

PMDC Latin America, Inc.
E.I. No. 51-0368426
Attachment to Form 8621

Name of passive foreign investment company: Empresa Electrica Valle Hermoso S. A.

Number of shares held at the beginning of taxable year: 429,438 Shares Class B Capital Stock

Number of shares held at the end of taxable year: 429,438 Shares Class B Capital Stock

There were no changes in share ownership during the taxable year.

PP&L Resources, Inc.
PMDC Latin America, Inc.
Shareholder Section 1295 Election Statement

PP&L Resources, Inc., the common parent of the affiliated group, hereby elects on behalf of PMDC Latin America, Inc. to make a qualified electing fund (QEF) of PMDC Energia, Ltd. The information required by Notice 88-125 is as follows:

1. Shareholder Information

- a) Name of Shareholder: PMDC Latin America, Inc.
- b) Address: Suite 800
11350 Random Hills Road
Fairfax, VA 22030
- c) Taxpayer Identification Number: 51-0368426
- d) First Taxable year of the Shareholder for which the Election is made: Calendar Year 1995

2. I, PP&L Resources, Inc., on behalf of PMDC Latin America, Inc. hereby make an election under section 1295 of the Internal Revenue Code on this 16th day of September, 1996.

3. PFIC Information

- a) Name of Passive Foreign Investment Company: PMDC Energia, Ltd.
- b) Address: Leeward One Bldg., Safe Haven Corporate Centre
West Bay Road, P.O. Box 31106, Seven Mile Beach
Grand Cayman, Cayman Islands, British West Indies
- c) Taxpayer Identification Number (if any): NA
- d) Country of Incorporation: Cayman Islands
- e) Year of Incorporation: 1995

4. This election is to be effective for the taxable year of PMDC Energia, Ltd. ending December 31, 1995.

5. Stock Information

Number of shares of each class of stock of PMDC Energia, Ltd. owned by PMDC Latin America, Inc. during the taxable year for which the election applies:

100 Shares Common Stock

Under penalties of perjury, I declare that I have examined this election statement and, that to the best of my knowledge and belief, the information and representations provided herein are true, correct and complete.

Date: _____

V. P. & Controller
PP&L Resources, Inc.

PMDC Energia, Ltd.
PFIC Annual Information Statement

- (1) This Information Statement applies to the taxable year of PMDC Energia, Ltd., beginning on June 21, 1995, and ending on December 31, 1995.
- (2) PMDC Latin America, Inc., has the following pro-rata share of the ordinary earnings and net capital gain of PMDC Energia, Ltd., for the taxable year of PMDC Energia, Ltd. specified in paragraph (1):

| | |
|--------------------|------|
| Ordinary Earnings: | \$ 0 |
| Net Capital Gain: | \$ 0 |

- (3) The amount of cash and fair market value of other property distributed or deemed distributed by PMDC Energia, Ltd., to PMDC Latin America, Inc. during the taxable year specified in paragraph (1) is as follows:

| | |
|--------------------------------|------|
| Cash: | None |
| Fair Market Value of Property: | None |

- (4) PMDC Energia, Ltd. will permit PMDC Latin America, Inc., to inspect and copy PMDC Energia, Ltd.'s permanent books of account, records, and such other documents as may be maintained by PMDC Energia, Ltd. that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the Code, are computed in accordance with U.S. income tax principles.

Form **8621**

(Rev. April 1994)

Department of the Treasury
Internal Revenue Service

Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund

OMB No. 1545-1002

Attachment
Sequence No. **69**

▶ See separate instructions.

| | |
|--|--|
| Name of shareholder PMDC Latin America, Inc. | Identifying number (see instructions) 51-0368426 |
| Number, street, and room or suite no. (if a P.O. box, see instructions.) 11350 Random Hills Road, Suite 800 | Your tax year: Calendar year 19 95 or other tax year beginning 19 and ending 19 |
| City or town, state, and ZIP code or country Fairfax, VA 22030 | |
| Check type of shareholder filing the return: <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> S Corporation <input type="checkbox"/> Nongrantor Trust <input type="checkbox"/> Estate | |
| Name of passive foreign investment company (PFIC) or qualified electing fund (QEF) PMDC Energia, Ltd. | Employer identification number (if any) N/A |
| Address (Enter number, street, city or town, and country.) Leeward One Bldg., Safe Haven Corporate Center, West Bay Road, P.O. Box 31106 Seven Mile Beach, Grand Cayman, Cayman Islands, British West Indies | Tax year or Company of Fund: Calendar year 19 or other tax year beginning June 21 1995 and ending December 31 1995 |

Part I Elections (See Specific Instructions for Information To Attach When Making an Election.)

- 1 I, a shareholder of a PFIC, elect to treat the PFIC as a QEF. (Section 1295.)
Complete lines 6a through 7c of Part II.
- 2 I, a shareholder on the first day of the first tax year of a PFIC as a QEF, elect to recognize gain on the deemed sale of my interest in the PFIC. (Section 1291(d)(2)(A).)
Enter gain or loss on line 10f. A shareholder who makes the line 2 election is also required to complete lines 6a through 7c of Part II.
- 3 I, a shareholder on the first day of the first tax year of a PFIC as a QEF that is a controlled foreign corporation (CFC), elect to treat an amount equal to my share of the post-1986 earnings and profits of the CFC as an excess distribution. (Section 1291(d)(2)(B).)
Enter this amount on line 10e. See Specific Instructions for tax years over which the excess distribution is allocated. A shareholder who makes the line 3 election is also required to complete lines 6a through 7c of Part II for its QEF earnings.
- 4 I, a shareholder of a QEF, elect to extend the time for payment of tax on the undistributed earnings and profits of the QEF until terminated. (Section 1294.) For the calculation of the tax that may be deferred, see lines 8a through 9c, below.
Note: If any portion of line 6a or line 7a is includible under section 551 or 951, you may not make the line 4 election. See sections 1294(c) and 1294(f) for events that terminate this election.
- 5 I, a shareholder of a former PFIC, elect to recognize gain on the deemed sale of my interest in the PFIC on the last day of the last tax year the foreign corporation qualified as a PFIC. (Section 1297(b)(1).)
Enter gain or loss on line 10f.

Part II Income From a Qualified Electing Fund (QEF). All QEF shareholders complete lines 6a through 7c. Those making the line 4 election also complete lines 8a through 9c.

| | | | |
|--|--|----|---|
| 6a | Enter your pro rata share of the ordinary earnings of the QEF | 6a | 0 |
| 6b | Enter the portion of line 6a that is included in income under section 551 or 951 or that may be excluded under section 1293(g) | 6b | 0 |
| 6c | Subtract line 6b from line 6a. Enter this amount on your tax return as dividend income | 6c | 0 |
| 7a | Enter your pro rata share of the net capital gain of the QEF | 7a | 0 |
| 7b | Enter the portion of line 7a that is included in income under section 551 or 951 or that may be excluded under section 1293(g) | 7b | 0 |
| 7c | Subtract line 7b from line 7a. This amount is long-term capital gain. Enter this amount in Part II of the Schedule D used for your income tax return | 7c | 0 |
| 8a | Add lines 6c and 7c | 8a | |
| 8b | Enter the total amount of cash and the fair market value of other property distributed or deemed distributed to you during the tax year of the QEF (See instructions for line 8b.) | 8b | |
| 8c | Enter the portion of line 8a to the extent not already included in line 8b that is attributable to shares in the QEF that you disposed of, pledged, or otherwise transferred during the tax year | 8c | |
| 8d | Add lines 8b and 8c | 8d | |
| 8e | Subtract line 8d from line 8a, and enter the difference (if zero or less, enter amount in brackets). If no portion of line 6a or line 7a is includible in income under section 551 or 951 and line 8e is greater than zero, you may make the line 4 election with respect to the amount on line 8e. | 8e | |
| Computation of Tax for Which the Time for Payment Is Extended | | | |
| 9a | Enter the total tax for total taxable income for the tax year | 9a | |
| b | Enter the total tax for the tax year determined without regard to the amount entered on line 8e | 9b | |
| c | Subtract line 9b from line 9a. This is the deferred tax, the time for payment of which is extended by making the line 4 election. See instructions | 9c | |

For Paperwork Reduction Act Notice, see page 1 of separate instructions.

Form **8621** (Rev. 4-94)

Part III Distributions and Disposition of Stock in a Section 1291 Fund (See instructions.)

| | |
|---|------------|
| <p>10a Enter the total amount of distributions made to you by the PFIC during the tax year. If the holding period of the stock began in the tax year, enter this amount as a dividend on your tax return to the extent there are accumulated earnings and profits</p> | <p>10a</p> |
| <p>b Enter the total amount of distributions, reduced by the portions of such distributions that were excess distributions but not included in income under section 1291(a)(1)(B), made by the company for each of the 3 years preceding the current tax year (or if shorter, the portion of the shareholder's holding period before the current tax year)</p> | <p>10b</p> |
| <p>c Divide line 10b by 3 (but see instructions if the number of preceding tax years is less than 3) ..</p> | <p>10c</p> |
| <p>d Multiply line 10c by 125%. Enter the lesser of line 10a or line 10d as a dividend on your income tax return</p> | <p>10d</p> |
| <p>e Subtract line 10d from line 10a. If zero or less and you did not dispose of stock during the tax year, do not complete the rest of Part III. The amount on line 10e, if more than zero, is the total excess distribution. See instructions if you received more than one distribution during the tax year</p> | <p>10e</p> |
| <p>f Enter gain or loss from the disposition of stock of a section 1291 fund or former section 1291 fund. A loss is not recognized. If a loss, show it in brackets and do not complete lines 11a through 11f. If a gain, complete lines 11a through 11f</p> | <p>10f</p> |
| <p>11 On an attached statement for each distribution and disposition, show your holding period for each share of stock or block of shares held and:</p> | |
| <p>a Allocate the excess distribution to each day in your holding period. Add all amounts that are allocated to days in each tax year.</p> | |
| <p>b Enter the total of the amounts determined in line 11a that are allocable to the current tax year and tax years before the foreign corporation became a PFIC (pre-PFIC tax years). Enter these amounts on your income tax return as dividend income. (See instructions.)</p> | <p>11b</p> |
| <p>c To determine the increase in tax for each tax year in your holding period (other than the current tax year and pre-PFIC years), multiply the amount allocated to each tax year by the highest rate of tax under section 1 or section 11, whichever applies, in effect for that tax year. Enter the aggregate increases in taxes (before credits) here</p> | <p>11c</p> |
| <p>d Foreign tax credit</p> | <p>11d</p> |
| <p>e Subtract the amount on line 11d from the amount on line 11c. Enter this amount on your income tax return as "additional tax"</p> | <p>11e</p> |
| <p>f Determine interest on each net increase in tax (increase in tax less any foreign tax credit) determined in line 11e by using the rates and method contained in section 6621 and enter the aggregate amount of interest here</p> | <p>11f</p> |

Part IV Status of Prior Year Section 1294 Elections and Termination of Section 1294 Elections
Complete a separate column for each outstanding election.

| | (i) | (ii) | (iii) | (iv) | (v) | (vi) |
|---|-----|------|-------|------|-----|------|
| 1 Tax year of outstanding election | 19 | 19 | 19 | 19 | 19 | 19 |
| 2 Undistributed earnings to which the election relates | | | | | | |
| 3 Deferred tax | | | | | | |
| 4 Interest accrued on deferred tax (line 3) as of the filing date | | | | | | |
| 5 Event terminating election | | | | | | |
| 6 Earnings distributed or deemed distributed during the tax year | | | | | | |
| 7 Deferred tax due with this return | | | | | | |
| 8 Accrued interest due with this return | | | | | | |
| Complete lines 9 and 10 only if there is a partial termination of the section 1294 election | | | | | | |
| 9 Portion of deferred tax outstanding after partial termination of section 1294 election | | | | | | |
| 10 Portion of interest accrued after partial termination of section 1294 election | | | | | | |

PMDC Latin America, Inc.
E.I. No. 51-0368426
Attachment to Form 8621

Name of passive foreign investment company: PMDC Energia, Ltd.

Number of shares held at the beginning of taxable year: 100 common shares

Number of shares held at the end of taxable year: 100 common shares

There were no changes in share ownership during the taxable year.

Form **5471**

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

OMB No. 1545-0704

File in Duplicate
(see When and Where To File in the instructions)

(Rev. June 1995)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **MAY 17 1995** and ending **DEC 31 1995**

| | | |
|--|--|---|
| Name of person filing this return PP&L Resources, Inc. | | A Identifying number 23-2758192 |
| Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) Two North Ninth Street | | B Category of filer (see Who Must File in the instructions and check applicable box(es)): (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input checked="" type="checkbox"/> (4) <input checked="" type="checkbox"/> (5) <input checked="" type="checkbox"/> |
| City or town, state, and ZIP code Allentown, PA 18101 | | C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period 100.00 % |
| Filer's tax year beginning JAN 1 1995 and ending DEC 31 1995 | | |
| D Person(s) on whose behalf this information return is filed: | | |

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|-----------------------------|--------------------------|------------------------|-------------------------------------|--------------------------|--------------------------|
| | | | Shareholder | Officer | Director |
| Power Markets Dev Co | Fairfax, VA 22030 | 23-2755459 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | | | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

Enter the foreign corporation's functional currency ▶ **Dutch Florins**

| | | |
|---|--|--|
| 1a Name and address of foreign corporation PMDC International N. V. | | b Employer identification number, if any N/A |
| John B. Gorsiraweg 14 Curacao, Netherlands Antilles | | c Country under whose laws incorporated Netherlands Antilles |
| d Date of incorporation 05/17/95 | e Principal place of business Netherlands Antilles | f Principal business activity code number 6749 |
| | | g Principal business activity Holding Company |

2 Provide the following information for the foreign corporation's accounting period stated above.

| | | |
|--|--|---|
| a Name, address, and identifying number of branch office or agent (if any) in the United States | b If a U.S. income tax return was filed, please show: | |
| | (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) |
| | | |
| c Name and address of foreign corporation's statutory or resident agent in country of incorporation MeesPierson Trust (Curacao) N.V. John B. Gorsiraweg 14 Curacao, Netherlands Antilles | d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101 | |

Schedule A Stock of the Foreign Corporation

Part I - ALL Classes of Stock

| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
|--|---|--------------------------------------|
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| Common | 6,000 | 6,000 |
| | | |
| | | |

Part II-Additional Information for PREFERRED Stock (To be completed only by Category (1) filers for foreign personal holding companies)

| (a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).) | (b) Par value in functional currency | (c) Rate of dividend | (d) Indicate whether the stock is cumulative or noncumulative |
|--|--------------------------------------|----------------------|---|
| | | | |
| | | | |

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Form **5471** (Rev. 6-95)

Schedule B U.S. Shareholders of Foreign Corporation

Table with 5 columns: (a) Name, address, and identifying number of shareholder; (b) Description of each class of stock held by shareholder; (c) Number of shares held at beginning of annual accounting period; (d) Number of shares held at end of annual accounting period; (e) Pro rata share of subpart F income. Includes entry for Power Markets Devel. Co.

Schedule C Income Statement (Complete both columns unless the functional currency is the U.S. dollar. In that case, complete only the U.S. Dollars column.)

Important: Schedule C requests financial accounting information prepared in functional currency in accordance with U.S. GAAP. Each line must also be reported in U.S. dollars translated from functional currency in accordance with U.S. GAAP translation rules.

Income Statement table with 3 main sections: Income (lines 1a-9), Deductions (lines 10-17), and Net Income (lines 18-21). Columns include Functional Currency and U.S. Dollars.

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

| | (a) Name of country or U.S. possession | Amount of tax | | |
|---|---|----------------------------|-----------------------------|------------------------|
| | | (b) In foreign currency | (c) Spot conversion rate | (d) In U.S. dollars |
| 1 | U.S. | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | Total | | | |

Schedule F Balance Sheet

Important: Schedule F requests financial accounting information prepared and translated into U.S. dollars in accordance with U.S. GAAP. See instructions for exception for DASTM corporations.

| Assets | | (a) Beginning of annual accounting period | (b) End of annual accounting period |
|--------------------------------------|---|---|---|
| 1 | Cash | 1 | |
| 2a | Trade notes and accounts receivable | 2a | |
| b | Less allowance for bad debts | 2b () () | |
| 3 | Inventories | 3 | |
| 4 | Other current assets (attach schedule) | 4 | |
| 5 | Loans to stockholders and other related persons | 5 | |
| 6 | Investment in subsidiaries (attach schedule) | 6 | |
| 7 | Other investments (attach schedule) See Statement 1 | 7 | 28,000. |
| 8a | Buildings and other depreciable assets | 8a | |
| b | Less accumulated depreciation | 8b () () | |
| 9a | Depletable assets | 9a | |
| b | Less accumulated depletion | 9b () () | |
| 10 | Land (net of any amortization) | 10 | |
| 11 | Intangible assets: | | |
| a | Goodwill | 11a | |
| b | Organization costs | 11b | |
| c | Patents, trademarks, and other intangible assets | 11c | |
| d | Less accumulated amortization for lines 11a, b, and c | 11d () () | |
| 12 | Other assets (attach schedule) | 12 | |
| 13 | Total assets | 13 | 28,000. |
| Liabilities and Stockholders' Equity | | | |
| 14 | Accounts payable | 14 | |
| 15 | Other current liabilities (attach schedule) | 15 | |
| 16 | Loans from stockholders and other related persons | 16 | |
| 17 | Other liabilities (attach schedule) | 17 | |
| 18 | Capital stock: | | |
| a | Preferred stock | 18a | |
| b | Common stock | 18b | 6,000. |
| 19 | Paid-in or capital surplus (attach reconciliation) | 19 | 22,000. |
| 20 | Retained earnings | 20 | |
| 21 | Less cost of treasury stock | 21 () () | |
| 22 | Total liabilities and stockholders' equity | 22 | 28,000. |

Does the foreign corporation have an interest in a partnership or trust? Yes No

Schedule H Current Earnings and Profits (enter the amounts on lines 1 through 5c in functional currency)

| | | | | |
|----|---|---------------|------------------|---|
| 1 | Current year net income or (loss) per foreign books of account | | 1 | 0 |
| 2 | Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | | |
| | | Net Additions | Net Subtractions | |
| a | Capital gains or losses | | | |
| b | Depreciation and amortization | | | |
| c | Depletion | | | |
| d | Investment or incentive allowance | | | |
| e | Charges to statutory reserves | | | |
| f | Inventory adjustments | | | |
| g | Taxes | | | |
| h | Other (attach schedule) | | | |
| 3 | Total net additions | | | |
| 4 | Total net subtractions | | | |
| 5a | Current earnings and profits (line 1 plus line 3 minus line 4) | | 5a | |
| b | DASTM gain or (loss) for foreign corporations that use DASTM | | 5b | |
| c | Combine lines 5a and 5b | | 5c | |
| d | Current earnings and profits in U.S. dollars (line 5c translated at the weighted average exchange rate as defined in Regulations Section 1.989(b)-1) | | 5d | 0 |
| | Enter exchange rate used for line 5d ▶ | 1.602900 | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation

| | | | |
|---|---|---|--|
| 1 | Subpart F income (line 40b, Worksheet A in the instructions) | 1 | |
| 2 | Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | |
| 3 | Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | |
| 4 | Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | |
| 5 | Earnings invested in excess passive assets (line 21, Worksheet E in the instructions) | 5 | |
| 6 | Factoring income | 6 | |
| 7 | Total of lines 1 through 6. Enter here and on your income tax return | 7 | |
| 8 | Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 8 | |
| 9 | Exchange gain or (loss) on a distribution of previously taxed income | 9 | |

Was any income of the foreign corporation blocked OR did any become unblocked during the tax year (see section 964(b))?
 If the answer to either part of the question is "Yes," check the "Yes" box and attach an explanation Yes No

| Form 5471 | Other Investments | Statement | |
|---|-------------------|--|--------------------------------------|
| <u>Description</u> | | Beg. of Annual Accounting Period | End of Annu. Accounting Period |
| Investment in partnership | | | 28,000 |
| Total to 5471, Page 3, Schedule F, line 7 | | | 28,000 |

**SCHEDULE J
(Form 5471)**

(Rev. June 1995)
Department of the Treasury
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number
23-2758192

PP&L Resources, Inc.

Name of foreign corporation

PMDC International N. V.

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) |
|---|---|---|
| 1 Balance at beginning of year | 0 | |
| 2a Current year E&P | | |
| b Current year deficit in E&P | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b) | 0 | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | |
| b Actual distributions of non-previously taxed E&P | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | 0 | |
| 7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable) | 0 | |

| | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 964(a) E&P (combine columns (a), (b), and (c)) |
|----|--|---|------------------------|---|
| | (i) Earnings Invested in U.S. Property | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 | | | | |
| 2a | | | | |
| b | | | | |
| 3 | | | | |
| 4 | | | | |
| 5a | | | | |
| b | | | | |
| 6a | | | | |
| b | | | | |
| 7 | | | | 0 |

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 6-95)

SCHEDULE M
(Form 5471)
(Rev. June 1995)

Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number
23-2758192

PP&L Resources, Inc.

Name of foreign corporation
PMDC International N. V.

Important: Complete the following summary showing the totals of each of the following types of transactions that took place during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). Submit a separate Schedule M for each controlled foreign corporation. All information must be in the English language AND all amounts must be stated in U.S. dollars translated from functional currency at the weighted average exchange rate for the year (as defined in Regulations section 1.989(b)-1). Enter the relevant functional currency and the exchange rate used throughout this schedule ▶

Dutch Florins

1.602900

| (a) Transactions of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation controlled by U.S. person filing this return | (d) Any other foreign corporation controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return) | (f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation |
|--|------------------------------------|---|--|--|---|
| 1 Sales of stock in trade (inventory) | | | | | |
| 2 Sales of property rights (patents, trademarks, etc.) | | | | | |
| 3 Compensation received for technical, managerial, engineering, construction, or like services | | | | | |
| 4 Commissions received | | | | | |
| 5 Rents, royalties, and license fees received | | | | | |
| 6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income) | | | | | |
| 7 Interest received | | | | | |
| 8 Premiums received for insurance or reinsurance | | | | | |
| 9 Add lines 1 through 8 | | | | | |
| 10 Purchases of stock in trade (inventory) | | | | | |
| 11 Purchases of tangible property other than stock in trade | | | | | |
| 12 Purchases of property rights (patents, trademarks, etc.) | | | | | |
| 13 Compensation paid for technical, managerial, engineering, construction, or like services | | | | | |
| 14 Commissions paid | | | | | |
| 15 Rents, royalties, and license fees paid | | | | | |
| 16 Dividends paid | | | | | |
| 17 Interest paid | | | | | |
| 18 Add lines 10 through 17 | | | | | |
| 19 Amounts borrowed (enter the maximum loan balance during the year) | | | | | |
| 20 Amounts loaned (enter the maximum loan balance during the year) | | | | | |

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule M (Form 5471) (Rev. 6-95)

H761

**SCHEDULE O
(Form 5471)**

(Rev. June 1995)

Department of the Treasury
Internal Revenue Service

Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of Its Stock

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number
23-2758192

PP&L Resources, Inc.

Name of foreign corporation

PMDC International N. V.

Important: All information must be in the English language AND all amounts must be stated in U.S. dollars. Complete a separate Schedule O for each foreign corporation for which information must be reported.

Part I To Be Completed by Officers and Directors

| (a) Name of shareholder for whom acquisition information is reported | (b) Address of shareholder | (c) Identifying number of shareholder | (d) Date of original 5% acquisition | (e) Date of additional 5% acquisition |
|---|-------------------------------|--|--|--|
| | | | | |
| | | | | |
| | | | | |

Part II To Be Completed by U.S. Shareholders

Section A - General Shareholder Information

| (a) Name, address, and identifying number of shareholder(s) filing this schedule | (b) For shareholder's latest U.S. income tax return filed, indicate: | | | (c) Date (if any) shareholder last filed information return under section 6048 for the foreign corporation |
|---|---|--------------------------|--|---|
| | (1) Type of return (enter form number) | (2) Date return filed | (3) Internal Revenue Service Center where filed | |
| Power Markets Development Co. 11350 Random Hills Road Fairfax, VA 22030 | 1120 | 09/16/96 | Philadelphia, PA | |
| | | | | |
| | | | | |

If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.

Section B - U.S. Persons Who Are Officers or Directors of the Foreign Corporation

| (a) Name of U.S. officer or director | (b) Address | (c) Social security number | (d) Check appropriate box(es) | |
|---|--|-------------------------------|----------------------------------|----------|
| | | | Officer | Director |
| Robert D. Fagan | 11350 Random Hills Road Fairfax, VA 22030 | ██████████ | | X |
| | | | | |
| | | | | |

Section C - Acquisition of Stock

| (a) Name of shareholder(s) filing this schedule | (b) Class of stock acquired | (c) Date of acquisition | (d) Method of acquisition | (e) Number of shares acquired | | |
|--|--------------------------------|----------------------------|------------------------------|----------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| Power Mkts Devel Co | Common | 05/17/95 | Purchase | 6,000 | | |
| | | | | | | |
| | | | | | | |

H761 For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule O (Form 5471)(Rev. 6-95)

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23-2758192

030 PP&L Resources, Inc.

23-27581

| (f) Amount paid or value given | (g) Name and address of person from whom shares acquired |
|-----------------------------------|---|
| 28,000. | PMDC International N. V. Curacao, Netherlands Antilles |
| | |
| | |

Section D - Disposition of Stock

| (a) Name of shareholder disposing of stock | (b) Class of stock | (c) Date of disposition | (d) Method of disposition | (e) Number of shares disposed of | | |
|---|-----------------------|----------------------------|------------------------------|-------------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| | | | | | | |
| | | | | | | |

| (f) Amount received | (g) Name and address of person to whom disposition of stock was made |
|------------------------|---|
| | |
| | |

Section E - Organization or Reorganization of Foreign Corporation

| (a) Name and address of transferor | (b) Identifying number (if any) | (c) Date of transfer |
|---------------------------------------|------------------------------------|-------------------------|
| | | |
| | | |

| (d) Assets transferred to foreign corporation | | | (e) Description of assets transferred by, or notes or securities issued by, foreign corporation |
|--|--------------------------|---|--|
| (1) Description of assets | (2) Fair market value | (3) Adjusted basis (if transferor was U.S. person) | |
| | | | |
| | | | |

Section F - Additional Information

(a) If the foreign corporation or a predecessor U.S. corporation filed (or joined with a consolidated group in filing) a U.S. income tax return for any of the last 3 years, attach a statement indicating the year for which a return was filed (and, if applicable, the name of the corporation filing the consolidated return), the taxable income or loss, and the U.S. income tax paid (after all credits).

(b) List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held 5% or more (directly or indirectly) of the corporation's stock ▶

(c) If the foreign corporation is a member of a group that make up a chain of ownership, attach a chart, for each unit of which a shareholder owns 5% or more in value of the outstanding stock. The chart must indicate the corporation's position in the chain of ownership and the percentages of stock ownership (see instructions).

Form **5471**

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

OMB No. 1545-0704

File in Duplicate

(Rev. June 1995)
Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **APR 4 19 95** and ending **DEC 31 19 95**

(see When and Where To File in the instructions)

| | | | |
|--|--|--|--|
| Name of person filing this return PP&L Resources, Inc. | | A Identifying number 23-2758192 | |
| Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) Two North Ninth Street | | B Category of filer (see Who Must File in the instructions and check applicable box(es)): (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input checked="" type="checkbox"/> (4) <input type="checkbox"/> (5) <input checked="" type="checkbox"/> | |
| City or town, state, and ZIP code Allentown, PA 18101 | | C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period 14.67 % | |
| Filer's tax year beginning JAN 1 19 95 and ending DEC 31 19 95 | | | |
| D Person(s) on whose behalf this information return is filed: | | | |

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|---------------------|-------------------|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| PMDC Latin Am, Inc. | Fairfax, VA 22030 | 51-0368426 | X | | |
| | | | | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

Enter the foreign corporation's functional currency ▶ **Bolivianos**

| | | | |
|--|--|---|---|
| 1a Name and address of foreign corporation Empresa Electrica Valle Hermoso S. A. | | b Employer identification number, if any N/A | |
| Calle Colombia No 0-0655 Cochabamba, Bolivia | | c Country under whose laws incorporated Bolivia | |
| d Date of incorporation 08/01/95 | e Principal place of business Cochabamba Bolivia | f Principal business activity code number 4910 | g Principal business activity Elect. Generation |

2 Provide the following information for the foreign corporation's accounting period stated above.

| | | | |
|---|--|--|---|
| a Name, address, and identifying number of branch office or agent (if any) in the United States None | | b If a U.S. income tax return was filed, please show: | |
| | | (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) |
| c Name and address of foreign corporation's statutory or resident agent in country of incorporation Carlos Querejazu Ortiz Calle Colombia No 0-0655 Cochabamba, Bolivia | | d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different Carlos Querejazu Ortiz General Manager Calle Colombia No 0-0655 Cochabamba, Bolivia | |

Schedule A Stock of the Foreign Corporation

Part I - ALL Classes of Stock

| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
|--|---|--------------------------------------|
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| Class A Capital Stock | 1,444,042 | 1,444,042 |
| Class B Capital Stock | 1,483,280 | 1,483,280 |

Part II-Additional Information for PREFERRED Stock (To be completed only by Category (1) filers for foreign personal holding companies)

| (a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).) | (b) Par value in functional currency | (c) Rate of dividend | (d) Indicate whether the stock is cumulative or noncumulative |
|---|--------------------------------------|----------------------|---|
| | | | |
| | | | |

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Form **5471** (Rev. 6-95)

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

| (a) Name of country or U.S. possession | Amount of tax | | |
|---|----------------------------|-----------------------------|------------------------|
| | (b) In foreign currency | (c) Spot conversion rate | (d) In U.S. dollars |
| 1 U.S. | | | |
| 2 Bolivia (net income tax) | 2,304,323. | 4.940000 | 466,462. |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 Total | | | 466,462. |

Schedule F Balance Sheet

Important: Schedule F requests financial accounting information prepared and translated into U.S. dollars in accordance with U.S. GAAP. See instructions for exception for DASTM corporations.

| Assets | (a) | (b) |
|--|---------------------------------------|---------------------------------|
| | Beginning of annual accounting period | End of annual accounting period |
| 1 Cash | 1 | 120,109. |
| 2a Trade notes and accounts receivable | 2a 4,853. | 1,106,084. |
| b Less allowance for bad debts | 2b () | () |
| 3 Inventories | 3 2,786,089. | 2,757,132. |
| 4 Other current assets (attach schedule) See Statement 3 | 4 95,984. | 171,197. |
| 5 Loans to stockholders and other related persons | 5 | |
| 6 Investment in subsidiaries (attach schedule) | 6 | |
| 7 Other investments (attach schedule) See Statement 4 | 7 | 37,097,864. |
| 8a Buildings and other depreciable assets | 8a 50,890,778. | 50,964,988. |
| b Less accumulated depreciation | 8b (9,085,041) | (10,940,224) |
| 9a Depletable assets | 9a | |
| b Less accumulated depletion | 9b () | () |
| 10 Land (net of any amortization) | 10 322,299. | 330,329. |
| 11 Intangible assets: | | |
| a Goodwill | 11a | |
| b Organization costs | 11b | |
| c Patents, trademarks, and other intangible assets | 11c | |
| d Less accumulated amortization for lines 11a, b, and c | 11d () | () |
| 12 Other assets (attach schedule) See Statement 5 | 12 | 121,038. |
| 13 Total assets | 13 45,014,962. | 81,728,517. |
| Liabilities and Stockholders' Equity | | |
| 14 Accounts payable | 14 519,875. | 536,631. |
| 15 Other current liabilities (attach schedule) See Statement 6 | 15 | 466,462. |
| 16 Loans from stockholders and other related persons | 16 | |
| 17 Other liabilities (attach schedule) See Statement 7 | 17 13,745,899. | 14,180,287. |
| 18 Capital stock: | | |
| a Preferred stock | 18a | |
| b Common stock | 18b 30,749,188. | 61,498,376. |
| 19 Paid-in or capital surplus (attach reconciliation) | 19 | 3,171,912. |
| 20 Retained earnings | 20 | 1,865,849. |
| 21 Less cost of treasury stock | 21 () | () |
| 22 Total liabilities and stockholders' equity | 22 45,014,962. | 81,728,517. |

Does the foreign corporation have an interest in a partnership or trust?

Yes No

Schedule H Current Earnings and Profits (enter the amounts on lines 1 through 5c in functional currency)

| | | | | | |
|----|---|---------------|------------------|----|-------------|
| 1 | Current year net income or (loss) per foreign books of account | | | 1 | 9,217,295. |
| 2 | Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | Net Additions | Net Subtractions | | |
| a | Capital gains or losses | | | | |
| b | Depreciation and amortization | | | | |
| c | Depletion | | | | |
| d | Investment or incentive allowance | | | | |
| e | Charges to statutory reserves | | | | |
| f | Inventory adjustments | | | | |
| g | Taxes | | | | |
| h | Other (attach schedule) | 3,245,000. | | | |
| 3 | Total net additions | 3,245,000. | | | |
| 4 | Total net subtractions | | | | |
| 5a | Current earnings and profits (line 1 plus line 3 minus line 4) | | | 5a | 12,462,295. |
| 5b | DASTM gain or (loss) for foreign corporations that use DASTM | | | 5b | |
| 5c | Combine lines 5a and 5b | | | 5c | 12,462,295. |
| 5d | Current earnings and profits in U.S. dollars (line 5c translated at the weighted average exchange rate as defined in Regulations Section 1.989(b)-1) | | | 5d | 2,522,730. |
| | Enter exchange rate used for line 5d ▶ | | .202429 | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation

| | | | |
|---|---|---|----------|
| 1 | Subpart F income (line 40b, Worksheet A in the instructions) | 1 | 148,384. |
| 2 | Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | |
| 3 | Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | |
| 4 | Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | |
| 5 | Earnings invested in excess passive assets (line 21, Worksheet E in the instructions) | 5 | 221,700. |
| 6 | Factoring income | 6 | |
| 7 | Total of lines 1 through 6. Enter here and on your income tax return | 7 | 370,084. |
| 8 | Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 8 | |
| 9 | Exchange gain or (loss) on a distribution of previously taxed income | 9 | |

Was any income of the foreign corporation blocked OR did any become unblocked during the tax year (see section 964(b))?

If the answer to either part of the question is "Yes," check the "Yes" box and attach an explanation

Yes No

| Form 5471 | Other Income | | Statement 1 |
|-----------------------------------|---------------------|---------------|-------------|
| Description | Functional Currency | Exchange Rate | U.S. Dollar |
| Income from cash investments | 4,996,691. | 4.940000 | 1,011,476. |
| Total to 5471, Schedule C, line 8 | 4,996,691. | | 1,011,476. |

| Form 5471 | Other Deductions | | Statement 2 |
|--|---------------------|---------------|-------------|
| Description | Functional Currency | Exchange Rate | U.S. Dollar |
| Foreign exchange rate adjustment on loans denominated foreign currency | 3,245,000. | 4.940000 | 656,882. |
| Miscellaneous | <61,832.> | 4.940000 | <12,516. |
| Total to 5471, Schedule C, line 16 | 3,183,168. | | 644,366. |

| Form 5471 | Other Current Assets | Statement | |
|---|----------------------|----------------------------------|---------------------------------|
| Description | | Beg. of Annual Accounting Period | End of Annual Accounting Period |
| Prepaid Insurance | | 95,984. | 171,197 |
| Total to 5471, Page 3, Schedule F, line 4 | | 95,984. | 171,197 |

| Form 5471 | Other Investments | Statement | |
|---|-------------------|----------------------------------|---------------------------------|
| Description | | Beg. of Annual Accounting Period | End of Annual Accounting Period |
| Security bonds | | | 25,834,009 |
| Time deposits | | | 11,258,755 |
| Telephone shares | | | 5,100 |
| Total to 5471, Page 3, Schedule F, line 7 | | | 37,097,864 |

| Form 5471 | Other Assets | Statement | |
|--|--------------|----------------------------------|---------------------------------|
| Description | | Beg. of Annual Accounting Period | End of Annual Accounting Period |
| Work in Progress | | | 121,038 |
| Total to 5471, Page 3, Schedule F, line 12 | | | 121,038 |

| Form 5471 | Other Current Liabilities | Statement | |
|--|---------------------------|----------------------------------|---------------------------------|
| Description | | Beg. of Annual Accounting Period | End of Annual Accounting Period |
| Income tax payable | | | 466,462 |
| Total to 5471, Page 3, Schedule F, line 15 | | | 466,462 |

Form 5471 Other Liabilities Statement 7

| Description | Beg. of Annual Accounting Period | End of Annual Accounting Period |
|--|----------------------------------|---------------------------------|
| Long-term debt | 13,393,716. | 13,730,249. |
| Social Benefit | 352,183. | 459,038. |
| Total to 5471, Page 3, Schedule F, line 17 | 13,745,899. | 14,189,287. |

Form 5471 Other Net Adjustments Statement 8

| <u>Description</u> | <u>Net Additions</u> | <u>Net Subtractions</u> |
|--|----------------------|-------------------------|
| Unrealized exchange loss | 3,245,000. | |
| Total to 5471, Page 4, Schedule H, line 2h | 3,245,000. | |

**SCHEDULE J
(Form 5471)**

(Rev. June 1995)
Department of the Treasury
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

PP&L Resources, Inc.

23-2758192

Name of foreign corporation

Empresa Electrica Valle Hermoso S. A.

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) |
|---|---|---|
| | 1 Balance at beginning of year | |
| 2a Current year E&P | 12,462,295. | |
| b Current year deficit in E&P | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b) | 12,462,295. | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | 12,462,295. | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | |
| b Actual distributions of non-previously taxed E&P | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | | |
| 7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable) | | |

| | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 964(a) E&P (combine columns (a), (b), and (c)) |
|----|--|---|------------------------|---|
| | (i) Earnings invested in U.S. Property | (ii) Earnings invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 | | | | |
| 2a | | | | |
| b | | | | |
| 3 | | | | |
| 4 | | 7,465,604. | 4,996,991. | |
| 5a | | | | |
| b | | | | |
| 6a | | 7,465,604. | 4,996,991. | |
| b | | | | |
| 7 | | 7,465,604. | 4,996,991. | 12,462,595. |

SCHEDULE M
(Form 5471)
(Rev. June 1995)

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number
23-2758192

PP&L Resources, Inc.

Name of foreign corporation
Empresa Electrica Valle Hermoso S. A.

Important: Complete the following summary showing the totals of each of the following types of transactions that took place during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). Submit a separate Schedule M for each controlled foreign corporation. All information must be in the English language AND all amounts must be stated in U.S. dollars translated from functional currency at the weighted average exchange rate for the year (as defined in Regulations section 1.989(b)-1). Enter the relevant functional currency and the exchange rate used throughout this schedule ▶

Bolivianos

.202429

| (a) Transactions of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation controlled by U.S. person filing this return | (d) Any other foreign corporation controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return) | (f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation |
|--|------------------------------------|---|--|--|---|
| 1 Sales of stock in trade (inventory) | | | | | |
| 2 Sales of property rights (patents, trademarks, etc.) | | | | | |
| 3 Compensation received for technical, managerial, engineering, construction, or like services | | | | | |
| 4 Commissions received | | | | | |
| 5 Rents, royalties, and license fees received | | | | | |
| 6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income) | | | | | |
| 7 Interest received | | | | | |
| 8 Premiums received for insurance or reinsurance | | | | | |
| 9 Add lines 1 through 8 | | | | | |
| 10 Purchases of stock in trade (inventory) | | | | | |
| 11 Purchases of tangible property other than stock in trade | | | | | |
| 12 Purchases of property rights (patents, trademarks, etc.) | | | | | |
| 13 Compensation paid for technical, managerial, engineering, construction, or like services | | | | | |
| 14 Commissions paid | | | | | |
| 15 Rents, royalties, and license fees paid | | | | | |
| 16 Dividends paid | | | | | |
| 17 Interest paid | | | | | |
| 18 Add lines 10 through 17 | | | | | |
| 19 Amounts borrowed (enter the maximum loan balance during the year) | | | | | |
| 20 Amounts loaned (enter the maximum loan balance during the year) | | | | | |

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.

Schedule M (Form 5471) (Rev. 6-95)

H761

**SCHEDULE O
(Form 5471)**

(Rev. June 1995)

Department of the Treasury
Internal Revenue Service

**Organization or Reorganization of Foreign
Corporation, and Acquisitions and
Dispositions of Its Stock**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number
23-2758192

PP&L Resources, Inc.

Name of foreign corporation

Empresa Electrica Valle Hermoso S. A.

Important: All information must be in the English language AND all amounts must be stated in U.S. dollars. Complete a separate Schedule O for each foreign corporation for which information must be reported.

Part I To Be Completed by Officers and Directors

| (a) Name of shareholder for whom acquisition information is reported | (b) Address of shareholder | (c) Identifying number of shareholder | (d) Date of original 5% acquisition | (e) Date of additional 5% acquisition |
|--|-------------------------------|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Part III To Be Completed by U.S. Shareholders

Section A - General Shareholder Information

| (a) Name, address, and identifying number of shareholder(s) filing this schedule | (b) For shareholder's latest U.S. income tax return filed, indicate: | | | (c) Date (if any) shareholder last filed information return under section 6046 for the foreign corporation |
|--|---|--------------------------|---|--|
| | (1) Type of return (enter form number) | (2) Date return filed | (3) Internal Revenue Service Center where filed | |
| PMDC Latin America, Inc. 11350 Random Hills Road Fairfax, VA 22030 | 1120 | 09/15/96 | Philadelphia, Pa | |
| | | | | |
| | | | | |

If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.

Section B - U.S. Persons Who Are Officers or Directors of the Foreign Corporation

| (a) Name of U.S. officer or director | (b) Address | (c) Social security number | (d) Check appropriate box(es) | |
|---|----------------|-------------------------------|-------------------------------------|----------|
| | | | Officer | Director |
| Schedule Attached | | | | |
| | | | | |
| | | | | |

Section C - Acquisition of Stock

| (a) Name of shareholder(s) filing this schedule | (b) Class of stock acquired | (c) Date of acquisition | (d) Method of acquisition | (e) Number of shares acquired | | |
|---|-----------------------------------|-------------------------------|---------------------------------|----------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| PMDC Latin Am., Inc. | Class B | 08/01/95 | Purchase | | | 429,438 |
| | | | | | | |

H761 For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule O (Form 5471) (Rev. 6-95)

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08-09-95

20410912

23-2758192

030 PP&L Resources, Inc.

23-27581

| (f) Amount paid or value given | (g) Name and address of person from whom shares acquired |
|-----------------------------------|---|
| 10,352,339. | Bolivian Government |
| | |
| | |

Section D - Disposition of Stock

| (a) Name of shareholder disposing of stock | (b) Class of stock | (c) Date of disposition | (d) Method of disposition | (e) Number of shares disposed of | | |
|---|-----------------------|----------------------------|------------------------------|-------------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| (f) Amount received | (g) Name and address of person to whom disposition of stock was made |
|------------------------|---|
| | |
| | |
| | |

Section E - Organization or Reorganization of Foreign Corporation

| (a) Name and address of transferor | (b) Identifying number (if any) | (c) Date of transfer |
|---------------------------------------|------------------------------------|-------------------------|
| | | |
| | | |
| | | |

| (d) Assets transferred to foreign corporation | | | (e) Description of assets transferred by, or notes or securities issued by, foreign corporation |
|--|--------------------------|---|--|
| (1) Description of assets | (2) Fair market value | (3) Adjusted basis (if transferor was U.S. person) | |
| | | | |
| | | | |
| | | | |

Section F - Additional Information

(a) If the foreign corporation or a predecessor U.S. corporation filed (or joined with a consolidated group in filing) a U.S. income tax return for any of the last 3 years, attach a statement indicating the year for which a return was filed (and, if applicable, the name of the corporation filing the consolidated return), the taxable income or loss, and the U.S. income tax paid (after all credits).

