that set forth in this Agreement, PP&L EnergyPlus may continue to sell to PP&L and PP&L may continue to purchase from PP&L EnergyPlus a quantity of capacity not exceeding PP&L's full requirement of capacity for an agreed-upon additional period, not to exceed the termination date of this Agreement.

1.2 Scheduling. PP&L EnergyPlus shall Schedule with or report to PJM the energy, capacity and Ancillary Services sold to PP&L under this Agreement. When required by PJM, PP&L shall confirm these schedules.

1.3 PP&L EnergyPlus Responsibilities. In addition to the sale of energy, capacity and Ancillary Services, PP&L EnergyPlus shall, during the Initial Term of this Agreement, provide the following services to PP&L: (a) manage PP&L's energy position, including load and supply scheduling and load balancing; (b) track and manage PP&L's capacity, Fixed Transmission Rights ("FTRs") and Ancillary Services positions (obligations and resources); and (c) act as PP&L's agent at PJM for the following purposes: reporting, verifying, managing, settling and scheduling PP&L's energy, capacity and other PJM accounts related to the provision of PLR service, including but not limited to transmission service, FTRs and Ancillary Services.

1.4 PP&L Responsibilities. PP&L shall, during the Initial Term of this Agreement, (a) provide PP&L EnergyPlus with forecast information regarding the contract quantity being supplied under this Agreement and timely notice of any changes to such information, including but not limited to, long-term, short-term and next business day hourly forecasts of PP&L's PLR energy requirements, network transmission service and capacity obligation; (b) provide its employees with incentives to accurately project and forecast its full requirements; (c) request network transmission service from PJM as necessary to serve PP&L's requirements and provide PJM with the necessary data for PJM to calculate PP&L's capacity obligation and network service requirements; (d) provide PP&L EnergyPlus with quarterly reports showing variances between PP&L's scheduled and/or forecasted full requirements, on the one hand, and PP&L's actual full requirements, on the other hand; and (f) provide PP&L EnergyPlus with a real-time data signal of its actual PLR load.

1.5 PJM Accounts. For the Initial Term of this Agreement, PP&L EnergyPlus shall be responsible for or entitled to all charges and credits in PP&L's PJM account that are related to PP&L's role as Provider of Last Resort. PP&L shall be responsible for or entitled to charges for PJM Monthly Demand Charges (network transmission service) pursuant to Section 34 of the PJM Tariff, RTO Scheduling, System Control and Dispatch Service pursuant to Schedule 1A of the PJM Tariff, and any other charges and credits in PP&L's PJM account relating to PP&L's role as a Regional Transmission Owner.

1.6 Transmission Service. PP&L EnergyPlus shall be responsible for any transmission service to the Delivery Point. PP&L shall be responsible for transmission service from the Delivery Point to the points at which PP&L delivers energy to its customers.

ARTICLE 2 DELIVERY POINT AND TITLE

2.1 Delivery Point(s). The Delivery Point shall be the PP&L Zone, as defined in the PJM Tariff. Seller shall deliver Power to Buyer at the Delivery Point(s).

2.2 Reliability Guidelines. Each Party agrees to adhere to accepted Good Utility Operating Practice and specifically adhere to the applicable operating policies, criteria and/or guidelines of the North American Electric Reliability Council ("NERC") and any regional or subregional requirement.

2.3 Title Transfer. Title to, possession of, and risk of loss of Power Scheduled and received or delivered hereunder shall transfer from Seller to Buyer at the Delivery Point. Seller warrants that at the time of delivery Seller shall have good title to the Power sold and delivered hereunder and the right to sell such Power to Buyer.

