

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA. 17105-3265

Public Meeting held April 13, 2000

Commissioners Present:

- John M. Quain, Chairman
- Robert K. Bloom, Vice Chairman
- Nora Mead Brownell
- Aaron Wilson, Jr.
- Terrance J. Fitzpatrick

Application of PP&L, Inc., now known as PPL Electric Utilities Corporation, d/b/a PPL Utilities, for approval of the transfer by the CEP Group, now known as PPL Energy Funding Corporation, of its 100% ownership of CEP Commerce, Inc., now known as CEP Commerce, LLC, to PPL Electric Utilities Corporation.

Docket Number:
A-110500 F0294

DOCUMENT
FOLDER

ORDER

BY THE COMMISSION:

On December 7, 1999, PP&L, Inc. (PPL), now known as PPL Electric Utilities Corporation, d/b/a PPL Utilities, filed the above-docketed application pursuant to Chapter 11 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§1101, et seq., for the approval of the transfer by CEP Group, Inc. (PPL Energy Funding), now known as PPL Energy Funding Corporation, of its 100% stock ownership of CEP Commerce, Inc. (CEP Commerce), now known as CEP Commerce, LLC, to PPL. On April 3, 2000, PPL filed a letter providing additional information regarding the instant application. The applicant provided proof of compliance with our regulations at 52 Pa. Code §1.54 (relating to service by a participant). The protest period ended February 7, 2000.

On February 4, 2000 the Office of Consumer Advocate filed a Petition to Intervene, and on February 7, 2000, PP&L Industrial Customer Alliance, Industrial Energy Consumers of Pennsylvania, and Eric Epstein filed Petitions to Intervene. Mr. Epstein also filed a protest on February 7, 2000. Elements of some of these interventions were also the subject of PPL's filings at R-00973954, P-00991787, A-110500 F0295 and A-140200 F5000.

On March 17, 2000, PPL filed a response to the intervenors stating that Commission should grant the related filings on an expedited basis without any further regulatory proceedings. On March 30, 2000, the Allegheny Electric Cooperative filed a letter in response to PPL's March 17, 2000 letter, and stated that the issues should not be addressed on an informal basis. We have determined that the issues raised by the intervenors and the protest do not specifically oppose the transfer of ownership which is the subject of the instant application.

PPL is a wholly-owned subsidiary of PP&L Resources, Inc. (PPL Corp), which is now known as PPL Corporation. PPL Energy Funding, a wholly-owned subsidiary of PPL, directly or indirectly owns five subsidiaries including CEP Commerce.

Through the instant application, and related filings at R-00973954, P-00991787, A-110500 F0295, and A-140200 F5000, PPL has requested specific actions and determinations in connection with a corporate realignment of PPL Corp. In the instant application, PPL seeks authority to acquire 100% of the stock of CEP Commerce from Energy Funding. CEP Commerce will become a direct subsidiary of PPL and will perform certain financial and tax related functions.

PPL asserts that the proposed transfer, which is part of an overall corporate realignment, will be in the public interest in that it will provide PPL with the necessary flexibility to manage various financial matters and tax obligations. PPL further states that the corporate realignment is essential for PPL Corp. to maintain a competitive position, to create a competitive generation supply market with a regulated transmission and distribution function, and to develop a competitive generation supply market in Pennsylvania. These advantages ensure that the proposed transfer satisfies the standard set by *City of York v. Pa. P.U.C.*, 295 A.2d 825 (Pa. Cmwlth. 1972), by providing an affirmative public benefit.

Our review of the subject application leads us to conclude that the proposed transfer is necessary or proper for the service accommodation, convenience, or safety of the public, and that the application should be approved; **THEREFORE,**

IT IS ORDERED:

1. That the application of PP&L, Inc., now doing business as PPL Electric Utilities Corporation, d/b/a PPL Utilities, for approval of the transfer by CEP Group, now known as PPL Energy Funding Corporation, of 100% ownership of CEP Commerce, Inc., now known as CEP Commerce, LLC, to PPL Electric Utilities Corporation, is hereby approved, and that a certificate of public convenience be issued evidencing such approval.

2. That within 30 days of the reorganization described in Ordering Paragraph No. 1, above, PPL Electric Utilities Corporation notify the Commission.

3. That within six months of the reorganization, PPL Electric Utilities Corporation file with this Commission such new and/or revised affiliated

interest agreements as may be appropriate to govern transactions between those utilities and their affiliates, as provided for by Chapter 21 of the Public Utility Code, 66 Pa. C.S. §§ 2101-2107.

4. That a copy of this Order be filed at Docket Nos. R-00973954, P-00991787, and A-110500F0295.

BY THE COMMISSION,


James F. McNulty
Secretary

(SEAL)

ORDER ADOPTED: April 13, 2000

ORDER ENTERED: **APR 26 2000**