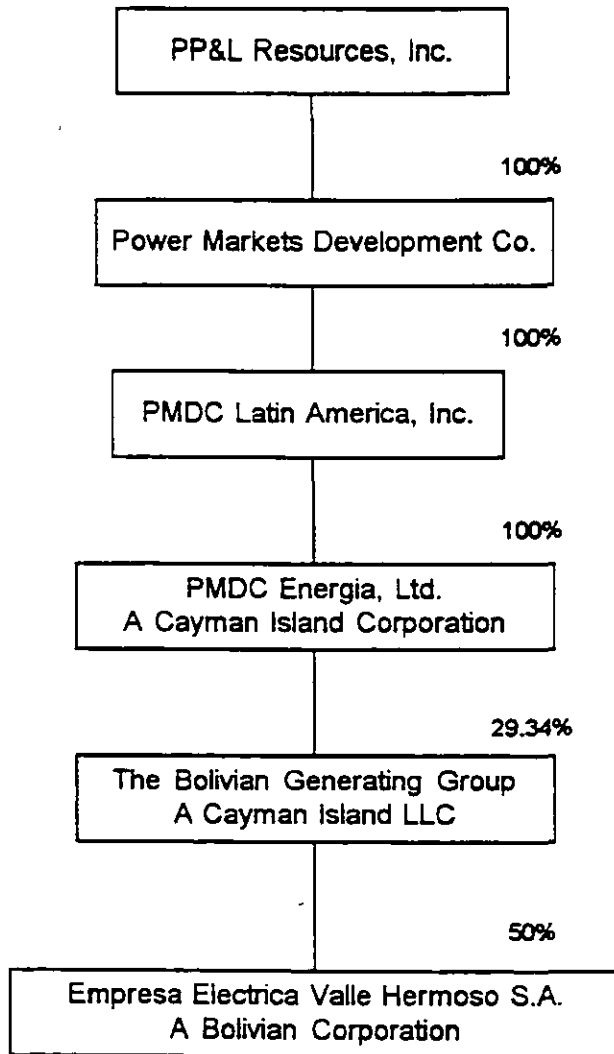
(b) List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held 5% or more (directly or indirectly) of the corporation's stock ▶

(c) If the foreign corporation is a member of a group that make up a chain of ownership, attach a chart, for each unit of which a shareholder owns 5% or more in value of the outstanding stock. The chart must indicate the corporation's position in the chain of ownership and the percentages of stock ownership (see instructions). Schedule Attached

PP&L RESOURCES, INC.
FORM 5471
EMPRESA ELECTRICA VALLE HERMOSO S. A.
SCHEDULE O
PART II, SECTION B
12/31/95

| <u>Name of U.S. officer or director</u> | <u>Address</u> | <u>Social Security Number</u> | <u>Officer</u> | <u>Director</u> |
|---|---|-------------------------------|----------------|-----------------|
| John Cordes | 11350 Random Hills Road, Suite 800 Fairfax, VA 22030 | [REDACTED] | | X |
| Robert D. Fagan | 11350 Random Hills Road, Suite 800 Fairfax, VA 22030 | [REDACTED] | | X |
| Stephen J. Feerrar | 11350 Random Hills Road, Suite 800 Fairfax, VA 22030 | [REDACTED] | | X |

PP&L Resources, Inc.
EIN: 23-2758192
Form 5471, Schedule O, Section F, Item C
Foreign Chain of Ownership



Information Return of U.S. Persons With Respect To Certain Foreign Corporations

File In Duplicate
(see When and Where To File in the instructions)

(Rev. June 1995)
Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **JUN 21 19 95** and ending **DEC 31 19 95**

▶ See separate instructions.

| | |
|---|---|
| Name of person filing this return PP&L Resources, Inc. <small>Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)</small> Two North Ninth Street City or town, state, and ZIP code Allentown, PA 18101 Filer's tax year beginning JAN 1, 19 95 and ending DEC 31 19 95 | A Identifying number 23-2758192 B Category of filer (see Who Must File in the instructions and check applicable box(es)): (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input checked="" type="checkbox"/> (4) <input checked="" type="checkbox"/> (5) <input checked="" type="checkbox"/> C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period 100.00 % |
|---|---|

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|--------------------|-------------------|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| PMDC Latin Am, Inc | Fairfax, VA 22030 | 51-0368426 | X | | |
| | | | | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

Enter the foreign corporation's functional currency ▶ **U. S. Dollar**

| | | | | | |
|---|--|--|--|--|---|
| 1a Name and address of foreign corporation PMDC Energia, Ltd. Leeward One Bldg, Safe Haven Corp Centre Grand Cayman, Cayman Islands, British West Indies | | | b Employer identification number, if any N/A | | |
| d Date of incorporation 06/21/95 | | | e Principal place of business Cayman Islands | f Principal business activity code number 6749 | g Principal business activity Holding Company |
| 1b Country under whose laws incorporated Cayman Islands | | | | | |

2 Provide the following information for the foreign corporation's accounting period stated above.

| | | |
|--|--|---|
| a Name, address, and identifying number of branch office or agent (if any) in the United States | b If a U.S. income tax return was filed, please show: | |
| | (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) |
| | | |

| | |
|--|--|
| c Name and address of foreign corporation's statutory or resident agent in country of incorporation Citco Trust Company Leeward One Bldg, Safe Haven Corp P.O. Box 31106, Seven Mile Beach Grand Cayman, Cayman Islands | d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101 |
|--|--|

Schedule A Stock of the Foreign Corporation

Part I - ALL Classes of Stock

| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
|--|---|--------------------------------------|
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| Common | 100 | 100 |
| | | |
| | | |

Part II-Additional Information for PREFERRED Stock (To be completed only by Category (1) filers for foreign personal holding companies)

| (a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).) | (b) Par value in functional currency | (c) Rate of dividend | (d) Indicate whether the stock is cumulative or noncumulative |
|---|--------------------------------------|----------------------|---|
| | | | |
| | | | |

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Schedule B U.S. Shareholders of Foreign Corporation

Table with 5 columns: (a) Name, address, and identifying number of shareholder; (b) Description of each class of stock held by shareholder; (c) Number of shares held at beginning of annual accounting period; (d) Number of shares held at end of annual accounting period; (e) Pro rata share of subpart F income (enter as a percentage). Row 1: PMDC Latin America, Inc. Common 100 100 100.00%

Schedule C Income Statement (Complete both columns unless the functional currency is the U.S. dollar. In that case, complete only the U.S. Dollars column.)

Important: Schedule C requests financial accounting information prepared in functional currency in accordance with U.S. GAAP. Each line must also be reported in U.S. dollars translated from functional currency in accordance with U.S. GAAP translation rules. See instructions for special rules for DASTM corporations.

Income Statement table with 3 columns: Functional Currency, U.S. Dollars, and Line Item. Rows include: 1a Gross receipts or sales; 2 Cost of goods sold; 9 Total income (199,912); 17 Total deductions (162,883); 21 Current year net income or (loss) per books (37,029).

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

| | (a) Name of country or U.S. possession | Amount of tax | | |
|---|---|----------------------------|-----------------------------|------------------------|
| | | (b) In foreign currency | (c) Spot conversion rate | (d) In U.S. dollars |
| 1 | U.S. | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | Total | | | |

Schedule F Balance Sheet

Important: Schedule F requests financial accounting information prepared and translated into U.S. dollars in accordance with U.S. GAAP. See instructions for exception for DASTM corporations.

| Assets | | (a) Beginning of annual accounting period | (b) End of annual accounting period |
|--------------------------------------|--|---|---|
| 1 | Cash | 1 | 7,723. |
| 2a | Trade notes and accounts receivable | 2a | |
| b | Less allowance for bad debts | 2b () () | |
| 3 | Inventories | 3 | |
| 4 | Other current assets (attach schedule) | 4 | |
| 5 | Loans to stockholders and other related persons | 5 | |
| 6 | Investment in subsidiaries (attach schedule) See Statement 3 | 6 | 12,068,423. |
| 7 | Other investments (attach schedule) | 7 | |
| 8a | Buildings and other depreciable assets | 8a | |
| b | Less accumulated depreciation | 8b () () | |
| 9a | Depletable assets | 9a | |
| b | Less accumulated depletion | 9b () () | |
| 10 | Land (net of any amortization) | 10 | |
| 11 | Intangible assets: | | |
| a | Goodwill | 11a | |
| b | Organization costs | 11b | |
| c | Patents, trademarks, and other intangible assets | 11c | |
| d | Less accumulated amortization for lines 11a, b, and c | 11d () () | |
| 12 | Other assets (attach schedule) | 12 | |
| 13 | Total assets | 13 | 12,076,146. |
| Liabilities and Stockholders' Equity | | | |
| 14 | Accounts payable | 14 | |
| 15 | Other current liabilities (attach schedule) | 15 | |
| 16 | Loans from stockholders and other related persons | 16 | |
| 17 | Other liabilities (attach schedule) | 17 | |
| 18 | Capital stock: | | |
| a | Preferred stock | 18a | |
| b | Common stock | 18b | 100. |
| 19 | Paid-in or capital surplus (attach reconciliation) | 19 | 12,039,017. |
| 20 | Retained earnings | 20 | 37,029. |
| 21 | Less cost of treasury stock | 21 () () | |
| 22 | Total liabilities and stockholders' equity | 22 | 12,076,146. |

Does the foreign corporation have an interest in a partnership or trust?

Yes No

Schedule H Current Earnings and Profits (enter the amounts on lines 1 through 5c in functional currency)

| | | | | |
|----|---|---------------|------------------|------------|
| 1 | Current year net income or (loss) per foreign books of account | | 1 | 37,029. |
| 2 | Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | | |
| | | Net Additions | Net Subtractions | |
| a | Capital gains or losses | | | |
| b | Depreciation and amortization | | | |
| c | Depletion | | | |
| d | Investment or incentive allowance | | | |
| e | Charges to statutory reserves | | | |
| f | Inventory adjustments | | | |
| g | Taxes | | | |
| h | Other (attach schedule) Statement 4 | | 199,912. | |
| 3 | Total net additions | | | |
| 4 | Total net subtractions | | 199,912. | |
| 5a | Current earnings and profits (line 1 plus line 3 minus line 4) | | 5a | <162,883.> |
| b | DASTM gain or (loss) for foreign corporations that use DASTM | | 5b | |
| c | Combine lines 5a and 5b | | 5c | <162,883.> |
| d | Current earnings and profits in U.S. dollars (line 5c translated at the weighted average exchange rate as defined in Regulations Section 1.989(b)-1) | | 5d | |
| | Enter exchange rate used for line 5d ▶ | | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation

| | | | |
|---|---|---|--|
| 1 | Subpart F income (line 40b, Worksheet A in the instructions) | 1 | |
| 2 | Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | |
| 3 | Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | |
| 4 | Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | |
| 5 | Earnings invested in excess passive assets (line 21, Worksheet E in the instructions) | 5 | |
| 6 | Factoring income | 6 | |
| 7 | Total of lines 1 through 6. Enter here and on your income tax return | 7 | |
| 8 | Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 8 | |
| 9 | Exchange gain or (loss) on a distribution of previously taxed income | 9 | |

Was any income of the foreign corporation blocked OR did any become unblocked during the tax year (see section 964(b))?

If the answer to either part of the question is "Yes," check the "Yes" box and attach an explanation Yes No

| Form 5471 | Other Income | | Statement 1 |
|-----------------------------------|---------------------|---------------|-------------|
| Description | Functional Currency | Exchange Rate | U.S. Dollar |
| Equity in Earnings of Subsidiary | | | 199,912. |
| Total to 5471, Schedule C, line 8 | | | 199,912. |

| Form 5471 | Other Deductions | | Statement 2 |
|------------------------------------|---------------------|---------------|-------------|
| Description | Functional Currency | Exchange Rate | U.S. Dollar |
| Investment Expenses | | | 160,883. |
| Administrative & General | | | 2,000. |
| Total to 5471, Schedule C, line 16 | | | 162,883. |

Form 5471

Investment in Subsidiaries

Statement 3

| Description | Beg. of Annual Accounting Period | End of Annual Accounting Period |
|---|----------------------------------|---------------------------------|
| Investment in Bolivian Generating Group | | 10,595,747. |
| Investment in Fondelec Group | | 1,472,676. |
| Total to 5471, Page 3, Schedule F, line 6 | | 12,068,423. |

Form 5471

Other Net Adjustments

Statement

| Description | Net Additions | Net Subtractions |
|--|---------------|------------------|
| Equity in BGG Earnings | | 199,912 |
| Total to 5471, Page 4, Schedule H, line 2h | | 199,912 |

**SCHEDULE J
(Form 5471)**

(Rev. June 1995)
Department of the Treasury
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number
23-2758192

PP&L Resources, Inc.

Name of foreign corporation

PMDC Energia, Ltd.

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) |
|---|---|---|
| 1 Balance at beginning of year | 0. | |
| 2a Current year E&P | <162,883.> | |
| b Current year deficit in E&P | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b) | <162,883.> | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | |
| b Actual distributions of non-previously taxed E&P | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | <162,883.> | |
| 7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable) | <162,883.> | |

| | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 964(a) E&P (combine columns (a), (b), and (c)) |
|----|--|---|------------------------|---|
| | (i) Earnings Invested in U.S. Property | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 | | | | |
| 2a | | | | |
| b | | | | |
| 3 | | | | |
| 4 | | | | |
| 5a | | | | |
| b | | | | |
| 6a | | | | |
| b | | | | |
| 7 | | | | <162,883.> |

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule J (Form 5471) (Rev. 6-95)

**SCHEDULE M
(Form 5471)**

(Rev. June 1995)

Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number
23-2758192

PP&L Resources, Inc.

Name of foreign corporation
PMDC Energia, Ltd.

Important: Complete the following summary showing the totals of each of the following types of transactions that took place during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). Submit a separate Schedule M for each controlled foreign corporation. All information must be in the English language AND all amounts must be stated in U.S. dollars translated from functional currency at the weighted average exchange rate for the year (as defined in Regulations section 1.989(b)-1). Enter the relevant functional currency and the exchange rate used throughout this schedule ▶
U. S. Dollar

| (a) Transactions of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation controlled by U.S. person filing this return | (d) Any other foreign corporation controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return) | (f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation |
|--|------------------------------------|---|--|--|---|
| 1 Sales of stock in trade (inventory) | | | | | |
| 2 Sales of property rights (patents, trademarks, etc.) | | | | | |
| 3 Compensation received for technical, managerial, engineering, construction, or like services | | | | | |
| 4 Commissions received | | | | | |
| 5 Rents, royalties, and license fees received | | | | | |
| 6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income) | | | | | |
| 7 Interest received | | | | | |
| 8 Premiums received for insurance or reinsurance | | | | | |
| 9 Add lines 1 through 8 | | | | | |
| 10 Purchases of stock in trade (inventory) | | | | | |
| 11 Purchases of tangible property other than stock in trade | | | | | |
| 12 Purchases of property rights (patents, trademarks, etc.) | | | | | |
| 13 Compensation paid for technical, managerial, engineering, construction, or like services | | | | | |
| 14 Commissions paid | | | | | |
| 15 Rents, royalties, and license fees paid | | | | | |
| 16 Dividends paid | | | | | |
| 17 Interest paid | | | | | |
| 18 Add lines 10 through 17 | | | | | |
| 19 Amounts borrowed (enter the maximum loan balance during the year) | | | | | |
| 20 Amounts loaned (enter the maximum loan balance during the year) | | | | | |

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule M (Form 5471) (Rev. 6-95)

H761

**SCHEDULE O
(Form 5471)**

(Rev. June 1995)

Department of the Treasury
Internal Revenue Service

**Organization or Reorganization of Foreign
Corporation, and Acquisitions and
Dispositions of Its Stock**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number
23-2758192

PP&L Resources, Inc.

Name of foreign corporation

PMDC Energia, Ltd.

Important: All information must be in the English language AND all amounts must be stated in U.S. dollars. Complete a separate Schedule O for each foreign corporation for which information must be reported.

Part I To Be Completed by Officers and Directors

| (a) Name of shareholder for whom acquisition information is reported | (b) Address of shareholder | (c) Identifying number of shareholder | (d) Date of original 5% acquisition | (e) Date of additional 5% acquisition |
|--|-------------------------------|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Part II To Be Completed by U.S. Shareholders

Section A - General Shareholder Information

| (a) Name, address, and identifying number of shareholder(s) filing this schedule | (b) For shareholder's latest U.S. income tax return filed, indicate: | | | (c) Date (if any) shareholder last filed information return under section 6046 for the foreign corporation |
|--|---|--------------------------|---|--|
| | (1) Type of return (enter form number) | (2) Date return filed | (3) Internal Revenue Service Center where filed | |
| PMDC Latin America, Inc. 11350 Random Hills Road Fairfax, VA 22030 | 1120 | 09/15/96 | Philadelphia, PA | |
| | | | | |
| | | | | |

If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.

Section B - U.S. Persons Who Are Officers or Directors of the Foreign Corporation

| (a) Name of U.S. officer or director | (b) Address | (c) Social security number | (d) Check appropriate box(es) | |
|---|----------------|-------------------------------|-------------------------------------|----------|
| | | | Officer | Director |
| Schedule Attached | | | | |
| | | | | |
| | | | | |

Section C - Acquisition of Stock

| (a) Name of shareholder(s) filing this schedule | (b) Class of stock acquired | (c) Date of acquisition | (d) Method of acquisition | (e) Number of shares acquired | | |
|---|-----------------------------------|-------------------------------|---------------------------------|----------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| PMDC Latin Am., Inc. | Common | 06/21/95 | Purchase | 100 | | |
| | | | | | | |
| | | | | | | |

H761 For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule O (Form 5471) (Rev. 6-95)

| (f) Amount paid or value given | (g) Name and address of person from whom shares acquired |
|-----------------------------------|--|
| | 0. PMDC Energia, Ltd. Cayman Islands, British West Indies |
| | |
| | |

Section D - Disposition of Stock

| (a) Name of shareholder disposing of stock | (b) Class of stock | (c) Date of disposition | (d) Method of disposition | (e) Number of shares disposed of | | |
|---|-----------------------|----------------------------|------------------------------|-------------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| | | | | | | |
| | | | | | | |

| (f) Amount received | (g) Name and address of person to whom disposition of stock was made |
|------------------------|---|
| | |
| | |
| | |

Section E - Organization or Reorganization of Foreign Corporation

| (a) Name and address of transferor | (b) Identifying number (if any) | (c) Date of transfer |
|---------------------------------------|------------------------------------|-------------------------|
| | | |
| | | |
| | | |

| (d) Assets transferred to foreign corporation | | | (e) Description of assets transferred by, or notes or securities issued by, foreign corporation |
|--|--------------------------|---|--|
| (1) Description of assets | (2) Fair market value | (3) Adjusted basis (if transferor was U.S. person) | |
| | | | |
| | | | |
| | | | |

Section F - Additional Information

(a) If the foreign corporation or a predecessor U.S. corporation filed (or joined with a consolidated group in filing) a U.S. income tax return for any of the last 3 years, attach a statement indicating the year for which a return was filed (and, if applicable, the name of the corporation filing the consolidated return), the taxable income or loss, and the U.S. income tax paid (after all credits).

(b) List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held 5% or more (directly or indirectly) of the corporation's stock ▶

(c) If the foreign corporation is a member of a group that make up a chain of ownership, attach a chart, for each unit of which a shareholder owns 5% or more in value of the outstanding stock. The chart must indicate the corporation's position in the chain of ownership and the percentages of stock ownership (see instructions).

PP&L RESOURCES, INC.
FORM 5471
PMDC ENERGIA, INC.
SCHEDULE O
PART II, SECTION B
12/31/95

| <u>Name of U.S. officer or director</u> | <u>Address</u> | <u>Social Security Number</u> | <u>Officer</u> | <u>Director</u> |
|---|---|-------------------------------|----------------|-----------------|
| Robert D. Fagan | 11350 Random Hills Road, Suite 800 Fairfax, VA 22030 | [REDACTED] | X | X |
| Roger L. Petersen | 11350 Random Hills Road, Suite 800 Fairfax, VA 22030 | [REDACTED] | X | |
| Stephen J. Feerrar | 11350 Random Hills Road, Suite 800 Fairfax, VA 22030 | [REDACTED] | X | |
| Paul T. Champagne | 11350 Random Hills Road, Suite 800 Fairfax, VA 22030 | [REDACTED] | X | |
| Dale M. Kleppinger | Two North Ninth St. Allentown, PA 18101 | [REDACTED] | X | |

**Transferee Corporation's Statement Pursuant
To Treasury Regulations Section 1.351-3(b)**

1. On April 27, 1995, PP&L Resources, Inc. ("Resources") received all of the outstanding shares of common stock of Pennsylvania Power & Light Company ("PP&L") in exchange for all of the outstanding shares of common stock of Resources.

The PP&L common stock received by Resources was previously publicly traded. This exchange was effectuated pursuant to a share-for-share exchange which was approved by the former holders of PP&L common stock; the transaction was consummated in order to implement a holding company corporate structure (the "Holding Company Transaction"). It was not necessary for holders of PP&L common stock to turn in their certificates for stock certificates of Resources; rather, the PP&L certificates automatically converted into Resources certificates. No holder of PP&L stock was entitled to dissenter's rights under applicable state law.

The outstanding PP&L preferred stock and the outstanding PP&L indebtedness were not affected by the Holding Company Transaction. The outstanding PP&L preferred stock, which has voting rights, represents less than 20% of the vote and value of all outstanding classes of PP&L stock. Thus, PP&L can join in the filing of a consolidated federal income tax return with Resources.

2. Pursuant to Treasury Regulations section 1.1502-31, the basis of the PP&L common stock received by Resources, determined immediately after the consummation of the Holding Company Transaction, was equal to PP&L's net asset basis immediately after the exchange, subject to adjustment.

3. Immediately after the consummation of the Holding Company Transaction, the only class of issued and outstanding capital stock of Resources consisted of 157,300,382 shares of voting common stock, with a par value of \$.01 per share and with a fair market value of approximately \$ 2,910,057,067 per share.

4. Immediately after the consummation of the Holding Company Transaction, Resources had no securities outstanding.

5. No money was transferred to the former holders of PP&L common stock in connection with the Holding Company Transaction.

6. No property other than Resources common stock was transferred to the former holders of PP&L common stock in connection with the Holding Company Transaction.

7. Resources did not assume any liabilities of any party in connection with the Holding Company Transaction.

Corporate Qualified Stock Purchases

▶ See separate instructions.

Section A—Purchasing Corporation

| | | |
|---|--|--------------------------------------|
| 1a Name and address of purchasing corporation See Attached | 1b Employer identification number (see instructions) | |
| | 1c Tax year ending | 1d State or country of incorporation |

Section B—Target Corporation

| | | |
|---|--|-------------------------------------|
| 2a Name and address of target corporation Greene Hill Coal Company | 2b Employer identification number 23-1920680 | |
| | 2c Tax year ending 12-95 | 2d Acquisition date 11-20-95 |
| | 2e Service Center where income tax return filed and date filed (see instructions) Philadelphia PA 9/13/95 | |
| | 2f State or country of incorporation Pa. | |

Section C—Common Parent, Selling Affiliate, or S Corporation Shareholder
 (Complete only for a section 338(h)(10) election.)

| | | |
|---|--|--|
| 3a Name and address of common parent, selling affiliate, or S corporation shareholder PP&L Resources, Inc., Successor in Interest to Pennsylvania Power & Light Company Two North Ninth Street Allentown PA 18101 | 3b Identifying number 23-2758192 and 23-0959590 | |
| | 3c Tax year ending 12-95 | |
| | 3d Service Center where income tax return filed and date filed Philadelphia Pa. 9/13/95 | |

Section D—General Information

| | Yes | No |
|---|-----|----|
| 4 Was the purchasing corporation listed in Section A, above, a member of an affiliated group of corporations before the acquisition date? | X | |
| 5 Was the target corporation listed in Section B, above, before the acquisition date: | | |
| a A member of an affiliated group? | X | |
| b A member of a consolidated group? | X | |
| 6 Is the target corporation or any target affiliate: | | |
| a A controlled foreign corporation? | | X |
| b A foreign corporation with income, gain, or loss effectively connected with the conduct of a trade or business within the United States (including U.S. real property interests)? | | X |
| c A qualifying foreign target? | | X |
| d A corporation to which section 936 applies? | | X |
| e A corporation electing under section 1504(d) or section 953(d)? | | X |
| f A domestic international sales corporation (DISC)? | | X |
| g A passive foreign investment company (PFIC)? | | X |
| h If the answer to item 6g is "Yes," is the PFIC a pedigreed qualified electing fund? | | |

Section 8—Elections under section 338

- 7 Check here to make a section 338(h)(10) election for the target corporation listed in Section 8 on page 1.
- 8 Check here to make a section 338 election (other than a section 338(h)(10) election) for the target corporation listed in Section 8 on page 1.
- 9 If the box on line 8 is checked for the target corporation listed in Section 8 on page 1, check here to make a gain recognition election for that corporation.
- 10 Check here if this form is filed to make a section 338 election for any target corporation, in addition to the one listed in Section 8 on page 1.

Under penalties of perjury, I state and declare that I am authorized to make the election(s) on line 7, 8, 9 or 10 on behalf of the purchasing corporation(s).

▶ *John P. Hank* | 2-15-96 ▶ Assistant Secretary
 Signature of Authorized Person for Purchasing Corporation(s) Date Title

Under penalties of perjury, I state and declare that I am authorized to make the section 338(h)(10) election on line 7 on behalf of the common parent of the selling group, the selling affiliate, or S corporation shareholder.

▶ *Spilabe* | 3/12/96 ▶ Vice President & Controller
 Signature of Authorized Person for the Common Parent, selling affiliate, or S corporation shareholder. Date Title

(Applicable only if a section 338(h)(10) election is made.)

SCHEDULE IN SUPPORT OF FEDERAL FORM 8023-A

Section A - Purchasing Corporations

Consol Pennsylvania Coal Company
 1800 Washington Road
 Pittsburgh PA 15241
 EIN # 25-1402386
 Tax Year Ending - December 31
 State of Incorporation - Delaware

% of Stock Acquired 76%

Greenon Coal Company
 1800 Washington Road
 Pittsburgh PA 15241
 EIN # 51-0259505
 Tax Year Ending - December 31
 State of Incorporation - Delaware

% of Stock Acquired 24%

Section E - Elections Under Section 338

| | <u>Consol Pennsylvania Coal Company</u> | <u>Greenon Coal Company</u> | <u>Total</u> |
|--|---|---------------------------------|--------------|
| Consideration Paid for the Target Stock in the QSP | \$39,831,874 | \$12,578,487 | \$52,410,361 |
| Liabilities of the Target Corp on Sale Date | -0- | -0- | -0- |
| Tax Liability on Deemed Sale Date | -0- | -0- | -0- |
| Aggregate Fair Market Value of Class I Assets | -0- | -0- | -0- |
| Aggregate Fair Market Value of Class II Assets | -0- | -0- | -0- |
| Aggregate Fair Market Value of Class III Assets | \$39,831,874 | \$12,578,487 | \$52,410,361 |

PENNSYLVANIA POWER & LIGHT COMPANY
AND AFFILIATED COMPANIES
1995 FEDERAL INCOME TAX

RP-D.7.
Attachment 2

| | <u>Taxable Income 12/31/95</u> | <u>Federal Income Tax 35%</u> | <u>Credit for Increasing Research Activities</u> | <u>Allocated Net Federal Income Tax after Credits</u> |
|-----------------------------------|--|---------------------------------------|--|---|
| Pennsylvania Power & Light Co. | \$536,744,223 | \$187,860,478 | (\$1,271,496) | 186,588,982 |
| CEP Group, Inc. | 2,474,768 | 866,170 | | 866,170 |
| Greene Hill Coal Company | 46,282,712 | 16,198,949 | | 16,198,949 |
| PMDC Latin America, Inc. | 369,640 | 129,374 | | 129,374 |
| Greene Manor Coal Company | 3,309,792 | 1,158,428 | | 1,158,428 |
| Subtotal of Income Companies | <u>589,181,135</u> | <u>206,213,399</u> | <u>(1,271,496)</u> | <u>204,941,903</u> |
| Lady Jane | (412,744) | (144,460) | | (144,460) |
| Realty Co. of Pennsylvania | (231,103) | (80,886) | | (80,886) |
| Interstate Energy Company | (3,566,120) | (1,248,142) | | (1,248,142) |
| Pennsylvania Mines Corp. | (5,216,135) | (1,825,647) | | (1,825,647) |
| Rushton Mining Company | (262,250) | (91,789) | | (91,789) |
| Spectrum Energy Services Corp. | (98,128) | (34,345) | | (34,345) |
| Power Markets Development Company | (4,148,000) | (1,451,800) | | (1,451,800) |
| PCRC | (3,342) | (1,170) | | (1,170) |
| Subtotal of Loss Companies | <u>(13,937,822)</u> | <u>(4,878,239)</u> | <u>0</u> | <u>(4,878,239)</u> |
| Total Consolidated | <u>\$575,243,313</u> | <u>\$201,335,160</u> | <u>(\$1,271,496)</u> | <u>\$200,063,664</u> |

RP - D.8.
M. J. Berish

- Q. Supply a schedule detailing the actual tax liability for the most recent calendar year for each of the following taxes. Include the dates and amount of the payments made to satisfy the respective tax liabilities.
- (a) Pa. Capital Stock Tax
 - (b) Pa. Corporate Net Income Tax
 - (c) Pa. Gross Receipts Tax
 - (d) Pa. Public Utility Realty Tax

A. See Attachment 1

**RP - D.8.
ATTACHMENT 1**

PENNSYLVANIA POWER & LIGHT COMPANY
 Actual Pennsylvania Tax Liability
 Calendar Year 1996

| | Capital Stock Tax | Corporate Net Income Tax | Gross Receipts Tax | Public Utility Realty Tax |
|---------------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Taxes Accrued 1996 | \$34,300,000 | \$72,244,712 | \$105,286,631 | \$44,000,000 |
| Tax Payments | | | | |
| January | | | | |
| February | | | | |
| March | \$8,498,680 | \$14,358,855 | \$89,952,705 | |
| April | | | | \$40,809,709 |
| May | | | | |
| June | \$8,498,679 | \$14,358,854 | | |
| July | | | | |
| August | | | | |
| September | \$8,498,679 | \$14,358,854 | | |
| October | | | | |
| November | | | | |
| December | \$8,498,679 | \$14,358,854 | | |
| Total Tax Payments | \$33,994,717 | \$57,435,417 | \$89,952,705 | \$40,809,709 |
| Taxes Accrued at 12/31/96 | \$305,283 | \$14,809,295 | \$15,333,926 | \$3,190,291 |

RP - D.9.
M. J. Berish

- Q. Provide complete copies of the most recently filed Pennsylvania Corporate Net Income and Pennsylvania Capital Stock Tax reports. Include a copy of the official settlement and a copy of the Federal Form 1120 as submitted to the Department of Revenue.
- A. A copy of the most recently filed Pennsylvania Corporate Net Income and Pennsylvania Capital Stock Tax reports are provided as Attachments 1 and 2, respectively. A copy of the Federal Form 1120, which was submitted to the Department of Revenue is provided as Attachment 3. A copy of the official settlement is not available at this time.

PENNSYLVANIA POWER & LIGHT COMPANY

1995 Pennsylvania Corporate Tax Report

PA CORPORATE TAX REPORT 1995

RCT-101

DEPARTMENT USE ONLY
DATE RECEIVED

STEP A
Tax Year

1. Tax Period Beginning MM DD YY Ending MM DD YY
1 | 1 | 95 12 | 31 | 95

DLN

STEP B
Label

2. Use peel-off PA Corp Tax label from the cover of the Tax Instruction Book (REV-1200 or PA-20S-I). 3. Otherwise, print or type.
4. Check if filing period change
5. Check here if tax report is prepared by tax practitioner and you only require a name and address label.

DR6 DR7
S A

AFFIX LABEL HERE

Corporation Name: **Pennsylvania Power & Light Company**
Account ID: **0280-166**
Number and Street: **Two North Ninth Street**
Entity ID (EIN): **23-0959590**
City or Town, State, and ZIP Code: **Allentown, PA 18101**

TAX DLN.

STEP C
Check Applicable Book(s)

6. PAS 7. FIRST REPORT 8. LAST REPORT 9. PARENT CORPORATION 10. EXTRA STATUTORY TREATMENT

STEP D
Tax Summary

11. Compute tax liability for Capital Stock/Foreign/Franchise, Loans and Corporate Net Income Taxes on pages 2 and 3, then complete this tax summary.

FILL IN YOUR CHECK HERE

| | A. TAX LIABILITY FROM TAX REPORT | B. ESTIMATED PAYMENTS AND CREDITS ON DEPOSIT FOR THE CURRENT PERIOD | C. CALCULATION Col. A minus Col. B Positive or (Negative) | |
|-------------------------------------|----------------------------------|---|---|--------------------------|
| CAPITAL STOCK FOREIGN/FRANCHISE TAX | 33,712,580. | 36,018,570. | <2,305,990. | ENTER WHOLE DOLLARS ONLY |
| LOANS TAX | 34,870. | 35,095. | <225. | |
| CORPORATE NET INCOME TAX | 59,559,360. | 58,150,105. | 1,409,255. | |
| TOTAL | 93,306,810. | 94,203,770. | <896,960. | |

12. If Column C TOTAL is greater than zero, complete STEP E.
13. If Column C TOTAL is less than zero, an overpayment exists. Skip to STEP F.
14. If Column C TOTAL is zero, no payment is due. Skip to STEP G.

STEP E
Tax Payment Application

15. Apply Column C TOTAL from Step D by tax. The payment amount for each tax must be zero or greater.

| DEPARTMENT USE ONLY | |
|---------------------|---|
| I | P |
| | |
| | |
| | |
| | |

| | PAYMENT | |
|-------------------------------------|---------|--------------------------|
| CAPITAL STOCK FOREIGN/FRANCHISE TAX | | ENTER WHOLE DOLLARS ONLY |
| LOANS TAX | | |
| CORPORATE NET INCOME TAX | | |
| TOTAL PAYMENT | | |

TOTAL PAYMENT must equal the Column C TOTAL from STEP D.
Make check for this amount payable to: "PA DEPT. of REVENUE"
Please check this block only if the total payment amount shown to the right has been (or will be) paid by Electronic Funds Transfer (EFT).

STEP F
Overpayment

16. Check ONLY ONE box to select a refund or transfer method.
A. Automatically transfer overpayment(s) to current tax period underpaid taxes and the remaining portion to the next tax period.
B. Automatically transfer \$ _____ of the current tax period overpayment(s) to the next tax period after paying any current tax period underpaid taxes and refund the remaining portion of the current tax period overpayment(s).
C. Refund the overpayment from the current tax period after paying any current tax period underpaid taxes.

STEP G
Signature

I hereby affirm under penalties prescribed by law that this report (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.
SIGNATURE OF OFFICER OF COMPANY: *[Signature]* TITLE: **V.P. and Controller** DATE: **10/14/96** TELEPHONE NUMBER: **610-774-5353**

STEP H
Settlement

18. Check here to mail settlement notice AND request for additional information to preparer's address. Preparer's address must be printed or typed below.
19. PRINT INDIVIDUAL PREPARER OR FIRM'S NAME: _____ INDIVIDUAL OR FIRM'S SIGNATURE OF PREPARER: _____
INDIVIDUAL OR FIRM'S STREET ADDRESS: _____ TITLE: _____ TELEPHONE NUMBER: _____
CITY: _____ STATE: _____ ZIP CODE: _____ DATE: _____ PREPARER'S EIN OR SSN: _____

TO: Pennsylvania Power & Light Company

ACCOUNT ID 0280-166

TAX PERIOD ENDING 12/31/95

SECTION A: CAPITAL STOCK/FOREIGN FRANCHISE TAX:

| | | TAXABLE PERIOD BEGINNING | TAXABLE PERIOD ENDING | TAXPAYER USE (WHOLE DOLLARS ONLY) | DEPARTMENT USE ONLY |
|--|--|--------------------------|-----------------------|-----------------------------------|---------------------|
| HISTORY OF EARNINGS | | MM DD YY | MM DD YY | BOOK INCOME | |
| Oldest Period - Start Here | | 01/01/91 | 12/31/91 | 348,153,707. | |
| | | 01/01/92 | 12/31/92 | 344,849,572. | |
| | | 01/01/93 | 12/31/93 | 344,917,249. | |
| | | 01/01/94 | 12/31/94 | 248,336,852. | |
| Additional Periods use these spaces (Skip lines if not required) | | | | | |
| 1 | Current Tax Period Book Income (Loss) | 01/01/95 | 12/31/95 | 324,745,204. | |
| 2 | Total Book Income (sum of income for all tax periods within, up to, but not over, 5 years total) | | | 1611002584 | |
| 3 | Divisor (in years and part years rounded to three decimal places) See Instructions | | | 5.000 | |
| 4 | Divide Line (2) by Line (3) | | | 322,200,517. | |
| 5 | AVERAGE NET INCOME - Enter Line (4) or if Line (4) is less than zero enter "0" | | | 322,200,517. | |
| 6 | Divide Line (5) by .095 | | | 3391584389 | |
| 7 | Sum of capital stock, paid-in capital and retained earnings less treasury stock at the end of the current period | | | 2994271079 | |
| 8 | Sum of capital stock, paid-in capital and retained earnings less treasury stock at the beginning of the current period | | | 2920842215 | |
| 9 | If Line (7) is twice as great or half as much as Line (8), add Lines (7) and (8) and divide by 2. Otherwise enter Line (7) | | | 2994271079 | |
| 10 | NET WORTH - Enter Line (9) or if Line (9) is less than zero enter "0" | | | 2994271079 | |
| 11 | Multiply Line (10) by 0.75 | | | 2245703309 | |
| 12 | Add Lines (6) and (11) | | | 5637287698 | |
| 13 | Divide Line (12) by 2 | | | 2818643849 | |
| 14 | \$100,000 valuation deduction | | | (\$100,000) | |
| 15 | TOTAL STOCK VALUE - Line (13) less Line (14) but not less than "0". If 100% taxable, enter Line (15) on Line (17) | | | 2818543849 | |
| 16 | Proportion of taxable assets or apportionment proportion. (From Schedule A-1, Line (5) below.) | | | .938117 | |
| 17 | TAXABLE VALUE - Multiply Line (15) by Line (16). If less than zero, enter "0" | | | 2644123900 | |
| 18 | CAPITAL STOCK/FOREIGN FRANCHISE TAX - Multiply Line (17) by .01275, and enter this amount (minimum tax is \$300) | | | 33,712,580. | |

SCHEDULE A-1: APPORTIONMENT SCHEDULE FOR CAPITAL STOCK/FOREIGN FRANCHISE TAX

Enter the numerator(s) and denominator(s) of fractions used for apportioning the capital stock value. Enter the figures only for the apportionment method (Three Factor or Single Factor) used in the tax computation. Also enter the apportionment proportion calculated to six decimal places in Line (5) below.