**ARTICLE 3
PRICE**

3.1 Initial Term. During any given month of the Initial Term of this Agreement, the amount paid monthly by PP&L to PP&L EnergyPlus for energy, capacity and Ancillary Services ("Monthly Payment") shall be determined as follows:

$$\text{Monthly Payment} = \text{CR} + \text{B}$$

Where

CR = a capacity reservation charge equal to one-twelfth of the Pennsylvania Public Utility Commission-jurisdictional amount for the applicable year listed on the Susquehanna Steam Electric Station Units 1 and 2 Schedule of Ruling Amounts as submitted from time to time to the Nuclear Regulatory Commission and adjusted to reflect increases, if any, in Susquehanna Steam Electric Station Units 1 and 2 decommissioning costs collected from PP&L customers, plus any taxes associated with such amounts.

B = the full amount billed by PP&L for energy, capacity and Ancillary Services associated with PLR Service to its retail customers, pursuant to PP&L's PLR tariffs as approved by the Pennsylvania Public Utility Commission, minus any sales and use tax and gross receipts tax, and plus and/or minus the charges and credits in PP&L's PJM account for which PP&L EnergyPlus is responsible or to which PP&L EnergyPlus is entitled pursuant to Section 1.5, during that month.

3.2 January 1, 2002 through December 31, 2009. For the period beginning on January 1, 2002 and ending on December 31, 2009, Monthly Payment shall be determined as follows:

$$\text{Monthly Payment} = \text{CR} + \text{SP}$$

Where

CR = a capacity reservation charge, in the form of a daily call premium, equal to one-twelfth of the Pennsylvania Public Utility Commission-jurisdictional amount for the applicable year listed on the Susquehanna Steam Electric Station Units 1 and 2 Schedule of Ruling Amounts as submitted from time to time to the Nuclear Regulatory Commission and adjusted to reflect increases, if any, in Susquehanna Steam Electric Station Units 1 and 2 decommissioning costs collected from PP&L customers, plus any taxes associated with such amounts.

SP = the "Strike Price"

The Strike Price shall be determined as follows:

$$SP = B \times (CA / DA)$$

Where

B = the amount billed by PP&L for energy and capacity associated with PLR Service to its retail customers for the calendar month, minus any sales and use tax and gross receipts tax, and plus and/or minus the charges and credits in PP&L's PJM account for which PP&L EnergyPlus is responsible or to which PP&L EnergyPlus is entitled pursuant to Section 1.5, during that month

CA = the actual total Mwh from all daily call amounts for that calendar month

DA = the Mwh quantity of energy and capacity delivered by PP&L to its PLR customers during that calendar month, including losses.

ARTICLE 4 DAILY CALL OPTION

4.1 Quantity. For the period beginning January 1, 2002 and ending December 31, 2009, PP&L shall have the right to purchase at the Strike Price from PP&L EnergyPlus on a daily basis during each hour commencing with the hour beginning at 0000 hours through the hour beginning at 2300 hours a fixed quantity of energy and capacity necessary to meet up to the following load quantity:

<u>Year</u>	<u>Maximum Load Quantity (MW)</u>
2002	450
2003	425
2004	400
2005	375
2006	350
2007	325
2008	300
2009	275

4.2. Ancillary Services. In the event PP&L exercises the option set forth in Section 4.1, PP&L EnergyPlus shall provide PP&L with the percentage of PP&L's Ancillary Services requirements equal to the amount of the daily call option exercised by

PP&L divided by the peak load for PP&L's PLR customers as determined by PJM when calculating PP&L's Accounted-for-Obligation.

4.3 Exercise. For the period beginning January 1, 2002 and ending December 31, 2009, PP&L may exercise its option to purchase energy and capacity to serve its PLR customers at the Strike Price at any time prior to 4 p.m. two business days preceding delivery of energy and capacity hereunder. When exercised, deliveries of energy and capacity may be scheduled for up to 24 hours per day.

ARTICLE 5 TERM OF AGREEMENT

5.1 Term. Subject to Articles 7 and 10 of this Agreement, the term of this Agreement shall commence on the Closing Date ("Effective Date"), and shall remain in effect until December 31, 2009.