Three Factor - From insert sheet (RCT-106) page 2 or Manufacturing Exemption Schedule (RCT-105)

| | | | | |
|----|-------------------------|----|--|----|
| 1a | Property Factor - PA | 1a | | |
| b | Property Factor - Total | b | | 1c |
| 2a | Payroll Factor - PA | 2a | | |
| b | Payroll Factor - Total | b | | 2c |
| 3a | Sales Factor - PA | 3a | | |
| b | Sales Factor - Total | b | | 3c |

Single Factor - From insert sheet (RCT-106) page 1 or Manufacturing Exemption Schedule (RCT-102)

| | | | | |
|----|---|----|------------|---------|
| 4a | Single Factor - Numerator | 4a | 9212584278 | |
| b | Single Factor - Denominator | b | 9820297699 | |
| 5 | Apportionment Proportion - Also enter on Line (16) in Section A above | 5 | | .938117 |

SECTION B: LOANS TAX

| | | | |
|---|---|---|------------|
| 1 | TAXABLE INDEBTEDNESS (Complete Schedule B-1 on page 4 of the RCT-101) | 1 | 8,773,792. |
| 2 | Multiply Line (1) by .004 | 2 | 35,095. |
| 3 | Treasurer's Commission (See Instruction Book) | 3 | 225. |
| 4 | LOANS TAX - Line (2) - Line (3) | 4 | 34,870. |

CORPORATION **Pennsylvania Power & Light Company**

ACCOUNT ID **0280-166**

TAX PERIOD ENDING **12/31/95**

SECTION C: CORPORATE NET INCOME TAX

TAXPAYER USE
(WHOLE DOLLARS ONLY)

DEPARTMENT USE

| | | | |
|---|---|----------|--------------|
| Income or Loss from Federal return on a separate company basis. (Attach copy of Federal Form 1120 or 1120S, etc. to back of the RCT-101) | | 1 | 539,350,281. |
| 2 Deductions: | | | |
| a | Corporate Dividends Received (From Schedule C-2, Line 6) | a | 2,606,058. |
| b | Interest on U.S. Securities (Attach Schedule) | b | |
| GROSS INTEREST | | EXPENSES | |
| c | Other (Attach Schedule) See Instructions | c | |
| TOTAL DEDUCTIONS - Sum of (a) through (c) | | 2 | 2,606,058. |
| 3 | Line (1) less Line (2) | 3 | 536,744,223. |
| 4 Additions: | | | |
| a | Taxes imposed on or measured by net income (Attach Schedule) Statement 1 | a | 60,267,213. |
| b | Tax Preference Items. (Attach copy of Federal Form 4626) | b | <753,676. |
| c | Employment Incentive Payment Credit Adjustment (Attach Schedule W) | c | |
| d | Other (Attach Schedule) See Instructions | d | |
| TOTAL ADDITIONS - Sum of (a) through (d) | | 4 | 59,513,537. |
| 5 | INCOME (OR LOSS) WITH PENNSYLVANIA ADJUSTMENTS - Line (3) plus Line (4) | 5 | 596,257,760. |

CORPORATION WHICH TRANSACTS ITS ENTIRE BUSINESS IN PA (does NOT apportion) SHOULD SKIP TO LINE (11) AND ENTER LINE (5) THERE.

| | | | |
|----|--|----|--------------|
| 6 | Total Nonbusiness Income (or loss) | 6 | |
| 7 | INCOME (OR LOSS) TO BE APPORTIONED - Line (5) minus Line (6) | 7 | 596,257,760. |
| 8 | Apportionment Proportion (from Schedule C-1 Line (5)) | 8 | .999886 |
| 9 | INCOME (OR LOSS) APPORTIONED TO PA - Line (7) multiplied by Line (8) | 9 | 596,189,787. |
| 10 | Nonbusiness Income (or loss) allocated to PA | 10 | |
| 11 | TAXABLE INCOME (OR LOSS) AFTER APPORTIONMENT - Line (9) plus Line (10). Enter amount in Line (5) for corporations which do not apportion. If a Loss, add to form RCT-103, line 13 | 11 | 596,189,787. |
| 12 | Net Operating Loss Deduction (from RCT-103) can't exceed \$1,000,000 | 12 | 0. |
| 13 | PA TAXABLE INCOME - Line 11 minus Line 12. If less than zero, enter "0" | 13 | 596,189,787. |
| 14 | CORPORATE NET INCOME TAX - Multiply Line (13) by .0999 | 14 | 59,559,360. |

SCHEDULE C-1: APPORTIONMENT SCHEDULE FOR CORPORATE NET INCOME TAX

Enter the numerator(s) and denominator(s) of fractions used for apportioning income. Also enter the apportionment proportion calculated to six decimal places in Line (5) below.

| | | | |
|--|--|----|--------------|
| Three Factor - From insert sheet (RCT-106) page 2. | | | |
| 1a | Property Factor - PA | 1a | 9991104910 |
| b | Property Factor - Total | b | 9991525740 |
| 1c | | 1c | .999958 |
| 2a | Payroll Factor - PA | 2a | 424,336,554. |
| b | Payroll Factor - Total | b | 424,512,460. |
| 2c | | 2c | .999586 |
| 3a | Sales Factor - PA | 3a | 2803347931 |
| b | Sales Factor - Total | b | 2803347931 |
| 3c | | 3c | 2.000000 |
| Single Factor - Apportionment Proportion | | | |
| 4a | Single Factor - PA | 4a | |
| b | Single Factor - Total | b | |
| 5 | Apportionment Proportion- Also enter on Line (8) in Section C. (See Instructions) | 5 | .999886 |

SCHEDULE C-2: PA DIVIDEND DEDUCTION SCHEDULE

| | | | |
|---|---|---|------------|
| 1 | Federal Schedule C, Line 20, Total deductions | 1 | 2,606,058. |
| 2 | Federal Schedule C, Line 15, Foreign Dividend Gross-Up (Section 78) | 2 | |
| 3 | Dividends from less-than-20%-owned foreign corporations listed on Line 13 and 14 of Federal Schedule C - x 70% | 3 | |
| 4 | Dividends from 20%-or-more-owned foreign corporations listed on Lines 13 and 14 of Federal Schedule C - x 80% | 4 | |
| 5 | Dividends listed on Line 13 and 14 of Federal Schedule C from foreign corporations that meet the "80% voting and value test" of IRC § 1504 (a) (2) and otherwise would qualify for 100% deduction under IRC § 243 (a) (3) if they were a domestic corporation. Do not list any amounts included in Item 4 | 5 | |
| 6 | Total PA Dividend Deduction - Add Lines 1, 2, 3, 4 and 5 (Enter above at Section C, Line (2a)) | 6 | 2,606,058. |

CORPORATION Pennsylvania Power & Light Company ACCOUNT ID 0280-166 TAX PERIOD ENDING 12/31/95

SECTION D: GENERAL INFORMATION QUESTIONNAIRE

1. Location of corporation's records.
Allentown, PA

2. Corporation's records in care of:
Company

3. Method of accounting, if different than for Federal.

4. Location of principal office.
Two North Ninth Street, Allentown, PA

5. Has Federal Government changed taxable income as originally reported for any prior period for which reports of change have not been filed in PA? Give year(s)
No

6. Name and Account ID of any corporation holding all or a majority of the stock of this corporation.
PP&L Resources, Inc., Box #7367-391

7. Other corporations of which this corporation owns all or a majority of the stock.

| NAME | FILE IN PA | ACCOUNT ID | ENTITY ID (EIN) |
|-----------------|------------|------------|-----------------|
| See Statement 2 | | | |
| | | | |
| | | | |

8. Date of incorporation June 4 19 20

9. Incorporated under laws of state of Pennsylvania

10. PA Sales Tax License Number 39-010181

11. Brief description of corporate activity in PA:
Electric Utility

Outside PA:
Lobbying Office in Washington, DC

states in which taxpayer has activity:

If incorporated outside PA, does the corporation solicit sales in PA? Please Check YES NO

If yes, does the corporation use:
Please Check Employee An exclusive sales representative An independent sales representative?

12. Schedule of real property used in Pennsylvania (buildings AND land)

| OWNED/ RENTED | STREET ADDRESS | CITY | COUNTY |
|---------------|-------------------------------------|------|--------|
| | Various realty used in public | | |
| | utility activities located through- | | |
| | out central eastern Pennsylvania | | |

SCHEDULE B-1: CORPORATE LOANS TAX INFORMATION

Foreign Corporations - Start with Question 1
Domestic Corporations - Start with Question 2

(Foreign Corporations Only) Did your corporation have a treasurer or other fiscal officer resident in PA and paying interest on indebtedness of the corporation? If answer is NO, remaining questions on this Schedule do not have to be answered 1. YES NO

Did your corporation have indebtedness outstanding to individual residents of PA and/or to partnerships resident in PA? 2. YES NO

Did your corporation have indebtedness outstanding held by a trustee, agent or guardian for a resident individual taxable in its own right or by an executor or administrator of an estate wherein the decedent was a resident of PA? 3. YES NO

If the answers to question 2 and/or 3 were "YES", continue below.

| Amount of interest actually paid on the indebtedness in question 2 or 3 during the tax year reported. | 5. Rate of interest applicable to the indebtedness in Question 2 or 3. | 6. Nominal value of taxable indebtedness (divide 5 into 4) Enter total of this column in Section B on Page 2. |
|---|--|---|
| | See Exhibit B Attached | |
| | | |

NET OPERATING LOSS SCHEDULE
File With Form RCT-101

BUREAU OF CORPORATION TAXES

| | | |
|-------------------------------|------------------------------------|--------------------------------------|
| Taxable Year Ended (MM/DD/YY) | Name of Corporation | Account ID (Pennsylvania Box) Number |
| 12/31/95 | Pennsylvania Power & Light Company | 0280-166 |

Complete this schedule to compute the amount of net loss carryforward available to be deducted in the current year and the net loss carryforward to the next year. Enter all dates and money amounts from periods with returns filed. If no net loss carryforward is available enter "0". If short periods exist in calendar years beginning in 1991 through 1995 enter the month, day and year of the beginning and end of all short periods and the net loss carryforward for all short periods in the appropriate row of the table (Do not combine amounts).

Column (1) - Using the last 1990 return's Net Loss Schedule C-2 (for calendar year and fiscal years beginning in 1990) enter the month, day and year (MMDYY) for the rows labeled "2nd Prior Tax Year", "Prior Tax Year" and "Current Year" in the first three rows of the table below. In rows 4 through 12 enter the month, day and year of the ending dates for calendar years or fiscal years beginning in 1991 through 1994. Finally, enter the month, day and year ending of the current filing period in row (13) of the table below.

Column (2) - In the first three rows of the table below, enter the Net Loss Carryforwards from column (4) of the 1990 return's Net Loss Schedule (as settled, for calendar year and fiscal years beginning in 1990) on the rows labeled "2nd Prior Tax Year", "Prior Tax Year" and "Current Year". In rows 4 through 12, for periods beginning in 1991 through 1994, enter the Taxable Loss from line (11), Section C of the return corresponding to the ending dates in Column (1). The Taxable Loss should be entered in the table as a positive number. If line (11), Section C is a gain or equal to "0", enter "0".

Column (3) - Enter the amount used as a net loss deduction against the tax beginning in 1995. The total amount of net loss carryforwards utilized should not exceed line (11), Section C of this return, or \$1,000,000 which ever is less. (Act 21-95 limits the total aggregate NOL allowed from pre-1995 tax periods. Of the \$1,000,000 maximum allowed in any tax period, no more than \$500,000 of previously unused NOL's can be claimed from tax periods beginning in 1988 through 1994). Therefore, once the limit (\$500,000 for pre-1995 NOL's/\$1,000,000 overall or line (11), Section C of the return) is reached by applying oldest periods first, do not enter the remaining unused Net Loss Carryforwards in Column (3). The total of column (3) should be carried over to line (12), Section C of the current year's return.

Column (4) - Subtract column (3) figures from column (2), and enter in column (4). The "Second Prior Tax Year" from the 1990 return and any tax year beginning 1994 remaining Net Loss Carryforwards are the only periods that will expire after use in the first 1995 return. Please write "expired" in the box(s) in column (4) corresponding to any tax year beginning in 1994. Remember, no more than \$500,000 of NOL carryforward deductions can be claimed from tax periods beginning in 1988 through 1994. Once the \$500,000 from these periods is reached, carry any remaining NOL's from column (3) to column (4) unless they expire. Then continue adding in NOL's from tax periods beginning on or after 1-1-95 until the maximum \$1,000,000 or line (11), Section C is reached. Then carry any unused, unexpired NOL's over to column (4). If line (11), Section C of this return is less than zero enter that amount as a positive number in Column (4), row 13 else enter "0" (a gain or 0).

| | For Calendar year and fiscal years beginning in: | (1) Fiscal Year End m m d d y y | (2) Net Loss Carryforward to the current year | (3) Amount deducted in the current year | (4) Net Loss Carryforward to the Next Year | Comments on column (4) |
|------|--|------------------------------------|--|--|---|-----------------------------|
| | From 1990 Schedule C-2 | | | | | |
| (1) | 2nd Period Tax Year | : | | | EXPIRED | Expires as Carryforward |
| (2) | Prior Tax Year | : | | | | Not Previously deducted |
| (3) | Current Tax Year (1990) | : | | | | Not Previously deducted |
| (4) | First Period after 1990: | : | | | | Not Previously deducted |
| (5) | : | : | | | | Not Previously deducted |
| (6) | : | : | | | | Not Previously deducted |
| (7) | : | : | | | | Not Previously deducted |
| (8) | : | : | | | | Not Previously deducted |
| (9) | : | : | | | | Not Previously deducted |
| (10) | : | : | | | | Not Previously deducted |
| (11) | : | : | | | | Not Previously deducted |
| (12) | : | : | | | | Not Previously deducted |
| (13) | 1995 NOL | 12 31 95 | | | 0 | RCT-101, Section C, Line 11 |
| | Total: | | | | | |

Pennsylvania RCT-101 Taxes Imposed On or Measured by Net Income Statement 1

| | |
|---|--------------------|
| Pennsylvania Corporate Net Income | 59,556,548. |
| Federal Environmental | 701,580. |
| DC Franchise | 9,085. |
| Total to PA RCT-101 Section C, Line 4(a) | 60,267,213. |

Pennsylvania RCT-101 Other Corporations of Which this Corporation Owns All or a Majority of Stock Statement 2

| Name | File in PA | Box Number | Federal EIN |
|---|------------|------------|-------------|
| Realty Company of Pennsylvania | Y | 1748-061 | 23-1612742 |
| CEP Group, Inc. | Y | 8886-222 | 23-1677278 |
| Interstate Energy Company | Y | 2983-717 | 74-1720208 |
| Pennsylvania Coal Resources Corporation | Y | 0036-353 | 23-2274938 |

Pennsylvania RCT-106 Pollution Control Devices Statement 3

| Description | Amount |
|---|---------------------|
| Exhibit A Attached | 524,502,040. |
| Total to PA RCT-106, Page 1, Line B, Pollution Control Devices | 524,502,040. |

Pennsylvania RCT-106 Schedule 2 - Exempt Intangible Assets - Stocks of Pa Corps Statement 4

| Description | # Shrs or % | Date Acquired | Date Sold | Days Held | Book Value | Exemption Claimed |
|--|----------------|------------------|--------------|--------------|--------------------|----------------------|
| Realty Company of Pennsylvania | 150.00 | 04/23/51 | | 365 | 16,300,119. | 16,300,119. |
| Safe Harbor Water Power Corporation | 100000 | 06/01/55 | | 365 | 17,167,811. | 17,167,811. |
| CEP Group, Inc. | 100.00 | 12/31/66 | | 365 | 37,871,728. | 37,871,728. |
| Pennsylvania Coal Resources Corporation | 10.00 | 12/29/83 | | 365 | 85,001. | 85,001. |
| Novo Community Trade Association | 1.00 | | | 365 | 200. | 200. |
| Total to PA RCT-106, Page 1, Schedule 2, Line 1 | | | | | 71,424,859. | 71,424,859. |

Pennsylvania RCT-106 Statement 5
 Schedule 2 - Exempt Intangible Assets - Stocks of Foreign Corps

| Description | # Shrs or % | Date Acquired | Date Sold | Days Held | Book Value | Exemption Claimed |
|---|----------------|------------------|--------------|--------------|------------|----------------------|
| Interstate Energy Company | 1000.00 | 03/01/80 | | 365 | 1,000. | 1,000. |
| Total to PA RCT-106, Page 1, Schedule 2, Line 2 | | | | | 1,000. | 1,000. |

CONSOLIDATED BALANCE SHEET AT DECEMBER 31

Pennsylvania Power & Light Company and Subsidiaries

(Thousands of Dollars)

| Assets | 1995 |
|---|--------------------|
| Property, Plant and Equipment | |
| Electric utility plant in service – at original cost..... | \$9,637,401 |
| Accumulated depreciation (Notes 1 and 9)..... | (3,113,374) |
| Deferred depreciation (Notes 1 and 9) | 209,330 |
| | <u>6,733,357</u> |
| Construction work in progress – at cost | 170,446 |
| Nuclear fuel owned and leased – net of amortization (Note 8) | 133,447 |
| Other leased property – net of amortization (Note 8) | 84,575 |
| | <u>7,121,825</u> |
| Electric utility plant – net | 7,121,825 |
| Other property – net of depreciation, amortization and depletion (1995, \$55,628; 1994, \$54,199) (Note 14)..... | 57,120 |
| | <u>7,178,945</u> |
| Investments | |
| Associated company – at equity (Note 1) | 17,169 |
| Nuclear plant decommissioning trust fund (Notes 1 and 6)..... | 109,400 |
| Financial investments (Notes 1 and 7) | 132,270 |
| Other – at cost or less (Note 7) | 8,673 |
| | <u>267,512</u> |
| Current Assets | |
| Cash and cash equivalents (Note 1) | 15,304 |
| Marketable securities (Notes 1 and 7)..... | 55,218 |
| Accounts receivable (less reserve: 1995, \$34,911; 1994, \$29,083) | |
| Customers | 197,071 |
| Other | 13,233 |
| Unbilled revenues..... | 92,139 |
| Fuel (coal and oil) – at average cost | 82,233 |
| Materials and supplies – at average cost | 108,052 |
| Prepayments | 10,395 |
| Deferred income taxes (Note 5)..... | 41,889 |
| Other | 30,967 |
| | <u>646,501</u> |
| Deferred Debits | |
| Taxes recoverable through future rates (Notes 5 and 9)..... | 1,002,902 |
| Other (Notes 1, 3, 5, 9, 11 and 12) | 327,935 |
| | <u>1,330,837</u> |
| | <u>\$9,423,795</u> |

| abilities | 1995 |
|---|-----------------------------|
| Capitalization | |
| Common equity | |
| Common stock | \$1,476,048 |
| Additional paid-in capital | 25,065 |
| Earnings reinvested | 1,033,900 |
| Capital stock expense and other | (7,117) |
| | <u>2,527,896</u> |
| Preferred stock | |
| With sinking fund requirements | 295,000 |
| Without sinking fund requirements | 171,375 |
| Long-term debt | <u>2,828,728</u> |
| | <u>5,822,999</u> |
| Current Liabilities | |
| Commercial paper (Note 10) | 68,000 |
| Bank loans (Note 10) | 21,145 |
| Long-term debt due within one year | 30,000 |
| Capital lease obligations due within one year (Note 8) | 81,017 |
| Accounts payable | 128,263 |
| Taxes accrued | 48,220 |
| Interest accrued | 65,499 |
| Dividends payable | 73,379 |
| Other | 86,091 |
| | <u>601,614</u> |
| Deferred Credits and Other Noncurrent Liabilities | |
| Deferred investment tax credits (Note 5) | 219,250 |
| Deferred income taxes (Note 5) | 2,106,535 |
| Capital lease obligations (Note 8) | 138,624 |
| Other (Notes 1, 3, 6 and 11) | 534,773 |
| | <u>2,999,182</u> |
| Commitments and Contingent Liabilities (Note 15) | <u> </u> |
| | <u>\$9,423,795</u> |

PENNSYLVANIA POWER & LIGHT COMPANY

1995 PENNSYLVANIA CORPORATE TAX REPORT
SUMMARY OF NEIGHBORHOOD ASSISTANCE ACT CREDITS

| <u>Project Name</u> | <u>Date Approved</u> | <u>Approved Maximum Credit</u> |
|--|----------------------|------------------------------------|
| Harb-Adult Inc. | 11-08-95 | \$ 250.00 |
| Community Services, Education and Job Training | 03-06-96 | 2,100.00 |
| Williamsport/Lycoming Habitat for Humanity | 08-15-96 | <u>13,963.00</u> |
| Total | | <u>\$ 16,313.00</u> |

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AFFAIRS

APPLICATION FOR TAX CREDIT UNDER THE NEIGHBORHOOD ASSISTANCE ACT

| |
|---|
| IMPORTANT |
| Submit tax credit forms in triplicate |
| Attach Proof of Contribution to DCA-BHR-19 (See No. 8) |
| Obtain copy of Project Approval Letter |
| (CHECK AMOUNTS & DATES) |

| |
|---|
| For Department Use Only |
| Application No. 96-0280166-1205 |
| Approved Maximum Credit \$ 250.00 |
| <i>[Signature]</i> Approving Authority |
| Date NOV 08 1995 |

Under the provisions of Act 292 of November 29, 1967, as amended, application for tax credit is hereby made. Following information is given in support of this application:

| | |
|---|--|
| 1. Applicant's Name <u>Pennsylvania Power & Light Company</u> | |
| 2. Address <u>Two North Ninth Street, Allentown, PA 18101</u> | |
| 3. Qualified Expenditures (Contribution) <u>\$500</u> | 4. Type of Tax <u>Corporate Net Income Tax</u> |
| 5. Tax Credit Request \$ <u>\$250</u> | Pa. Revenue E. Tax Box No. <u>0280-166</u> |
| Name of NAA Approved Project: <u>Harb-Adult Inc.</u> | |
| Contract No. <u>999-94-0052</u> | Date of Contribution: <u>June 15, 1995</u> |

8. Proof Of Contribution:

- | | |
|--|---|
| <input type="checkbox"/> Check - A Copy of CANCELLED CHECK | <input type="checkbox"/> Technical Assistance |
| <input type="checkbox"/> Real Estate | <input type="checkbox"/> Manpower Training |
| <input type="checkbox"/> Equipment and/or Supplies | |

I, Raymond F. Suhocki Name of Officer, V.P. Marketing & Economic Devel. Title of Pennsylvania Power & Light Company Name of Firm, hereby affirm under penalties

prescribed by law that this application has been examined by me and to the best of my knowledge and belief, the information is true, correct and complete.

Date of Affirmation 8-7-95 Signature *[Signature]*

APPLICATION FOR TAX CREDIT UNDER THE NEIGHBORHOOD ASSISTANCE ACT

| IMPORTANT |
|---|
| Submit tax credit forms in triplicate |
| Attach proof of contribution to DCA-BHR-19 (See No. 10) |
| Obtain copy of Project Approval Letter |
| Check amounts and dates |

| For Departmental Use Only | |
|----------------------------|-------------------|
| Application No. | 96-0280166-1205-1 |
| Approved Maximum Credit \$ | 2100.00 |
| <i>Frank N. Alvarado</i> | |
| Approving Authority | MAR - 6 1996 |
| | Date |

Under the provisions of Act 292 of November 29, 1967, as amended, application for tax credit is hereby made. The following information is given in support of this application.

| | |
|---|---------------------------------------|
| 1. Applicant's Name Pennsylvania Power & Light Company | |
| 2. Address P.O. Box 158 Montoursville, PA 17754-0158 | |
| 3. Contact Person Don Stringfellow | 4. Telephone Number (717) 368-5232 |
| 5. Qualified Expenditures (Contribution) \$ 3,000.00 | 6. Type of Tax PA CNI |
| Credit Request \$ 2,100.00 | 8. PA Revenue Tax Box No. 0280-166 |
| 9. Name of NAA Approved Project Community Services, Education and Job Training | |
| Contract No. 999-94-0055 | Date of Contribution March 13, 1995 |

10. Proof of Contribution

Check - A copy of a CANCELLED CHECK Equipment and/or Supplies Manpower Training

Real Estate Technical Assistance

Mr. Raymond F. Suhocki Senior Vice President of

Name of Officer Title

Pennsylvania Power & Light Company , hereby affirm under penalties

Name of Firm

As prescribed by law that this application has been examined by me and to the best of my knowledge and belief, the information is true, correct and complete.

27-95

Affirmation Signature

APPLICATION FOR TAX CREDIT UNDER THE NEIGHBORHOOD ASSISTANCE ACT

| IMPORTANT |
|---|
| Submit tax credit forms in triplicate |
| Attach proof of contribution to DCA-BHR-19 (See No. 10) |
| Obtain copy of Project Approval Letter |
| Check amounts and dates |

| For Departmental Use Only | |
|----------------------------|--------------------------|
| Application No. | <u>96-0280166-1205-2</u> |
| Approved Maximum Credit \$ | <u>13,963.10</u> |
| <i>Fred N. Abrams</i> | |
| Approving Authority | Date |
| | <u>AUG 15 1996</u> |

Under the provisions of Act 292 of November 29, 1967, as amended, application for tax credit is hereby made. The following information is given in support of this application.

| | |
|--|--|
| 1. Applicant's Name <u>Pennsylvania Power & Light Company</u> | |
| 2. Address <u>Two North Ninth Street</u> | |
| 3. Contact Person <u>Timothy R. Dahl</u> | 4. Telephone Number <u>610-774-3297</u> |
| 5. Qualified Expenditures (Contribution) <u>45,000</u> | 6. Type of Tax <u>Corporate Net Income</u> |
| 7. Tax Credit Request <u>\$ 13,963</u> | 8. PA Revenue Tax Box No. <u>0280-166</u> |
| 9. Name of NAA Approved Project <u>Williamsport/Lycoming Habitat For Humanity Affiliate</u> | |
| Contract No. <u>999-95-0055</u> | Date of Contribution <u>November 17, 1995</u> |

10. Proof of Contribution

| | | |
|---|--|--|
| <input checked="" type="checkbox"/> Check - A copy of a CANCELLED CHECK | <input type="checkbox"/> Equipment and/or Supplies | <input type="checkbox"/> Manpower Training |
| <input type="checkbox"/> Real Estate | <input type="checkbox"/> Technical Assistance | |

I, John R. Biggar, Vice President-Finance & Treasurer of Pennsylvania Power & Light Company, hereby affirm under penalties prescribed by law that this application has been examined by me and to the best of my knowledge and belief, the information is true, correct and complete.

8/26/96
Date of Affirmation

[Signature]
Signature

PENNSYLVANIA POWER & LIGHT COMPANY
 1995 Pennsylvania Corporate Tax Report
Accumulation of Tax Preference Income

| <u>Description</u> | <u>Amount of S.L. Depreciation</u> | <u>Depreciation Expensed in This Report</u> | <u>Amount Above (Below) S.L.</u> |
|--|--|---|--|
| <u>IRC Section 1250 Real Property</u> | | | |
| Accelerated Depreciation | <u>\$2,782,717</u> | \$2,308,227 | (\$474,490) |
| Property Sold-previously included in income | <u>(420,107)</u> | (480,969) | (60,862) |
| <u>Amortization-Pollution Control Facilities</u> | | | |
| <u>Electrostatic Precipitators - Martins Creek SES</u> | | | |
| Dec. 1970 - Fully amortized prior years | | | |
| Depreciable base | 2,295,693 | | |
| Deprec. otherwise allowable thru 12/31/94 | <u>2,084,645</u> | | |
| Net depreciable base | <u>211,048</u> | | |
| Deprec. otherwise allowable - DDB-28 yrs./RL-3.5 yrs. | <u>60,299</u> | 0 | (60,299) |
| <u>Bag Filters - Sunbury SES</u> | | | |
| 1973 - Fully amortized prior years | | | |
| Depreciable base | 5,065,700 | | |
| Deprec. otherwise allowable thru 12/31/94 | <u>4,907,675</u> | | |
| Net depreciable base | <u>158,025</u> | | |
| Deprec. otherwise allowable - DDB-22.5 yrs./RL-1 yrs. | <u>158,025</u> | 0 | (158,025) |
| Totals | <u>\$2,580,934</u> | <u>\$1,827,258</u> | <u>(\$753,676)</u> |

Pennsylvania Power & Light Company
 1995 Pennsylvania Capital Stock-Corporate Net Income-Loans Tax Report
Exemption Claimed for Pollution Control Facilities

Exhibit A
 1 of 2

| | 12/31/94 | | 12/31/95 | |
|---|-------------|-----------------------------|-------------|-----------------------------|
| | Cost | Reserve for Depreciation | Cost | Reserve for Depreciation |
| <u>WATER POLLUTION FACILITIES:</u> | | | | |
| Martins Creek SES #3-Cooling Tower | \$7,678,000 | \$4,971,884 | \$7,678,000 | \$5,227,561 |
| -Ash Disposal | 1,390,503 | 81,462 | 1,390,503 | 127,766 |
| Martins Creek SES #4-Cooling Tower | 7,457,426 | 4,350,008 | 7,457,426 | 4,598,340 |
| -Sanitary Sewer | 142,583 | 74,206 | 142,583 | 78,954 |
| -Waste Water Control | 3,819,869 | 2,367,530 | 3,819,869 | 2,494,732 |
| -Condenser Discharge | 1,094,578 | 672,339 | 1,094,578 | 708,788 |
| -Ash Disposal | 13,596,361 | 3,490,824 | 13,596,361 | 3,943,583 |
| Holtwood SES-Sanitary Sewer | 287,306 | 287,306 | 287,306 | 287,306 |
| -Ash Disposal | 2,043,285 | 1,442,645 | 2,043,285 | 1,510,686 |
| -Bottom Ash Basin | 756,411 | 439,545 | 756,411 | 464,733 |
| -Waste Water Control | 1,637,631 | 845,565 | 1,637,631 | 900,098 |
| Sunbury SES -Waste Water Control | 2,481,467 | 1,298,583 | 2,481,467 | 1,381,216 |
| -Ash Disposal | 9,554,110 | 3,912,120 | 9,554,110 | 4,230,272 |
| -River Intake System | 102,549 | 1,707 | 102,549 | 5,122 |
| -Ash Sluice Line (1) | 0 | 0 | 39,786 | 662 |
| Montour SES -Waste Water Control | 3,268,216 | 1,459,642 | 3,268,216 | 1,568,474 |
| -Ash Disposal | 5,812,112 | 3,640,041 | 5,812,112 | 3,833,584 |
| -Sewage Treatment Plant | 115,304 | 86,192 | 115,304 | 90,032 |
| -Equipment Wash Pad (1) | 0 | 0 | 164,764 | 2,743 |
| Montour SES #1- Cooling Tower | 4,064,246 | 3,037,805 | 4,064,246 | 3,173,144 |
| Montour SES #2- Cooling Tower | 5,184,400 | 3,166,501 | 5,184,400 | 3,339,142 |
| Brunner Island SES-Ash Disposal | 21,527,861 | 5,632,812 | 21,527,861 | 6,349,690 |
| -Waste Water Control | 3,741,720 | 1,600,442 | 3,741,720 | 1,725,041 |
| -Sanitary Sewer | 517,152 | 266,383 | 517,152 | 283,604 |
| -Slurry Wall (1) | 0 | 0 | 5,435,448 | 90,500 |
| Susquehanna SES-Sanitary Sewer | 179,674 | 116,345 | 179,674 | 122,328 |
| Keystone SES-Cooling Tower and Waste Disposal | 3,003,907 | 1,830,985 | 3,003,907 | 1,931,015 |
| Conemaugh SES-Waste Disposal | 3,540,528 | 1,240,167 | 3,540,528 | 1,358,067 |
| Susquehanna SES-Cooling Tower #1 | 53,583,000 | 12,886,349 | 53,583,000 | 14,817,480 |
| -Cooling Tower #2 | 45,902,000 | 10,092,932 | 45,902,000 | 11,747,240 |
| -Liquid Radwaste | 105,512,000 | 24,163,308 | 105,512,000 | 28,467,142 |
| -Solid Radwaste | 34,372,000 | 7,871,405 | 34,372,000 | 9,273,439 |
| -Oily Waste | 10,595,000 | 2,304,243 | 10,595,000 | 2,813,968 |
| -Discharge Diffuser | 395,000 | 90,454 | 395,000 | 106,566 |
| -Spent Fuel Storage & Handling | 36,767,000 | 8,138,722 | 36,767,000 | 9,638,448 |
| -Sewage Treatment Plant | 741,102 | 142,753 | 741,102 | 165,801 |
| -Hazardous Waste Facility | 1,400,000 | 285,047 | 1,400,000 | 342,153 |
| <u>AIR POLLUTION FACILITIES:</u> | | | | |
| Montour SES #1-Precipitator | 7,959,978 | 4,057,158 | 7,959,978 | 4,322,225 |
| -Dust Suppression | 23,449,123 | 9,910,063 | 23,449,123 | 10,690,919 |
| Montour SES #2-Precipitator | 9,916,558 | 4,236,669 | 9,916,558 | 4,566,890 |
| -Low NOx Burners | 20,616,103 | 343,258 | 20,616,103 | 1,029,774 |
| Montour SES-Low Nox Burner & Other (1) | 0 | 0 | 19,189,089 | 319,498 |
| Martins Creek SES-Precipitator | 7,095,165 | 2,917,338 | 7,095,165 | 3,153,607 |
| -Dust Suppression | 53,294 | 53,294 | 53,294 | 53,294 |
| -Air Monitor Station | 405,646 | 231,867 | 405,646 | 245,375 |
| -Low NOx Burners | 9,760,925 | 162,519 | 9,760,925 | 487,558 |
| Sunbury SES #1 & #2-Precipitators | 5,992,368 | 4,616,638 | 5,992,368 | 4,816,184 |
| Sunbury SES #3-Precipitators | 5,748,625 | 2,788,104 | 5,748,625 | 2,979,533 |
| -Low NOx Burners | 4,953,015 | 82,468 | 4,953,015 | 247,403 |
| Sunbury SES #4-Precipitators | 4,866,576 | 3,456,121 | 4,866,576 | 3,618,178 |
| Sunbury SES-Dust Suppression, etc. | 372,766 | 272,440 | 372,766 | 284,853 |
| Sunbury SES-Low Nox Burner (1) | 0 | 0 | 4,425,080 | 73,678 |
| Sunbury SES-Electrostatic Precipitator (1) | 0 | 0 | 1,848,005 | 30,769 |
| Brunner Island SES #1-Bag Filter | 13,465,609 | 6,491,773 | 13,465,609 | 6,940,178 |
| Brunner Island SES #2-Precipitators | 9,309,213 | 3,830,613 | 9,309,213 | 4,140,610 |

Pennsylvania Power & Light Company
 1995 Pennsylvania Capital Stock-Corporate Net Income-Loans Tax Report
Exemption Claimed for Pollution Control Facilities

Exhibit A
 2 of 2

| | 12/31/94 | | 12/31/95 | |
|--|---------------|-----------------------------|---------------|-----------------------------|
| | Cost | Reserve for Depreciation | Cost | Reserve for Depreciation |
| <u>WATER POLLUTION FACILITIES:</u> | | | | |
| -Low NOx Burners | 12,050,895 | 200,647 | 12,050,895 | 601,942 |
| Brunner Island SES #3-Precipitators | 32,942,479 | 15,755,776 | 32,942,479 | 16,852,761 |
| -Low NOx Burners | 16,143,258 | 268,785 | 16,143,258 | 806,355 |
| Brunner Island SES-Dust Suppression | 348,515 | 262,135 | 348,515 | 273,741 |
| Brunner Island SES-Low Nox Burner (1) | 0 | 0 | 14,398,202 | 239,730 |
| Brunner Island SES-Dry Ash Handling System (1) | 0 | 0 | 22,585,074 | 376,041 |
| Holtwood SES-Lime Dust Suppression | 70,054 | 45,439 | 70,054 | 47,772 |
| -Dust Suppression-Scrubber | 350,454 | 215,370 | 350,454 | 227,040 |
| -Dust Suppression-Bunker | 47,927 | 29,456 | 47,927 | 31,052 |
| -WFI Bag Filter | 1,888,408 | 1,351,852 | 1,888,408 | 1,414,736 |
| -Fuller Bag Filter & Ash Removal | 6,921,442 | 3,322,029 | 6,921,442 | 3,552,513 |
| -Dry Ash Handling System (1) | 0 | 0 | 1,129,556 | 18,807 |
| Keystone SES-Precipitators | 5,677,430 | 2,031,723 | 5,677,430 | 2,220,781 |
| -Low NOx Burners (2) | 2,189,342 | 36,453 | 4,566,437 | 148,937 |
| Conemaugh SES-Precipitators | 3,842,957 | 1,642,788 | 3,842,957 | 1,770,758 |
| -Low NOx Burners | 5,202,733 | 86,626 | 5,202,733 | 259,877 |
| -Flue Gas Scrubbers (1) | 32,378,269 | 539,098 | 41,424,614 | 1,767,916 |
| Susquehanna SES-Off Gas System | 46,995,000 | 10,765,704 | 46,995,000 | 12,682,630 |
| -Gaseous Radwaste | 8,296,000 | 1,845,936 | 8,296,000 | 2,184,330 |
| -Dust Suppression | 20,000 | 3,174 | 20,000 | 3,990 |
| Totals | 691,594,428 | \$194,141,566 | 772,232,872 | \$220,681,655 |
| Less Reserve for Depreciation | | 194,141,566 | | 220,681,655 |
| Net Value | \$497,452,862 | | 551,551,217 | |
| Net Value-Beginning of Year | | | 497,452,862 | |
| Total | | | 1,049,004,079 | |
| Average | | | \$524,502,040 | |

(1) Application for DEP Certification submitted.
 (2) DEP Certification for current year additions attached.

DEPARTMENT OF ENVIRONMENTAL RESOURCES

APPLICATION AND NOTICE OF STATE CERTIFICATION FOR CORPORATION TAX BENEFIT FOR AIR AND WATER POLLUTION CONTROL DEVICES

For Tax Year Ending 1995

1. Corporation Name Pennsylvania Electric Company as operator for owners

2. Person Representing Corporation Ronald P. Lantzy
 Title Designated Representative for Keystone Station Telephone (814) 533-8217
 Mailing Address 1001 Broad Street
Johnstown, PA 15907

3. Location of Pollution Control Device(s)
 Plant Name Keystone Generating Station County Armstrong
 Mailing Address P. O. Box 181 Municipality Plum Creek Township
Shelocta, PA (Twp. Boro. City)

4. Briefly list and describe the nature and function of each pollution control device(s) for which the tax certification is requested. (If more space is needed, please attach additional sheets.)

1. New Low NOx Burners - Unif. 1 Clean Air Act Amendments of 1990 for NOx
2. Emissions Reduction
3.
4.
5.

5. Attach a detailed description of the device(s), along with diagrams or sketches showing the device(s) in que and their relationship to the overall air or water pollution control system at the plant.

See Attachment "A"

6. OER Permits Pertaining to the Pollution Control Device(s):⁽¹⁾

| Permit No. | Air | Water | Date Issued | Date Expiring |
|------------|-----|-------|-------------|---------------|
| 03-306-005 | Air | | 8/21/94 | 6/30/95 |

Note: Keystone RACT Plan Approval #03-000-027 supercedes this permit. Plan Approval #03-000-027 expires 9/30/95.

7. Complete the following information for the device(s) in question:

| Device | Date Installed | Date Began Operation | Original Installation Cost |
|----------------|----------------|----------------------|----------------------------------|
| Low NOx Burner | 4/15/95 | 4/15/95 | \$18,800,000 2,377,095 (PEIC) |

⁽¹⁾ Some pollution control devices (i.e. pretreatment units) may not be permitted by the Department, but may be eligible for the corporate tax benefit.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL RESOURCES

APPLICATION AND NOTICE OF STATE CERTIFICATION FOR CORPORATION TAX BENEFIT
FOR AIR AND WATER POLLUTION CONTROL DEVICES (contd.)

Subject to the penalties of Title 18 Pa. C.S. Section 4904 relating to unsworn falsification to authorities, I
that I am an authorized representative of the corporation, and that the devices for which tax benefits are
requested are in place and operating, and that all the information submitted on this application is accurate
valid to the best of my knowledge.

Ronald P. Lantry
Signature of Authorized Representative

9-15-95
Date Signed

FOR DEPARTMENT OF ENVIRONMENTAL RESOURCES USE ONLY

CERTIFICATION BY THE DEPARTMENT

Except as otherwise noted below, the Department of Environmental Resources hereby certifies:

1. That the above component(s) is/are component(s) to a water or air pollution control device;
2. That the above device(s) is/are installed and completed in place;
3. That the above component(s) or device(s) is/are employed or utilized to remove pollutants commencing in, during, the tax year in question;
4. That where a plan approval or permits is required by the Department of Environmental Resources, plan approval or permit has been obtained.

By _____
(signature of authorized DER Water Management representative)

Title _____
Date _____

By _____
(signature of authorized DER Air Quality Control representative)

Title _____
Date _____

Comments:

Must apporition low NOX burner per
attached letter dated 3/29/96.

Bill Kimmel

state reconsidered - see 5/31/96 letter attached.



Pennsylvania Department of Environmental Protection

400 Waterfront Drive
Pittsburgh, PA 15222-4745
May 31, 1996

Southwest Regional Office

412-442-4000

Ronald P. Lantzy
Designated Representative
Pennsylvania Electric Company
1001 Broad Street
Johnstown, PA 15907

Re: Application and Notice of State Certification for
Corporation Tax Benefits for Air Pollution Control
Devices, Keystone Generating Station, Unit 1 and Unit 2
(Tax Year Ending 1995)

Dear Mr. Lantzy:

The Southwest Regional Office of the Department of
Environmental Protection has reconsidered its position
vis-a-vis tax certification of low NOX burners.

In light of this reconsideration, this office now
certifies the following:

1. That the low NOX burners, which have been installed
on Keystone Unit 1 and Unit 2, are components to an
air pollution control device,
2. That the low NOX burners have been installed and
completed in place on Keystone Unit 1 and Unit 2,
3. That the low NOX burners have been employed or
utilized to remove pollutants from Keystone Unit 1
and Unit 2 in the Tax Year ending 1995,
4. That the necessary plan approval or operating permit
from the Department of Environmental Protection has
been obtained for the installation and operation of
the low NOX burners on Keystone Unit 1 and Unit 2.

If you have any questions, you may contact me at 412-
442-4332.

Sincerely,

Brian J. Hammer
Compliance Specialist



Pennsylvania Power & Light Company
 1995 Pennsylvania Corporate Loans Tax Report
Schedule of Taxable Indebtedness

Exhibit B

| | <u>Taxable Interest Paid</u> | <u>Interest Rate</u> | <u>Taxable Indebtedness</u> |
|-------------------------------|--------------------------------------|--------------------------|---------------------------------|
| <u>Bonds:</u> | | | |
| Series due 1/99 | \$ 85,050 | 7.000% | \$ 1,215,000 |
| Series due 1/03 | 144,375 | 7.500% | 1,925,000 |
| Series due 7/21 | 14,672 | 9.375% | 156,501 |
| Series due 2/01 | 85,043 | 7.250% | 1,173,007 |
| Series due 2/02 | 117,730 | 7.625% | 1,544,000 |
| Series due 2/03 | 1,032 | 6.875% | 15,011 |
| Series due 2/23 | 3,702 | 7.875% | 47,010 |
| Series due 3/06 | 3,276 | 6.550% | 50,015 |
| Series due 3/24 | 4,819 | 7.300% | 66,014 |
| Series due 3/04 | 14,310 | 9.000% | 159,000 |
| Series due 3/14 | 1,800 | 9.000% | 20,000 |
| Series due 10/19 | 5,550 | 9.250% | 60,000 |
| Series due 4/98 | 138 | 5.500% | 2,509 |
| Series due 4/05 | 5,006 | 6.500% | 77,015 |
| Series due 10/23 | 22,950 | 6.750% | 340,000 |
| Series due 11/97 | 28,722 | 6.750% | 425,511 |
| Series due 5/02 | 1,162 | 7.750% | 14,994 |
| Series due 5/22 | 2,763 | 8.500% | 32,506 |
| Series due 6/96 | 6,891 | 5.625% | 122,507 |
| Series due 6/99 | 57,809 | 8.125% | 711,495 |
| Series due 6/00 | 2,100 | 6.000% | 35,000 |
| | | | <u>8,192,095</u> |
| Property Purchase Agreements: | 3,099 | 8.000% | 38,740 |
| Customer Deposits | 59,128 | 10.890% | <u>542,957</u> |
| Total | | | <u><u>\$ 8,773,792</u></u> |

12/31/95

Pennsylvania Power & Light Company

0280-166

TAXABLE PERIOD ENDED (MONTH/DAY/YEAR)

NAME OF CORPORATION

ACCOUNT ID

Schedules 1 and 2 of this Insert Sheet must be completed by PA corporations claiming the exemption for tangible and intangible assets for Capital Stock Tax purposes and foreign corporations electing to use the single factor apportionment formula for Foreign Franchise Tax purposes.