ARTICLE 6 BILLING AND PAYMENT

6.1 Billing and Payments. PP&L shall inform PP&L EnergyPlus as soon as practicable following the conclusion of each month of the full amount billed in all billing cycles in such month by PP&L for energy and capacity to its PLR customers, minus any sales and use and gross receipts tax, and plus and/or minus the charges and credits in PP&L's PJM account for which PP&L EnergyPlus is responsible or to which PP&L EnergyPlus is entitled pursuant to Section 1.5. PP&L EnergyPlus shall submit a statement to PP&L each month within ten (10) days following the date upon which PP&L provides PP&L EnergyPlus with such information. The statement shall be paid by PP&L on or before the later of fifteen (15) days after the date the bill is received or the 20th day of the month. PP&L will pay all amounts set forth in statements on or before the date that such amounts are due.

6.2 Billing Disputes. In the event any portion of any bill is in dispute, PP&L shall pay the undisputed amount to PP&L EnergyPlus and shall submit a detailed written explanation of the basis for the dispute within the time periods specified for payment in Section 5.2. The Parties shall use their best efforts to attempt to resolve such disputes on a timely basis. Upon determination of the correct billing amount, the adjusted bill shall be paid promptly after such determination with interest at the Interest Rate accrued in accordance with Section 5.2 and computed from the date payment was originally due to the date payment is made. If the Parties are unable to resolve the dispute, either Party may exercise its available administrative or legal remedies, including those set forth in Section 5.6 below.

6.3 Audit. Each Party or any third party representative of a Party has the right at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement,

charge or computation made pursuant to the provisions of this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof shall be made prior to the lapse of two years from the rendition of such statement, and provided further that the rights set forth in the first sentence of this Section 5.4 will survive until two years after termination of this Agreement.

6.4 Records. Each Party shall keep such records as may be necessary to afford the other a clear history of all deliveries or receipts of Power under this Agreement. Records shall be maintained for a period necessary to comply with Section 5.4 and shall be made available as necessary to verify the accuracy of bills submitted under this Agreement

6.5 Dispute Resolution. (a) In the event of a dispute between the Parties arising under this Agreement, the Parties will work together in good faith to resolve the dispute. If the Parties are unable to resolve such dispute between themselves within five days after written notification by one Party to the other of the existence of such dispute, they shall immediately refer such matter to their internal upper management for resolution. If the management of the Parties is unable to resolve the dispute within ten days after the matter is brought to their level for review, either Party may bring a claim or suit in accordance with the provisions of Section 11.5 of this Agreement, and agrees that service of process may be made upon it in any legal proceeding relating to this Agreement at the address indicated in Section 11.3, and hereby waives and agrees not to assert, in a motion, as a defense or otherwise, that any such proceeding is brought in an inconvenient forum or that the venue thereof is improper. Each Party shall pay its own attorneys' fees and expenses, except that if the prevailing Party is required to initiate proceedings to enforce the award or confirm judgment, the prevailing Party shall be entitled to recover its costs and attorneys' fees associated with such action. EACH PARTY HEREBY WAIVES ITS RIGHT TO A JURY TRIAL.

(b) Notwithstanding the dispute procedure provided in this section 6, the Parties have no obligation to use such dispute resolution process where the dispute involves confidentiality or the infringement of intellectual property rights. In the event of a breach of confidentiality or a claim of infringement under this Agreement, the Party seeking redress shall have the right to bring a claim or suit in accordance with Section 11.5 immediately.

ARTICLE 7 INDEMNIFICATION

7.1 Seller's Indemnification of Buyer. Seller hereby agrees to indemnify, defend and hold harmless Buyer, its agents, servants and Affiliates and the respective officers, directors, employees and representatives (collectively, "Buyer's Indemnitees") of each, from and against any and all losses, claims, damages or liabilities (including reasonable attorneys' fees actually incurred including, without limitation, penalties or fines imposed by government authorities) arising out of the fraud, negligence, or willful

misconduct of Seller relating to Power delivered under this Agreement until such Power has been delivered to Buyer at the Delivery Points including, without limitation, the loss of/ or claims for loss or damage to property, except to the extent caused by the fraud, negligence or the willful misconduct of the Buyer's Indemnitees and provided that Seller shall be promptly notified in writing of any such claim or suit brought against any such Buyer Indemnitee. The foregoing notwithstanding, Seller's obligations under this Agreement towards any Buyer Indemnitee are conditioned upon such Buyer Indemnitee providing such cooperation as Seller may reasonably request in connection with its defense or settlement of the claim or suit against such Buyer Indemnitee.