Tables 1, 2, 3 and 4 of this Insert Sheet must be completed by all corporations apportioning taxable income and by foreign and PA corporations using the three (3) factor formula to compute the taxable value of capital stock.

| | | |
|---|------------------------|--|
| A. AVERAGE TOTAL ASSETS (Carry to RCT-101, Schedule A-1, Line (4b)) | \$ | 9,820,297,699. |
| B. Less: AVERAGE EXEMPT ASSETS - | | |
| Tangibles (From Schedule 1 Below) | \$ | |
| Intangibles (From Schedule 2 Below) | \$ | 83,211,381. |
| Pollution Control Devices Statement 3 | \$ | 524,502,040. |
| (Attach description schedule and copy of DER certification) | \$ | 607,713,421. |
| C. AVERAGE ASSETS TAXABLE IN PA (Carry to RCT-101, Schedule A-1, Line (4a)) | \$ | 9,212,584,278. |
| D. PROPORTION OF TAXABLE ASSETS (compute to six decimal places) | | |
| | AVERAGE TAXABLE ASSETS | .938117 |
| | AVERAGE TOTAL ASSETS | (Carry to RCT-101, Schedule A-1, Line (5)) |

EXEMPTION CLAIMED FOR TANGIBLE AND INTANGIBLE ASSETS (OMIT CENTS)

| Schedule 1 EXEMPT TANGIBLE ASSETS (Attach rider, if necessary) | Net Book Value - Beginning | | Net Book Value - Ending | | E Amount of Exemption Claimed for Average Value of Tangible Assets Located Outside of PA |
|--|----------------------------|-----------------|-------------------------|-----------------|--|
| | A Inside PA | B Outside PA | C Inside PA | D Outside PA | |
| 1. Buildings | | | | | |
| 2. Equipment and Fixtures | | | | | |
| 3. Land | | | | | |
| 4. Leasehold Improvements | | | | | |
| 5. Vehicles | | | | | |
| 6. Mining Stock and all other Movable Property | | | | | |
| 7. Other Tangible Property | | | | | |
| 8. Inventories | | | | | |
| TOTALS | | | | | |

NOTE: If there was a substantial change during the year, attach a separate schedule explaining same in detail.

| Schedule 2 EXEMPT INTANGIBLE ASSETS (Attach rider, if necessary) | A Number of Shares or % | B Date Acquired | C Date Sold | D Held (Full Year or No. of Days) | E Book Value | F Exemption Claimed |
|--|----------------------------------|--|-------------------|--|-----------------|---------------------------|
| Stocks of PA Corporations | | See Statement 4 & Form RCT-106 Page 3 | | | 71,424,859. | 71,424,859. |
| Stocks of Foreign Corporations (More than 50% owned) | | See Statement 5 & Form RCT-106 Page 3 | | | 1,000. | 1,000. |
| United States Securities | | | | | | |
| Exempt State and Local Securities | | | | | | |
| National Bank Shares | | | | | | |
| TOTALS (For Exemption Purposes) | | | | | 71,425,859. | 71,425,859. |

12/31/95

Pennsylvania Power & Light Company

0280-166

TAXABLE PERIOD ENDED (MONTH/DAY/YEAR)

NAME OF CORPORATION

ACCOUNT ID

TABLES SUPPORTING DETERMINATION OF APPORTIONMENT PERCENTAGE (OMIT CENTS)

| TABLE 1 - PROPERTY FACTOR | Description | Inside PA | | Inside and Outside PA | |
|--|-------------|---------------------|---------------|-----------------------|---------------|
| | | Beginning of Period | End of Period | Beginning of Period | End of Period |
| Tangible Property Owned (original cost value) | | | | | |
| Land and Buildings | | | | | |
| Machinery and Equipment | | | | | |
| Furniture and Fixtures | | | | | |
| Automobiles and Trucks | | | | | |
| Inventories | | | | | |
| Other Tangible Property | | | | | |
| Totals | | | | | |
| | | 9733472748 | 10039395567 | 9733528420 | 10039460724 |
| Total Beginning and End of Period | | | | | |
| Average Value (1/2 of Above) | | 9,886,434,158. | | 9,886,494,572. | |
| Add: Corporate Tangible and/or Real Property Rented* | | 104,670,752. | | 105,031,168. | |
| Partnership Tangible and/or Real Property Rented* | | | | | |
| Total Average Value | | (A) 9,991,104,910. | | (B) 9,991,525,740. | |

* Eight times net annual rental rate (Attach Schedule)

(C) Property factor (divide "A" by "B" - compute to six decimal places)

0.999958

(carry (A), (B) and (C) over to RCT-101, Schedule C-1 and Schedule A-1, if applicable, Lines (1a), (1b) and (1c))

| TABLE 2 - PAYROLL FACTOR | Description | Inside PA | Inside and Outside PA |
|--|-------------|------------------|-----------------------|
| Wages, salaries, commissions and other compensation to employees in: | | | |
| Costs of goods sold | | | |
| Compensation of officers | | | |
| Salesmen's salaries and commissions | | | |
| Other | | | |
| | | (A) 424,336,554. | (B) 424,512,460. |

(C) Payroll factor (divide "A" by "B" - compute to six decimal places)

0.999586

(carry (A), (B) and (C) over to RCT-101, Schedule C-1 and Schedule A-1, if applicable, Lines (2a), (2b) and (2c))

| TABLE 3 - SALES FACTOR | Description | Inside PA | Inside and Outside PA |
|---|-------------|--------------------|-----------------------|
| Net Sales | | 2,795,599,574. | 2,795,599,574. |
| Interest, Rents, Royalties | | 5,955,227. | 5,955,227. |
| Other Income (receipts only) | | 867,016. | 867,016. |
| Gross Sales Price of Assets (except securities**) | | 1,126,114. | 1,126,114. |
| Totals | | (A) 2,803,547,931. | (B) 2,803,547,931. |

** Unless you are a securities dealer

(C) Sales factor (divide "A" by "B" - compute to six decimal places)

1.000000

(carry (A), (B) and (C) over to RCT-101, Schedule A-1, Lines (3a), (3b) and (3c))

(D) Double weighted sales factor (divide "A" by "B" - compute to six decimal places and multiply by (2))

2.000000

(carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines (3a, 3b and 3c))

| TABLE 4 - NONBUSINESS INCOME ALLOCATED INSIDE AND OUTSIDE PA | (Attach rider reflecting basis for nonbusiness income) | | |
|---|--|---------------|----------|
| Description | A. Inside PA | B. Outside PA | C. Total |
| Net Rents and Royalties from Real Property | | 0. | |
| Net Rents and Royalties from Tangible Personal Property | | 0. | |
| Gains or Losses from Sale of Real Property | | 0. | |
| Gains or Losses from Sale of Tangible Personal Property | | 0. | |
| Gains or Losses from Sale of Intangible Personal Property | | 0. | |
| Interest Income (Other than U.S. Securities) | | 0. | |
| Royalties from Patents and Copyrights | | 0. | |
| Total (Transfer column A to RCT-101, Section C, Line (10) and Column C to RCT-101, Section C, Line (6)) | 0. | 0. | 0. |

Apportionment Factor - to be completed only by railroad, truck, bus, and airline companies, pipeline or natural gas companies and water transportation companies. (Refer to instructions).

NUMERATOR (A) =
DENOMINATOR (B)

(C) (carry (A), (B) and (C) over to RCT-101, Schedules A-1 and C-1, Lines 4a, 4b and 5.)

1995 PENNSYLVANIA CORPORATE TAX REPORT
AVERAGE TAXABLE ASSETS

| | <u>12/31/94</u> | <u>12/31/95</u> | <u>AVERAGE</u> |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| TOTAL ASSETS | <u>9,834,418,679</u> | <u>9,806,176,719</u> | <u>9,820,297,699</u> |
| EXEMPT ASSETS: | | | |
| INTANGIBLES | 94,996,903 | 71,425,859 * | 83,211,381 |
| POLLUTION CONTROL DEVICES | <u>497,452,862</u> | <u>551,551,217</u> | <u>524,502,040</u> |
| SUBTOTAL | <u>592,449,765</u> | <u>622,977,076</u> | <u>607,713,421</u> |
| ASSETS TAXABLE IN PA | <u><u>9,241,968,914</u></u> | <u><u>9,183,199,643</u></u> | <u><u>9,212,584,278</u></u> |

* - SEE STATEMENTS 4 & 5 ATTACHED



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
DEPT. 280705
HARRISBURG, PA 17128-0705
APR 22 1996

Annual Extension....***APPROVED***
Length of Extension. 180 DAYS

PENNSYLVANIA POWER &
TAX SECTION TW 10
2 N 9TH ST
ALLENTOWN PA 18101

Box Number.....0280 166
EIN 23-0959590
Annual Due Date.....04-15-96
Date of Request.....04-15-96
Tax Year Ending.....12-95

Dear Taxpayer,

This notice acknowledges and approves your application for the extension of time to file as indicated above. If a 180-day extension has been approved, a copy of Federal Form 7004 must be filed with your annual tax return. Failure to include the Federal Form 7004 can result in the imposition of penalties for late filing.

Please include a copy of this notice with your annual report when filed. If your tax report is prepared by a practitioner, please provide your practitioner with this notice.

Thank you for your cooperation.

Sincerely,

Bureau of Corporation Taxes
Extension Unit

Application for Automatic Extension of Time To File Corporation Income Tax Return

Department of the Treasury
Internal Revenue Service

Name of corporation **P&L Resources, Inc. and Subsidiary Companies *** Employer identification number **23-2758192**
Number, street, and room or suite no. (if a P.O. box or outside the United States, see instructions.)

Two North Ninth Street
City or town, state, and ZIP code
Allentown, PA 18101

Check type of return to be filed:

- | | | | | |
|---|--|--|---|---------------------------------------|
| <input checked="" type="checkbox"/> Form 1120 | <input type="checkbox"/> Form 1120-FSC | <input type="checkbox"/> Form 1120-ND | <input type="checkbox"/> Form 1120-REIT | <input type="checkbox"/> Form 1120-SF |
| <input type="checkbox"/> Form 1120-A | <input type="checkbox"/> Form 1120-H | <input type="checkbox"/> Form 1120-PC | <input type="checkbox"/> Form 1120-RIC | <input type="checkbox"/> Form 990-C |
| <input type="checkbox"/> Form 1120-F | <input type="checkbox"/> Form 1120-L | <input type="checkbox"/> Form 1120-POL | <input type="checkbox"/> Form 1120S | <input type="checkbox"/> Form 990-T |

Form 1120-F filers: Check here if you do not have an office or place of business in the United States

1a I request an automatic 6-month (or, for certain foreign corporations, 3-month) extension of time until September 15, 1996, to file the income tax return of the corporation named above for calendar year 1995 or tax year beginning _____, 19____, and ending _____, 19____.

b If this tax year is for less than 12 months, check reason:

- Initial return Final return Change in accounting period Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

| Name and address of each member of the affiliated group | Employer identification number | Tax period |
|---|--------------------------------|------------------------|
| Schedule Attached | | All Calendar Year 1995 |
| Successor In Interest to Pennsylvania Power & Light Company and Subsidiary Companies ID# 23-0959590 | | |
| | | |
| | | |
| | | |
| | | |

| | | |
|--|----|-------------|
| 3 Tentative tax (see instructions) | 3 | 203,000,000 |
| 4 Credits: | | |
| a Overpayment credited from prior year | 4a | 12,593,253 |
| b Estimated tax payments for the tax year | 4b | 204,326,747 |
| c Less refund for the tax year applied for on Form 4466 | 4c | () |
| e Credit from regulated investment companies | 4e | |
| f Credit for Federal tax on fuels | 4f | |
| 4d Total of lines 4a through 4f | 4d | 216,920,000 |
| 5 Total. Add lines 4d through 4f | 5 | 216,920,000 |
| 6 Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (FTD) Coupon (see instructions) | 6 | NONE |

Signature.—Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

[Signature]
(Signature of officer or agent)

Vice President & Controller
(Title)

3/12/96
(Date)

PP&L RESOURCES, INC.
AND SUBSIDIARY COMPANIES

FORM 7004-1995

LIST OF SUBSIDIARY COMPANIES

| | |
|---|------------|
| Pennsylvania Power & Light Company (a) | 23-0959590 |
| BDW Corporation (a) | 51-0116798 |
| CEP Group, Inc. (a) | 23-1677278 |
| Greene Hill Coal Company (a) | 23-1920680 |
| Greene Manor Coal Company (a) | 23-1943647 |
| Interstate Energy Company (a) | 74-1720208 |
| Lady Jane Collieries, Inc. (a) | 24-0856538 |
| Pennsylvania Coal Resources Corporation (a) | 23-2274938 |
| Realty Company of Pennsylvania (a) | 23-1612742 |
| Spectrum Energy Services Corporation (a) | 23-2816389 |
| | |
| Pennsylvania Mines Corporation (b) | 23-1699492 |
| Rushton Mining Company (b) | 25-1123520 |
| | |
| Power Markets Development Company (c) | 23-2755459 |
| PMDC Asia, Inc. (c) | 51-0368424 |
| PMD Chester, Inc. (c) | 51-0368428 |
| PMD Indonesia, Inc. (c) | 51-0368425 |
| PMDC Operations, Inc. (c) | 51-0368427 |
| PMDC Latin America, Inc. (c) | 51-0368426 |

(a) Address is: Two North Ninth Street, Allentown, PA 18101

(b) Address is: P.O. Box 367, Ebensburg, PA 15931

(c) Address is: 11350 Random Hills Road, Fairfax, VA 22030

**PENNSYLVANIA POWER & LIGHT COMPANY
CORRECTED PA CORPORATE TAX REPORT
RCT-101X
DECEMBER 31, 1995**

AMENDED PA CORPORATE TAX REPORT 1995 RCT-101X

PA DEPARTMENT OF REVENUE BUREAU OF CORPORATION TAXES DEPT. 280427 HARRISBURG, PA 17128-0427

DEPARTMENT USE ONLY DATE RECEIVED

STEP A Corporation Name and Address

1. Tax Year Beginning MM/DD/YY 1/1/95 Ending MM/DD/YY 12/31/95
2. Print or type Corporation Name, Account ID, Entity ID (EIN) and Address.
3. Use only if original 1995 report has been filed.
4. Check if 1994 report has been settled.
5. Check here if tax report is prepared by Tax Practitioner and you ONLY require name and address label.
Corporation Name: Pennsylvania Power & Light Company
Account ID: 0280-166
Number and Street: Two North Ninth Street
Entity ID (EIN): 23-0959590
City or Town, State, and Zip Code: Allentown, PA 18101

DLN
DR6 S
DR7 A

TAX DLN

STEP C Check Applicable Block(s)

6. PA S 7. FIRST REPORT 8. LAST REPORT 9. PARENT CORPORATION 10. EXTRA STATUTORY TREATMENT

STEP D Amended Tax Summary

Table with 4 columns: A. ORIGINAL TAX LIABILITY, B. AMENDED TAX LIABILITY, C. ESTIMATED PAYMENTS AND CREDITS ON DEPOSIT FOR THE CURRENT PERIOD, D. CALCULATION Col. B minus Col. C Positive or (Negative). Rows include CAPITAL STOCK FOREIGN FRANCHISE TAX, LOANS TAX, CORPORATE NET INCOME TAX, and TOTAL.

ENTER WHOLE DOLLARS ONLY

12. If Column D TOTAL is greater than zero, complete STEP E.
13. If Column D TOTAL is less than zero, an overpayment exists. Skip to STEP F.
14. If Column D TOTAL is zero, no payment is due. Skip to STEP G.
* As Computed and Reported on the original tax report filed with the PA Department of Revenue.

STEP E Amended Tax Payment Application

15. Apply Column D TOTAL from Step D by tax. The payment amount for each tax must be zero or greater.

DEPARTMENT USE ONLY table with columns I and P.

CAPITAL STOCK FOREIGN FRANCHISE TAX
LOANS TAX
CORPORATE NET INCOME TAX

PAYMENT table with rows for each tax category.

ENTER WHOLE DOLLARS ONLY

TOTAL PAYMENT must equal the Column D TOTAL from STEP D.

Make check payable to "PA DEPT. of REVENUE"

Please check this block only if the total payment shown to the right has been (or will be) paid by Electronic Funds Transfer (EFT).

STEP F Overpayment

16. Check ONLY ONE box to select a refund or transfer method. Refund is not requested. Tax payer will transfer credit at its discretion.
A. Automatically transfer overpayment(s) to current tax period underpaid taxes and the remaining portion to the next tax period.
B. Automatically transfer \$ of the current tax period overpayment(s) to the next tax period after paying any current tax period underpaid taxes and refund the remaining portion of the current tax period overpayment(s).
C. Refund the overpayment from the current tax period after paying any current tax period underpaid taxes.

STEP G Signature

I hereby affirm under penalties prescribed by law that this report (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.
SIGNATURE OF OFFICER OF COMPANY: V.P. and Controller
DATE: 1/28/97
TELEPHONE NUMBER: 610-774-5353

STEP H Settlement

18. Check here to mail settlement notice AND requests for additional information to preparer's address. Preparer's address must be printed or typed below.
19. PRINT INDIVIDUAL OR FIRM'S NAME
INDIVIDUAL OR FIRM'S STREET ADDRESS
CITY STATE ZIP CODE
INDIVIDUAL PREPARER OR FIRM'S SIGNATURE OF PREPARER
TITLE TELEPHONE NUMBER
DATE PREPARER'S EIN OR SSN

AMENDED REPORT: 1. ENTER CHANGES ONLY 2. RECALCULATE TAX

CORPORATION **Pennsylvania Power & Light Company** ACCOUNT ID **0280-166** TAX PERIOD ENDING **123195**

| SECTION A: CAPITAL STOCK/FOREIGN FRANCHISE TAX | | TAXABLE PERIOD BEGINNING | TAXABLE PERIOD ENDING | TAXPAYER USE (WHOLE DOLLARS ONLY) | DEPARTMENT USE ONLY |
|--|--|--------------------------|-----------------------|-----------------------------------|---------------------|
| HISTORY OF EARNINGS | | M M D D Y Y | M M D D Y Y | BOOK INCOME | |
| Oldest Period - Start Here | | 01/01/91 | 12/31/91 | 348,153,707. | |
| | | 01/01/92 | 12/31/92 | 344,849,572. | |
| | | 01/01/93 | 12/31/93 | 344,917,249. | |
| | | 01/01/94 | 12/31/94 | 248,336,852. | |
| Additional Periods use these spaces (Skip Lines if Not Required) | | | | | |
| 1 | Current Tax Period Book Income (Loss) | 01/01/95 | 12/31/95 | 324,745,204. | |
| 2 | Total Book Income (sum of income for all tax periods within, up to, but not over, 5 years total) | | | 1611002584 | |
| 3 | Divisor (in years and part years rounded to three decimal places) | | | 5.000 | |
| 4 | Divide Line (2) by Line (3) | | | 322,200,517. | |
| 5 | AVERAGE BOOK INCOME - Enter Line (4) or if Line (4) is less than zero enter "0" | | | 322,200,517. | |
| 6 | Divide Line (5) by .095 | | | 3391584389 | |
| 7 | Sum of capital stock, paid-in capital and retained earnings less treasury stock at the end of the current period | | | 2994271079 | |
| 8 | Sum of capital stock, paid-in capital and retained earnings less treasury stock at the beginning of the current period | | | 2920842215 | |
| 9 | If Line (7) is twice as great or half as much as Line (8), add Lines (7) and (8) and divide by 2. Otherwise enter Line (7) | | | 2994271079 | |
| 10 | NET WORTH - Enter Line (9) or if Line (9) is less than zero enter "0" | | | 2994271079 | |
| 11 | Multiply Line (10) by 0.75 | | | 2245703309 | |
| 12 | Add Line (6) and (11) | | | 5637287698 | |
| 13 | Divide Line (12) by 2 | | | 2818643849 | |
| 14 | \$100,000 valuation deduction | | | (\$100,000) | |
| 15 | CAPITAL STOCK VALUE - Line (13) less Line (14) but not less than "0". If 100% Taxable, enter Line (15) on Line (17) | | | 2818543849 | |
| 16 | Proportion of taxable assets or apportionment proportion. (From Schedule A-1, Line (5) below.) | | | .938117 | |
| 17 | TAXABLE VALUE - Multiply Line (15) by Line (16). If less than zero, enter "0" | | | 2644123900 | |
| 18 | CAPITAL STOCK/FOREIGN FRANCHISE TAX - Multiply Line (17) by .01275, and enter this amount (minimum tax is \$300) | | | 33,712,580. | |

SCHEDULE A-1: APPORTIONMENT SCHEDULE FOR CAPITAL STOCK/FOREIGN FRANCHISE TAX

Enter the numerator(s) and denominator(s) of fractions used for apportioning the capital stock value. Enter the figures only for the apportionment method (Three Factor or Single Factor) used in the tax computation. Also enter the apportionment proportion calculated to six decimal places in Line (5) below.

Three Factor - From insert sheet (RCT-106) page 2 or Manufacturing Exemption Schedule (RCT-105)

| | | | | |
|----|-------------------------|----|--|----|
| 1a | Property Factor - PA | 1a | | |
| b | Property Factor - Total | b | | 1c |
| 2a | Payroll Factor - PA | 2a | | |
| b | Payroll Factor - Total | b | | 2c |
| 3a | Sales Factor - PA | 3a | | |
| b | Sales Factor - Total | b | | 3c |

Single Factor - From insert sheet (RCT-106) page 1 or Manufacturing Exemption Schedule (RCT-102)

| | | | | |
|----|---|----|------------|---------|
| 4a | Single Factor - Numerator | 4a | 9212584278 | |
| b | Single Factor - Denominator | b | 9820297699 | |
| 5 | Apportionment Proportion - Also enter on Line (16) in Section A above | 5 | | .938117 |

SECTION B: LOANS TAX

| | | | |
|---|--|---|------------|
| 1 | TAXABLE INDEBTEDNESS (Complete Schedule B-1 on page 4 of the RCT-101X.) | 1 | 8,773,792. |
| 2 | Multiply Line (1) by .004 | 2 | 35,095. |
| 3 | Treasurer's Commission | 3 | 225. |
| 4 | LOANS TAX - Line (2) minus Line (3) | 4 | 34,870. |

AMENDED REPORT: 1. ENTER CHANGES ONLY 2. RECALCULATE TAX

CORPORATION **Pennsylvania Power & Light Company** ACCOUNT ID **0280-166** TAX PERIOD ENDING

| | | | | | |
|---|---|---|---|---|---|
| M | M | D | D | Y | Y |
| 1 | 2 | 3 | 1 | 9 | 5 |

| SECTION C: CORPORATE NET INCOME TAX | | TAXPAYER USE (WHOLE DOLLARS ONLY) | DEPARTMENT USE | |
|-------------------------------------|---|--------------------------------------|----------------|--|
| 1 | Income or Loss from Federal return on a separate company basis. (Attach copy of Federal Form 1120 or 1120S, etc. to back of the RCT-101X) | 1 | 535,780,040. | |
| 2 | Deductions: | | | |
| a | Corporate Dividends Received (From Schedule C-2, Line 6) | a | 2,606,058. | |
| b | Interest on U.S. Securities (Attach Schedule) <table style="display: inline-table; vertical-align: middle;"><tr><td style="border: 1px solid black; padding: 2px;">GROSS INTEREST</td> less <table style="border: 1px solid black; padding: 2px;">EXPENSES</table></tr></table> | GROSS INTEREST | b | |
| GROSS INTEREST | | | | |
| c | Other (Attach Schedule) | c | | |
| | TOTAL DEDUCTIONS - Sum of (a) through (c) | 2 | 2,606,058. | |
| 3 | Line (1) less Line (2) | 3 | 533,173,982. | |
| 4 | Additions: | | | |
| a | Taxes imposed on or measured by net income (Attach Schedule) Statement 1 | a | 59,865,812. | |
| b | Tax Preference Items. (Attach copy of Federal Form 4626) | b | <753,676. | |
| c | Employment Incentive Payment Credit Adjustment (Attach Schedule W) | c | | |
| d | Other (Attach Schedule) | d | | |
| | TOTAL ADDITIONS - Sum of (a) through (d) | 4 | 59,112,136. | |
| 5 | INCOME (OR LOSS) WITH PENNSYLVANIA ADJUSTMENTS - Line (3) plus Line (4) | 5 | 592,286,118. | |

CORPORATION WHICH TRANSACTS ITS ENTIRE BUSINESS IN PA (does NOT apportion) SHOULD SKIP TO LINE (11) AND ENTER LINE (5) THERE.

| | | | |
|----|---|----|--------------|
| 6 | Total Nonbusiness income (or loss) | 6 | |
| 7 | INCOME (OR LOSS) TO BE APPORTIONED - Line (5) minus Line (6) | 7 | 592,286,118. |
| 8 | Apportionment Proportion (from Schedule C-1, Line (5)) | 8 | .999886 |
| 9 | INCOME (OR LOSS) APPORTIONED TO PA - Line (7) multiplied by Line (8) | 9 | 592,218,597. |
| 10 | Nonbusiness income (or loss) allocated to PA | 10 | |
| 11 | TAXABLE INCOME (OR LOSS) AFTER APPORTIONMENT - Line (9) plus Line (10). Enter amount from Line (5) for corporations which do not apportion. If a Loss, add form RCT - 103, Line 13 | 11 | 592,218,597. |
| 12 | Net Operating Loss Deduction (from RCT - 103) can't exceed \$1,000,000 | 12 | 0. |
| 13 | PA TAXABLE INCOME - Line 11 minus line 12. If less than zero, enter "0" | 13 | 592,218,597. |
| 14 | CORPORATE NET INCOME TAX - Multiply Line (13) by .0999 | 14 | 59,162,638. |

SCHEDULE C-1: APPORTIONMENT SCHEDULE FOR CORPORATE NET INCOME TAX

Enter the numerator(s) and denominator(s) of fractions used for apportioning income. Also enter the apportionment proportion calculated to six decimal places in Line (5) below.

Three Factor - From insert sheet (RCT-106) page 2.

| | | | | | |
|---|--|----|--------------|---------|---------|
| 1a | Property Factor - PA | 1a | 9991104910 | | |
| b | Property Factor - Total | b | 9991525740 | 1c | .999958 |
| 2a | Payroll Factor - PA | 2a | 424,336,554. | | |
| b | Payroll Factor - Total | b | 424,512,460. | 2c | .999586 |
| 3a | Sales Factor - PA | 3a | 2803347931 | | |
| b | Sales Factor - Total | b | 2803347931 | | |
| c | Double Weighted Sales Factor (See Instructions) (Line 3a divided by Line 3b) x 2 | 3c | 2.000000 | | |
| Single Factor - Apportionment Proportion | | | | | |
| 4a | Single Factor - PA | 4a | | | |
| b | Single Factor - Total | b | | | |
| 5 | Apportionment Proportion - Also enter on Line (8) in Section C | 5 | | .999886 | |

SCHEDULE C-2: PA DIVIDEND DEDUCTION SCHEDULE

| | | | |
|---|---|---|------------|
| 1 | Federal Schedule C, Line 20. Total deductions | 1 | 2,606,058. |
| 2 | Federal Schedule C, Line 15. Foreign Dividend Gross-Up (Section 78) | 2 | |
| 3 | Dividends from less-than-20%-owned foreign corporations listed on Line 13 and 14 of Federal Schedule C---x 70% | 3 | |
| 4 | Dividends from 20%-or-more-owned foreign corporations listed on Lines 13 and 14 of Federal Schedule C---x 80% | 4 | |
| 5 | Dividends listed on Line 13 and 14 of Federal Schedule C from foreign corporations that meet the "80% voting and value test" of IRC § 1504 (a) (2) and otherwise would qualify for 100% deduction under IRC § 243 (a) (3) if they were a domestic corporation. Do not list any amounts included in item 4 | 5 | |
| 6 | Total PA Dividend Deduction - Add Lines 1, 2, 3, 4 and 5 (Enter above at Section C, Line (2a)) | 6 | 2,606,058. |

AMENDED REPORT: 1. ENTER CHANGES ONLY 2. RECALCULATE TAX

CORPORATION Pennsylvania Power & Light Company ACCOUNT ID 0280-166 TAX PERIOD ENDING

| | | | | | |
|---|---|---|---|---|---|
| M | M | D | D | Y | Y |
| 1 | 2 | 3 | 1 | 9 | 5 |

SECTION D: GENERAL INFORMATION QUESTIONNAIRE

1. Location of corporation's records. Allentown, PA 2. Corporation's records in care of Company

3. Method of accounting, if different than for federal.

4. Location of principal office. Two North Ninth Street, Allentown, PA

5. Has Federal Government changed taxable income as originally reported for any prior year for which reports of change have not been filed in PA? Give year(s) NO

6. Name and Account ID of any corporation holding all or a majority of the stock of this corporation. PP&L Resources, Inc., Box #7367-391

7. Other corporations of which this corporation owns all or a majority of the stock

| NAME | FILE IN PA | Account ID | ENTITY ID (EIN) |
|------------------------|------------|------------|-----------------|
| <u>See Statement 2</u> | | | |
| | | | |
| | | | |

8. Date of incorporation June 4 19 20 9. Incorporated under laws of state of Pennsylvania

10. PA Sales Tax License Number 39-010181

11. Brief description of corporate activity in Pennsylvania: Electric Utility

Outside Pennsylvania: Lobbying Office in Washington, DC

List other states in which taxpayer has activity:

Incorporated outside Pennsylvania, does the corporation solicit sales in Pennsylvania? Please Check YES NO

If yes, does the corporation use: Please Check Employee An Exclusive Sales Representative An Independent Sales Representative?

Schedule of Real Property used in Pennsylvania (Buildings AND Land)

| OWNED/ RENTED | STREET ADDRESS | CITY | COUNTY |
|------------------|--|------|--------|
| | <u>Various Realty used in Public Utility Activities located throughout Central Eastern Pennsylvania.</u> | | |
| | | | |
| | | | |

SCHEDULE B-1: CORPORATE LOANS TAX INFORMATION Foreign Corporations — Start with Question 1 Domestic Corporations— Start with Question 2

- (Foreign Corporations Only) Did your corporation have a treasurer or other fiscal officer resident in Pennsylvania and paying interest on indebtedness of the corporation? If answer is NO, remaining questions on this Schedule do not have to be answered 1. YES NO
 - Did your corporation have indebtedness outstanding to individual residents of Pennsylvania and/or to partnerships resident in Pennsylvania? 2. YES NO
 - Did your corporation have indebtedness outstanding held by a trustee, agent or guardian for a resident individual taxable in its own right or by an executor or administrator of an estate wherein the decedent was a resident of PA? 3. YES NO
- If the answers to question 2 and/or 3 were "YES", continue below.

| 4. Amount of Interest Actually Paid on the Indebtedness in Question 2 or 3 During the Tax Year Reported. | 5. Rate of Interest Applicable to the Indebtedness in Question 2 or 3. | 6. Nominal Value of Taxable Indebtedness (divide 5 into 4) Enter Total of this Column in Section B on Page 2. |
|--|--|---|
| | <u>Exhibit B Attached</u> | |
| | | |

Pennsylvania RCT-101X Taxes Imposed On or Measured by Net Income Statement 1

| | |
|---|--------------------|
| Pennsylvania Corporate Net Income | 59,162,638. |
| Federal Environmental | 694,150. |
| DC Franchise | 9,024. |
| | <hr/> |
| Total to PA RCT-101X Section C, Line 4(a) | <u>59,865,812.</u> |

Pennsylvania RCT-101X Other Corporations of Which this Corporation Owns All or a Majority of Stock Statement 2

| Name | File in PA | Box Number | Federal EIN |
|---|------------|------------|-------------|
| Realty Company of Pennsylvania | Y | 1748-061 | 23-1612742 |
| CEP Group, Inc. | Y | 8886-222 | 23-1677278 |
| Interstate Energy Company | Y | 2983-717 | 74-1720208 |
| Pennsylvania Coal Resources Corporation | Y | 0036-353 | 23-2274938 |

PENNSYLVANIA POWER & LIGHT COMPANY
1995 Corrected Pennsylvania Corporate Tax Report

LIST OF SCHEDULES AND EXHIBITS ATTACHED

Corporate Net Income:

Explanation of Changes to Income and Deductions
Changes to Corporate Net Income Calculation
Accumulation of Tax Preference Income

Capital Stock:

Exhibit A - Pollution Control Facilities

Corporate Loans:

Exhibit B - Schedule of Indebtedness

Copy of 1995 Amended Consolidated Federal Income Tax Return (Form 1120X)

Pennsylvania Power & Light Company
Box No. 0280-166
Form RCT-101X, Corrected PA Corporate Tax Report
12-31-95

Explanation of Changes to Income and Deductions

In the return as originally filed Taxpayer erroneously neglected to deduct research expenditures incurred during calendar year 1995. These costs are deductible according to the provisions of Internal Revenue Code Section 174.

Pennsylvania Power & Light Company
Corrected Income Tax Report - 1995

Changes to Corporate Net Income Tax Calculation

| | |
|--|----------------------|
| Income from Federal return per original report (1995 Form RCT-101, Section C, Line 1) | \$539,350,281 |
| Corrected return adjustments: | |
| Deductions | |
| Section 174 deductions | (9,446,184) |
| Decrease in overheads capitalized | (782,903) |
| Decrease in depreciation deduction | 6,257,445 |
| Decrease in Pennsylvania corporate net income tax | 393,971 |
| Decrease in Federal environmental tax | 7,430 |
| | <hr/> |
| Revised income from Federal return | <u>\$535,780,040</u> |
| | |
| Tax imposed on or measured by net income per original report | |
| Pennsylvania CNI Tax | \$59,556,548 |
| D.C. Franchise Tax | \$701,580 |
| Federal Environmental Tax | 9,085 |
| | <hr/> |
| 1995 Form RCT-101, Section C, Line 4a - per original report | 60,267,213 |
| | |
| Corrected return adjustments: | |
| Decrease in state income tax | (393,971) |
| Decrease in Federal environmental tax | (7,430) |
| | <hr/> |
| Tax imposed on or measured by net income as revised | <u>\$59,865,812</u> |

PENNSYLVANIA POWER & LIGHT COMPANY
 1995 Pennsylvania Corporate Tax Report
Accumulation of Tax Preference Income.

W/P 4

| <u>Description</u> | <u>Amount of S.L. Depreciation</u> | <u>Depreciation Expensed in This Report</u> | <u>Amount Above (Below) S.L.</u> |
|--|--|---|--|
| <u>IRC Section 1250 Real Property</u> | | | |
| Accelerated Depreciation | <u>\$2,782,717</u> | \$2,308,227 | (\$474,490) |
| Property Sold-previously included in income | <u>(420,107)</u> | (480,969) | (60,862) |
| <u>Amortization-Pollution Control Facilities</u> | | | |
| <u>Electrostatic Precipitators - Martins Creek SES</u> | | | |
| Dec. 1970 - Fully amortized prior years | | | |
| Depreciable base | 2,295,693 | | |
| Deprec. otherwise allowable thru 12/31/94 | <u>2,084,645</u> | | |
| Net depreciable base | <u>211,048</u> | | |
| Deprec. otherwise allowable - DDB-28 yrs./RL-3.5 yrs. | <u>60,299</u> | 0 | (60,299) |
| <u>Baq Filters - Sunbury SES</u> | | | |
| 1973 - Fully amortized prior years | | | |
| Depreciable base | 5,065,700 | | |
| Deprec. otherwise allowable thru 12/31/94 | <u>4,907,675</u> | | |
| Net depreciable base | <u>158,025</u> | | |
| Deprec. otherwise allowable - DDB-22.5 yrs./RL-1 yrs. | <u>158,025</u> | 0 | (158,025) |
| Totals | <u><u>\$2,580,934</u></u> | <u><u>\$1,827,258</u></u> | <u><u>(\$753,676)</u></u> |

12/31/95

Pennsylvania Power & Light Company

0280-166

PERIOD ENDED (MONTH/DAY/YEAR)

NAME OF CORPORATION

ACCOUNT ID

Schedules 1 and 2 of this Insert Sheet must be completed by PA corporations claiming the exemption for tangible and intangible assets for Capital Stock Tax purposes and foreign corporations electing to use the single factor apportionment formula for Foreign Franchise Tax purposes.

Tables 1, 2, 3 and 4 of this Insert Sheet must be completed by all corporations apportioning taxable income and by foreign and PA corporations using the three (3) factor formula to compute the taxable value of capital stock.

| | | | |
|---|------------------------|----|---|
| 1. AVERAGE TOTAL ASSETS (Carry to RCT-101, Schedule A-1, Line (4b)) | | \$ | 9,820,297,699. |
| 2. Less: AVERAGE EXEMPT ASSETS - | | \$ | |
| Tangibles (From Schedule 1 Below) | | \$ | 83,211,381. |
| Intangibles (From Schedule 2 Below) | | \$ | 524,502,040. |
| Pollution Control Devices ..Statement 3 | | \$ | 607,713,421. |
| | | | (Attach description schedule and copy of DER certification) |
| 3. AVERAGE ASSETS TAXABLE IN PA (Carry to RCT-101, Schedule A-1, Line (4a)) | | \$ | 9,212,584,278. |
| 4. PROPORTION OF TAXABLE ASSETS (compute to six decimal places) | | | .938117 |
| | AVERAGE TAXABLE ASSETS | | (Carry to RCT-101, Schedule A-1, Line (5)) |
| | AVERAGE TOTAL ASSETS | | |

EXEMPTION CLAIMED FOR TANGIBLE AND INTANGIBLE ASSETS (OMIT CENTS)

| Schedule 1 EXEMPT TANGIBLE ASSETS (Attach rider, if necessary) | Net Book Value - Beginning | | Net Book Value - Ending | | E Amount of Exemption Claimed for Average Value of Tangible Assets Located Outside of PA |
|--|----------------------------|-----------------|-------------------------|-----------------|--|
| | A Inside PA | B Outside PA | C Inside PA | D Outside PA | |
| 1. Buildings | | | | | |
| 2. Equipment and Fixtures | | | | | |
| 3. Land | | | | | |
| 4. Leasehold Improvements | | | | | |
| 5. Vehicles | | | | | |
| 6. Mining Stock and all other Movable Property | | | | | |
| 7. Other Tangible Property | | | | | |
| 8. Inventories | | | | | |
| TOTALS | | | | | |

NOTE: If there was a substantial change during the year, attach a separate schedule explaining same in detail.

| Schedule 2 EXEMPT INTANGIBLE ASSETS (Attach rider, if necessary) | A Number of Shares or % | B Date Acquired | C Date Sold | D Held (Full Year or No. of Days) | E Book Value | F Exemption Claimed |
|--|----------------------------------|--|-------------------|--|-----------------|---------------------------|
| 1. Stocks of PA Corporations | | See Statement 4 & Form RCT-106 Page 3 | | | 71,424,859. | 71,424,859. |
| 2. Stocks of Foreign Corporations (More than 50% owned) | | See Statement 5 & Form RCT-106 Page 3 | | | 1,000. | 1,000. |
| 3. United States Securities | | | | | | |
| 4. Exempt State and Local Securities | | | | | | |
| 5. National Bank Shares | | | | | | |
| TOTALS (For Exemption Purposes) | | | | | 71,425,859. | 71,425,859. |

12/31/95

Pennsylvania Power & Light Company

0280-166

TAXABLE PERIOD ENDED (MONTH/DAY/YEAR)

NAME OF CORPORATION

ACCOUNT ID

TABLES SUPPORTING DETERMINATION OF APPORTIONMENT PERCENTAGE (OMIT CENTS)

| TABLE 1 - PROPERTY FACTOR | Description | Inside PA | | Inside and Outside PA | |
|---------------------------|--|---------------------|---------------|-----------------------|---|
| | | Beginning of Period | End of Period | Beginning of Period | End of Period |
| | Tangible Property Owned (original cost value) | | | | |
| | Land and Buildings | | | | |
| | Machinery and Equipment | | | | |
| | Furniture and Fixtures | | | | |
| | Automobiles and Trucks | | | | |
| | Inventories | | | | |
| | Other Tangible Property | | | | |
| | Totals | 9733472748 | 10039395567 | 9733528420 | 10039460724 |
| | Total Beginning and End of Period | | | | |
| | Average Value (1/2 of Above) | 9,886,434,158. | | 9,886,494,572. | |
| | Add: Corporate Tangible and/or Real Property Rented* | 104,670,752. | | 105,031,168. | |
| | Partnership Tangible and/or Real Property Rented* | | | | |
| | Total Average Value | (A) 9,991,104,910. | | (B) 9,991,525,740. | |
| | * Eight times net annual rental rate (Attach Schedule) | | | | |
| | C) Property factor (divide "A" by "B" - compute to six decimal places) | • 999958 | | | (carry (A), (B) and (C) over to RCT-101, Schedule C-1 and Schedule A-1, if applicable, Lines (1a), (1b) and (1c)) |

| TABLE 2 - PAYROLL FACTOR | Description | Inside PA | | Inside and Outside PA | |
|--------------------------|---|---------------------|---------------|-----------------------|---|
| | | Beginning of Period | End of Period | Beginning of Period | End of Period |
| | Wages, salaries, commissions and other compensation to employees in: | | | | |
| | Costs of goods sold | | | | |
| | Compensation of officers | | | | |
| | Salesmen's salaries and commissions | | | | |
| | Totals | (A) 424,336,554. | | (B) 424,512,460. | |
| | C) Payroll factor (divide "A" by "B" - compute to six decimal places) | • 999586 | | | (carry (A), (B) and (C) over to RCT-101, Schedule C-1 and Schedule A-1, if applicable, Lines (2a), (2b) and (2c)) |

| TABLE 3 - SALES FACTOR | Description | Inside PA | | Inside and Outside PA | |
|------------------------|---|---------------------|---------------|-----------------------|---|
| | | Beginning of Period | End of Period | Beginning of Period | End of Period |
| | Net Sales | 2,795,599,574. | | 2,795,599,574. | |
| | Interest, Rents, Royalties | 5,955,227. | | 5,955,227. | |
| | Other Income (receipts only) | 867,016. | | 867,016. | |
| | Gross Sales Price of Assets (except securities**) | 1,126,114. | | 1,126,114. | |
| | Totals | (A) 2,803,547,931. | | (B) 2,803,547,931. | |
| | ** Unless you are a Securities dealer | | | | |
| | C) Sales factor (divide "A" by "B" - compute to six decimal places) | 1.000000 | | | (carry (A), (B) and (C) over to RCT-101, Schedule A-1, Lines (3a), (3b) and (3c)) |
| | D) Double weighted sales factor (divide "A" by "B" - compute to six decimal places and multiply by (2)) | 2.000000 | | | (carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines (3a, 3b and 3c)) |

| TABLE 4 - NONBUSINESS INCOME ALLOCATED INSIDE AND OUTSIDE PA | Description | (Attach rider reflecting basis for nonbusiness income) | | |
|--|---|--|---------------|----------|
| | | A. Inside PA | B. Outside PA | C. Total |
| | 1. Net Rents and Royalties from Real Property | | 0. | |
| | 2. Net Rents and Royalties from Tangible Personal Property | | 0. | |
| | 3. Gains or Losses from Sale of Real Property | | 0. | |
| | 4. Gains or Losses from Sale of Tangible Personal Property | | 0. | |
| | 5. Gains or Losses from Sale of Intangible Personal Property | | 0. | |
| | 6. Interest Income (Other than U.S. Securities) | | 0. | |
| | 7. Royalties from Patents and Copyrights | | 0. | |
| | Total (Transfer column A to RCT-101, Section C, Line (10) and Column C to RCT-101, Section C, Line (6)) | 0. | 0. | 0. |

Final Apportionment Factor - to be completed only by railroad, truck, bus, and airline companies, pipeline or natural gas companies and water transportation companies. (Refer to instructions).