7.2 Buyer's Indemnification of Seller. Buyer hereby agrees to indemnify, defend and hold harmless Seller, its agents, servants and Affiliates and the respective officers, directors and employees and representatives (collectively, "Seller's Indemnitees") of each, from and against any and all losses, claims, damages or liabilities to third parties (including reasonable attorneys' fees actually incurred including, without limitation, penalties or fines imposed by government authorities) arising out of the fraud, negligence, or willful misconduct of Buyer relating to Power delivered under this Agreement after such Power has been delivered to Buyer at and from the Delivery Points including, without limitation, the loss of/ or claims for loss or damage to property, except to the extent caused by the fraud, negligence or the willful misconduct of the Seller's Indemnitees and provided that Buyer shall be promptly notified in writing of any such claim or suit brought against any such Seller Indemnitee. The foregoing notwithstanding, Buyer's obligations under this Agreement towards any Seller Indemnitee are conditioned upon such Seller Indemnitee providing such cooperation as Buyer may reasonably request in connection with its defense or settlement of the claim or suit against such Seller Indemnitee.

ARTICLE 8 CHANGE IN OWNERSHIP OR CONTROL; ASSIGNMENT AND SUCCESSION

8.1 Change in Ownership or Control. This Agreement shall terminate upon any change of ownership or control of either Party, unless such change in ownership or control arises from the transfer of ownership or control to an entity that is an affiliate of both Parties.

8.2 Assignment and Succession. Neither Party shall assign this Agreement or its rights hereunder except to another affiliate of PP&L Resources, Inc.

ARTICLE 9 LIMITATION OF LIABILITY AND FORCE MAJEURE

9.1 Force Majeure.

(a) In the event either Party is rendered unable, by an event of Force Majeure, to carry out wholly or in part its obligations under this Agreement and such

Party gives notice and full particulars of such event of Force Majeure to the other Party as soon as practicable after the occurrence of the event relied on, then the obligations of the Party affected by such event of Force Majeure under this Agreement, other than the obligation to make payments then due or becoming due hereunder, shall be suspended from the inception and throughout the period of continuance of any such inability so caused, but for no longer period, and such event of Force Majeure shall, so far as and as soon as practicable, be remedied by application of Good Utility Operating Practice; provided however, that no provision of this Agreement shall be interpreted to require Seller to deliver, or Buyer to receive, Power at points other than the Delivery Point(s).

(b) "Force Majeure" means any cause which the Party claiming Force Majeure (the "Claiming Party"), was unable, in the exercise of due diligence and Good Utility Operating Practice, to avoid, did not intend, and which is beyond the control, and without the fault or negligence, of the Claiming Party and which renders the Claiming Party unable to carry out wholly or in part its obligations under this Agreement. Force Majeure includes, but is not restricted to: flood; earthquake; geohydrolic subsidence; tornado; storm; fire; civil disturbance or disobedience; labor dispute; labor or material shortage; sabotage; action or restraint by court order or public or governmental authority (so long as the Claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); and reductions or interruptions in services which, in a Claiming Party's reasonable judgment are necessary to protect generating or transmission facilities or the reliability of transmission facilities; including the integrity, safety, reliability or operation of any interconnected electric grid or system; and government action that results in the price at which Power may be made available under this Agreement being fixed or established by any government authority at a level that results in a price that may be charged under this Agreement that (i) in the case of Seller, is lower than the Contract Price and (ii) in the case of Buyer, is higher than the Contract Price; provided, however, that such government action does not include the imposition of any Taxes. Interruption by a Transmitting Utility shall not be deemed to be Force Majeure unless (i) the Party contracting with such Transmitting Utility shall have made arrangements with such Transmitting Utility for the firm point-to-point transmission services, network integration transmission service, and/or similar firm transmission service, as defined under the Transmitting Utility's tariff or other applicable tariff, of the Power to be delivered or received hereunder and (ii) such interruption is due to an event of force majeure as defined in the Transmitting Utility's tariff or other applicable tariff. Nothing contained herein shall be construed to require a Claiming Party to settle any strike or labor dispute.