A) NUMERATOR (A) _____ = _____ (C) (carry (A), (B) and (C) over to RCT-101, Schedules A-1 and C-1, Lines 4a, 4b and 5.)
 B) DENOMINATOR (B) _____
 74362
 2-27-95
 19551011 230959590 030 Pennsylvania Power & Light Com 0280166

PENNSYLVANIA POWER & LIGHT COMPANY

FORM RCT-106
PAGE 3

1995 PENNSYLVANIA CORPORATE TAX REPORT
AVERAGE TAXABLE ASSETS

| | <u>12/31/94</u> | <u>12/31/95</u> | <u>AVERAGE</u> |
|---------------------------|----------------------|----------------------|----------------------|
| TOTAL ASSETS | <u>9,834,418,679</u> | <u>9,806,176,719</u> | <u>9,820,297,699</u> |
| EXEMPT ASSETS: | | | |
| INTANGIBLES | 94,996,903 | 71,425,859 * | 83,211,381 |
| POLLUTION CONTROL DEVICES | <u>497,452,862</u> | <u>551,551,217</u> | <u>524,502,040</u> |
| SUBTOTAL | <u>592,449,765</u> | <u>622,977,076</u> | <u>607,713,421</u> |
| ASSETS TAXABLE IN PA | <u>9,241,968,914</u> | <u>9,183,199,643</u> | <u>9,212,584,278</u> |

* - SEE STATEMENTS 4 & 5 ATTACHED

Pennsylvania RCT-106 Statement 4
 Schedule 2 - Exempt Intangible Assets - Stocks of Pa Corps

| Description | # Shrs or % | Date Acquired | Date Sold | Days Held | Book Value | Exemption Claimed |
|---|----------------|------------------|--------------|--------------|-------------|----------------------|
| Realty Company of Pennsylvania | 150.00 | 04/23/51 | | 365 | 16,300,119. | 16,300,119. |
| Safe Harbor Water Power Corporation | 100000 | 06/01/55 | | 365 | 17,167,811. | 17,167,811. |
| CEP Group, Inc. | 100.00 | 12/31/66 | | 365 | 37,871,728. | 37,871,728. |
| Pennsylvania Coal Resources Corporation | 10.00 | 12/29/83 | | 365 | 85,001. | 85,001. |
| Renovo Community Trade Association | 1.00 | | | 365 | 200. | 200. |
| Total to PA RCT-106, Page 1, Schedule 2, Line 1 | | | | | 71,424,859. | 71,424,859. |

Pennsylvania RCT-106 Statement 5
 Schedule 2 - Exempt Intangible Assets - Stocks of Foreign Corps

| Description | # Shrs or % | Date Acquired | Date Sold | Days Held | Book Value | Exemption Claimed |
|---|----------------|------------------|--------------|--------------|------------|----------------------|
| Interstate Energy Company | 1000.00 | 03/01/80 | | 365 | 1,000. | 1,000. |
| Total to PA RCT-106, Page 1, Schedule 2, Line 2 | | | | | 1,000. | 1,000. |

Pennsylvania Power & Light Company
 1995 Pennsylvania Capital Stock-Corporate Net Income-Loans Tax Report
Exemption Claimed for Pollution Control Facilities

Exhibit A
 1 of 2

| | 12/31/94 | | 12/31/95 | |
|---|-------------|-----------------------------|-------------|-----------------------------|
| | Cost | Reserve for Depreciation | Cost | Reserve for Depreciation |
| <u>WATER POLLUTION FACILITIES:</u> | | | | |
| Martins Creek SES #3-Cooling Tower | \$7,678,000 | \$4,971,884 | \$7,678,000 | \$5,227,561 |
| -Ash Disposal | 1,390,503 | 81,462 | 1,390,503 | 127,766 |
| Martins Creek SES #4-Cooling Tower | 7,457,426 | 4,350,008 | 7,457,426 | 4,598,340 |
| -Sanitary Sewer | 142,583 | 74,206 | 142,583 | 78,954 |
| -Waste Water Control | 3,819,869 | 2,367,530 | 3,819,869 | 2,494,732 |
| -Condenser Discharge | 1,094,578 | 672,339 | 1,094,578 | 708,788 |
| -Ash Disposal | 13,596,361 | 3,490,824 | 13,596,361 | 3,943,583 |
| Holtwood SES-Sanitary Sewer | 287,306 | 287,306 | 287,306 | 287,306 |
| -Ash Disposal | 2,043,285 | 1,442,645 | 2,043,285 | 1,510,686 |
| -Bottom Ash Basin | 756,411 | 439,545 | 756,411 | 464,733 |
| -Waste Water Control | 1,637,631 | 845,565 | 1,637,631 | 900,098 |
| Sunbury SES -Waste Water Control | 2,481,467 | 1,298,583 | 2,481,467 | 1,381,216 |
| -Ash Disposal | 9,554,110 | 3,912,120 | 9,554,110 | 4,230,272 |
| -River Intake System | 102,549 | 1,707 | 102,549 | 5,122 |
| -Ash Sluice Line (1) | 0 | 0 | 39,786 | 662 |
| Montour SES -Waste Water Control | 3,268,216 | 1,459,642 | 3,268,216 | 1,568,474 |
| -Ash Disposal | 5,812,112 | 3,640,041 | 5,812,112 | 3,833,584 |
| -Sewage Treatment Plant | 115,304 | 86,192 | 115,304 | 90,032 |
| -Equipment Wash Pad (1) | 0 | 0 | 164,764 | 2,743 |
| Montour SES #1- Cooling Tower | 4,064,246 | 3,037,805 | 4,064,246 | 3,173,144 |
| Montour SES #2- Cooling Tower | 5,184,400 | 3,166,501 | 5,184,400 | 3,339,142 |
| Brunner Island SES-Ash Disposal | 21,527,861 | 5,632,812 | 21,527,861 | 6,349,690 |
| -Waste Water Control | 3,741,720 | 1,600,442 | 3,741,720 | 1,725,041 |
| -Sanitary Sewer | 517,152 | 266,383 | 517,152 | 283,604 |
| -Slurry Wall (1) | 0 | 0 | 5,435,448 | 90,500 |
| Susquehanna SES-Sanitary Sewer | 179,674 | 116,345 | 179,674 | 122,328 |
| Keystone SES-Cooling Tower and Waste Disposal | 3,003,907 | 1,830,985 | 3,003,907 | 1,931,015 |
| Conemaugh SES-Waste Disposal | 3,540,528 | 1,240,167 | 3,540,528 | 1,358,067 |
| Susquehanna SES-Cooling Tower #1 | 53,583,000 | 12,886,349 | 53,583,000 | 14,817,480 |
| -Cooling Tower #2 | 45,902,000 | 10,092,932 | 45,902,000 | 11,747,240 |
| -Liquid Radwaste | 105,512,000 | 24,163,308 | 105,512,000 | 28,467,142 |
| -Solid Radwaste | 34,372,000 | 7,871,405 | 34,372,000 | 9,273,439 |
| -Oily Waste | 10,595,000 | 2,304,243 | 10,595,000 | 2,813,968 |
| -Discharge Diffuser | 395,000 | 90,454 | 395,000 | 106,566 |
| -Spent Fuel Storage & Handling | 36,767,000 | 8,138,722 | 36,767,000 | 9,638,448 |
| -Sewage Treatment Plant | 741,102 | 142,753 | 741,102 | 165,801 |
| -Hazardous Waste Facility | 1,400,000 | 285,047 | 1,400,000 | 342,153 |
| <u>AIR POLLUTION FACILITIES:</u> | | | | |
| Montour SES #1-Precipitator | 7,959,978 | 4,057,158 | 7,959,978 | 4,322,225 |
| -Dust Suppression | 23,449,123 | 9,910,063 | 23,449,123 | 10,690,919 |
| Montour SES #2-Precipitator | 9,916,558 | 4,236,669 | 9,916,558 | 4,566,890 |
| -Low NOx Burners | 20,616,103 | 343,258 | 20,616,103 | 1,029,774 |
| Montour SES-Low Nox Burner & Other (1) | 0 | 0 | 19,189,089 | 319,498 |
| Martins Creek SES-Precipitator | 7,095,165 | 2,917,338 | 7,095,165 | 3,153,607 |
| -Dust Suppression | 53,294 | 53,294 | 53,294 | 53,294 |
| -Air Monitor Station | 405,646 | 231,867 | 405,646 | 245,375 |
| -Low NOx Burners | 9,760,925 | 162,519 | 9,760,925 | 487,558 |
| Sunbury SES #1 & #2-Precipitators | 5,992,368 | 4,616,638 | 5,992,368 | 4,816,184 |
| Sunbury SES #3-Precipitators | 5,748,625 | 2,788,104 | 5,748,625 | 2,979,533 |
| -Low NOx Burners | 4,953,015 | 82,468 | 4,953,015 | 247,403 |
| Sunbury SES #4-Precipitators | 4,866,576 | 3,456,121 | 4,866,576 | 3,618,178 |
| Sunbury SES-Dust Suppression, etc. | 372,766 | 272,440 | 372,766 | 284,853 |
| Sunbury SES-Low Nox Burner (1) | 0 | 0 | 4,425,080 | 73,678 |
| Sunbury SES-Electrostatic Precipitator (1) | 0 | 0 | 1,848,005 | 30,769 |
| Brunner Island SES #1-Bag Filter | 13,465,609 | 6,491,773 | 13,465,609 | 6,940,178 |
| Brunner Island SES #2-Precipitators | 9,309,213 | 3,830,613 | 9,309,213 | 4,140,610 |

Pennsylvania Power & Light Company
 1995 Pennsylvania Capital Stock-Corporate Net Income-Loans Tax Report
Exemption Claimed for Pollution Control Facilities

Exhibit A
 2 of 2

| | 12/31/94 | | 12/31/95 | |
|--|---------------|-----------------------------|---------------|-----------------------------|
| | Cost | Reserve for Depreciation | Cost | Reserve for Depreciation |
| <u>WATER POLLUTION FACILITIES:</u> | | | | |
| -Low NOx Burners | 12,050,895 | 200,647 | 12,050,895 | 601,942 |
| Brunner Island SES #3-Precipitators | 32,942,479 | 15,755,776 | 32,942,479 | 16,852,761 |
| -Low NOx Burners | 16,143,258 | 268,785 | 16,143,258 | 806,355 |
| Brunner Island SES-Dust Suppression | 348,515 | 262,135 | 348,515 | 273,741 |
| Brunner Island SES-Low Nox Burner (1) | 0 | 0 | 14,398,202 | 239,730 |
| Brunner Island SES-Dry Ash Handling System (1) | 0 | 0 | 22,585,074 | 376,041 |
| Holtwood SES-Lime Dust Suppression | 70,054 | 45,439 | 70,054 | 47,772 |
| -Dust Suppression-Scrubber | 350,454 | 215,370 | 350,454 | 227,040 |
| -Dust Suppression-Bunker | 47,927 | 29,456 | 47,927 | 31,052 |
| -WFI Bag Filter | 1,888,408 | 1,351,852 | 1,888,408 | 1,414,736 |
| -Fuller Bag Filter & Ash Removal | 6,921,442 | 3,322,029 | 6,921,442 | 3,552,513 |
| -Dry Ash Handling System (1) | 0 | 0 | 1,129,556 | 18,807 |
| Keystone SES-Precipitators | 5,677,430 | 2,031,723 | 5,677,430 | 2,220,781 |
| -Low NOx Burners (2) | 2,189,342 | 36,453 | 4,566,437 | 148,937 |
| Conemaugh SES-Precipitators | 3,842,957 | 1,642,788 | 3,842,957 | 1,770,758 |
| -Low NOx Burners | 5,202,733 | 86,626 | 5,202,733 | 259,877 |
| -Flue Gas Scrubbers (1) | 32,378,269 | 539,098 | 41,424,614 | 1,767,916 |
| Susquehanna SES-Off Gas System | 46,995,000 | 10,765,704 | 46,995,000 | 12,682,630 |
| -Gaseous Radwaste | 8,296,000 | 1,845,936 | 8,296,000 | 2,184,330 |
| -Dust Suppression | 20,000 | 3,174 | 20,000 | 3,990 |
| Totals | 691,594,428 | \$194,141,566 | 772,232,872 | \$220,681,655 |
| Less Reserve for Depreciation | | 194,141,566 | | 220,681,655 |
| Net Value | \$497,452,862 | | 551,551,217 | |
| Net Value-Beginning of Year | | | 497,452,862 | |
| Total | | | 1,049,004,079 | |
| Average | | | \$524,502,040 | |

(1) Application for DEP Certification submitted.

(2) DEP Certification for current year additions attached.

Pennsylvania Power & Light Company
 1995 Pennsylvania Corporate Loans Tax Report
Schedule of Taxable Indebtedness

Exhibit B

| | <u>Taxable Interest Paid</u> | <u>Interest Rate</u> | <u>Taxable Indebtedness</u> |
|-------------------------------|--------------------------------------|--------------------------|---------------------------------|
| <u>Bonds:</u> | | | |
| Series due 1/99 | \$ 85,050 | 7.000% | \$ 1,215,000 |
| Series due 1/03 | 144,375 | 7.500% | 1,925,000 |
| Series due 7/21 | 14,672 | 9.375% | 156,501 |
| Series due 2/01 | 85,043 | 7.250% | 1,173,007 |
| Series due 2/02 | 117,730 | 7.625% | 1,544,000 |
| Series due 2/03 | 1,032 | 6.875% | 15,011 |
| Series due 2/23 | 3,702 | 7.875% | 47,010 |
| Series due 3/06 | 3,276 | 6.550% | 50,015 |
| Series due 3/24 | 4,819 | 7.300% | 66,014 |
| Series due 3/04 | 14,310 | 9.000% | 159,000 |
| Series due 3/14 | 1,800 | 9.000% | 20,000 |
| Series due 10/19 | 5,550 | 9.250% | 60,000 |
| Series due 4/98 | 138 | 5.500% | 2,509 |
| Series due 4/05 | 5,006 | 6.500% | 77,015 |
| Series due 10/23 | 22,950 | 6.750% | 340,000 |
| Series due 11/97 | 28,722 | 6.750% | 425,511 |
| Series due 5/02 | 1,162 | 7.750% | 14,994 |
| Series due 5/22 | 2,763 | 8.500% | 32,506 |
| Series due 6/96 | 6,891 | 5.625% | 122,507 |
| Series due 6/99 | 57,809 | 8.125% | 711,495 |
| Series due 6/00 | 2,100 | 6.000% | 35,000 |
| | | | <u>8,192,095</u> |
| Property Purchase Agreements: | 3,099 | 8.000% | 38,740 |
| Customer Deposits | 59,128 | 10.890% | <u>542,957</u> |
| Total | | | <u><u>\$ 8,773,792</u></u> |

PP&L RESOURCES, INC.
AND SUBSIDIARY COMPANIES
AMENDED CONSOLIDATED
FEDERAL INCOME TAX RETURN
FORM 1120X
DECEMBER 31, 1995

Form **1120X**
 (Rev. June 1995)
 Department of the Treasury
 Internal Revenue Service

**Amended U.S. Corporation
 Income Tax Return**

OMB No. 1545-0132
 For tax year ending in
December 1995
 (Enter month and year)

Name
**PP&L Resources, Inc
 and Subsidiary Companies**

Employer identification number
23-2758192

Number, street, and room or suite no. (if a P.O. box, see instructions.)
Two North Ninth Street

City or town, state, and ZIP code
Allentown PA 18101

Telephone number (optional)

Enter name and address used on original return (if same as above, write "Same.")

Same
 Internal Revenue Service Center
 where original return was filed
Philadelphia, PA

Fill in Applicable Items and Use Part II To Explain Any Changes

| Part II | Income and Deductions | (a) As originally reported or as previously adjusted | (b) Net change (increase or decrease) shown in Part II | (c) Correct amount |
|---------|---|--|--|--------------------|
| 1 | Total income (Form 1120 or 1120-A, line 11) | 2881150998 | | 2881150998 |
| 2 | Total deductions (total of lines 27 and 29c, Form 1120, or lines 23 and 25c, Form 1120-A) | 2305907685 | 3570241. | 230947792 |
| 3 | Taxable income. Subtract line 2 from line 1 | 575243313. | <3570241.> | 571673072 |
| 4 | Tax (Form 1120, line 31, or Form 1120-A, line 27) | 200817658. | <1217473.> | 199600185 |

Payments and Credits

| | | | | |
|----|---|------------|--|-----------|
| 5a | Overpayment in prior year allowed as a credit | 12593253. | | 12593253 |
| b | Estimated tax payments | 204326747. | | 204326747 |
| c | Refund applied for on Form 4466 | | | |
| d | Subtract line 5c from the sum of lines 5a and 5b | 216920000. | | 216920000 |
| e | Tax deposited with Form 7004 | | | |
| f | Credit from regulated investment companies | | | |
| g | Credit for Federal tax on fuels | 94318. | | 94318 |
| 6 | Tax deposited or paid with (or after) the filing of the original return | | | |
| 7 | Add lines 5d through 6, column (c) | | | 217014318 |
| 8 | Overpayment, if any, as shown on original return or as later adjusted | | | 16196660 |
| 9 | Subtract line 8 from line 7 | | | 200817658 |

Tax Due or Refund

| | | | | |
|----|--|--|--|---------|
| 10 | Tax due. Subtract line 9 from line 4, column (c). Make check payable to "Internal Revenue Service" | | | |
| 11 | Refund. Subtract line 4, column (c), from line 9 | | | 121747. |

Under penalty of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on an information of which preparer has any knowledge.

Please Sign Here

Signature of officer: *[Signature]* Date: *12/31/96* Title: **V. P. & Controller**

Preparer's signature: _____ Date: _____ Check if self-employed: Preparer's social security no. _____

Paid Preparer's Use Only

Firm's name, or yours if self-employed and address: _____ EI No. _____

ZIP code: _____

Part II Explanation of Changes to Income, Deductions, Credits, etc. Enter the line number from page 1 for the items you are changing, and give the reason for each change. Show any computation in detail. Attach additional sheets if necessary.

If the change is due to a net operating loss carryback, a capital loss carryback, or a general business credit carryback, see Carryback Claims on page 3, and check here

In the return as originally filed Taxpayer erroneously neglected to deduct research expenditures incurred during calendar year 1995. These cost are deductible according to the provisions of Internal Revenue Code Section 174. Also, the credit for increasing research activities was adjusted in this amended return. See Exhibit I for the tax calculation.

PP&L RESOURCES, INC.
AND SUBSIDIARY COMPANIES
AMENDED INCOME TAX RETURN - 1995

STATEMENT OF TAX CALCULATION

EXHIBIT I

| | |
|--|----------------------|
| Taxable income per original amended return | \$575,243,313 |
| Adjustment per this amended return: | |
| Deductions | |
| Section 174 deductions | (9,446,184) |
| Reduction in overheads capitalized | (782,903) |
| Reduction in depreciation deduction | 6,257,445 |
| Reduction in state income tax | 393,971 |
| Reduction in Federal environmental tax | 7,430 |
| | <hr/> |
| Revised taxable income per this amended return | <u>\$571,673,072</u> |
| | |
| Federal income tax before credits | \$200,085,575 |
| Credits: | |
| Increasing research activities | (1,231,954) |
| | <hr/> |
| Federal income tax after credits | 198,853,621 |
| Federal Environmental tax | 746,564 |
| | <hr/> |
| Total tax | <u>\$199,600,185</u> |

Form **3800**

General Business Credit

OMB No. 1545-0895

1995

Attachment
Sequence No. 22

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.
▶ See separate instructions.

| | |
|---|---|
| Name(s) as shown on return PP&L Resources, Inc and Subsidiary Companies | Identifying number 23-2758192 |
|---|---|

Part I Tentative Credit

| | | |
|--|----|------------|
| 1 a Current year investment credit (Form 3468, Part I) | 1a | |
| b Current year jobs credit (Form 5884, Part I) | 1b | |
| c Current year credit for alcohol used as fuel (Form 6478) | 1c | |
| d Current year credit for increasing research activities (Form 6765, Part I) | 1d | 1,231,954. |
| e Current year low-income housing credit (Form 8586, Part I) | 1e | |
| f Current year enhanced oil recovery credit (Form 8830, Part I) | 1f | |
| g Current year disabled access credit (Form 8826, Part I) | 1g | |
| h Current year renewable electricity production credit (Form 8835, Part I) | 1h | |
| i Current year Indian employment credit (Form 8845, Part I) | 1i | |
| j Current year credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846, Part I) | 1j | |
| k Current year credit for contributions to selected community development corporations (Form 8847, Part I) | 1k | |
| l Current year trans-Alaska pipeline liability fund credit (see instructions) | 1l | |
| m Current year general business credit. Add lines 1a through 1l | 1m | 1,231,954. |
| 2 Passive activity credits included on lines 1a through 1m | 2 | |
| 3 Subtract line 2 from line 1m | 3 | 1,231,954. |
| 4 Passive activity credits allowed for 1995 | 4 | |
| 5 Carryforward of general business, WIN, or ESDP credit to 1995 | 5 | 2,239. |
| 6 Carryback of general business credit to 1995 | 6 | |
| 7 Tentative general business credit. Add lines 3 through 6 | 7 | 1,234,193. |

Part II General Business Credit Limitation Based on Amount of Tax

| | | | | |
|---|----|--|----|--------------|
| 8 a Individuals. Enter amount from Form 1040, line 40 | } | | 8 | 200,085,575. |
| b Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) | | | | |
| c Other filers. Enter regular tax before credits from your return | | | | |
| 9 a Credit for child and dependent care expenses (Form 2441, line 10) | 9a | | | |
| b Credit for the elderly or the disabled (Schedule R (Form 1040), line 20) | 9b | | | |
| c Mortgage interest credit (Form 8396, line 11) | 9c | | | |
| d Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12) | 9d | | | |
| e Possessions tax credit (Form 5735) | 9e | | | |
| f Orphan drug credit (Form 6765) | 9f | | | |
| g Credit for fuel from a nonconventional source | 9g | | | |
| h Qualified electric vehicle credit (Form 8834, line 19) | 9h | | | |
| i Add lines 9a through 9h | 9i | | | |
| 10 Net regular tax. Subtract line 9i from line 8 | 10 | | | 200,085,575. |
| 11 Tentative minimum tax: | | | | |
| a Individuals. Enter amount from Form 6251, line 26 | } | | 11 | 124,678,020. |
| b Corporations. Enter amount from Form 4626, line 13 | | | | |
| c Estates and trusts. Enter amount from Form 1041, Schedule I, line 37 | | | | |
| 12 Net income tax: | | | | |
| a Individuals. Add line 10 above and line 28 of Form 6251 | } | | 12 | 200,085,575. |
| b Corporations. Add line 10 above and line 15 of Form 4626 | | | | |
| c Estates and trusts. Add line 10 above and line 41 of Form 1041, Schedule I | | | | |
| 13 If line 10 is more than \$25,000, enter 25% (.25) of the excess | 13 | | | 50,015,144. |
| 14 Subtract line 11 or line 13, whichever is greater, from line 12. If less than zero, enter -0- | 14 | | | 75,407,555. |
| 15 General business credit allowed for current year. Enter the smaller of line 7 or line 14. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; or the appropriate line of your tax return. (Individuals, estates, and trusts, see instructions if the credit for increasing research activities is claimed. C corporations, see instructions for Schedule A if any regular investment credit carryforward is claimed. See instructions if the corporation has undergone a post-1986 "ownership change.") | 15 | | | 1,231,954.* |

LHA For Paperwork Reduction Act Notice, see page 1 of the separate instructions to this form.

Form 3800 (1995)

* Maximum credit usable due to Lady Jane Collieries, Inc. SRLY limit.

Schedule A Additional General Business Credit Allowed By Section 38(c)(2) (Before Repeal by the Revenue Reconciliation Act of 1990)--Only Applicable to C Corporations

| | | | |
|----|--|----|----|
| 16 | Enter the portion of the credit shown on line 5, page 1, that is attributable to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990) | | 16 |
| 17 | Tentative minimum tax (from line 11, page 1) | 17 | |
| 18 | Multiply line 17 by 25% (.25) | | 18 |
| 19 | Enter the amount from line 14, page 1 | 19 | |
| 20 | Enter the portion of the credit shown on line 7, page 1, that is NOT attributable to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990) | 20 | |
| 21 | Subtract line 20 from line 19 (if less than zero, enter -0-) | | 21 |
| 22 | Subtract line 21 from line 16 (if less than zero, enter -0-) | | 22 |
| 23 | For purposes of this line only, refigure the amount on line 11, Form 4626, by using zero on line 6, Form 4626, and enter the result here | 23 | |
| 24 | Multiply line 23 by 10% (.10) | | 24 |
| 25 | Net income tax (from line 12, page 1) | | 25 |
| 26 | General business credit (from line 15, page 1) | | 26 |
| 27 | Subtract line 26 from line 25 | | 27 |
| 28 | Subtract line 24 from line 27 | | 28 |
| 29 | Enter the smallest of line 18, line 22, or line 28 | | 29 |
| 30 | Subtract line 29 from line 17 | | 30 |
| 31 | Enter the greater of line 30 or line 13, page 1 | | 31 |
| 32 | Subtract line 31 from line 25 | | 32 |
| 33 | Enter the smaller of line 32 or line 10, page 1. Enter this amount also on line 15, page 1, instead of the amount previously figured on that line. Write "Sec. 38(c)(2)" in the margin next to your entry on line 15, page 1 | | 33 |
| 34 | If line 32 is greater than line 33, enter the excess here and see the instructions on how to claim the additional credit | | 34 |

PP&L RESOURCES, INC.
AND SUBSIDIARY COMPANIES
AMENDED INCOME TAX RETURN - 1995

CARRYFORWARD OF GENERAL BUSINESS CREDIT

EXHIBIT II
PAGE 2 OF 2

DETAIL IN SUPPORT OF FORM 3800, PART I, LINE 5

| | |
|---|-----------------------|
| General Business credit carryforward to 1995 | |
| Lady Jane Collieries, Inc. - carryforward | |
| of 1983 separate return limitation year | |
| investment tax credit | \$2,239 |
| Less SRLY credit available in current year | |
| per Lady Jane Collieries, Inc. - Form 3800 | <u>0</u> |
| Carryforward of general business credit to 1996 | <u><u>\$2,239</u></u> |

Form 3800
Page 3

6765

Credit for Increasing Research Activities

(and orphan drug credit from fiscal year 1994-95 flow-through entities)

Exhibit III

OMB No. 1545-0619

1995

Attachment Sequence No. 81

Form

Department of the Treasury Internal Revenue Service

See separate instructions. Attach to your return.

Name(s) shown on return

PP&L Resources, Inc. and Subsidiary Companies

Identifying number

23-2758192

Part I Current Year Credit for Increasing Research Activities (Do not include costs incurred after June 30, 1995.)

Table with 18 rows for research activities credit. Includes items like 'Basic research payments paid or incurred to qualified organizations', 'Qualified organization base period amount', 'Wages for qualified services', etc. Total credit is 1,231,954.

Sec. 280C

Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

Table with 27 rows for tax liability limit. Includes items like 'Individuals. Enter amount from Form 1040, line 40', 'Credit for child and dependent care expenses', 'Net regular tax', etc. Total liability limit is 23.

For Paperwork Reduction Act Notice, see separate instructions.

Form 6765 (1995)

ISA

STF FED6279F.1

Part III Current Year Orphan Drug Credit From Flow-Through Entities and Tax Liability Limit (see instructions)

Note: To complete Part III, you will need entries from Part II. If you did not complete Part II, enter on lines 29, 30, and 32, the required information for lines 19, 20a through 20e, and 22.

| | | | |
|--|----|----|--|
| 28 Orphan drug credit(s) from flow-through entities (partnerships, S corporations, estates, or trusts) | | 28 | |
| 29 Amount from line 19, page 1 | 29 | | |
| 30 Total of lines 20a through 20e, page 1 | 30 | | |
| 31 Subtract line 30 from line 29 | 31 | | |
| 32 Amount from line 22, page 1 | 32 | | |
| 33 Subtract line 32 from line 31 | | 33 | |
| 34 Orphan drug credit allowed for the current year. Enter here and on the appropriate line of your return the smaller of line 28 or line 33. | | 34 | |

▶ Attach to the corporation's tax return.

| | | |
|--|--|---|
| Name PP&L Resources, Inc and Subsidiary Companies | | Employer identification number 23-2758192 |
| 1 | 1 Taxable income or (loss) before net operating loss deduction. (Important: If the corporation is subject to the environmental tax, see the instructions for line 16 on page 6.) | 571,673,072. |
| 2 | Adjustments and preferences: | |
| a | Depreciation of post-1986 property | 2a 35,806,408. |
| b | Amortization of certified pollution control facilities | 2b 9,636,948. |
| c | Amortization of mining exploration and development costs | 2c |
| d | Amortization of circulation expenditures (personal holding companies only) | 2d |
| e | Adjusted gain or loss | 2e <480,968.> |
| f | Long-term contracts | 2f |
| g | Installment sales | 2g |
| h | Merchant marine capital construction funds | 2h |
| i | Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) | 2i |
| j | Tax shelter farm activities (personal service corporations only) | 2j |
| k | Passive activities (closely held and personal service corp. only) | 2k |
| l | Loss limitations | 2l |
| m | Depletion | 2m 409. |
| n | Tax-exempt interest from specified private activity bonds | 2n 434,098. |
| o | Charitable contributions | 2o |
| p | Intangible drilling costs | 2p |
| q | Reserves for losses on bad debts of financial institutions | 2q |
| r | Accelerated depreciation of real property (pre-1987) | 2r |
| s | Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only) | 2s |
| t | Other adjustments | 2t |
| u | Combine lines 2a through 2t | 2u 45,396,895. |
| 3 | Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 and 2u | 3 617,069,967. |
| 4 | Adjusted current earnings (ACE) adjustment: | |
| a | Enter the corporation's ACE from line 10 of the worksheet on page 8 of the instructions | 4a 625,496,808. |
| b | Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see page 4 of the instructions for examples) | 4b 8,426,841. |
| c | Multiply line 4b by 75% (.75). Enter the result as a positive amount | 4c 6,320,131. |
| d | Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see page 5 of the instructions). Note: You must enter an amount on line 4d (even if line 4b is positive) | 4d 571,481,440. |
| e | ACE adjustment: • If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount. • If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount. | 4e 6,320,131. |
| 5 | Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax | 5 623,390,098. |
| 6 | Alternative tax net operating loss deduction | 6 |
| 7 | Alternative minimum taxable income. Subtract line 6 from line 5 | 7 623,390,098. |

H761 For Paperwork Reduction Act Notice, see separate instructions.

Form 4626 (1995)

| | | | |
|----|---|----|--------------|
| 8 | Enter the amount from line 7 (alternative minimum taxable income) | 8 | 623,390,098 |
| 9 | Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c): | | |
| a | Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see page 5 of the instructions). If zero or less, enter -0- | 9a | |
| b | Multiply line 9a by 25% (.25) | 9b | |
| c | Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see page 5 of the instructions). If zero or less, enter -0- | 9c | 0. |
| 10 | Subtract line 9c from line 8. If zero or less, enter -0- | 10 | 623,390,098. |
| 11 | Multiply line 10 by 20% (.20) | 11 | 124,678,020. |
| 12 | Alternative minimum tax foreign tax credit. See instructions for limitations | 12 | |
| 13 | Tentative minimum tax. Subtract line 12 from line 11 | 13 | 124,678,020. |
| 14 | Regular tax liability before all credits except the foreign tax credit and possessions tax credit | 14 | 200,085,575. |
| 15 | Alternative minimum tax. Subtract line 14 from line 13. Enter the result on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9a). If zero or less, enter -0- | 15 | 0. |
| 16 | Environmental tax. Subtract \$2 million from line 5 (figured without the corporation's environmental tax deduction). Multiply the excess, if any, by 0.12% (.0012). Enter the result here and on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9b). If you are completing this line for a member of a controlled group, see page 6 of the instructions | 16 | 746,564 |

PP&L RESOURCES, INC.
AND SUBSIDIARY COMPANIES
AMENDED INCOME TAX RETURN - 1993

ALTERNATIVE MINIMUM TAX

EXHIBIT IV
PAGE 2 OF 3

| | COMBINED | PP&L RESOURCES, INC. | PENNSYLVANIA POWER & LIGHT COMPANY | INTERSTATE ENERGY COMPANY | CEP GROUP INC. | PENNA COAL RESOURCES CORP. | PENNSYLVANIA MINES CORPORATION | ROUSHTON MINING COMPANY | GREENE HILL COAL COMPANY | GREENE MANO COAL COMPANY | REALTY COMPANY OF PENNSYLVANIA | BDW CORPORATION | POWER MARKETS DEVELOPMENT COMPANY | SPECTRUM ENERGY SERVICES CORPORATION | PMDC LATIN AMERICA, INC. | LADY JANE COLLIERIES INC. |
|---|---------------|-------------------------|--|---------------------------------|----------------------|-------------------------------------|--------------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------|--|---|--------------------------------|---------------------------------|
| Federal taxable income/(loss) before NOL | 5571,673,072 | 50 | 5531,173,982 | (83,566,120) | 52,474,768 | (53,342) | (55,216,125) | (5,262,259) | 546,282,712 | 53,309,792 | (5,231,103) | 50 | (54,148,000) | (598,123) | 5369,640 | (5412,744) |
| Adjustments & tax preferences: | | | | | | | | | | | | | | | | |
| Depreciation - Post 1986 property | 35,806,408 | | 35,712,125 | 12,730 | | | 9,378 | (89) | | | 20,063 | | | | | 52,201 |
| Depreciation - Pre 1986 real property | 0 | | | | | | | | | | | | | | | |
| Basis adjustments for gain & loss | (480,968) | | (469,819) | (142) | | | (11,007) | | | | | | | | | |
| Amortization of certified pollution control fee | 9,636,948 | | 9,636,948 | | | | | | | | | | | | | |
| Percentage depletion | 409 | | | | | | 409 | | | | | | | | | |
| Tax exempt interest | 434,098 | | 26,238 | | | | 355,709 | | | | | | 72,151 | | | |
| Subtotal | 617,069,967 | 0 | 578,079,474 | (3,553,532) | 2,474,768 | (7,342) | (4,881,646) | 252,359 | (6,282,712) | 3,309,792 | (211,040) | 0 | (4,075,849) | (98,123) | 369,640 | (360,543) |
| Adjusted current earnings adjustment: | | | | | | | | | | | | | | | | |
| Pre-adjustment AMTI | 617,069,967 | 0 | 578,079,474 | (3,553,532) | 2,474,768 | (7,342) | (4,881,646) | 252,359 | (6,282,712) | 3,309,792 | (211,040) | 0 | (4,075,849) | (98,123) | 369,640 | (360,543) |
| Add: | | | | | | | | | | | | | | | | |
| Tax depreciation | 321,363,432 | | 319,578,834 | 129,705 | 3,543 | | 57,616 | (693) | | | 1,186,523 | | | | | 375,134 |
| Post 1986 depr. tax preference | (35,806,408) | | (35,712,123) | (12,730) | | | (9,378) | 39 | | | (20,063) | | | | | (52,201) |
| Pre 1986 depr. tax preference | 0 | | | | | | | | | | | | | | | |
| ACE depreciation | (291,140,536) | | (289,981,654) | (116,749) | (1,543) | | (67,275) | 17,806 | | | (648,000) | | | | | (307,929) |
| Depreciation adjustments | (5,383,312) | 0 | (6,114,745) | 226 | 0 | 0 | 10,957 | (13,624) | 0 | 0 | 518,670 | 0 | 0 | 0 | 0 | 15,004 |
| Basis adjustments for gain & loss | (2,089,688) | | (2,089,373) | (95) | | | (220) | | | | | | | | | |
| Dividends paid deduction | 853,728 | | 853,728 | | | | | | | | | | | | | |
| Dividends received deduction | 1,443,767 | | 330 | | 1,434,900 | | 8,827 | | | | | | | | | |
| Exempt interest net of AMT pref. | 3,346,945 | | 141,903 | | 141,277 | | 3,033,180 | | | | | 1,030,585 | | | | |
| ESOP dividends paid in cash | 9,455,601 | | 9,455,601 | | | | | | | | | | | | | |
| Adjusted current earnings | 625,496,808 | 0 | 580,326,918 | (2,553,401) | 4,050,945 | (7,342) | (4,829,192) | 275,963 | (6,282,712) | 3,309,792 | 707,650 | 0 | (3,045,264) | 198,123 | 369,640 | (345,539) |
| Difference - adjusted current earnings less pre-adjustment AMTI | 8,426,841 | 0 | 2,247,444 | 131 | 1,576,177 | 0 | 3,052,454 | (13,624) | 0 | 0 | 518,670 | 0 | 1,030,585 | 0 | 0 | 15,004 |
| ACE preference - 75% of difference | 6,320,131 | 0 | 1,685,582 | 98 | 1,182,133 | 0 | 2,289,341 | (9,218) | 0 | 0 | 389,003 | 0 | 772,939 | 0 | 0 | 11,253 |
| Alternative tax NOL | 0 | | | | | | | | | | | | | | | |
| Alternative minimum taxable income | 623,390,098 | 0 | 579,165,056 | (2,333,434) | 3,636,901 | (7,342) | (2,592,305) | (222,557) | (6,282,712) | 3,309,792 | 177,963 | 0 | (3,302,910) | (98,123) | 369,640 | (349,290) |
| Rate | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| Tentative minimum tax | \$124,678,020 | \$0 | \$115,953,012 | (\$710,687) | \$731,380 | (\$668) | (\$518,461) | (\$54,511) | \$9,256,512 | \$661,958 | \$53,593 | \$0 | (\$660,382) | (\$19,626) | \$73,928 | (\$69,858) |

PENNSYLVANIA POWER & LIGHT COMPANY
AND SUBSIDIARY COMPANIES
AMENDED INCOME TAX RETURN - 1993

ENVIRONMENTAL TAX

EXHIBIT IV
PAGE 3 OF 3

| | COMBINED | PP&L RESOURCES, INC. | PENNSYLVANIA POWER & LIGHT COMPANY | INTERSTATE ENERGY COMPANY | CEP GROUP INC. | ZENNA COAL RESOURCES CORP. | PENNSYLVANIA SINES CORPORATION | RUSHTON MINING COMPANY | GREENE HILL COAL COMPANY | GREENE MANO COAL COMPANY | REALTY COMPANY OF PENNSYLVANIA | BDW CORPORATION | POWER MARKETS DEVELOPMENT COMPANY | SPECTRUM ENERGY SERVICES CORPORATION | PMDC LARIN AMERICA, INC. | LADY JANE COLLIERIES INC. |
|---|---------------|-------------------------|--|---------------------------------|----------------------|-------------------------------------|--------------------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------|--|---|--------------------------------|---------------------------------|
| Federal taxable income/(loss) before NOL | 5571,673,072 | \$0 | \$531,173,982 | (\$5,566,120) | \$2,474,768 | (\$3,342) | (\$5,216,135) | (\$262,250) | \$46,338,318 | \$3,313,769 | (\$231,103) | \$0 | (\$4,148,000) | (\$98,128) | \$369,640 | (\$412,744) |
| Environmental tax | 746,564 | | 694,150 | (4,269) | 4,394 | (14) | (3,115) | (327) | 55,606 | 3,977 | 214 | 0 | (3,968) | (118) | 444 | (420) |
| Federal taxable income before environmental tax | 572,419,636 | 0 | 533,868,132 | (3,570,389) | 2,479,162 | (3,346) | (5,219,250) | (262,577) | 46,338,318 | 3,313,769 | (230,889) | 0 | (4,151,968) | (98,246) | 370,084 | (413,164) |
| Adjustments & tax preferences: | | | | | | | | | | | | | | | | |
| Depreciation - Post 1986 property | 35,806,408 | | 33,712,125 | 12,730 | | | 9,378 | (89) | | | 20,063 | | | | | 52,201 |
| Depreciation - Pre 1986 real property | 0 | | | | | | | | | | | | | | | |
| Basis adjustments for gain & loss | (480,968) | | (469,819) | (142) | | | (11,007) | | | | | | | | | |
| Development costs | 9,636,948 | | 9,636,948 | | | | | | | | | | | | | |
| Percentage depletion | 409 | | | | | | 409 | | | | | | | | | |
| Appreciated prop. charitable deductions | 0 | | | | | | | | | | | | | | | |
| Tax exempt interest | 434,098 | | 26,238 | | | | 335,309 | | | | | | 72,151 | | | |
| Subtotal | 617,816,531 | 0 | 578,773,624 | (3,557,801) | 2,479,162 | (3,346) | (4,884,761) | (262,666) | 46,338,318 | 3,313,769 | (210,826) | 0 | (4,079,817) | (98,246) | 370,084 | (360,963) |
| Adjusted current earnings adjustment | | | | | | | | | | | | | | | | |
| Pre-adjustment AMTI | 617,816,531 | 0 | 578,773,624 | (3,557,801) | 2,479,162 | (3,346) | (4,884,761) | (262,666) | 46,338,318 | 3,313,769 | (210,826) | 0 | (4,079,817) | (98,246) | 370,084 | (360,963) |
| Add: | | | | | | | | | | | | | | | | |
| Tax depreciation | 321,363,452 | | 319,578,834 | 129,705 | 1,343 | | 87,610 | 1,093 | 0 | | 1,106,753 | | | | | 375,114 |
| Post 1986 depr. tax preference | (35,806,408) | | (35,712,125) | (12,730) | | | (9,378) | 89 | | | (20,063) | | | | | (52,201) |
| Pre 1986 depr. tax preference | 0 | | 0 | 0 | | | 0 | | | | | | | | | |
| ACE depreciation | (291,140,556) | | (289,981,454) | (116,749) | (1,343) | | (67,275) | (17,806) | 0 | | (648,000) | | | | | (307,929) |
| Depreciation adjustment | (5,583,512) | 0 | (6,134,745) | 226 | 0 | 0 | 10,937 | (13,624) | 0 | 0 | 518,670 | 0 | 0 | 0 | 0 | 15,004 |
| Basis adjustments for gain & loss | (2,089,688) | | (2,089,173) | (95) | | | (220) | 0 | | | | | | | | 0 |
| Dividends paid deduction | 833,728 | | 833,728 | | | | | | | | | | | | | |
| Dividends received deduction | 1,443,767 | | 330 | | 1,334,900 | | 8,537 | | | | | | | | | |
| Exempt interest net of AMTI pref. | 4,346,945 | | 141,903 | | 141,277 | | 3,033,180 | | | | | | 1,030,585 | | | |
| ESOP dividends paid in cash | 9,455,601 | | 9,455,601 | | | | | | | | | | | | | |
| Adjusted current earnings | 626,243,372 | 0 | 581,021,068 | (3,557,670) | 4,053,339 | (3,346) | (1,832,307) | (276,290) | 46,338,318 | 3,313,769 | 307,844 | 0 | (3,049,232) | (98,246) | 370,084 | (345,959) |
| Difference - adjusted current earnings less pre-adjustment AMTI | 8,426,841 | 0 | 2,247,444 | 131 | 1,576,177 | 0 | 3,051,454 | (13,624) | 0 | 0 | 518,670 | 0 | 1,030,585 | 0 | 0 | 15,004 |
| ACE preference - 75% of difference | 6,320,131 | 0 | 1,685,583 | 98 | 1,182,133 | 0 | 2,289,340 | (10,218) | 0 | 0 | 389,003 | 0 | 772,939 | 0 | 0 | 11,253 |
| Statutory exemption | (2,000,000) | | (2,000,000) | | | | | | | | | | | | | |
| Alternative minimum taxable income | 622,136,662 | 0 | 578,459,207 | (3,557,703) | 3,661,295 | (3,346) | (2,595,423) | (272,884) | 46,338,318 | 3,313,769 | 178,177 | 0 | (3,306,878) | (98,246) | 370,084 | (349,710) |
| Rate | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 | 0.0012 |
| Environmental Tax | \$746,564 | \$0 | \$694,150 | (\$4,269) | \$4,394 | (\$4) | (\$3,115) | (\$327) | \$55,606 | \$3,977 | \$214 | \$0 | (\$3,968) | (\$118) | \$444 | (\$420) |

PENNSYLVANIA POWER & LIGHT COMPANY
 AND SUBSIDIARY COMPANIES
 AMENDED INCOME TAX RETURN - 1995

EXHIBIT V
 PAGE 1 OF 3

SUMMARY OF DEPRECIATION

| | <u>ACRS</u> | <u>ADR</u> | <u>OTHER</u> | <u>TOTAL</u> |
|--|---------------|--------------|--------------|---------------|
| <u>Pennsylvania Power & Light Company</u> | | | | |
| Depreciation per Original Return | \$267,823,200 | \$35,297,396 | \$23,239,325 | \$326,359,921 |
| Less Depr. Capitalized (Tax Basis) | | | (523,642) | (523,642) |
| Subtotal - Net Depreciation per Original Return | 267,823,200 | 35,297,396 | 22,715,683 | 325,836,279 |
| Reduction in Depreciation for items expensed under Section 174 which were capitalized on original return | (6,257,445) | | | (6,257,445) |
| Subtotal - Net Depreciation Per Amended Return | 261,565,755 | 35,297,396 | 22,715,683 | 319,578,834 |
| <u>Subsidiary Companies</u> <u>(Depreciation per Original Returns)</u> | | | | |
| Interstate Energy Company | 59,513 | 59,404 | 10,788 | 129,705 |
| CEP Group, Inc. | | | 1,343 | 1,343 |
| Pennsylvania Mines Corporation | 45,442 | 38,592 | 3,576 | 87,610 |
| Rushton Mining Company | 2,788 | | 1,305 | 4,093 |
| Realty Company of Pennsylvania | 1,186,586 | | 147 | 1,186,733 |
| Lady Jane Collieries, Inc. | 163,084 | | 212,050 | 375,134 |
| Total depreciation per amended return | \$263,023,168 | \$35,395,392 | \$22,944,892 | \$321,363,452 |

Department of the Treasury Internal Revenue Service (97)

Attach this form to your return.

OTHER

Name(s) shown on return

Business or activity to which this form relates

Identifying number

Pennsylvania Power & Light Company

Other Depreciation

23-0959590

Part II Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," complete Part V before you complete Part I.)

Table with 5 columns: Line number, Description, and Amount. Includes rows for maximum dollar limitation, total cost, threshold cost, reduction in limitation, and taxable income limitation.

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part III MACRS Depreciation For Assets Placed in Service ONLY During Your 1995 Tax Year (Do Not Include Listed Property)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions

Table with 7 columns: Classification of property, Month and year placed in service, Basis for depreciation, Recovery period, Convention, Method, and Depreciation deduction. Includes Section B - General Depreciation System (GDS).

Section C - Alternative Depreciation System (ADS) (See instructions)

Table with 5 columns: Class life, Description, Recovery period, Convention, and Method. Includes rows for 12-year and 40-year class lives.

Part III Other Depreciation (Do Not Include Listed Property)

Table with 3 columns: Line number, Description, and Amount. Includes rows for GDS and ADS deductions, property subject to section 168(f)(1) election, and ACRS and other depreciation.

Part IV Summary

Table with 3 columns: Line number, Description, and Amount. Includes rows for listed property, total deductions, and basis attributable to section 263A costs.

LHA For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

Form 4562 (1995)

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See instructions for limitations for automobiles.)

| 23a Do you have evidence to support the business/investment use claimed? | | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | 23b If "Yes," is the evidence written? | | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
|---|-------------------------------|---|-------------------------------|---|---------------------------|---|----------------------------------|---------------------------------------|
| (a) Type of property (list vehicles first) | (b) Date placed in service | (c) Business/ investment use percentage | (d) Cost or other basis | (e) Basis for depreciation (business/ investment use only) | (f) Recovery period | (g) Method/ Convention | (h) Depreciation deduction | (i) Elected section 179 cost |
| 24 Property used more than 50% in a qualified business use: | | | | | | | | |
| Luxury auto | 000095 | % | 1130829 | | 5 YRS | DDB/HY | 171,360. | |
| Luxury auto | 000094 | % | 693,356. | | 5 YRS | DDB/HY | 169,200. | |
| Luxury auto | VARIES | % | 2027633 | | 5 YRS | DDB/HY | 246,021. | |
| 25 Property used 50% or less in a qualified business use: | | | | | | | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| 26 Add amounts in column (h). Enter the total here and on line 20, page 1 | | | | | | | 26 | 586,581. |
| 27 Add amounts in column (i). Enter the total here and on line 7, page 1 | | | | | | | | 27 |

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| | (a) Vehicle | | (b) Vehicle | | (c) Vehicle | | (d) Vehicle | | (e) Vehicle | | (f) Vehicle | |
|--|----------------|----|----------------|----|----------------|----|----------------|----|----------------|----|----------------|----|
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 28 Total business/investment miles driven during the year (DO NOT include commuting miles) | | | | | | | | | | | | |
| 29 Total commuting miles driven during the year | | | | | | | | | | | | |
| 30 Total other personal (noncommuting) miles driven | | | | | | | | | | | | |
| 31 Total miles driven during the year. Add lines 28 through 30 | | | | | | | | | | | | |
| 32 Was the vehicle available for personal use during off-duty hours? | | | | | | | | | | | | |
| 33 Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | | | | | | | |
| 34 Is another vehicle available for personal use? | | | | | | | | | | | | |

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

| | Yes | No |
|--|-----|----|
| 35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | | X |
| 36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? (See instructions for vehicles used by corporate officers, directors, or 1% or more owners.) | X | |
| 37 Do you treat all use of vehicles by employees as personal use? | | X |
| 38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | X | |
| 39 Do you meet the requirements concerning qualified automobile demonstration use? | | X |

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

| (a) Description of costs | (b) Date amortization begins | (c) Amortizable amount | (d) Code section | (e) Amortization rate or percentage | (f) Amortization for this year |
|--|------------------------------------|------------------------------|------------------------|---|--------------------------------------|
| 40 Amortization of costs that begins during your 1995 tax year: | | | | | |
| 41 Amortization of costs that began before 1995 | | | | | 41 |
| 42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return | | | | | 42 |

PENNSYLVANIA POWER & LIGHT COMPANY
AND SUBSIDIARY COMPANIES
AMENDED INCOME TAX RETURN - 1995

DEPRECIATION SUMMARY - FORM 4562

EXHIBIT V
PAGE 3 OF 3

| Description | Grand Total | Current Year Vintage MACRS Depreciation | | | | | | Listed-Luxury Autos Line 23 | Prior years' MACRS Depr Line 16 | ACRS & Other Depreciation Line 18 |
|--|---------------|---|-----------------|------------------|------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------------|-----------------------------------|
| | | 5 Year Line 14b | 7 Year Line 14c | 15 Year Line 14d | 20 Year Line 14f | Nonresidential Line 14h(31.5) | Nonresidential Line 14h(39) | | | |
| Conventional | \$23,126,543 | | | | | | | | | \$23,126,543 |
| ADR | 35,297,396 | | | | | | | | | 35,297,396 |
| ACRS | 55,607,669 | | | | | | | | | 55,607,669 |
| MACRS | 212,215,531 | \$19,098,585 | \$342,479 | \$2,946,594 | \$10,694,840 | 50 | 357,237 | 5586,581 | \$178,189,215 | |
| Subtotal | 326,247,139 | 19,098,585 | 342,479 | 2,946,594 | 10,694,840 | 0 | 357,237 | 5586,581 | 178,189,215 | 114,031,608 |
| Adjustments: | | | | | | | | | | |
| RAR 1956-1976 | 41,771 | | | | | | | | | 41,771 |
| RAR 1977-1980 | 49,412 | | | | | | | | | 49,412 |
| RAR 1985-1986 | 21,599 | | | | | | | | | 21,599 |
| Depreciation Capitalize | (523,642) | | | | | | | | | (523,642) |
| Subtotal - Original Return | 326,836,279 | 19,098,585 | 342,479 | 2,946,594 | 10,694,840 | 0 | 357,237 | 5586,581 | 178,189,215 | 113,620,748 |
| Reduction in Depreciation for items expensed under Section 179 which were capitalized on original return | (4,257,445) | | | (1,035,180) | (8,315) | | | | (5,213,950) | |
| Total - Amended Return | \$319,578,834 | \$19,098,585 | \$342,479 | \$1,911,414 | \$10,686,525 | 50 | 357,237 | 5586,581 | \$172,975,265 | \$113,620,748 |

PENNSYLVANIA POWER & LIGHT COMPANY
PRO FORMA FEDERAL INCOME TAX RETURN

1995

(For PA Corporate Income Tax Report)

PRO FORMA FOR PA CNI RETURN
U.S. Corporation Income Tax Return

OMB No. 1545-0123

Form **1120**
 Department of the Treasury
 Internal Revenue Service

For calendar year 1995 or tax year beginning _____, 19____ ending _____, 19____
Extension Granted to 09/15/96

1995

Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

| | | | |
|---|---|---|--|
| A Check if a: 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (as defined in Temp. Regs. sec. 1.441-4T) <input type="checkbox"/> | Use IRS label. Otherwise, please print or type. | Name Pennsylvania Power & Light Company | B Employer identification number 23-0959590 |
| | | Number, street, and room or suite no. (If a P.O. box, see page 6 of instructions.) Two North Ninth Street | C Date incorporated 06/04/1920 |
| | | City or town, state, and ZIP code Allentown, PA 18101 | D Total assets (see page 6 of instructions) \$ 9806176719 |

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address

| | | | | | |
|---------------|--|-------------------------------|---------|----|---------------------------|
| Income | 1 a Gross receipts or sales 2795599574 | b Less returns and allowances | c Bal ▶ | 1c | 2795599574 |
| | 2 Cost of goods sold (Schedule A, line 8) | | | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c | | | 3 | 2795599574 |
| | 4 Dividends (Schedule C, line 19) | | | 4 | 2,190,471. |
| | 5 Interest | | | 5 | 5,909,283. |
| | 6 Gross rents | | | 6 | 45,944. |
| | 7 Gross royalties | | | 7 | |
| | 8 Capital gain net income (attach Schedule D (Form 1120)) | | | 8 | |
| | 9 Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797) | | | 9 | <3,087,015.> |
| | 10 Other income (attach schedule) See Statement 1 | | | 10 | 867,016. |
| | 11 Total income. Add lines 3 through 10 | | | 11 | 2801525273 |

| | | | | | |
|---|--|-------------------|---------------------|---------------------|---------------------|
| Deduct... | 12 Compensation of officers (Schedule E, line 4) | | | 12 | 5,106,507. |
| | 13 Salaries and wages (less employment credits) | | | 13 | |
| | 14 Repairs and maintenance | | | 14 | 197,168,135. |
| | 15 Bad debts | | | 15 | 18,966,346. |
| | 16 Rents | | | 16 | 7,940,191. |
| | 17 Taxes and licenses See Statement 2 | | | 17 | 271,321,189. |
| | 18 Interest | | | 18 | 214,196,736. |
| | 19 Charitable contributions See Statement 3 and See Statement 4 | | | 19 | 4,214,648. |
| | 20 Depreciation (attach Form 4562) | 20 | 325,836,279. | | |
| | 21 Less depreciation claimed on Schedule A and elsewhere on return | 21a | | 21b | 325,836,279. |
| | 22 Depletion | | | 22 | |
| 23 Advertising | | | 23 | 581,278. | |
| 24 Pension, profit-sharing, etc., plans | | | 24 | | |
| 25 Employee benefit programs | | | 25 | 26,977,400. | |
| 26 Other deductions (attach schedule) See Statement 5 | | | 26 | 1189866283 | |
| 27 Total deductions. Add lines 12 through 26 | | | 27 | 2262174992 | |
| 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | | 28 | 539,350,281. | |
| 29 Less: a Net operating loss deduction | 29a | | | | |
| b Special deductions (Schedule C, line 20) | 29b | 2,606,058. | 29c | 2,606,058. | |

| | | | | | |
|--|---|-----|----|-----------|---------------------|
| Tax and Payments | 30 Taxable income. Subtract line 29c from line 28 | | | 30 | 536,744,223. |
| | 31 Total tax (Schedule J, line 10) | | | 31 | 0. |
| | 32 Payments: a 1994 overpayment credited to 1995 | 32a | | | |
| | b 1995 estimated tax payments Less 1995 refund applied for | 32b | | | |
| | c on Form 4466 | 32c | | | |
| | d Bal ▶ | 32d | | | |
| | e Tax deposited with Form 7004 | 32e | | | |
| | f Credit from regulated investment companies (attach Form 2439) | 32f | | | |
| | g Credit for Federal tax on fuels (attach Form 4136) | 32g | | 32h | |
| | 33 Estimated tax penalty. Check if Form 2220 is attached | | | 33 | |
| 34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | | 34 | 0. | |
| 35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | | 35 | | |
| 36 Enter amount of line 35 you want: Credited to 1995 estimated tax Refunded ▶ | | | 36 | | |

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

| | | | | |
|---------------------------------|---|----------|---|-----------------------------------|
| Paid Preparer's Use Only | Preparer's signature | Date | Check if self-employed <input type="checkbox"/> | Preparer's social security number |
| | Firm's name (or yours if self-employed) and address | E.I. No. | ZIP code | |

Schedule A Cost of Goods Sold (See page 12 of instructions.)

| | | | |
|---|---|---|--|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | |

9a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations section 1.471-3
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation

Schedule C Dividends and Special Deductions

| | (a) Dividends received | (b) % | (c) Special deductions (a) x (b) |
|---|------------------------|------------------|----------------------------------|
| 1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | 471. | 70 | 330. |
| 2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | 2,190,000. | 80 | 1,752,000. |
| 3 Dividends on debt-financed stock of domestic and foreign corporations (section 246A) | | see instructions | |
| 4 Dividends on certain preferred stock of less-than-20%-owned public utilities | | 42 | |
| 5 Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 48 | |
| 6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | | 70 | |
| 7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | | 80 | |
| 8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | | 100 | |
| 9 Total. Add lines 1 through 8 See Statement 6 | | | 1,752,330. |
| 10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | |
| 11 Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | | 100 | |
| 12 Dividends from affiliated group members subject to the 100% deduction (sec. 243(a)(3)) | | 100 | |
| 13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11 | | | |
| 14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471) | | | |
| 15 Foreign dividend gross-up (section 78) | | | |
| 16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d)) | | | |
| 17 Other dividends | | | |
| 18 Deduction for dividends paid on certain preferred stock of public utilities | | | 853,728. |
| 19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1 | 2,190,471. | | |
| 20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 | | | 2,606,058. |

Schedule E Compensation of Officers Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

| (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of corporation stock owned | | (f) Amount of compensation |
|---|----------------------------|---|------------------------------------|---------------|----------------------------|
| | | | (d) Common | (e) Preferred | |
| 1 | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| 2 Total compensation of officers | | | | | |
| 3 Compensation of officers claimed on Schedule A and elsewhere on return | | | | | |
| 4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1 | | | | | |

Schedule J Tax Computation (See page 14 of instructions.)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) **Important: Members of a controlled group, see instructions on page 14.**

If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

2a (1) \$ _____ (2) \$ _____ (3) \$ _____

b Enter the corporation's share of:

(1) Additional 5% tax (not more than \$11,750) \$ _____

(2) Additional 3% tax (not more than \$100,000) \$ _____

3 Income tax. Check this box if the corporation is a qualified personal service corporation as defined in section 448(d)(2) (see instructions) **3** **0.**

4a Foreign tax credit (attach Form 1118) **4a** _____

b Possessions tax credit (attach Form 5735) **4b** _____

c Check: Nonconventional source fuel credit QEV credit (attach Form 8834) **4c** _____

d General business credit. Enter here and check which forms are attached:

3800 3468 5884 6478 6765 8586 8830

8826 8835 8844 8845 8846 8847 **4d** _____

e Credit for prior year minimum tax (attach Form 8827) **4e** _____

5 Total credits. Add lines 4a through 4e **5** _____

6 Subtract line 5 from line 3 **6** **0.**

7 Personal holding company tax (attach Schedule PH (Form 1120)) **7** _____

8 Recapture taxes. Check if from: Form 4255 Form 8611 **8** _____

9a Alternative minimum tax (attach Form 4626) **9a** _____

b Environmental tax (attach Form 4626) **9b** _____

10 Total tax. Add lines 6 through 9b. Enter here and on line 31, page 1 **10** **0.**

Schedule K Other Information (See page 17 of instructions.)

| | | Yes | No | | | Yes | No |
|---|--|-----|----|----|---|-----|----|
| 1 | Check method of accounting: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____ | | | 7 | Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) | | X |
| 2 | Refer to page 19 of the instructions and state the principal: | | | | If "Yes," attach Form 5471 for each such corporation. Enter number of Forms 5471 attached _____ | | |
| a | Business activity code no. <u>4910</u> | | | 8 | At any time during the 1995 calendar year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | | X |
| b | Business activity <u>Electric Utility</u> | | | | If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country _____ | | |
| c | Product or service _____ | | | 9 | Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 926, 3520, or 3520-A. | | X |
| 3 | Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) <u>Statement 7</u> | X | | 10 | Did one foreign person at any time during the tax year own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? | | X |
| | If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. | | | | If "Yes," | | |
| 4 | Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? | X | | a | Enter percentage owned _____ | | |
| | If "Yes," enter employer identification number and name of the parent corporation <u>23-2758192 PP&L Resources, Inc.</u> | | | b | Enter owner's country _____ | | |
| 5 | Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) | X | | c | The corporation may have to file Form 5472. Enter number of Forms 5472 attached _____ | | |
| | If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned <u>100.00</u> | | | 11 | Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> | | |
| 6 | During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See secs. 301 and 316.) | | X | | If so, the corporation may have to file Form 8281. | | |
| | If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary. | | | 12 | Enter the amount of tax-exempt interest received or accrued during the tax year <u>\$ 168,142.</u> | | |
| | | | | 13 | If there were 35 or fewer shareholders at the end of the tax year, enter the number _____ | | |
| | | | | 14 | If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> | | |
| | | | | 15 | Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) <u>\$ _____</u> | | |

| Schedule L Balance Sheets | Beginning of tax year | | End of tax year | |
|---|-----------------------|--------------|-----------------|-------------|
| | (a) | (b) | (c) | (d) |
| Assets | | | | |
| 1 Cash | | 1,649,495. | | 1,372,387. |
| 2a Trade notes and accounts receivable | 230791209 | | 242971674 | |
| b Less allowance for bad debts | (29,082,855.) | 201708354 | (34,910,903.) | 208060771 |
| 3 Inventories | | | | |
| 4 U.S. government obligations | | | | |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets Stmt 8 | | 465813789 | | 406257169 |
| 7 Loans to stockholders | | | | |
| 8 Mortgage and real estate loans | | | | |
| 9 Other investments Stmt 9 | | 217150559 | | 223738070 |
| 10a Buildings and other depreciable assets | 9744238915 | | 10029196898 | |
| b Less accumulated depreciation | (2616381387) | 7127857528 | (2906075910) | 7123120988 |
| 11a Depletable assets | | | | |
| b Less accumulated depletion | () | | () | |
| 12 Land (net of any amortization) | | 2,081,498. | | 2,084,108. |
| 13a Intangible assets (amortizable only) | | | | |
| b Less accumulated amortization | () | | () | |
| 14 Other assets Stmt 10 | | 1818157456 | | 1841543226 |
| 15 Total assets | | 9834418679 | | 9806176719 |
| Liabilities and Stockholders' Equity | | | | |
| 16 Accounts payable | | 138986895 | | 122150032 |
| 17 Mortgages, notes, bonds payable in less than 1 year | | 64,000,000. | | 72,145,000. |
| 18 Other current liabilities Stmt 11 | | 348995140 | | 371140238 |
| 19 Loans from stockholders | | | | |
| 20 Mortgages, notes, bonds payable in 1 year or more | | 2940789024 | | 2858728085 |
| 21 Other liabilities Stmt 12 | | 3420151100 | | 3389975047 |
| 22 Capital stock: a Preferred stock | 466461500 | | 466374500 | |
| b Common stock | 1440527235 | 1906988735 | 1476048307 | 1942422807 |
| 23 Paid-in or capital surplus | | <9,618,962.> | | 14,558,676. |
| 24 Retained earnings - Appropriated (attach schedule) Stmt 13 | | | | 1,156,421. |
| 25 Retained earnings - Unappropriated | | 1024126747 | | 1033900413 |
| 26 Less cost of treasury stock | | () | | () |
| 27 Total liabilities and stockholders' equity | | 9834418679 | | 9806176719 |

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

| Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return | | | |
|---|--------------|--|--------------|
| 1 Net income (loss) per books | 351,935,846. | 7 Income recorded on books this year not included on this return (itemize): | |
| 2 Federal income tax | 191,511,567. | Tax-exempt interest \$ 168,142. | |
| 3 Excess of capital losses over capital gains | | Stmt 16 45707616 | 45,875,758. |
| 4 Income subject to tax not recorded on books this year (itemize): | | | |
| See Statement 14 | 12,303,712. | 8 Deductions on this return not charged against book income this year (itemize): | |
| 5 Expenses recorded on books this year not deducted on this return (itemize): | | a Depreciation \$ 325836279 | |
| a Depreciation \$ 404855858 | | b Contributions \$ | |
| b Contributions carryover \$ | | Stmt 17 181781229 | 507,617,508. |
| c Travel and entertainment \$ 981,057. | | 9 Add lines 7 and 8 | 553,493,266. |
| Stmt 15 131255507 | 537092422 | 10 Income (line 28, page 1) - line 6 less line 9 | 539,350,281. |
| 6 Add lines 1 through 5 | 1092843547 | | |

| Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) | | | |
|---|--------------|---|--------------|
| 1 Balance at beginning of year | 1024126747 | 5 Distributions: a Cash | 341,413,607. |
| 2 Net income (loss) per books | 351,935,846. | b Stock | |
| 3 Other increases (itemize): | | c Property | |
| | | 6 Other decreases (itemize): | |
| | | See Statement 18 | |
| | | | 896,957. |
| | | 7 Add lines 5 and 6 | 342,310,564. |
| 4 Add lines 1, 2, and 3 | 1376062593 | 8 Balance at end of year (line 4 less line 7) | 1033752029 |

**PENNSYLVANIA POWER & LIGHT COMPANY
INCOME TAX RETURN - 1995**

List of Schedules Attached

Form 6765 - Credit for Increasing Research Activities

Form 4626 - Computation of Minimum Tax

Statement of Elections

Election Under Section 468A - Unit 1 & 2 Susquehanna Steam Electric Station

Private Letter Ruling Request Regarding Schedule of Ruling Amounts - Unit 1 & 2
Susquehanna Steam Electric Station

Election to Amortization under Section 169

Applications to Environmental Protection Agency and State certifying authority

Form 4797 - Supplemental Schedule of Gains & Losses

Form 4684 - Casualties and Thefts

Schedule G - Depreciation & Form 4562

Schedule I - Special Deductions

Form 8275 - Disclosure Statement

Statement of Disclosure

Return Statements 1 through 18

Credit for Increasing Research Activities
(and orphan drug credit from fiscal year 1994-95 flow-through entities)

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to your return.

Name(s) shown on return: **Pennsylvania Power & Light Company** Identifying number: **23-0959590**

Part I Current Year Credit for Increasing Research Activities (Do not include costs incurred after June 30, 1995.)

| | | | |
|--|--|----|---------------|
| 1 | Basic research payments paid or incurred to qualified organizations | 1 | |
| 2 | Qualified organization base period amount | 2 | |
| 3 | Subtract line 2 from line 1. If zero or less, enter -0- | 3 | 0 |
| Qualified research expenses paid or incurred (lines 4-7): | | | |
| 4 | Wages for qualified services (do not include wages used in figuring the jobs credit) | 4 | 6,867,079 |
| 5 | Cost of supplies | 5 | |
| 6 | Rental or lease costs of computers | 6 | |
| 7 | Enter 65% (.65) of contract research expenses. | 7 | 12,694,390 |
| 8 | Total qualified research expenses. Add lines 4 through 7. | 8 | 19,561,469 |
| 9 | Enter fixed-base percentage, but not more than 16% (see instructions). | 9 | .392614 % |
| 10 | Enter average annual gross receipts (see instructions) | 10 | 2,793,495,913 |
| 11 | Base amount (see instructions for computation). | 11 | 5,468,805 |
| 12 | Subtract line 11 from line 8. If zero or less, enter -0- | 12 | 14,092,664 |
| 13 | Multiply line 8 by 50% (.50) | 13 | 9,780,735 |
| 14 | Enter the smaller of line 12 or line 13 | 14 | 9,780,735 |
| 15 | Add lines 3 and 14 | 15 | 9,780,735 |
| 16 | Current year credit. Regular credit — If you do not elect the reduced credit under section 280C(c), multiply line 15 by 20% (.20), enter the result, and see the instructions for the schedule that must be attached. Reduced credit — If you elect the reduced credit, multiply line 15 by 13% (.13) and enter the result. Also, write "Sec. 280C" in the margin to the right of the entry space | 16 | 1,271,496 |
| 17 | Flow-through research credit(s) from a partnership, S corporation, estate, or trust | 17 | |
| 18 | Total current year credit for increasing research activities. Add lines 16 and 17..... | 18 | 1,271,496 |

"Sec. 280C"

Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

| | | | |
|-----|--|------|--|
| 19a | Individuals. Enter amount from Form 1040, line 40 | 19 | |
| b | Corporations. Enter amount from Form 1120, Schedule J, line 3, or Form 1120-A, Part I, line 1 .. | | |
| c | Other filers. Enter regular tax before credits from your return | | |
| 20a | Credit for child and dependent care expenses (Form 2441, line 10) ... | 20a | |
| b | Credit for the elderly or the disabled (Schedule R (Form 1040), line 20) .. | 20b | |
| c | Mortgage interest credit (Form 8396, line 11) | 20c | |
| d | Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12) .. | 20d | |
| e | Possessions tax credit (Form 5735) | 20e | |
| f | Orphan drug credit from line 34, page 2 | 20f | |
| g | Credit for fuel from nonconventional source | 20g | |
| h | Qualified electric vehicle credit (Form 8834, line 19) | 20h | |
| i | Add lines 20a through 20h. | 20 i | |
| 21 | Net regular tax. Subtract line 20i from line 19 | 21 | |
| 22 | Tentative minimum tax (see instructions): | | |
| a | Individuals. Enter amount from Form 6251, line 26 | 22 | |
| b | Corporations. Enter amount from Form 4626, line 13 | | |
| c | Estates and trusts. Enter amount from Form 1041, Schedule I, line 37 ... | | |
| 23 | Net income tax: | | |
| a | Individuals. Add line 21 above and line 28 of Form 6251 | 23 | |
| b | Corporations. Add line 21 above and line 15 of Form 4626. | | |
| c | Estates and trusts. Add line 21 above and line 41 of Form 1041, Schedule I | | |
| 24 | If line 21 is more than \$25,000, enter 25% (.25) of the excess (see instructions) | 24 | |
| 25 | Subtract line 22 or line 24, whichever is greater, from line 23. If zero or less, enter -0- | 25 | |
| 26 | Corporations. Enter here and on the appropriate line of your return the smaller of line 18 or line 25. This is your General Business Credit for 1995 | 26 | |
| 27 | Individuals, estates, and trusts. Enter here and on the appropriate line of your return the smaller of line 18 or the amount from the formula in the instructions for line 27 (but do not enter more than line 25). This is your General Business Credit for 1995 | 27 | |

For Paperwork Reduction Act Notice, see separate instructions.

Part III **Current Year Orphan Drug Credit From Flow-Through Entities and Tax Liability Limit** (see instructions)

Note: To complete Part III, you will need entries from Part II. If you did not complete Part II, enter on lines 29, 30, and 32, the required information for lines 19, 20a through 20e, and 22.

| | | | |
|----|---|-----------|-----------|
| 28 | Orphan drug credit(s) from flow-through entities (partnerships, S corporations, estates, or trusts) | | 28 |
| 29 | Amount from line 19, page 1 | 29 | |
| 30 | Total of lines 20a through 20e, page 1 | 30 | |
| 31 | Subtract line 30 from line 29 | 31 | |
| 32 | Amount from line 22, page 1 | 32 | |
| 33 | Subtract line 32 from line 31 | | 33 |
| 34 | Orphan drug credit allowed for the current year. Enter here and on the appropriate line of your return the smaller of line 28 or line 33. | | 34 |

Alternative Minimum Tax - Corporations
 (including environmental tax)

1995

▶ Attach to the corporation's tax return.

| | | |
|--|-----------|---|
| Name Pennsylvania Power & Light Company | | Employer identification number 23-0959590 |
| 1 Taxable income or (loss) before net operating loss deduction. (Important: If the corporation is subject to the environmental tax, see the instructions for line 16 on page 6.) | 1 | 536,744,223. |
| 2 Adjustments and preferences: | | |
| a Depreciation of post-1986 property | 2a | 40,507,340. |
| b Amortization of certified pollution control facilities | 2b | 9,636,948. |
| c Amortization of mining exploration and development costs | 2c | |
| d Amortization of circulation expenditures (personal holding companies only) | 2d | |
| e Adjusted gain or loss | 2e | <469,819.> |
| f Long-term contracts | 2f | |
| g Installment sales | 2g | |
| h Merchant marine capital construction funds | 2h | |
| i Section 833(p) deduction (Blue Cross, Blue Shield, and similar type organizations only) | 2i | |
| j Tax shelter farm activities (personal service corporations only) | 2j | |
| k Passive activities (closely held and personal service corp. only) | 2k | |
| l Loss limitations | 2l | |
| m Depletion | 2m | |
| n Tax-exempt interest from specified private activity bonds | 2n | 26,238. |
| o Charitable contributions | 2o | |
| p Intangible drilling costs | 2p | |
| q Reserves for losses on bad debts of financial institutions | 2q | |
| r Accelerated depreciation of real property (pre-1987) | 2r | <753,676.> |
| s Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only) | 2s | |
| t Other adjustments | 2t | |
| u Combine lines 2a through 2t | 2u | 48,947,031. |
| 3 Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 and 2u | 3 | 585,691,254. |
| 4 Adjusted current earnings (ACE) adjustment: | | |
| a Enter the corporation's ACE from line 10 of the worksheet on page 8 of the instructions | 4a | 585,030,669. |
| b Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see page 4 of the instructions for examples) | 4b | <660,585.> |
| c Multiply line 4b by 75% (.75). Enter the result as a positive amount | 4c | 495,439. |
| d Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see page 5 of the instructions). Note: You must enter an amount on line 4d (even if line 4b is positive) | 4d | 553,200,175. |
| e ACE adjustment: | | |
| • If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount. | | |
| • If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount. | | |
| | 4e | <495,439.> |
| 5 Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax | 5 | 585,195,815. |
| 6 Alternative tax net operating loss deduction | 6 | |
| 7 Alternative minimum taxable income. Subtract line 6 from line 5 | 7 | 585,195,815. |

H761 For Paperwork Reduction Act Notice, see separate instructions.

| | | | |
|----|---|----|--------------|
| 8 | Enter the amount from line 7 (alternative minimum taxable income) | 8 | 585,195,815. |
| 9 | Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c): | | |
| a | Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see page 5 of the instructions). If zero or less, enter -0- | 9a | |
| b | Multiply line 9a by 25% (.25) | 9b | |
| c | Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see page 5 of the instructions). If zero or less, enter -0- | 9c | 0. |
| 10 | Subtract line 9c from line 8. If zero or less, enter -0- | 10 | 585,195,815. |
| 11 | Multiply line 10 by 20% (.20) | 11 | 117,039,163. |
| 12 | Alternative minimum tax foreign tax credit. See instructions for limitations | 12 | |
| 13 | Tentative minimum tax. Subtract line 12 from line 11 | 13 | 117,039,163. |
| 14 | Regular tax liability before all credits except the foreign tax credit and possessions tax credit | 14 | |
| 15 | Alternative minimum tax. Subtract line 14 from line 13. Enter the result on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9a). If zero or less, enter -0- | 15 | 117,039,163. |
| 16 | Environmental tax. Subtract \$2 million from line 5 (figured without the corporation's environmental tax deduction). Multiply the excess, if any, by 0.12% (.0012). Enter the result here and on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9b). If you are completing this line for a member of a controlled group, see page 6 of the instructions | 16 | 701,580. |

**PENNSYLVANIA POWER & LIGHT COMPANY
INCOME TAX RETURN - 1995**

Statement of Continued Elections and Elections

Election re Research Expenditures:

Pennsylvania Power & Light Company hereby continues its election to treat research or experimental expenditures and software development as deductible expenses in the year in which incurred in accordance with the provisions of Internal Revenue Code Section 174(a)(2)(A) and Revenue Ruling 69-21.

Election re Exploration Expenditures:

An election is made under Internal Revenue Code Section 617 by Pennsylvania Power & Light Company to treat exploration expenditures as deductible expenses in the year in which incurred.

Election re Organizational & Business Start-Up Expenditures:

An election is made under Internal Revenue Code Sections 248 and 195 by Pennsylvania Power & Light Company to treat organizational expenditures and business start-up costs as deferred expenses and to deduct them ratably over a period of 60 months.

Elections

ELECTION UNDER SECTION 468A

Susquehanna Steam Electric Station - Unit One
Year 1995

PENNSYLVANIA POWER & LIGHT COMPANY
Two North Ninth Street
Allentown, Pennsylvania 18101
EIN #23-0959590

Pennsylvania Power & Light Company hereby makes an election under Code section 468A and pursuant to Treasury Regulations section 1.468A-7 for taxable year 1995.

This election is made with respect to Unit One of the Susquehanna Steam Electric Station located outside Berwick, Pennsylvania. The employer identification number for the Susquehanna Steam Electric Station Unit One Qualified Fund (Fund) is 23-6898046.

The total amount of actual cash payments made to the Fund during taxable year 1995, which were not treated as deemed cash payments under Treasury Regulations section 1.468A-2(c)(1) for 1994, is \$3,540,017. The total amount of cash payments actually made in 1996 but deemed made to the Fund under Treasury Regulations section 1.468A-2(c)(1) for taxable year 1995 is \$475,842. The cost of service amount for taxable year 1995 is \$4,015,859.

Attached is a schedule of ruling amounts obtained by Pennsylvania Power & Light Company with respect to Unit One of the Susquehanna Steam Electric Station.

ELECTION UNDER SECTION 468A

Susquehanna Steam Electric Station - Unit Two
Year 1995

PENNSYLVANIA POWER & LIGHT COMPANY
Two North Ninth Street
Allentown, Pennsylvania 18101
EIN #23-0959590

Pennsylvania Power & Light Company hereby makes an election under Code section 468A and pursuant to Treasury Regulations section 1.468A-7 for taxable year 1995.

This election is made with respect to Unit Two of the Susquehanna Steam Electric Station located outside Berwick, Pennsylvania. The employer identification number for the Susquehanna Steam Electric Station Unit Two Qualified Fund (Fund) is 23-2507793.

The total amount of actual cash payments made to the Fund during taxable year 1995, which were not treated as deemed cash payments under Treasury Regulations section 1.468A-2(c)(1) for 1994, is \$3,520,890. The total amount of cash payments actually made in 1996 but deemed made to the Fund under Treasury Regulations section 1.468A-2(c)(1) for taxable year 1995 is \$579,256. The cost of service amount for taxable year 1995 is \$4,100,146.

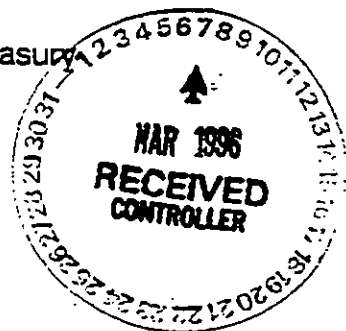
Attached is a schedule of ruling amounts obtained by Pennsylvania Power & Light Company with respect to Unit Two of the Susquehanna Steam Electric Station.

Internal Revenue Service

Department of the Treasury

Index Number: 468A.04-02

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044



Mr. Joseph J. McCabe
Vice President and Controller
Pennsylvania Power & Light
Company
Two North Ninth Street
Allentown, PA 18101

Person to Contact:
Kathleen Reed
Telephone Number:
(202) 622-3110
Refer Reply to:
CC:DOM:P&SI:6--TR-31-2784-95
Date:
FEB 29 1996

In re: Revised Schedule of Ruling Amounts for
Susquehanna Steam Electric Station, Unit 1

LEGEND:

Taxpayer: Pennsylvania Power & Light Company
EIN: 23-0959590

Parent: PP&L Resources, Inc.
EIN: 23-2758192

Plant: Susquehanna Steam Electric Station, Unit 1

Location: Berwick, Pennsylvania

Commission A: Pennsylvania Public Utility Commission

Commission B: Federal Energy Regulatory Commission

Order: Docket No. R-00943271 dated September 27, 1995

State: Pennsylvania

District: Philadelphia, Pennsylvania

Dear Mr. McCabe:

This letter responds to a request of the Taxpayer dated December 15, 1995, and additional correspondence dated February 15, 1996, for an elective review of its schedule of ruling amounts under section 1.468A-3(i)(2) of the Income Tax Regulations relating to the nuclear decommissioning fund (the "Fund") for the Plant. This request is to revise the previous schedule of ruling amounts issued on June 8, 1993, solely for Commission A.

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The Taxpayer is submitting information under the requirements of section 1.468A-3(h)(2) of the regulations and represents that the facts are as follows:

The Taxpayer is an electric public utility corporation serving the central portion of State. The Taxpayer is a subsidiary of Parent, which files a consolidated federal income tax return on a calendar year basis using the accrual method of accounting, and is subject to the audit jurisdiction of the district director of District.

The Taxpayer owns 90 percent of the Plant as a tenant in common. The Plant, which is situated outside Location, began commercial operations in 1983 and its operating license expires in 2022.

The rates for electric energy generated by the Plant are established by Commissions A and B. The Taxpayer's operations are currently allocated to these jurisdictions as follows:

| | |
|--------------|----------|
| Commission A | 78.456% |
| Commission B | 21.865% |
| | ----- |
| Total | 100.321% |
| | ===== |

The total of the jurisdictional percentages exceeds 100 percent due to the fact that Commissions A and B conduct their respective ratemaking proceedings at different times. Commissions A and B will examine and adjust the respective jurisdictional percentages in the future. The percentages may fluctuate slightly from year to year.

As approved by the Commission in the Order, the total estimated cost of decommissioning the Plant is \$266,515,500 in 1993 dollars. Using an assumed inflation rate of 4 percent, the total estimated cost of decommissioning the Plant is \$831,168,951 in 2022 dollars.

The annual amount of decommissioning costs to be included in the Taxpayer's cost of service is \$2,976,251 for 1995 and \$3,811,000 for 1996 through 2022. These amounts are calculated by using an assumed after-tax rate of return of 7.5 percent. This rate of return has taken into account the changes made by section 1917 of the Energy Policy Act of 1992 (the "Energy Act"), 1993-1 C.B. 246, 252.

The fair market value of the assets in the Fund, relating to Commission A's jurisdictional portion, as of December 31, 1994,

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is \$37,044,433. The amount expected to be earned by the assets of the Fund over the period that begins on January 1, 1995, and ends on December 31, 2022, is \$485,338,500.

The estimated date on which the Plant will no longer be included in the Taxpayer's rate base for ratemaking purposes is 2022. The level funding limitation period and the funding period extend from January 1, 1984, to December 31, 2022. The estimated period for which the Fund will be in effect extends from January 1, 1984, to December 31, 2022 (39 years), and the estimated useful life of the Plant extends from January 1, 1983, to December 31, 2022 (40 years). Thus, the Taxpayer has calculated its qualifying percentage to be 97.5 percent.

Section 468A(a) of the Internal Revenue Code provides that a taxpayer may elect to deduct for any taxable year the amount of payments made by the taxpayer to a qualified decommissioning fund during the taxable year. Pursuant to section 1.468A-1(a) of the regulations, this deduction is available only to an "eligible taxpayer." An eligible taxpayer, as defined in section 1.468A-1(b)(1), is any taxpayer that has a "qualifying interest" in a nuclear power plant.

Section 1.468A-1(b)(2) of the regulations defines the term "qualifying interest" as, among other things, a direct ownership interest. A direct ownership interest includes an interest held as a tenant in common or joint tenant, but does not include stock in a corporation that owns a nuclear power plant or an interest in a partnership that owns a nuclear power plant.

Under section 468A(b) of the Code, the amount that a taxpayer may pay into a nuclear decommissioning fund for any taxable year is limited to the lesser of: (1) the amount of nuclear decommissioning costs allocable to the nuclear decommissioning fund that is included in the taxpayer's cost of service for ratemaking purposes for the taxable year; or (2) the ruling amount applicable to the nuclear decommissioning fund for the taxable year.

In addition, section 468A(d)(1) of the Code provides that no deduction shall be allowed for any payment to a nuclear decommissioning fund unless the taxpayer requests, and receives, from the Secretary a schedule of ruling amounts.

Section 468A(d)(2)(A) of the Code defines the term "ruling amount" as the amount that the Secretary determines to be necessary to fund a portion of the decommissioning costs. This amount is that portion which bears the same ratio to the total nuclear decommissioning costs for the nuclear power plant as the period for which a nuclear decommissioning fund is in effect

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bears to the estimated useful life of the nuclear power plant. The ruling amount is further restricted under section 468A(d)(2)(B) to the amount necessary to prevent any excessive funding of decommissioning costs or the funding of these costs at a rate more rapid than level funding, taking into account the discount rates as the Secretary deems appropriate.

Section 1.468A-3(a)(1) of the regulations requires the schedule of ruling amounts for a nuclear decommissioning fund to specify the annual payments that, over the taxable years remaining in the funding period, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event greater than) the amount of decommissioning costs allocable to the nuclear decommissioning fund. The projected fund balance is calculated by taking into account the fair market value of the fund assets as of the first day of the first taxable year to which the schedule of ruling amounts applies and the estimated rate of return to be earned by the fund assets after payment of administrative costs and incidental expenses to be incurred by the fund, including all federal, state, and local income taxes to be incurred by the fund (the "after-tax rate of return").