9.2 Limitation of Liability. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES HEREBY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE

LIMITED TO DIRECT DAMAGES ONLY AND ALL OTHER DAMAGES AND REMEDIES ARE WAIVED. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES IN TORT, FOR CONTRACT OR OTHERWISE.

ARTICLE 10 TAXES

10.1 Allocation of and Indemnity for Taxes. The Contract Price paid hereunder includes full reimbursement for and Seller is liable for and shall pay or cause to be paid, or reimburse Buyer if Buyer shall have paid, all Taxes applicable to the Power sold hereunder prior to the Delivery Point(s) ("Seller's Taxes"). In the event Buyer is required to remit any of Seller's Taxes, the amount thereof shall be deducted from any sums becoming due to Seller hereunder. Seller shall indemnify, defend and hold Buyer harmless from any liability for all Seller's Taxes. The Contract Price does not include reimbursement for and the Buyer is liable for and shall pay, cause to be paid or reimburse Seller if Seller shall have paid, all Taxes applicable for the Power sold hereunder at and after the Delivery Point(s) ("Buyer's Taxes"). Buyer shall indemnify, defend and hold Seller harmless from any liability for all Buyer's Taxes.

10.2 Cooperation. Both Parties shall use reasonable efforts to administer this Agreement and implement the provisions in accordance with their intent to minimize Taxes.

ARTICLE 11 DEFAULT, SECURITY AND RESPONSIBILITY

11.1 Default. In the event either Party ("Defaulting Party") (a) defaults in payment or performance of any obligation to the other Party under this Agreement, provided that such default in payment or performance shall be deemed an Event of Default under this Article if not cured within ten (10) Business Days following written notice by the non-defaulting Party of such default in payment or performance; (b) makes an assignment or any general arrangement for the benefit of creditors; (c) files a petition or otherwise commences, authorizes, or acquiesces in commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceedings commenced against it; (d) otherwise becomes bankrupt or insolvent (however evidenced), then the non-defaulting Party, upon written notice given no later than sixty (60) days after the discovery of the Event of Default, has the right to (i) suspend performance under this Agreement; (ii) terminate this Agreement; and/or (iii) withhold any payment due under this Agreement.

ARTICLE 12 MISCELLANEOUS

12.1 Regulatory. It is understood by the Parties that this Agreement and performance hereunder is subject to all present and future valid and applicable laws,

orders, statutes, and regulations of courts or regulatory bodies (state or federal) having jurisdiction over Buyer, Seller or this Agreement.

12.2 Monitoring and Recording. Each Party acknowledges and consents to the monitoring and recording of all telephone conversations between its representatives whose conversations are monitored and recorded in the normal course of business and the representatives of the other Party. Any recording of such conversations may be introduced to prove the intent of this Agreement; provided however, that nothing of such conversations herein shall be construed as a waiver of any objection to the introduction of such evidence on the grounds of relevance.

12.3 Notices. Any notice, request, demand, statement, or payment provided for in this Agreement shall be confirmed in writing, unless otherwise noted, and shall be made as specified below; provided, however, that notices of interruption and communications to Transmitting Utility(ies) may be provided verbally, effective immediately and, upon request, confirmed in writing. A notice sent by facsimile transmission shall be deemed received by the close of the Business Day on which such notice was transmitted or such earlier time as confirmed by the receiving Party and notice by overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party unless it confirms a prior verbal communication in which case any such notice shall be deemed received on the day sent. Notices shall be addressed to the Parties as follows or to such other address as Buyer or Seller shall from time to time designate by letter properly addressed:

Buyer:

NOTICES & CORRESPONDENCE

PP&L, Inc.
Two North Ninth Street
Allentown, PA 18101-1179
Attn:
Fax:

INVOICES

PP&L, Inc.
Two North Ninth Street
Allentown, PA 18101-1179
Attn:
Fax:

Seller:

NOTICES & CORRESPONDENCE

PP&L EnergyPlus Co., LLC
Two North Ninth Street
Allentown, PA 18101-1179
Attn:
Fax:

PAYMENTS

PP&L EnergyPlus Co., LLC
Two North Ninth Street
Allentown, PA 18101-1179
Attn: Cash Receipts
Fax:

12.4 Entirety. This Agreement and any Appendixes and Exhibits hereto constitute the entire agreement between the Parties hereto. There are no prior or contemporaneous agreements or representations affecting the same subject matter

other than those herein expressed. Except for those matters which, in accordance with this Agreement, may be resolved by the Parties and documented electronically, it is further agreed that no amendment, modification or change herein shall be enforceable, except as specifically provided for in this Agreement, unless produced in writing and executed by both Parties.

12.5 Governing Law and Venue. This Agreement and the rights and obligations of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to conflict of law principles. Any such proceeding shall be brought in the Courts of the Commonwealth of Pennsylvania, except to the extent that the FERC has exclusive jurisdiction over the subject matter of the proceeding.

12.6 Non-Waiver. No waiver by either Party hereto of any one or more defaults by the other in the performance of any of the provisions of this Agreement shall be construed as a waiver of any other default or defaults whether of a like kind or different nature.

12.7 Severability. Except as otherwise stated herein, any provision, article or section of this Agreement that is declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over the Parties, or deemed unlawful because of statutory change, will not otherwise affect the lawfulness, enforceability and applicability of the remaining provisions, articles or sections of this Agreement, nor shall it affect the obligations that arise under this Agreement.

12.8 Headings. The headings used for the Articles herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in duplicate originals to be effective as of the day and year first written above.

PP&L EnergyPlus Co., LLC

PP&L, Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

DEFINITIONAL ANNEX

All references to Articles, Sections, Exhibits and Annexes are to those set forth in or appended to this Agreement. Reference to any document means such document as amended from time to time and reference to any Party includes any permitted successor or assignee thereof. The following definitions and any terms defined internally in this Agreement shall apply to this Agreement and all notices and communications made pursuant to this Agreement.

In addition to terms defined elsewhere in this Agreement, the following definitions shall apply hereunder:

"Accounted-For Obligation" shall have the same meaning as under the Reliability Assurance Agreement Among Load Serving Entities in the PJM Control Area as amended and revised from time-to-time.

"Affiliate" means with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For purposes of the foregoing definition, "control" means the direct or indirect ownership of more than five percent (5%) of the outstanding capital stock or other equity interests having ordinary voting power.

"Ancillary Services" means one or more of the services defined as "Ancillary Services" under the PJM Tariff.

"Business Day" means any day on which Federal Reserve member banks in New York, New York are open for business. A business day shall open at 8:00 a.m. and close at 5:00 p.m. local time for each Party's principal place of business.

"Closing" shall mean the closings of the transaction(s) under which PPL Martins Creek, LLC, PPL Montour, LLC, PPL Brunner Island, LLC, PPL Holtwood, LLC and PPL Susquehanna, LLC will acquire the generating facilities of PP&L, Inc. pursuant to the corporate realignment of PP&L Resources, Inc.

"Closing Date" shall mean the date and time at which the Closing occurs.

"Control Area" means an electric system or combination of electric systems to which a common automatic generation control scheme is applied in accordance with Good Utility Operating Practices to:

- (1) match, at all times, the power output of the generators within the electric system(s) and Power purchased from entities outside the electric system(s), with the load within the electric system(s);
- (2) maintain scheduled interchange with other Control Areas;
- (3) maintain the frequency of the electric system(s) within reasonable limits; and
- (4) provide sufficient generating capacity to maintain spinning and operating reserves.

"Daily Call Option" shall mean the call option provided for in Article 4.

"Effective Date" shall have the meaning set forth in Section 5.1.

"FERC" means the Federal Energy Regulatory Commission or any successor agency.

"Fixed Transmission Rights" shall have the meaning set forth in Attachment K to the PJM Tariff.

"Good Utility Operating Practice" means the practices, methods and acts engaged in or approved by a significant portion of the electric power industry during the relevant time period, or the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result consistent with reliability, safety, expedition, the requirements of governmental agencies having jurisdiction and, if appropriate or relevant under the transaction in question, at the lowest reasonable cost; such term is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to constitute a spectrum of acceptable practices, methods or acts.

"Initial Term" means the period beginning on the Effective Date and ending on December 31, 2001.

"Interest Rate" means the prime rate of interest published by Mellon Bank of Philadelphia or any successor thereto plus two hundred basis points as in effect from time to time; provided, however, that the Interest Rate shall not exceed the maximum rate permitted by applicable law.

"Nuclear Decommissioning Costs" shall mean the unfunded portion of the projected nuclear generating plant decommissioning costs associated with Units One and Two of the Susquehanna SES.

"PJM" means the PJM Interconnection, L.L.C. or any successor entity.

"PJM Tariff" means the PJM Open Access Transmission Tariff, including any schedules, appendices or exhibits attached thereto, as amended and revised from time-to-time.

"Power" means electric capacity or energy, or any combination thereof. Energy delivered as a component of power shall be of the type commonly known as three-phases sixty-cycle alternating current.

"Provider of Last Resort" shall mean the entity satisfying the obligations set forth in Section 2807(e) of the Pennsylvania Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2807(e),

"Regional Transmission Owner" shall have the same meaning as under the PJM Tariff.

"Schedule" means communicating with and confirming with all Transmitting Utilities as well as between Buyer and Seller that a particular amount of Power is to be delivered or received and providing all such information and satisfying all such requirements as may be necessary to cause such Parties to recognize and confirm the delivery or receipt of the Power. All scheduling of services with Transmitting Utility(s) and Control Area(s) shall be accomplished in compliance with the scheduling rules of those Transmitting Utility(ies) and Control Area(s).

"Strike Price" shall have the meaning set forth in Section 3.2.

"Taxes" means all ad valorem, property, occupation, utility, gross receipts, sales use, excise, and other taxes or governmental charges, licenses, permits, and assessments, other than taxes based on net income or net worth.

"Transmitting Utility" means the utility or utilities and their respective Control Areas transmitting Power from the Power Resources to the Delivery Point(s).

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATION OF SERVICE

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

Via First Class Mail

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

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

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

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

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

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

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

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

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

Billie E. Ramsey, Esquire
Executive Director
ARIPPA
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Lemoyne, PA 17043

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McNees, Wallace & Nurick
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for PPLICA

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New Energy Ventures
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Pro se

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Deborah A. Swanstrom, Esquire
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Office Of The Judge Advocate General
901 North Stuart Street
Arlington, VA 22203-1837

Scott J. Rubin, Esquire
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Selinsgrove, PA 17870-9357
for IBEW, Local 1600

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Pittsburgh, PA 15244-0746

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Commission on Economic Opportunity
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Adelia S. Borrasca, Esquire
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Environmental Energy Project
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David E. Koff, Esquire
Koff, Wendolowski, Ferguson & Mangan
22 East Union Street, Suite 115
Wilkes-Barre, PA 18701-2721

Dated: December 7, 1999



Paul E. Russell