Section 1.468A-3(a)(2) of the regulations provides that to the extent consistent with the principles and provisions of section 1.468A-3, each schedule of ruling amounts shall be based on the reasonable assumptions and determinations used by the applicable public utility commission in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes, taking into account amounts that are otherwise required to be included in the taxpayer's income under section 88 of the Code and the regulations thereunder. Thus, for example, each schedule of ruling amounts shall be based on the public utility commission's reasonable assumptions concerning: (i) the after-tax rate of return to be earned by the amounts collected for decommissioning; (ii) the total estimated cost of decommissioning the nuclear power plant; and (iii) the frequency of contributions to a nuclear decommissioning fund for a taxable year.

Under section 1.468A-3(a)(3) of the regulations, the Internal Revenue Service shall provide a schedule of ruling amounts that is identical to the schedule proposed by the taxpayer, but no schedule of ruling amounts shall be provided unless the taxpayer's proposed schedule is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(b)(1) of the regulations provides that the ruling amount specified in a schedule of ruling amounts for any taxable year in the level funding limitation period shall not be

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less than the ruling amount specified in the schedule for any earlier taxable year.

The amount of decommissioning costs allocable to a nuclear decommissioning fund is determined under section 1.468A-3(d) of the regulations. Pursuant to section 1.468A-3(d)(1), this amount is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant multiplied by the qualifying percentage.

Under section 1.468A-3(d)(2)(i) of the regulations, the total estimated cost of decommissioning a nuclear power plant generally is the reasonably estimated cost of decommissioning used by the applicable public utility commission in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes.

Section 1.468A-3(d)(3) of the regulations provides that the taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning the plant multiplied by the taxpayer's qualifying interest in the plant.

The term "qualifying percentage" is defined in section 1.468A-3(d)(4)(i) of the regulations. This regulation provides that the qualifying percentage for any nuclear decommissioning fund is a fraction, the numerator of which is the number of taxable years in the estimated period for which the fund is to be in effect and the denominator of which is the number of taxable years in the estimated useful life of the nuclear power plant.

Section 1.468A-3(d)(4)(ii) of the regulations provides that the estimated period for which a nuclear decommissioning fund is to be in effect begins on the later of the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund or the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations. This estimated period ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes (as determined by the applicable public utility commission at the time the plant was first included in the taxpayer's rate base).

Section 1.468A-3(d)(4)(iii) of the regulations provides that the estimated useful life of the nuclear power plant begins on the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the

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taxpayer's rate base for ratemaking purposes (as determined by the applicable public utility commission at the time the plant was first included in the taxpayer's rate base).

If rates are established or approved by two or more public utility commissions, the special rules in section 1.468A-3(f) of the regulations apply. Section 1.468A-3(f)(1) and (2) require that a schedule of ruling amounts shall be separately determined for each public utility commission, and this separate determination shall take into account only the portion of the total estimated decommissioning cost that is properly allocated to the ratepayers whose rates are established or approved by the public utility commission. In addition, section 1.468A-3(f)(3) and (4) provide that the schedule of ruling amounts for any taxable year is the sum of ruling amounts for the taxable year determined under the separate schedules of ruling amounts.

Section 1.468A-3(g) of the regulations provides that the Service shall not provide a taxpayer with a schedule of ruling amounts for any nuclear decommissioning fund unless the public utility commission that establishes or approves rates for electric energy generated by a nuclear power plant to which the nuclear decommissioning fund relates has determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes and has disclosed the after-tax rate of return and any other assumptions and determinations used in establishing or approving the amount.

Section 1.468A-3(i)(1)(iii) of the regulations requires a taxpayer to request a revised schedule of ruling amounts for a nuclear decommissioning fund if:

(A) any public utility commission that establishes or approves rates for the furnishing or sale of electric energy generated by the nuclear power plant to which the fund relates (1) increases the proposed period over which the decommissioning costs will be included in cost of service for ratemaking purposes, (2) adjusts the estimated date on which the nuclear power plant will no longer be included in rate base for ratemaking purposes, or (3) reduces the amount of decommissioning costs to be included in cost of service for ratemaking purposes for any taxable year; and

(B) the taxpayer's most recent request for a schedule of ruling amounts did not provide notice to the Service of the action by the public utility commission.

Section 1.468A-3(i)(2) of the regulations provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to section 1.468A-3(h) can request a revised schedule of ruling

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amounts. This request must be made in accordance with the rules in section 1.468A-3(h). Thus, the Service shall not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for the taxable year.

Under section 1.468A-7(a) of the regulations, an eligible taxpayer generally is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A of the Code. A separate election is required for each nuclear decommissioning fund and for each taxable year for which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in filing a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during each taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement ("Election Statement") and a copy of the schedule of ruling amounts provided pursuant to the rules of section 1.468A-3 to the taxpayer's federal income tax return (or, in the case of an affiliated group of corporations that join in filing a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year for which payments are to be deducted under section 468A.

Section 1917(a) and (c)(1) of the Energy Act, 1993-1 C.B. at 252, eliminated the investment restrictions contained in section 468A(e)(4)(C) of the Code for taxable years beginning after December 31, 1992. Section 1917(b) and (c) of the Energy Act, 1993-1 C.B. at 252, revised section 468A(e)(2) of the Code by lowering the tax rate applicable to a nuclear decommissioning fund for taxable years beginning after December 31, 1993.

We have examined the representations submitted by the Taxpayer. Based solely upon these representations, we reach the following conclusions:

1. The Taxpayer has a qualifying interest in the Plant and, therefore, is an eligible taxpayer under section 1.468A-1(b)(1) and (2) of the regulations.

2. Commission A has determined the amount of decommissioning costs to be included in the Taxpayer's cost of

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service for ratemaking purposes as required by section 1.468A-3(g) of the regulations.

3. As required by section 1.468A-3(f) of the regulations, the Taxpayer, subject to the jurisdiction of two public utility commissions for ratemaking purposes, has reduced the estimated cost of decommissioning by the applicable jurisdictional percentage to arrive at its share of decommissioning costs attributable to Commission A.

4. The Taxpayer has calculated its qualifying percentage under section 1.468A-3(d)(4) of the regulations to be 97.5 percent.

5. As required by section 1.468A-3(f)(3) of the regulations, the Taxpayer has proposed a total ruling amount for each taxable year that is the sum of the separate amounts with respect to each commission.

6. The Taxpayer has proposed a schedule of ruling amounts that meets the requirements of section 1.468A-3(a)(1) and (2) of the regulations. The annual payments specified in the proposed schedule are based on the reasonable assumptions and determinations used by the Commission and will result in a projected fund balance at the end of the funding period that is equal to or less than the amount of decommissioning costs allocable to the Fund.

7. Pursuant to section 468A(b) of the Code, the maximum amount of cash payments made (or deemed made) to the Fund during any taxable year is restricted to the lesser amount of the decommissioning costs included in the Taxpayer's cost of service for the taxable year or the ruling amount applicable to the Fund for the taxable year.

8. The Taxpayer's proposed schedule of ruling amounts complies with the level funding requirements of section 1.468A-3(b)(1) of the regulations. No payment specified in the proposed schedule for any taxable year is less than the specified payment for any earlier taxable year.

9. Approval of the jurisdictional percentages is granted notwithstanding that the sum of these percentages may marginally exceed 100 percent.

Based on the above determinations, we conclude that the Taxpayer's proposed schedule of ruling amounts satisfies the requirements of section 468A of the Code and the regulations thereunder. Therefore, the schedule of ruling amounts requested

by the Taxpayer under the provisions of section 468A(d)(1) is approved as follows:

APPROVED SCHEDULE OF RULING AMOUNTS
TAXABLE YEARS 1995 THROUGH 2022¹

| <u>Year</u> | <u>Commission A</u> | <u>Commission B</u> | <u>Total</u> |
|-------------|---------------------|---------------------|--------------|
| 1995 | \$4,050,587 | \$1,039,608 | \$5,090,195 |
| 1996 | \$4,050,587 | \$1,039,608 | \$5,090,195 |
| Each Year | | | |
| 1997 | | | |
| Through | \$4,050,587 | - | \$4,050,587 |
| 2022 | | | |

The Service's approval of this schedule of ruling amounts is contingent on there being no change in the facts and circumstances, known or assumed, at the time the ruling is issued. If any of the events in section 1.468A-3(i)(1)(iii) of the regulations occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Under section 1.468A-3(i)(1)(iv), the Taxpayer is required to file such a request on or before the deemed payment deadline for the first taxable year in which rates that reflect the action become effective.

The approved schedule of ruling amounts applies only to the payments made to the Fund. Payments allocable to any funds other than the Fund do not qualify for the deduction under section 468A of the Code. As stated above, payments made to the Fund can qualify only to the extent that they do not exceed the lesser of the decommissioning costs included in the Taxpayer's cost of service for the taxable year or the ruling amount applicable to the Fund for the taxable year.

Except as specifically set forth above, no opinion is expressed concerning the federal income tax consequences of the above described facts under any other provision of the Code or

¹ Amounts for Commission B, approved in a prior schedule of ruling amounts, are not specifically reviewed herein and are merely reprinted to arrive at the amount for the total annual ruling amount. In the prior schedule of ruling amounts, the Taxpayer agreed that the schedule of ruling amounts for Commission B is limited to the 5-year period of 1992 through 1996 because Commission B's determination of the after-tax rate of return did not take into account the changes made by section 1917 of the Energy Act.


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regulations. This letter ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that this ruling may not be used or cited as precedent.

Pursuant to section 1.468A-7(a) of the regulations, a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax return for each taxable year in which the Taxpayer claims a deduction for payments made to the Fund.

In accordance with the power of attorney, a copy of this letter ruling is being sent to your authorized representatives. We also are sending a copy of this letter ruling to the district director in District.

Sincerely yours,



CHARLES B. RAMSEY
Chief, Branch 6
Office of Assistant Chief
Counsel
(Passthroughs and Special
Industries)

Enclosures (2):
copy of this letter
copy for section 6110 purposes

Internal Revenue Service

Department of the Treasury

Index Number: 468A.04-02

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Mr. Joseph J. McCabe
Vice President and Controller
Pennsylvania Power & Light
Company
Two North Ninth Street
Allentown, PA 18101

Person to Contact:
Kathleen Reed
Telephone Number:
(202) 622-3110

Refer Reply to:
CC:DOM:P&SI:6--TR-31-2785-95

Date:

FEB 29 1996

MAR 1996
RECEIVED
CONTROLLER

In re: Revised Schedule of Ruling Amounts for
Susquehanna Steam Electric Station, Unit 2

LEGEND:

Taxpayer: Pennsylvania Power & Light Company
EIN: 23-0959590

Parent: PP&L Resources, Inc.
EIN: 23-2758192

Plant: Susquehanna Steam Electric Station, Unit 2

Location: Berwick, Pennsylvania

Commission A: Pennsylvania Public Utility Commission

Commission B: Federal Energy Regulatory Commission

Order: Docket No. R-00943271 dated September 27, 1995

State: Pennsylvania

District: Philadelphia, Pennsylvania

Dear Mr. McCabe:

This letter responds to a request of the Taxpayer dated December 15, 1995, and additional correspondence dated February 15, 1996, for an elective review of its schedule of ruling amounts under section 1.468A-3(i)(2) of the Income Tax Regulations relating to the nuclear decommissioning fund (the "Fund") for the Plant. This request is to revise the previous schedule of ruling amounts issued on June 9, 1993, solely for Commission A.

The Taxpayer is submitting information under the requirements of section 1.468A-3(h)(2) of the regulations and represents that the facts are as follows:

The Taxpayer is an electric public utility corporation serving the central portion of State. The Taxpayer is a subsidiary of Parent, which files a consolidated federal income tax return on a calendar year basis using the accrual method of accounting, and is subject to the audit jurisdiction of the district director of District.

The Taxpayer owns 90 percent of the Plant as a tenant in common. The Plant, which is situated outside Location, began commercial operations in 1985 and its operating license expires in 2024.

The rates for electric energy generated by the Plant are established by Commissions A and B. The Taxpayer's operations are currently allocated to these jurisdictions as follows:

| | |
|--------------|----------|
| Commission A | 78.456% |
| Commission B | 21.865% |
| | ----- |
| Total | 100.321% |
| | ===== |

The total of the jurisdictional percentages exceeds 100 percent due to the fact that Commissions A and B conduct their respective ratemaking proceedings at different times. Commissions A and B will examine and adjust the respective jurisdictional percentages in the future. The percentages may fluctuate slightly from year to year.

As approved by the Commission in the Order, the total estimated cost of decommissioning the Plant is \$346,792,000 in 1993 dollars. Using an assumed inflation rate of 4 percent, the total estimated cost of decommissioning the Plant is \$1,169,778,717 in 2024 dollars.

The annual amount of decommissioning costs to be included in the Taxpayer's cost of service is \$2,982,833 for 1995 and \$5,649,000 for 1996 through 2024. These amounts are calculated by using an assumed after-tax rate of return of 7.5 percent. This rate of return has taken into account the changes made by section 1917 of the Energy Policy Act of 1992 (the "Energy Act"), 1993-1 C.B. 246, 252.

The fair market value of the assets in the Fund, relating to Commission A's jurisdictional portion, as of December 31, 1994,

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is \$25,786,519. The amount expected to be earned by the assets of the Fund over the period that begins on January 1, 1995, and ends on December 31, 2024, is \$691,199,900.

The estimated date on which the Plant will no longer be included in the Taxpayer's rate base for ratemaking purposes is 2024. The level funding limitation period and the funding period extend from January 1, 1985, to December 31, 2024. The estimated period for which the Fund will be in effect extends from January 1, 1985, to December 31, 2024 (40 years), and the estimated useful life of the Plant extends from January 1, 1985, to December 31, 2024 (40 years). Thus, the Taxpayer has calculated its qualifying percentage to be 100 percent.

Section 468A(a) of the Internal Revenue Code provides that a taxpayer may elect to deduct for any taxable year the amount of payments made by the taxpayer to a qualified decommissioning fund during the taxable year. Pursuant to section 1.468A-1(a) of the regulations, this deduction is available only to an "eligible taxpayer." An eligible taxpayer, as defined in section 1.468A-1(b)(1), is any taxpayer that has a "qualifying interest" in a nuclear power plant.

Section 1.468A-1(b)(2) of the regulations defines the term "qualifying interest" as, among other things, a direct ownership interest. A direct ownership interest includes an interest held as a tenant in common or joint tenant, but does not include stock in a corporation that owns a nuclear power plant or an interest in a partnership that owns a nuclear power plant.

Under section 468A(b) of the Code, the amount that a taxpayer may pay into a nuclear decommissioning fund for any taxable year is limited to the lesser of: (1) the amount of nuclear decommissioning costs allocable to the nuclear decommissioning fund that is included in the taxpayer's cost of service for ratemaking purposes for the taxable year; or (2) the ruling amount applicable to the nuclear decommissioning fund for the taxable year.

In addition, section 468A(d)(1) of the Code provides that no deduction shall be allowed for any payment to a nuclear decommissioning fund unless the taxpayer requests, and receives, from the Secretary a schedule of ruling amounts.

Section 468A(d)(2)(A) of the Code defines the term "ruling amount" as the amount that the Secretary determines to be necessary to fund a portion of the decommissioning costs. This amount is that portion which bears the same ratio to the total nuclear decommissioning costs for the nuclear power plant as the period for which a nuclear decommissioning fund is in effect

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bears to the estimated useful life of the nuclear power plant. The ruling amount is further restricted under section 468A(d)(2)(B) to the amount necessary to prevent any excessive funding of decommissioning costs or the funding of these costs at a rate more rapid than level funding, taking into account the discount rates as the Secretary deems appropriate.

Section 1.468A-3(a)(1) of the regulations requires the schedule of ruling amounts for a nuclear decommissioning fund to specify the annual payments that, over the taxable years remaining in the funding period, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event greater than) the amount of decommissioning costs allocable to the nuclear decommissioning fund. The projected fund balance is calculated by taking into account the fair market value of the fund assets as of the first day of the first taxable year to which the schedule of ruling amounts applies and the estimated rate of return to be earned by the fund assets after payment of administrative costs and incidental expenses to be incurred by the fund, including all federal, state, and local income taxes to be incurred by the fund (the "after-tax rate of return").

Section 1.468A-3(a)(2) of the regulations provides that to the extent consistent with the principles and provisions of section 1.468A-3, each schedule of ruling amounts shall be based on the reasonable assumptions and determinations used by the applicable public utility commission in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes, taking into account amounts that are otherwise required to be included in the taxpayer's income under section 88 of the Code and the regulations thereunder. Thus, for example, each schedule of ruling amounts shall be based on the public utility commission's reasonable assumptions concerning: (i) the after-tax rate of return to be earned by the amounts collected for decommissioning; (ii) the total estimated cost of decommissioning the nuclear power plant; and (iii) the frequency of contributions to a nuclear decommissioning fund for a taxable year.

Under section 1.468A-3(a)(3) of the regulations, the Internal Revenue Service shall provide a schedule of ruling amounts that is identical to the schedule proposed by the taxpayer, but no schedule of ruling amounts shall be provided unless the taxpayer's proposed schedule is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(b)(1) of the regulations provides that the ruling amount specified in a schedule of ruling amounts for any taxable year in the level funding limitation period shall not be

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less than the ruling amount specified in the schedule for any earlier taxable year.

The amount of decommissioning costs allocable to a nuclear decommissioning fund is determined under section 1.468A-3(d) of the regulations. Pursuant to section 1.468A-3(d)(1), this amount is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant multiplied by the qualifying percentage.

Under section 1.468A-3(d)(2)(i) of the regulations, the total estimated cost of decommissioning a nuclear power plant generally is the reasonably estimated cost of decommissioning used by the applicable public utility commission in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes.

Section 1.468A-3(d)(3) of the regulations provides that the taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning the plant multiplied by the taxpayer's qualifying interest in the plant.

The term "qualifying percentage" is defined in section 1.468A-3(d)(4)(i) of the regulations. This regulation provides that the qualifying percentage for any nuclear decommissioning fund is a fraction, the numerator of which is the number of taxable years in the estimated period for which the fund is to be in effect and the denominator of which is the number of taxable years in the estimated useful life of the nuclear power plant.

Section 1.468A-3(d)(4)(ii) of the regulations provides that the estimated period for which a nuclear decommissioning fund is to be in effect begins on the later of the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund or the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations. This estimated period ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes (as determined by the applicable public utility commission at the time the plant was first included in the taxpayer's rate base).

Section 1.468A-3(d)(4)(iii) of the regulations provides that the estimated useful life of the nuclear power plant begins on the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the

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taxpayer's rate base for ratemaking purposes (as determined by the applicable public utility commission at the time the plant was first included in the taxpayer's rate base).

If rates are established or approved by two or more public utility commissions, the special rules in section 1.468A-3(f) of the regulations apply. Section 1.468A-3(f)(1) and (2) require that a schedule of ruling amounts shall be separately determined for each public utility commission, and this separate determination shall take into account only the portion of the total estimated decommissioning cost that is properly allocated to the ratepayers whose rates are established or approved by the public utility commission. In addition, section 1.468A-3(f)(3) and (4) provide that the schedule of ruling amounts for any taxable year is the sum of ruling amounts for the taxable year determined under the separate schedules of ruling amounts.

Section 1.468A-3(g) of the regulations provides that the Service shall not provide a taxpayer with a schedule of ruling amounts for any nuclear decommissioning fund unless the public utility commission that establishes or approves rates for electric energy generated by a nuclear power plant to which the nuclear decommissioning fund relates has determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes and has disclosed the after-tax rate of return and any other assumptions and determinations used in establishing or approving the amount.

Section 1.468A-3(i)(1)(iii) of the regulations requires a taxpayer to request a revised schedule of ruling amounts for a nuclear decommissioning fund if:

(A) any public utility commission that establishes or approves rates for the furnishing or sale of electric energy generated by the nuclear power plant to which the fund relates (1) increases the proposed period over which the decommissioning costs will be included in cost of service for ratemaking purposes, (2) adjusts the estimated date on which the nuclear power plant will no longer be included in rate base for ratemaking purposes, or (3) reduces the amount of decommissioning costs to be included in cost of service for ratemaking purposes for any taxable year; and

(B) the taxpayer's most recent request for a schedule of ruling amounts did not provide notice to the Service of the action by the public utility commission.

Section 1.468A-3(i)(2) of the regulations provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to section 1.468A-3(h) can request a revised schedule of ruling

amounts. This request must be made in accordance with the rules in section 1.468A-3(h). Thus, the Service shall not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for the taxable year.

Under section 1.468A-7(a) of the regulations, an eligible taxpayer generally is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A of the Code. A separate election is required for each nuclear decommissioning fund and for each taxable year for which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in filing a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during each taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement ("Election Statement") and a copy of the schedule of ruling amounts provided pursuant to the rules of section 1.468A-3 to the taxpayer's federal income tax return (or, in the case of an affiliated group of corporations that join in filing a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year for which payments are to be deducted under section 468A.

Section 1917(a) and (c)(1) of the Energy Act, 1993-1 C.B. at 252, eliminated the investment restrictions contained in section 468A(e)(4)(C) of the Code for taxable years beginning after December 31, 1992. Section 1917(b) and (c) of the Energy Act, 1993-1 C.B. at 252, revised section 468A(e)(2) of the Code by lowering the tax rate applicable to a nuclear decommissioning fund for taxable years beginning after December 31, 1993.

We have examined the representations submitted by the Taxpayer. Based solely upon these representations, we reach the following conclusions:

1. The Taxpayer has a qualifying interest in the Plant and, therefore, is an eligible taxpayer under section 1.468A-1(b)(1) and (2) of the regulations.

2. Commission A has determined the amount of decommissioning costs to be included in the Taxpayer's cost of

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service for ratemaking purposes as required by section 1.468A-3(g) of the regulations.

3. As required by section 1.468A-3(f) of the regulations, the Taxpayer, subject to the jurisdiction of two public utility commissions for ratemaking purposes, has reduced the estimated cost of decommissioning by the applicable jurisdictional percentage to arrive at its share of decommissioning costs attributable to Commission A.

4. The Taxpayer has calculated its qualifying percentage under section 1.468A-3(d)(4) of the regulations to be 100 percent.

5. As required by section 1.468A-3(f)(3) of the regulations, the Taxpayer has proposed a total ruling amount for each taxable year that is the sum of the separate amounts with respect to each commission.

6. The Taxpayer has proposed a schedule of ruling amounts that meets the requirements of section 1.468A-3(a)(1) and (2) of the regulations. The annual payments specified in the proposed schedule are based on the reasonable assumptions and determinations used by the Commission and will result in a projected fund balance at the end of the funding period that is equal to or less than the amount of decommissioning costs allocable to the Fund.

7. Pursuant to section 468A(b) of the Code, the maximum amount of cash payments made (or deemed made) to the Fund during any taxable year is restricted to the lesser amount of the decommissioning costs included in the Taxpayer's cost of service for the taxable year or the ruling amount applicable to the Fund for the taxable year.

8. The Taxpayer's proposed schedule of ruling amounts complies with the level funding requirements of section 1.468A-3(b)(1) of the regulations. No payment specified in the proposed schedule for any taxable year is less than the specified payment for any earlier taxable year.

9. Approval of the jurisdictional percentages is granted notwithstanding that the sum of these percentages may marginally exceed 100 percent.

Based on the above determinations, we conclude that the Taxpayer's proposed schedule of ruling amounts satisfies the requirements of section 468A of the Code and the regulations thereunder. Therefore, the schedule of ruling amounts requested

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by the Taxpayer under the provisions of section 468A(d)(1) is approved as follows:

APPROVED SCHEDULE OF RULING AMOUNTS
TAXABLE YEARS 1995 THROUGH 2024¹

| <u>Year</u> | <u>Commission A</u> | <u>Commission B</u> | <u>Total</u> |
|-------------|---------------------|---------------------|--------------|
| 1995 | \$6,692,514 | \$1,117,313 | \$7,809,827 |
| 1996 | \$6,692,514 | \$1,117,313 | \$7,809,827 |
| Each Year | | | |
| 1997 | | | |
| Through | \$6,692,514 | - | \$6,692,514 |
| 2024 | | | |

The Service's approval of this schedule of ruling amounts is contingent on there being no change in the facts and circumstances, known or assumed, at the time the ruling is issued. If any of the events in section 1.468A-3(i)(1)(iii) of the regulations occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Under section 1.468A-3(i)(1)(iv), the Taxpayer is required to file such a request on or before the deemed payment deadline for the first taxable year in which rates that reflect the action become effective.

The approved schedule of ruling amounts applies only to the payments made to the Fund. Payments allocable to any funds other than the Fund do not qualify for the deduction under section 468A of the Code. As stated above, payments made to the Fund can qualify only to the extent that they do not exceed the lesser of the decommissioning costs included in the Taxpayer's cost of service for the taxable year or the ruling amount applicable to the Fund for the taxable year.

Except as specifically set forth above, no opinion is expressed concerning the federal income tax consequences of the above described facts under any other provision of the Code or

¹ Amounts for Commission B, approved in a prior schedule of ruling amounts, are not specifically reviewed herein and are merely reprinted to arrive at the amount for the total annual ruling amount. In the prior schedule of ruling amounts, the Taxpayer agreed that the schedule of ruling amounts for Commission B is limited to the 5-year period of 1992 through 1996 because Commission B's determination of the after-tax rate of return did not take into account the changes made by section 1917 of the Energy Act.

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regulations. This letter ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that this ruling may not be used or cited as precedent.

Pursuant to section 1.468A-7(a) of the regulations, a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax return for each taxable year in which the Taxpayer claims a deduction for payments made to the Fund.

In accordance with the power of attorney, a copy of this letter ruling is being sent to your authorized representatives. We also are sending a copy of this letter ruling to the district director in District.

Sincerely yours,

Charles B. Ramsey/CR

CHARLES B. RAMSEY
Chief, Branch 6
Office of Assistant Chief
Counsel
(Passthroughs and Special
Industries)

Enclosures (2):
copy of this letter
copy for section 6110 purposes

Pennsylvania Power & Light Company
Election to Amortization Under Section 169

Pennsylvania Power & Light Company hereby elects, pursuant to the authority contained in Regulations Section 1.169-4(a), to apply the provisions of Regulations Section 1.169-1(a) to take an amortization deduction with respect to the certified pollution control facilities fully described in the applications for certification filed with the Regional Administrator, EPA, copies of which are attached.

All the facilities have a tax life of 20 years. The dates acquired, tax basis, and Section 169 amortizable basis are as follows:

| Facility | In Service Date | Tax Basis @ 12/31/94 | (a) | | (b) |
|--|-----------------|----------------------|-----------------------|--------------------------|-------------------------------|
| | | | 1994 Tax Depreciation | Net Tax Basis @ 12/31/94 | IRC 169 Amortizable Basis-60% |
| Sunbury #3 Electrostatic Precipitator Replacement | 03/11/94 | \$1,445,934 | \$54,223 | \$1,391,711 | \$835,027 |
| Sunbury #3 Low NOx Burners | 03/11/94 | 4,476,531 | 167,870 | 4,308,661 | 2,585,197 |
| Montour #2 Electrostatic Precipitator Replacement | 05/17/94 | 382,764 | 14,354 | 368,410 | 221,046 |
| Montour #2 Low NOx Burners | 06/03/94 | 18,757,510 | 703,407 | 18,054,103 | 10,832,462 |
| Brunner Island #3 Low NOx Burners | 12/03/94 | 15,761,013 | 591,038 | 15,169,975 | 9,101,985 |
| Brunner Island #2 Low NOx Burners | 06/10/94 | 11,417,200 | 428,145 | 10,989,055 | 6,593,433 |
| Brunner Island #2 Electrostatic Precipitator Replacement | 06/10/94 | 3,822,465 | 143,342 | 3,679,123 | 2,207,474 |
| Martins Creek #1 Electrostatic Precipitator Replacement | 09/23/94 | 1,406,959 | 52,761 | 1,354,198 | 812,519 |
| Martins Creek #1 Low NOx Burners | 09/23/94 | 4,340,932 | 162,785 | 4,178,147 | 2,506,888 |
| Martins Creek #2 Electrostatic Precipitator Replacement | 07/22/94 | 1,453,981 | 54,524 | 1,399,457 | 839,674 |
| Martins Creek #2 Low NOx Burners | 07/22/94 | 4,278,195 | 160,432 | 4,117,763 | 2,470,658 |
| Keystone #2 Low NOx Burners | 04/28/94 | 1,926,264 | 72,235 | 1,854,029 | 1,112,417 |
| Conemaugh #1 Low NOx Burners | 12/15/94 | 2,318,973 | 86,961 | 2,232,012 | 1,339,207 |
| Conemaugh #1 Scrubbers | 12/15/94 | 29,786,493 | 1,116,993 | 28,669,500 | 17,201,700 |
| | | <u>\$101,575,214</u> | <u>\$3,809,070</u> | <u>\$97,766,144</u> | <u>\$58,659,687</u> |

Depreciation=3.75% which is 1st year deprec rate on 20 Yr MACRS Property
 (b) Amortizable Basis = 60%
 15 Years/20Year MACRS X (100%-20% Sec 291)=15/20(80%) = 60%

The taxpayer elects to begin the 60-month amortization period with the month of January 1995, which is the first month of the taxable year succeeding the taxable year in which the facilities were completed and acquired. It is not expected that any profits will be obtained from the recovery of wastes from the facilities.

Applications have been made for certification to the Environmental Protection Agency and State certifying authority, and copies of the applications are attached.

ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

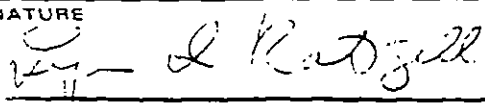
NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169; 40 C.F.R. PART 20). IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA, IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 *et seq.*, SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

APPLICANT
Lynn I. Ratzell

DATE
5/24/91

SIGNATURE


STREET ADDRESS, CITY, STATE, ZIP CODE
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101-1179

-Manager-Environmental Management

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | | |
|---|--|--|--|
| 1. FULL BUSINESS NAME OF APPLICANT Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 | | 2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION | |
| 3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Thomas G. Keller, Project Engineer | | | TELEPHONE 610-774-5029 |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-8 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Eric R. Schoener, Senior Accountant | | | |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-10 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Sunbury Steam Electric Station Old Trail General Delivery Shamokin Dam, PA 17876 | | | 6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 23-0959590 |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY:

Certification is sought for new low NO_x burners required by the Clean Air Act Amendments of 1990. These new burners replaced the existing pulverized coal burners on Unit 3. Electrostatic precipitator control systems were replaced and upgraded as part of this project.
See Attachment A.

| | | | |
|---|--|--|---|
| 2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION March 6, 1995 | B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION | 3. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVELY FOR CONTROL OF POLLUTION? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
|---|--|--|---|

4. DOES THE FACILITY (installed after December 31, 1975 ONLY) AFFECT THE OPERATING UNIT (of the plant or other property in connection with which the facility is used) MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAYS?

INCREASE THE OUTPUT OR CAPACITY YES NO EXTEND THE USEFUL LIFE? YES NO
REDUCE THE TOTAL OPERATING COSTS? YES NO

a. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED
 5% OR LESS

b. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4(a).

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.
Unit 3 is a steam electric generating unit rated at 103 megawatts.

| | |
|---|------------|
| 2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER 4911 | |
| 3. DATE THAT EACH PLANT OR OTHER PROPERTY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED, COMMENCE OPERATION. | |
| PLANT OR PROPERTY | DATE |
| Unit 3 commenced commercial operation | April 1951 |
| B. | |
| C. | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY, AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. _____ % Inapplicable

DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).

Inapplicable

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 100 %

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).

Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling emissions of oxides of nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS (Use Standard Units - pounds/gallon, grams/liter, ppm, etc.).

1. YOUR PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____
b. Per Year: Min. _____ Max. _____ Avg. _____

Inapplicable

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE, (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|--|-------------------------------------|------------|------------|---------------------------------|------------|------------|
| | a. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ |
| b. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

| 3. POLLUTANTS OR WASTE PRODUCTS | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|
| 3.a | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.b | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.c | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.d | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.e | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.f | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.g | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.j | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

4. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.

Inapplicable

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY, PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO

Inapplicable

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED. Inapplicable

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.

Inapplicable

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9. Inapplicable

A. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9.

Inapplicable

B. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO
(1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9.
(2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION.

Inapplicable

IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Inapplicable

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 774 Avg. _____
b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)

- a. Oxides of nitrogen
- b. _____
- c. _____
- d. _____

3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute)

WITHOUT POLLUTION CONTROL FACILITY

Min. _____ Max. _____ Avg. 625,000 CFM at 325 OF

WITH POLLUTION CONTROL FACILITY

Min. _____ Max. _____ Avg. 625,000 CFM at 325 OF

4. CONCENTRATION (in volume % of gaseous components)

- a. NO_x Min. _____ Max. _____ Avg. 0.93 at 325 OF
- b. Min. _____ Max. _____ Avg. _____ at _____ OF
- c. Min. _____ Max. _____ Avg. _____ at _____ OF
- d. Min. _____ Max. _____ Avg. _____ at _____ OF

- Min. _____ Max. _____ Avg. 0.5* at 325 OF
- Min. _____ Max. _____ Avg. _____ at _____ OF
- Min. _____ Max. _____ Avg. _____ at _____ OF
- Min. _____ Max. _____ Avg. _____ at _____ OF

5. CONCENTRATION (grains/cubic feet of all particulate matter)

Min. _____ Max. _____ Avg. _____ at _____ OF

Min. _____ Max. _____ Avg. _____ at _____ OF

6. CONCENTRATION (grains/cubic feet of any specific particulate listed in E-2 above)

Min. _____ Max. _____ Avg. _____ at _____ OF

Min. _____ Max. _____ Avg. _____ at _____ OF

7. DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PA DER and U.S. EPA) Continuous Emission Monitoring Systems.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Title 25, Pennsylvania Code Chapters 121 and 129, Reasonably Available Control Technology requirements for Major Stationary Sources of Volatile Organic Compounds and Oxides of Nitrogen.

SECTION F - COST INFORMATION (See Note to instructions for this section)

1. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH, WITHOUT THE CONTROL FACILITY, WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

A. IF YES, IDENTIFY

B. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

| | | |
|---|--------------------------------|----|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | \$ |
| | B. OTHER | \$ |
| | C. TOTAL | \$ |
| 3. TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS (Not applicable if no cost recovery is reported in Item 2) | | \$ |

| | |
|--|--|
| ENVIRONMENTAL PROTECTION AGENCY NOTICE OF STATE CERTIFICATION (Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended) | STATE Pennsylvania WATER OR AIR POLLUTION CONTROL AGENCY OR AUTHORITY PA DEPT. OF ENV. PROTECTION Bureau of Air Quality Control |
|--|--|

It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of water pollution air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder. According to the applicant, this control facility was placed will be placed in operation on March 6, 1995

In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.

| | |
|---|--|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company | 2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Eric R. Schoener |
| ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 | TITLE Senior Accountant |
| | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street, TW-10 Allentown, PA 18101-1179 |

3. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new low NO_x burners required by the Clean Air Act Amendments of 1990. These new burners replaced the existing pulverized coal burners on Unit No. 3. Electrostatic precipitator control systems were replaced and upgraded as part of this project. As described in Attachment A of application.

| | |
|--|--|
| 4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Sundury Steam Electric Station Old Trail, General Delivery Shamokin Dam, PA 17876 | 5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable |
|--|--|

6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF WATER POLLUTION AIR POLLUTION.

Clean Air Act Amendments of 1990 for NO_x emission reductions.

| | |
|---|-----------------------------------|
| ISSUED THIS ___ DAY OF _____ 19___ | SIGNED (Official of State Agency) |
| STATE CERTIFICATION NUMBER | TITLE |

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION

(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations the control facility identified herein:

Is certified

Will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

is being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | |
|---|---|
| NAME OF APPLICANT Pennsylvania Power & Light Company | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 |
| EMPLOYER IDENTIFICATION NUMBER 23-09595990 | |

| | |
|---|--|
| PERSON AUTHORIZED TO RECEIVE CERTIFICATION: | |
| NAME Eric R. Schoener | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street, TW-10 Allentown, PA 18101-1179 |
| TITLE Senior Accountant | |

DESCRIPTION OF CONTROL FACILITY
Certification is sought for new low NO_x burners required by the Clean Air Act Amendments of 1990. These new burners replaced existing pulverized coal burners on Unit No. 3. Electrostatic precipitator control systems were replaced and upgraded as part of this project. As described in Attachment A of application.

| |
|---|
| LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Sunbury Steam Electric Station, Old Trail, General Delivery, Shamokin Dam, PA 17876 |
|---|

EFFLUENT DISCHARGED TO

THE CONTROL FACILITY IDENTIFIED HEREIN DOES DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE.

THE CONTROL FACILITY IDENTIFIED HEREIN IS IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (i) OF THE INCOME TAX REGULATIONS.

- A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975
- B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.

- A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION.
- B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.

| | |
|---|-----------|
| DATE CERTIFICATION NUMBER ____ DAY OF _____, 19 ____ | SIGNATURE |
|---|-----------|

| | |
|---------------------------|-------|
| DATE CERTIFICATION NUMBER | TITLE |
|---------------------------|-------|

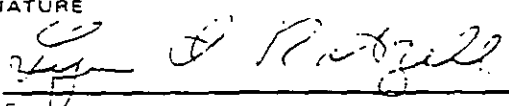
ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169: 40 C.F.R. PART 201 IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA. IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 *et seq.*, SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

| | |
|---|---|
| APPLICANT Lynn I. Ratzell | DATE 5/27/76 |
| SIGNATURE  E Manager-Environmental Management | STREET ADDRESS, CITY, STATE, ZIP CODE Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 |

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | | |
|--|--|--|--|
| 1. FULL BUSINESS NAME OF APPLICANT Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 | | 2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION | |
| 3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Thomas G. Keller, Project Engineer | | | TELEPHONE 610-774-5029 |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-5 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Eric R. Schoener, Senior Accountant | | | |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-10 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Montour Steam Electric Station P. O. Box 128 Washingtonville, PA 17884 | | | 6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 23-0959590 |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY:

Certification is sought for new low NO_x burners required by the Clean Air Act Amendment of 1990. These new burners replaced the existing pulverized coal burners on Unit #2. Electrostatic precipitator control systems were replaced and upgraded as part of this project.
See Attachment A.

| | | | |
|---|---|--|---|
| 2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION June 6, 1994 | B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION | 3. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVELY FOR CONTROL OF POLLUTION? <input type="checkbox"/> YES <input checked="" type="checkbox"/> Inapplicable <input type="checkbox"/> NO |
|---|---|--|---|

4. DOES THE FACILITY (installed after December 31, 1975 ONLY) AFFECT THE OPERATING UNIT (of the plant or other property in connection with which the facility is used) MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAYS?

INCREASE THE OUTPUT OR CAPACITY YES NO EXTEND THE USEFUL LIFE? YES NO
REDUCE THE TOTAL OPERATING COSTS? YES NO

a. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED
 5% OR LESS

b. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALS AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4(a).

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.
Unit #2 is a steam electric generating unit rated at 745 megawatts.

2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER
4911

| PLANT OR PROPERTY | DATE |
|--|------------|
| Unit #2 commenced commercial operation | April 1973 |
| B. | |
| C. | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY, AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. _____% Inapplicable.

DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).

Inapplicable.

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 100%

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).

Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling emissions of oxides of nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS (Use Standard Units - pounds/gallon, grams/liter, ppm, etc.).

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____
b. Per Year: Min. _____ Max. _____ Avg. _____

Inapplicable.

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE, (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|--|-------------------------------------|------------|------------|---------------------------------|------------|------------|
| | a. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ |
| b. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

| 3. POLLUTANTS OR WASTE PRODUCTS | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|
| 3.a | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.b | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.c | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.d | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.e | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.f | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.g | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

4. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.

Inapplicable.

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY, PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO

Inapplicable.

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED. Inapplicable.

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.

Inapplicable.

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9. Inapplicable.

A. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9.

Inapplicable.

B. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO (1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9. (2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION.

Inapplicable.

IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Inapplicable.

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 774 Avg. _____ b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)
a. Oxides of nitrogen
b. _____
c. _____
d. _____

| 3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute) | WITHOUT POLLUTION CONTROL FACILITY | WITH POLLUTION CONTROL FACILITY |
|--|--|--|
| | Min. _____ Max. _____ Avg. <u>2,260,000</u> CFM at <u>295</u> OF | Min. _____ Max. _____ Avg. <u>2,260,000</u> CFM at <u>295</u> OF |

| | | |
|--|--|---|
| 4. CONCENTRATION (in volume % of gaseous components) lbs/10 ⁶ Btu | a. <u>NO_x</u> Min. _____ Max. _____ Avg. <u>1.07</u> at <u>295</u> OF | Min. _____ Max. _____ Avg. <u>0.50</u> at <u>295</u> OF |
| | b. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| | c. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| | d. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |

| | | |
|---|--|--|
| CONCENTRATION (grains/cubic feet of all particulate matter) | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
|---|--|--|

| | | |
|--|--|--|
| 5. CONCENTRATION (grains/cubic feet of any specific particulate listed in E-2 above) | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
|--|--|--|

7. DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PA DER and U.S. EPA) Continuous Emission Monitoring Systems.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Title 25 Pennsylvania Code Chapters 121 and 129, Reasonably Available Control Technology requirements for Major Stationary Sources of Volatile Organic Compounds and Oxides of Nitrogen.

SECTION F - COST INFORMATION (See Note to instructions for this section)

1. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH, WITHOUT THE CONTROL FACILITY, WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

A. IF YES, IDENTIFY

B. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

| | | |
|---|--------------------------------|----|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | \$ |
| | B. OTHER | \$ |
| | C. TOTAL | \$ |
| 3. TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS (Not applicable if no cost recovery is reported in Item 2) | | \$ |

ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF STATE CERTIFICATION
(Pursuant to Section 169 of the Internal Revenue
Code of 1954, as amended)

STATE
Pennsylvania

WATER OR AIR POLLUTION CONTROL AGENCY OR
AUTHORITY PA DEPT. OF ENV. PROTECTION
Bureau of Air Quality Control

It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of water pollution air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder. According to the applicant, this control facility was placed will be placed in operation on
June 6, 1994

In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.

| | |
|---|--|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company | 2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Eric R. Schoener |
| ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 | TITLE Senior Accountant ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 |

3. DESCRIPTION OF CONTROL FACILITY
Certification is sought for new Low NO_x burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit No. 2. Electrostatic precipitator control systems were replaced and upgraded as part of this project. See Attachment A.

| | |
|--|--|
| 4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Montour Steam Electric Station P.O. Box 128 Washingtonville, PA 17884 | 5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable |
|--|--|

6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF WATER POLLUTION AIR POLLUTION.
Clean Air Act Amendments of 1990 for NO_x emission reductions.

| | |
|--|-----------------------------------|
| ISSUED THIS ____ DAY OF _____ 19 ____ | SIGNED (Official of State Agency) |
| STATE CERTIFICATION NUMBER = | TITLE |

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations the control facility identified herein

Is certified

Will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

as being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | |
|---|---|
| NAME OF APPLICANT Pennsylvania Power & Light Company | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 |
| EMPLOYER IDENTIFICATION NUMBER 33-0959590 | |

| | |
|---|--|
| PERSON AUTHORIZED TO RECEIVE CERTIFICATION: | |
| NAME Eric R. Schoener | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street, TW-10 Allentown, PA 18101-1179 |
| TITLE Senior Accountant | |

DESCRIPTION OF CONTROL FACILITY
Certification is sought for new Low NO_x burners required by Clean Air Act Amendments 1990. These new burners replace existing pulverized coal burners on Unit No. 2. Electrostatic precipitator control systems were replaced and upgraded as part of this project. As described in Attachment A of application.

LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code)
Montour Steam Electric Station, P.O. Box 128, Washingtonville, PA 17384

EFFLUENT DISCHARGED TO

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THE CONTROL FACILITY IDENTIFIED HEREIN IS IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (I) OF THE INCOME TAX REGULATIONS.

A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975
 B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.

A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION.
 B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.

DATE: _____ DAY OF _____, 19 _____ SIGNATURE

STATE CERTIFICATION NUMBER TITLE

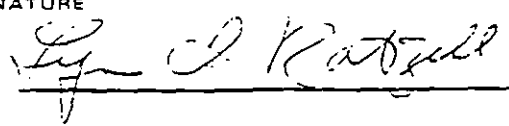
ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

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A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

| | |
|--|---|
| APPLICANT Lynn I. Ratzell | DATE 5/24/76 |
| SIGNATURE  | STREET ADDRESS, CITY, STATE, ZIP CODE Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 |
| Manager-Environmental Management | |

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | | |
|---|--|--|---|
| 1. FULL BUSINESS NAME OF APPLICANT Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 | | 2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION | |
| 3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Thomas G. Keller, Project Engineer | | | TELEPHONE 610-774-5029 |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-8 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Eric R. Schoener, Senior Accountant | | | |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-10 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 5. BUSINESS NAME OF PLANT (If different from Item 1.) (Street, City, State, Zip Code) Brunner Island Steam Electric Station P. O. Box 221 York Haven, PA 17370 | | | 6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 23-095959-0 |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY:

Certification is sought for new low NO_x burners required by the Clean Air Act Amendments of 1990. These new burners replaced the existing pulverized coal burners on Unit 3.

See Attachment A.

| | | | |
|---|--|--|---|
| 2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION November 20, 1994 | B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION | 3. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVE- LY FOR CONTROL OF POLLU- TION? <input type="checkbox"/> YES <input type="checkbox"/> NO Inapplicable |
|---|--|--|---|

4. DOES THE FACILITY (installed after December 31, 1975 ONLY) AFFECT THE OPERATING UNIT (of the plant or other property in connection with which the facility is used) MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAYS?

INCREASE THE OUTPUT OR CAPACITY? YES NO EXTEND THE USEFUL LIFE? YES NO
REDUCE THE TOTAL OPERATING COSTS? YES NO

a. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED
 5% OR LESS

b. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4(a).

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.

Unit 3 is a steam electric generating unit rated at 735 megawatts.

| | |
|---|-----------|
| 2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER 4911 | |
| 3. DATE THAT EACH PLANT OR OTHER PROPERTY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED, COMMENCE OPERATION. | |
| PLANT OR PROPERTY | DATE |
| Unit 3 commenced commercial operation | June 1969 |
| B. | |
| C. | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY, AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. _____ %
Inapplicable

5A. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).
Inapplicable

5B. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 100 %

5C. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).
Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling emissions of oxides of nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS (Use Standard Units - pounds/gallon, grams/liter, ppm, etc.).

YOUR PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____
b. Per Year: Min. _____ Max. _____ Avg. _____
Inapplicable

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE, (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|--|-------------------------------------|------------|------------|---------------------------------|------------|------------|
| | a. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ |
| b. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

| 3. POLLUTANTS OR WASTE PRODUCTS | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|
| 3.a | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.b | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.c | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.d | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.e | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.f | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.g | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.j | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

4. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.

Inapplicable

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY, PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO

Inapplicable

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED.

Inapplicable

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.

Inapplicable

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9. Inapplicable

A. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9.

Inapplicable

B. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO
(1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9.
(2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION.

Inapplicable

IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Inapplicable

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 744 Avg. _____
b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)

- a. Oxides of nitrogen.
- b. _____
- c. _____
- d. _____

| 3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute) | WITHOUT POLLUTION CONTROL FACILITY | | WITH POLLUTION CONTROL FACILITY | |
|--|--|---|--|--|
| | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| 4. CONCENTRATION (in volume % of gaseous components) | a. Min. _____ Max. _____ Avg. <u>0.78</u> at <u>325</u> OF | Min. _____ Max. _____ Avg. <u>0.45</u> at <u>325</u> OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| | b. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| | c. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| | d. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| CONCENTRATION (grains/cubic feet of particulate matter) | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| 6. CONCENTRATION (grains/cubic feet of any specific particulate listed in E-2 above) | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |

7. DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PA DER and U.S. EPA) Continuous Emission Monitoring System.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Title 25 Pennsylvania Code Chapters 121 and 129, Reasonably Available Control Technology requirements for Major Stationary Sources of Volatile Organic Compounds and Oxides of Nitrogen.

SECTION F - COST INFORMATION (See Note to instructions for this section)

1. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH, WITHOUT THE CONTROL FACILITY, WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

A. IF YES, IDENTIFY

B. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

| | | |
|---|--------------------------------|----|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | \$ |
| | B. OTHER | \$ |
| | C. TOTAL | \$ |
| 3. TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS (Not applicable if no cost recovery is reported in Item 2) | | \$ |

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION

(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations the control facility identified herein

Is certified

WILL if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

as being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | |
|--|---|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 |
| 2. EMPLOYER IDENTIFICATION NUMBER 23-0959590 | |

| | |
|--|--|
| 3. PERSON AUTHORIZED TO RECEIVE CERTIFICATION: | |
| NAME Eric R. Schoener | ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 |
| TITLE Senior Accountant | |

4. DESCRIPTION OF CONTROL FACILITY
Certification is sought for new Low NO_x burners required by Clean Air Act Amendments 1990. These new burners replace existing pulverized coal burners on Unit No. 3.

5. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code)
Brunner Island Steam Electric Station, P.O. Box 221, York Haven, PA 17370

6. EFFLUENT DISCHARGED TO

7. THE CONTROL FACILITY IDENTIFIED HEREIN DOES DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE.

8. THE CONTROL FACILITY IDENTIFIED HEREIN IS IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (1) OF THE INCOME TAX REGULATIONS.

9. A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975
 B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.

10. A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION.
 B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.

| | |
|---|-----------|
| DATE ____ S ____ DAY OF _____, 19 ____ | SIGNATURE |
|---|-----------|

| | |
|----------------------------|-------|
| STATE CERTIFICATION NUMBER | TITLE |
|----------------------------|-------|

ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF STATE CERTIFICATION
(Pursuant to Section 169 of the Internal Revenue
Code of 1954, as amended)

STATE
Pennsylvania

WATER OR AIR POLLUTION CONTROL AGENCY OR
AUTHORITY PA Dept. of Env. Protection
Bureau of Air Quality Control

It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of water pollution air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder. According to the applicant, this control facility was placed will be placed in operation on November 20, 1994.

In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.

| | |
|---|--|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company | 2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Eric R. Schoener |
| ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 | TITLE Senior Accountant ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 |

3. DESCRIPTION OF CONTROL FACILITY
Certification is sought for new low NO_x burners as required by the Clean Air Act Amendments of 1990. These new burners replaced the existing pulverized coal burners on Unit No. 3. As described in Attachment A of application.

| | |
|--|--|
| 4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Brunner Island Steam Electric Station P.O. Box 221 York Haven, PA 17370 | 5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable |
|--|--|

6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF WATER POLLUTION AIR POLLUTION.
Clean Air Act Amendments of 1990 for NO_x emission reductions.

| | |
|--|-----------------------------------|
| ISSUED THIS _____ DAY OF _____ 19____ | SIGNED (Official of State Agency) |
| STATE CERTIFICATION NUMBER | TITLE |

ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169; 40 C.F.R. PART 20). IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA, IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 et seq., SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

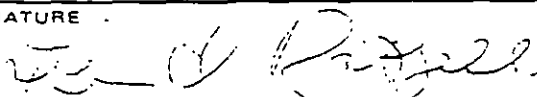
APPLICANT

Lynn I. Ratzell

DATE

5/24/76

SIGNATURE



STREET ADDRESS, CITY, STATE, ZIP CODE

Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101-1179

Manager-Environmental Management

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | | |
|--|--|--|--|
| 1. FULL BUSINESS NAME OF APPLICANT Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 | | 2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION | |
| 3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Thomas G. Keller, Project Engineer | | | TELEPHONE 610-774-5029 |
| ADDRESS (Street, City, State, Zip Code) | | Pennsylvania Power & Light Company TW-8 Two North Ninth Street Allentown, PA 18101-1179 | |
| 4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Eric R. Schoener, Senior Accountant | | | |
| ADDRESS (Street, City, State, Zip Code) | | Pennsylvania Power & Light Company TW-10 Two North Ninth Street Allentown, PA 18101-1179 | |
| 5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Brunner Island Steam Electric Station P. O. Box 221 York Haven, PA 17370 | | | 6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 23-0959590 |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY:

Certification is sought for new low NO_x burners required by the Clean Air Act Amendments of 1990. These new burners^x replaced the existing pulverized coal burners on Unit 2. Electrostatic precipitator control systems were replaced and upgraded as part of this project.

See Attachment A.

| | | | |
|---|--|--|--|
| 2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION June 12, 1994 | B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION | C. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVE- LY FOR CONTROL OF POLLU- TION? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>Inapplicable</i> |
|---|--|--|--|

4. DOES THE FACILITY (installed after December 31, 1975 ONLY) AFFECT THE OPERATING UNIT (of the plant or other property in connection with which the facility is used) MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAYS?

INCREASE THE OUTPUT OR CAPACITY YES NO EXTEND THE USEFUL LIFE? YES NO
REDUCE THE TOTAL OPERATING COSTS? YES NO

a. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED
 5% OR LESS

b. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4(a).

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.
Unit 2 is a steam electric generating unit rated at 378 megawatts

| | |
|---|--------------|
| 2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER 4911 | |
| 3. DATE THAT EACH PLANT OR OTHER PROPERTY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED, COMMENCE OPERATION. | |
| PLANT OR PROPERTY | DATE |
| Unit 2 commenced commercial operation | October 1965 |
| B. | |
| C. | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY, AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. _____% Inapplicable

DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).

Inapplicable

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 100%

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).

Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling emissions of oxides of nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS (Use Standard Units - pounds/gallon, grams/liter, ppm, etc.).

1. YOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____
b. Per Year: Min. _____ Max. _____ Avg. _____

Inapplicable

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE, (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|--|-------------------------------------|------------|------------|---------------------------------|------------|------------|
| | a. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ |
| b. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

3. POLLUTANTS OR WASTE PRODUCTS

| | | |
|-----|----------------------------------|----------------------------------|
| 3.a | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| 3.b | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| 3.c | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| 3.d | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| 3.e | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| 3.f | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| 3.g | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| 3.i | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |
| 3.i | Min. _____ Max. _____ Avg. _____ | Min. _____ Max. _____ Avg. _____ |

4. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.

Inapplicable

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY, PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO

Inapplicable

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED.

Inapplicable

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.

Inapplicable

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9.

Inapplicable

A. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9.

Inapplicable

B. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO
(1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9.
(2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION.

Inapplicable

IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Inapplicable

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 744 Avg. _____
b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)

| | |
|----|--------------------|
| a. | Oxides of Nitrogen |
| b. | |
| c. | |
| d. | |

| 3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute) | WITHOUT POLLUTION CONTROL FACILITY | WITH POLLUTION CONTROL FACILITY |
|--|--|--|
| | Min. _____ Max. <u>1,440,000</u> Avg. _____ at <u>284</u> OF | Min. _____ Max. <u>1,440,000</u> Avg. _____ at <u>284</u> OF |
| 4. CONCENTRATION (in volume % of gaseous components) | | |
| a. <u>NO_x</u> Min. _____ Max. _____ Avg. <u>0.69</u> at <u>284</u> OF | Min. _____ Max. _____ Avg. <u>0.45</u> at <u>284</u> OF | |
| b. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | |
| c. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | |
| d. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF | |
| CONCENTRATION (grains/cubic feet of particulate matter) | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| 6. CONCENTRATION (grains/cubic feet of any specific particulate listed in E-2 above) | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |

7. DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PA DER and U.S. EPA) Continuous Emission Monitoring Systems.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Title 25 Pennsylvania Code Chapters 121 and 129, Reasonably Available Control Technology requirements for Major Stationary Sources of Volatile Organic Compounds and Oxides of Nitrogen.

SECTION F - COST INFORMATION (See Note to instructions for this section)

1. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH, WITHOUT THE CONTROL FACILITY, WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

A. IF YES, IDENTIFY

B. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

| | | |
|---|--------------------------------|----|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | \$ |
| | B. OTHER | \$ |
| | C. TOTAL | \$ |
| 3. TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS (Not applicable if no cost recovery is reported in Item 2) | | \$ |

ENVIRONMENTAL PROTECTION AGENCY

STATE
Pennsylvania

NOTICE OF STATE CERTIFICATION
(Pursuant to Section 169 of the Internal Revenue
Code of 1954, as amended)

WATER OR AIR POLLUTION CONTROL AGENCY OR
AUTHORITY, PA Dept. of Env. Protection
Bureau of Air Quality Control

It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of water pollution air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder. According to the applicant, this control facility was placed will be placed in operation on June 12, 1994

In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.

| | |
|---|--|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company | 2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Eric R. Schoener |
| ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 | TITLE Senior Accountant ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 |

3. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NO_x burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit No. 2. Electrostatic precipitator control systems were replaced and upgraded as part of this project. As described in Attachment A of application.

| | |
|--|--|
| 4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Brunner Island Steam Electric Station P.O. Box 221 York Haven, PA 17370 | 5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable |
|--|--|

6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF WATER POLLUTION AIR POLLUTION.

Clean Air Act Amendments of 1990 for NO_x emission reductions.

| | |
|---|-----------------------------------|
| DATED THIS ____ DAY OF _____ 19 ____ | SIGNED (Official of State Agency) |
| STATE CERTIFICATION NUMBER | TITLE |

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION

(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations the control facility identified herein

is certified

will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

is being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | |
|---|---|
| NAME OF APPLICANT Pennsylvania Power & Light Company | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 |
| EMPLOYER IDENTIFICATION NUMBER 23-0959590 | |

| | |
|---|--|
| PERSON AUTHORIZED TO RECEIVE CERTIFICATION: | |
| NAME Eric R. Schoener | ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 |
| TITLE Senior Accountant | |

DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NO_x burners required by Clean Air Act Amendments 1990. These new burners replace existing pulverized coal burners on Unit No. 2. Electrostatic precipitator control systems were replaced and upgraded as part of this project. See Attachment A.

LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code)
Brunner Island Steam Electric Station, P.O. Box 221, York Haven, PA 17370

EFFLUENT DISCHARGED TO

THE CONTROL FACILITY IDENTIFIED HEREIN DOES DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE.

THE CONTROL FACILITY IDENTIFIED HEREIN IS IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (1) OF THE INCOME TAX REGULATIONS.

A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975

B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.

A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION.

B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.

| | |
|-----------------------------------|-----------|
| DATE ____ DAY OF _____, 19____ | SIGNATURE |
|-----------------------------------|-----------|

| | |
|----------------------------|-------|
| STATE CERTIFICATION NUMBER | TITLE |
|----------------------------|-------|

ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169; 40 C.F.R. PART 201 IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA. IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 *et seq.*, SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

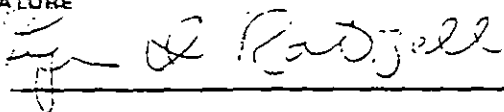
APPLICANT

Lynn I. Ratzell

DATE

5/27/76

SIGNATURE



Manager-Environmental Management

STREET ADDRESS, CITY, STATE, ZIP CODE

Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101-1179

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | | |
|--|--|--|--|
| 1. FULL BUSINESS NAME OF APPLICANT Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 | | 2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION | |
| 3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Thomas G. Keller | | | TELEPHONE 610-774-5029 |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-8 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Eric R. Schoener, Senior Accountant | | | |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-10 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Martins Creek Steam Electric Station P. O. Box 257 Martins Creek, PA 18063 | | | 6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 23-0959590 |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY:

Certification is sought for new low NO_x burners required by the Clean Air Act Amendments of 1990. These new burners replaced the existing pulverized coal burners on Unit No. 1. Electrostatic precipitator control systems were replaced and upgraded as part of this project.

See Attachment A.

| | | | |
|---|---|--|--|
| 2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION September 11, 1994 | B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION | 3. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVELY FOR CONTROL OF POLLUTION? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <i>inapplicable</i> |
|---|---|--|--|

4. DOES THE FACILITY (installed after December 31, 1975 ONLY) AFFECT THE OPERATING UNIT (of the plant or other property in connection with which the facility is used) MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAYS?

INCREASE THE OUTPUT OR CAPACITY YES NO EXTEND THE USEFUL LIFE? YES NO
REDUCE THE TOTAL OPERATING COSTS? YES NO

a. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED
 5% OR LESS

b. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4(a).

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.

Unit 1 is a steam electric generating unit rated at 140 megawatts.

| | |
|---|------|
| 2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER 4911 | |
| 3. DATE THAT EACH PLANT OR OTHER PROPERTY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED, COMMENCE OPERATION. | |
| PLANT OR PROPERTY | DATE |
| Unit No. 1 commenced commercial operation | 1954 |
| B. | |
| C. | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY, AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. _____ % **Inapplicable**

DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).

Inapplicable

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 100 %

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).

Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling emissions of oxides of nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS (Use Standard Units - pounds/gallon, grams/liter, ppm, etc.).

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____
b. Per Year: Min. _____ Max. _____ Avg. _____

Inapplicable

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE, (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|--|-------------------------------------|------------|------------|---------------------------------|------------|------------|
| | a. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ |
| b. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

3. POLLUTANTS OR WASTE PRODUCTS

| | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
|-----|------------|------------|------------|------------|------------|------------|
| 3.a | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.b | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.c | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.d | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.e | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.f | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.g | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.l | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

4. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.

Inapplicable

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY, PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO

Inapplicable

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED. Inapplicable

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.

Inapplicable

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9. Inapplicable

A. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9.

Inapplicable

B. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO
(1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9.
(2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION.

Inapplicable

IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Inapplicable

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 774 Avg. _____
b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)

a. Oxides of nitrogen

b. _____

c. _____

d. _____

3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute)

WITHOUT POLLUTION CONTROL FACILITY

594,000 CFM
Min. _____ Max. _____ Avg. _____ at 285 °F

WITH POLLUTION CONTROL FACILITY

594,000 CFM
Min. _____ Max. _____ Avg. _____ at 285 °F

4. CONCENTRATION (in volume % of gaseous components)

a. NO_x
Min. _____ Max. _____ Avg. 1.01 at 285 °F

Min. _____ Max. _____ Avg. 0.50* at 285 °F

b. Min. _____ Max. _____ Avg. _____ at _____ °F

Min. _____ Max. _____ Avg. _____ at _____ °F

c. Min. _____ Max. _____ Avg. _____ at _____ °F

Min. _____ Max. _____ Avg. _____ at _____ °F

d. Min. _____ Max. _____ Avg. _____ at _____ °F

Min. _____ Max. _____ Avg. _____ at _____ °F

CONCENTRATION (grains/cubic feet of particulate matter)

Min. _____ Max. _____ Avg. _____ at _____ °F

Min. _____ Max. _____ Avg. _____ at _____ °F

6. CONCENTRATION (grains/cubic feet of any specific particulate listed in E-2 above)

Min. _____ Max. _____ Avg. _____ at _____ °F

Min. _____ Max. _____ Avg. _____ at _____ °F

7. DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PA DER and U.S. EPA) Continuous Emission Monitoring systems.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Title 25 Pennsylvania Code Chapters 121 and 129, Reasonably Available Control Technology requirements for Major Stationary Sources of Volatile Organic Compounds and Oxides of Nitrogen.

SECTION F - COST INFORMATION (See Note to instructions for this section)

1. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH, WITHOUT THE CONTROL FACILITY, WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

A. IF YES, IDENTIFY

B. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

| | | |
|---|--------------------------------|----|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | \$ |
| | B. OTHER | \$ |
| | C. TOTAL | \$ |
| 3. TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS (Not applicable if no cost recovery is reported in Item 2) | | \$ |

| | |
|---|---|
| ENVIRONMENTAL PROTECTION AGENCY NOTICE OF STATE CERTIFICATION (Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended) | STATE Pennsylvania WATER OR AIR POLLUTION CONTROL AGENCY OR AUTHORITY PA Dept. of Env. Protection Bureau of Air Quality Control |
|---|---|

It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of water pollution air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder. According to the applicant, this control facility was placed will be placed in operation on September 11, 1994

In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.

| | |
|---|---|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 | 2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Eric R. Schoener TITLE Senior Accountant ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 |
|---|---|

3. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NO_x burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit No. 1. Electrostatic precipitator control systems were replaced and upgraded as part of this project. As described in Attachment A of application.

| | |
|--|--|
| 4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Martins Creek Steam Electric Station P.O. Box 257 Martins Creek, PA 18063 | 5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable |
|--|--|

6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF WATER POLLUTION AIR POLLUTION.

Clean Air Act Amendments of 1990 for NO_x emission reductions.

| | |
|--|-----------------------------------|
| ISSUED THIS ____ DAY OF _____ 19 ____ | SIGNED (Official of State Agency) |
| STATE CERTIFICATION NUMBER | TITLE |

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION

(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations the control facility identified herein

Is certified

Will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

as being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | | | |
|--|--|--|--|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company | | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 | |
| 2. EMPLOYER IDENTIFICATION NUMBER 23-0959590 | | | |
| 3. PERSON AUTHORIZED TO RECEIVE CERTIFICATION: | | | |
| NAME Eric R. Schoener | | ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 | |
| TITLE Senior Accountant | | | |
| 4. DESCRIPTION OF CONTROL FACILITY Certification is sought for new Low NO _x burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit No. 1. Electrostatic precipitator control systems were replaced and upgraded as part of this project. As described in Attachment A of application. | | | |
| 5. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Martins Creek Steam Electric Station, P.O. Box 257, Martins Creek, PA 18063 | | | |
| 6. EFFLUENT DISCHARGED TO | | | |
| 7. THE CONTROL FACILITY IDENTIFIED HEREIN <input type="checkbox"/> DOES <input type="checkbox"/> DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE. | | | |
| 8. THE CONTROL FACILITY IDENTIFIED HEREIN <input type="checkbox"/> IS <input type="checkbox"/> IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (1) OF THE INCOME TAX REGULATIONS. | | | |
| 9. <input type="checkbox"/> A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975 <input type="checkbox"/> B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975. | | | |
| 10. <input type="checkbox"/> A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION. <input type="checkbox"/> B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION. | | | |
| DATE D _____ S _____ DAY OF _____, 19 _____ | | SIGNATURE | |
| STATE CERTIFICATION NUMBER | | TITLE | |

ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169: 40 C.F.R. PART 201 IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA. IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 et seq., SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

| | |
|--|---|
| APPLICANT Lynn I. Ratzell | DATE 5/24/96 |
| SIGNATURE <i>L. I. Ratzell</i> Manager-Environmental Management | STREET ADDRESS, CITY, STATE, ZIP CODE Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 |

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | | |
|--|--|--|--|
| 1. FULL BUSINESS NAME OF APPLICANT Pennsylvania Power & Light Company Two North Ninth Street Allentown, PA 18101-1179 | | 2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION | |
| 3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Thomas G. Keller, Project Engineer | | | TELEPHONE 610-774-5029 |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-8 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Eric R. Schoener, Senior Accountant | | | |
| ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company TW-10 Two North Ninth Street Allentown, PA 18101-1179 | | | |
| 5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Martins Creek Steam Electric Station P. O. Box 257 Martins Creek, PA 18063 | | | 6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 23-0959590 |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER, SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY:

Certification is sought for new low NO_x burners required by the Clean Air Act Amendments of 1990. These new burners replaced the existing pulverized coal burners on Unit 2. Electrostatic precipitator control systems were replaced and upgraded as part of this project. See Attachment A.

| | | | |
|---|--|--|---|
| 2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION July 17, 1994 | B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION | 3. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVELY FOR CONTROL OF POLLUTION? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
|---|--|--|---|

4. DOES THE FACILITY (installed after December 31, 1975 ONLY) AFFECT THE OPERATING UNIT (of the plant or other property in connection with which the facility is used) MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAYS?

INCREASE THE OUTPUT OR CAPACITY YES NO EXTEND THE USEFUL LIFE? YES NO
REDUCE THE TOTAL OPERATING COSTS? YES NO

a. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED
 5% OR LESS

b. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4(a).

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.
Unit 2 is a steam electric generating unit rated at 140 megawatts.

| | |
|---|------|
| 2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER 4911 | |
| 3. DATE THAT EACH PLANT OR OTHER PROPERTY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED, COMMENCE OPERATION. | |
| PLANT OR PROPERTY | DATE |
| Unit 2 commenced commercial operation | 1956 |
| B. - | |
| C. - | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY, AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. Inapplicable

4B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).

Inapplicable

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 100 %

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).

Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling emissions of oxides of nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED, IF FEASIBLE. ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS (Use Standard Units - pounds/gallon, grams/liter, ppm, etc.).

OURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____

b. Per Year: Min. _____ Max. _____ Avg. _____

Inapplicable

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE, (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|--|-------------------------------------|------------|------------|---------------------------------|------------|------------|
| | a. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ |
| b. Min. _____ Max. _____ Avg. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

3. POLLUTANTS OR WASTE PRODUCTS

| | | | | | | |
|----|------------|------------|------------|------------|------------|------------|
| 3a | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3b | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3c | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3d | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3e | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3f | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3g | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3i | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3j | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

4. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.

Inapplicable

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY, PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO

Inapplicable

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED. Inapplicable

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.

Inapplicable

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9. Inapplicable

A. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9. Inapplicable

B. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO
(1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9.
(2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION.

Inapplicable

IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Inapplicable

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 774 Avg. _____
b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)
a. Oxides of nitrogen
b. _____
c. _____
d. _____

| 3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute) | WITHOUT POLLUTION CONTROL FACILITY | WITH POLLUTION CONTROL FACILITY |
|--|---|---|
| | Min. _____ Max. _____ Avg. _____ at <u>285</u> OF | Min. _____ Max. _____ Avg. _____ at <u>285</u> OF |

| 4. CONCENTRATION (in volume % of gaseous components) lbs/10 ⁶ Btu | WITHOUT POLLUTION CONTROL FACILITY | WITH POLLUTION CONTROL FACILITY |
|---|--|--|
| | a. NO _x Min. _____ Max. _____ Avg. <u>0.01</u> at <u>285</u> OF | Min. _____ Max. _____ Avg. <u>0.50*</u> at <u>285</u> OF |
| | b. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |
| | c. Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |

| CONCENTRATION (in grains/cubic feet of particulate matter) | WITHOUT POLLUTION CONTROL FACILITY | WITH POLLUTION CONTROL FACILITY |
|--|--|--|
| | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |

| 6. CONCENTRATION (in grains/cubic feet of any specific particulate listed in E-2 above) | WITHOUT POLLUTION CONTROL FACILITY | WITH POLLUTION CONTROL FACILITY |
|---|--|--|
| | Min. _____ Max. _____ Avg. _____ at _____ OF | Min. _____ Max. _____ Avg. _____ at _____ OF |

7. DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PA DER and U.S. EPA) Continuous Emission Monitoring Systems.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Title 25 Pennsylvania Code Chapters 121 and 129, Reasonably Available Control Technology requirements for Major Stationary Sources of Volatile Organic Compounds and Oxides of Nitrogen.

SECTION F - COST INFORMATION (See Note to instructions for this section)

1. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH, WITHOUT THE CONTROL FACILITY, WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

A. IF YES, IDENTIFY

B. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

| | | |
|---|--------------------------------|----|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | \$ |
| | B. OTHER | \$ |
| | C. TOTAL | \$ |
| 3. TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS (Not applicable if no cost recovery is reported in Item 2) | | \$ |

| | |
|---|--|
| ENVIRONMENTAL PROTECTION AGENCY NOTICE OF STATE CERTIFICATION (Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended) | STATE _____ WATER OR AIR POLLUTION CONTROL AGENCY OR AUTHORITY _____ |
|---|--|

It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of water pollution air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder. According to the applicant, this control facility was placed will be placed in operation on July 17, 19 94

In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.

| | |
|---|---|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 | 2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Eric R. Schoener TITLE Senior Accountant ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 |
|---|---|

3. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NO_x burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit No. 2. Electrostatic precipitator control systems were replaced and upgraded as part of this project. As described in Attachment A of application.

| | |
|--|--|
| 4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Martins Creek Steam Electric Station P.O. Box 257 Martins Creek, PA 18063 | 5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable |
|--|--|

6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF WATER POLLUTION AIR POLLUTION.

Clean Air Act Amendments of 1990 for NO_x emission reductions.

| | |
|--|--|
| ISSUED THIS ____ DAY OF _____ 19 ____ | SIGNED (Official of State Agency) _____ TITLE _____ |
| STATE CERTIFICATION NUMBER _____ | TITLE _____ |

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION

(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations the control facility identified herein

- Is certified Will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

as being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | |
|--|---|
| 1. NAME OF APPLICANT Pennsylvania Power & Light Company | ADDRESS (Street, City, State, Zip Code) Two North Ninth Street Allentown, PA 18101-1179 |
| 2. EMPLOYER IDENTIFICATION NUMBER 23-0959590 | |

| | |
|--|--|
| 3. PERSON AUTHORIZED TO RECEIVE CERTIFICATION: | |
| NAME Eric R. Schoener | ADDRESS (Street, City, State, Zip Code) Pennsylvania Power & Light Company, TW-10 Two North Ninth Street Allentown, PA 18101-1179 |
| TITLE Senior Accountant | |

4. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NO_x burners required by Clean Air Act Amendments 1990. These burners replace existing pulverized coal burners on Unit No. 2. Electrostatic precipitator control systems were replaced and upgraded as part of this project. See Attachment A.

5. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code)
Martins Creek Steam Electric Station, P.O. Box 257, Martins Creek, PA 15063

6. EFFLUENT DISCHARGED TO

7. THE CONTROL FACILITY IDENTIFIED HEREIN DOES DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE.

8. THE CONTROL FACILITY IDENTIFIED HEREIN IS IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (1) OF THE INCOME TAX REGULATIONS.

9. A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975
 B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.

10. A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION.
 B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.

| | |
|---------------------------------------|-----------|
| DATE IS _____ DAY OF _____, 19____ | SIGNATURE |
|---------------------------------------|-----------|

| | |
|----------------------------|-------|
| STATE CERTIFICATION NUMBER | TITLE |
|----------------------------|-------|

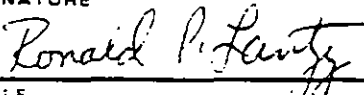
ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169; 40 C.F.R. PART 20). IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA, IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 et seq., SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

| | |
|---|--|
| APPLICANT Pennsylvania Electric Company c/o Ronald P. Lantzy | DATE 09/07/95 |
| SIGNATURE  | STREET ADDRESS, CITY, STATE, ZIP CODE Pennsylvania Electric Company (Operator for owners group) |
| TITLE Designated Representative Keystone Station | 1001 Broad Street Johnstown, PA 15907 |

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | |
|--|--|--|
| <p>1. FULL BUSINESS NAME OF APPLICANT Pennsylvania Electric Company (Operator 1001 Broad Street Johnstown, PA 15907 for owners group)</p> | <p>2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input checked="" type="checkbox"/> OTHER (Describe: <input type="checkbox"/> PARTNERSHIP See attached list of <input type="checkbox"/> CORPORATION station owners</p> | |
| <p>3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Mr. T.E. McKenzie</p> | | <p>TELEPHONE 814-533-8670</p> |
| <p>ADDRESS (Street, City, State, Zip Code) Pennsylvania Electric Company (Operator for owners group) 1001 Broad Street, Johnstown, PA 15907</p> | | |
| <p>4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Ronald P. Lantzy</p> | | |
| <p>ADDRESS (Street, City, State, Zip Code) Pennsylvania Electric Company (Operator for owners group) 1001 Broad Street, Johnstown, PA 15907</p> | | |
| <p>5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Keystone Generating Station PO Box 181. Shelocta, PA 15774</p> | <p>6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 25-0718085</p> | |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY.

Certification is sought for new Low NOx burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit #2.

See Attachment A.

| | | | |
|---|---|--|---|
| <p>2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p> | <p>A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION: April 28, 1994</p> | <p>B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION:</p> | <p>C. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVELY FOR CONTROL OF POLLUTION? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p> |
|---|---|--|---|

3. DOES THE FACILITY (including other December 31, 1990) ONLY AFFECT THE OPERATING UNIT, OR THE ENTIRE PLANT, OR OTHER PROPERTY, OR OTHER UNIT WITH WHICH THE FACILITY IS USED, MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAY?

INCREASE THE OUTPUT OR CAPACITY? YES NO EXTEND THE USEFUL LIFE? YES NO
 REDUCE THE TOTAL OPERATING COSTS? YES NO

4. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED
 5% OR LESS

5. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4(a).

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.

Unit #2 consists of an 850 megawatts (rated), 895 megawatts max net generation and 930 megawatts (gross generation) steam electric generating unit.

2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER
 4911

| PLANT OR PROPERTY | DATE |
|---|---------------|
| A. Unit #2 commenced commercial operation | July 23, 1968 |
| B. | |
| C. | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. Inapplicable

4B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).
Inapplicable

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 100 %

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).
Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling the emissions of oxides of Nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS. (Use Standard Units - pounds/gallon, gallons/gal, etc.)

HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____
Inapplicable b. Per Year: Min. _____ Max. _____ Avg. _____

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|---|------------------------------------|------------|------------|---------------------------------|------------|------------|
| | 1. Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| | Inapplicable | | | Min. _____ | Max. _____ | Avg. _____ |
| 3. POLLUTANTS OR WASTE PRODUCTS | | | | | | |
| 3.a. Inapplicable | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.b. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.c. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.d. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.e. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.f. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.g. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.h. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.j. | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY, AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. _____% **Inapplicable**

4B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).
Inapplicable

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 100%

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).

Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling the emissions of oxides of Nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS (Use Standard Units - pounds/gallon, grams/liter, ppm, etc.).

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____
b. Per Year: Min. _____ Max. _____ Avg. _____

Inapplicable

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|---|------------------------------------|------|------|---------------------------------|------------|------------|
| | a. Min. | Max. | Avg. | Min. | Max. | Avg. |
| | Inapplicable | | | Min. _____ | Max. _____ | Avg. _____ |
| | b. Min. | Max. | Avg. | Min. _____ | Max. _____ | Avg. _____ |

3. POLLUTANTS OR WASTE PRODUCTS

| | | | | | | |
|-------------------------|------------|------------|------------|------------|------------|------------|
| 3.a Inapplicable | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.b | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.c | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.d | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.e | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.f | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.g | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.h | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.j | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

4. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.

Inapplicable

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY, PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO

Inapplicable

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED. Inapplicable

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.

Inapplicable

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9. Inapplicable

A. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9. Inapplicable

B. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO
 (1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9.
 (2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION. Inapplicable

9. IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Inapplicable

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 720 Avg. _____
 b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)
 a. Oxides of Nitrogen (NOx)
 b. _____
 c. _____
 d. _____

| | WITHOUT POLLUTION CONTROL FACILITY | | | | WITH POLLUTION CONTROL FACILITY | | | |
|--|--|------------------|-------|------------------|---------------------------------|------------------|-------|------------------|
| | Min. | Max. | Avg. | at _____ OF | Min. | Max. | Avg. | at _____ OF |
| 3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute) | | <u>3,316,300</u> | | at <u>315</u> OF | | <u>3,316,300</u> | | at <u>315</u> OF |
| 4. CONCENTRATION (in volume % of gaseous components) lbs/10 ⁶ Btu | NOx | | | | NOx | | | |
| | a. Min. | <u>0.73</u> | Avg. | at <u>315</u> OF | Min. | <u>0.45</u> | Avg. | at <u>315</u> OF |
| | b. Min. | _____ | Avg. | at _____ OF | Min. | _____ | Avg. | at _____ OF |
| | c. Min. | _____ | Avg. | at _____ OF | Min. | _____ | Avg. | at _____ OF |
| 5. CONCENTRATION (grains/cubic feet of all particulate matter) | Min. | _____ | Avg. | at _____ OF | Min. | _____ | Avg. | at _____ OF |
| | 6. CONCENTRATION (grains/cubic feet of any specific particulate listed in E-1) | Min. | _____ | Avg. | at _____ OF | Min. | _____ | Avg. |

7. DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PaDER and U.S. EPA) Continuous Emissions Monitoring Systems.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Title 25 Pennsylvania Code Chapters 121 and 129, Reasonably Available Control Technology requirements for Major Stationary Sources of Volatile Organic Compounds and Oxides of Nitrogen.

SECTION F - COST INFORMATION (See Note to instructions for this section)

1. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH WITHOUT THE CONTROL FACILITY, WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

4. IF YES, IDENTIFY Inapplicable

3. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

| | | | |
|---|--------------------------------|---------------------|----|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | <u>Inapplicable</u> | \$ |
| | B. OTHER | | \$ |
| | C. TOTAL | | \$ |
| TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS <i>(Not applicable if no cost recovery is reported in Item 2)</i> | | <u>Inapplicable</u> | \$ |

| | |
|---|---|
| ENVIRONMENTAL PROTECTION AGENCY NOTICE OF STATE CERTIFICATION (Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended) | STATE Pennsylvania WATER OR AIR POLLUTION CONTROL AGENCY OR AUTHORITY PA Dept. of Env. Protection Bureau of Air Quality Control |
|---|---|

It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of water pollution air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations thereunder. According to the applicant, this control facility was placed will be placed in operation on April 28, 1994.

In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement of control of water or air pollution.

| | |
|---|---|
| 1. NAME OF APPLICANT Pennsylvania Electric Company (Operator for owners group) | 2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Ronald P. Lantzy |
| ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907 | TITLE Designated Representative for Keystone Generating Station ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907 |

3. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NOx burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit #2.

As described in Attachment A of application.

| | |
|--|--|
| 4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Keystone Generating Station PO Box 181 Shelocta, PA 15774 | 5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable |
|--|--|

6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF WATER POLLUTION AIR POLLUTION.

Clean Air Act Amendments of 1990 for NOx emission reductions.

| | |
|--|-----------------------------------|
| ISSUED THIS _____ DAY OF _____ 19____ | SIGNED (Official of State Agency) |
| STATE CERTIFICATION NUMBER | TITLE |

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION

(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations, the control facility identified herein

is certified

will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified.

as being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | |
|--|---|
| 1. NAME OF APPLICANT Pennsylvania Electric Company (Operator for owners group) | ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA |
| 2. EMPLOYER IDENTIFICATION NUMBER 25-0718085 | |

| | |
|---|---|
| 3. PERSON AUTHORIZED TO RECEIVE CERTIFICATION: | |
| NAME Ronald P. Lantzy | ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907 |
| TITLE Designated Representative for Keystone Generating Station | |

4. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NOx burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit #2.

As described in Attachment A of application.

5. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code)
Keystone Generating Station, PO Box 181, Shelocta, PA 15774

6. EFFLUENT DISCHARGED TO

7. THE CONTROL FACILITY IDENTIFIED HEREIN DOES DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE.

8. THE CONTROL FACILITY IDENTIFIED HEREIN IS IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (i) OF THE INCOME TAX REGULATIONS.

9. A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975
 B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.

10. A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION.
 B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.

| | |
|---|-----------|
| ISSUED THIS _____ DAY OF _____, 19____ | SIGNATURE |
|---|-----------|

| | |
|---------------------------|-------|
| DATE CERTIFICATION NUMBER | TITLE |
|---------------------------|-------|

ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169; 40 C.F.R. PART 20). IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA, IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 et seq., SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

| | |
|--|---|
| APPLICANT Pennsylvania Electric Company c/o Ronald P. Lantzy | DATE 09/12/95 |
| SIGNATURE <i>Ronald P. Lantzy</i> | STREET ADDRESS, CITY, STATE, ZIP CODE Pennsylvania Electric Company (Operator for owners group) 1001 Broad Street Johnstown, PA 15907 |
| TITLE Designated Representative Conemaugh Station | |

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | |
|--|--|--|
| <p>1. BUSINESS NAME OF APPLICANT Pennsylvania Electric Company (Operator for owners group) 1001 Broad Street Johnstown, PA 15907</p> | <p>2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input checked="" type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP See attached list <input type="checkbox"/> CORPORATION of station owners</p> | |
| <p>3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Mr. T.E. McKenzie</p> | | <p>TELEPHONE 814-533-8670</p> |
| <p>ADDRESS (Street, City, State, Zip Code): Pennsylvania Electric Company (Operator for owners group) 1001 Broad Street, Johnstown, PA 15907</p> | | |
| <p>4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Ronald P. Lantzy</p> | | |
| <p>ADDRESS (Street, City, State, Zip Code): Pennsylvania Electric Company (Operator for owners group) 1001 Broad Street, Johnstown, PA 15907</p> | | |
| <p>5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Conemaugh Generating Station Rt. 32008 PO Box K, New Florence, PA 15944</p> | <p>6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 25-0718085</p> | |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY:

Certification is sought for new Low NOx burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit #1.

See Attachment A.

| | | | |
|---|---|--|---|
| <p>2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p> | <p>A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION: December 8, 1994</p> | <p>B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION:</p> | <p>C. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVELY FOR CONTROL OF EMISSIONS? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p> |
|---|---|--|---|

3. DOES THE FACILITY (INSTALLED AFTER DECEMBER 31, 1990) ONLY AFFECT THE OPERATING UNIT OR THE EMISSIONS SOURCE, OR BOTH, FOR WHICH THE FACILITY IS MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING CATEGORIES?

INCREASE THE OUTPUT OR CAPACITY? YES NO EXTEND THE USEFUL LIFE? YES NO
 REDUCE THE TOTAL OPERATING COSTS? YES NO

4. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED?
 5% OR LESS

5. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4A.

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.

Unit #1 consists of an 850 megawatts (rated), 895 megawatts max net generation and 930 megawatts (gross generation) steam electric generating unit.

2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER
 4911

| PLANT OR PROPERTY | DATE |
|---|--------------|
| A. Unit #1 commenced commercial operation | May 21, 1970 |
| B. | |
| C. | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. Inapplicable

4B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).

Inapplicable

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. 00 %

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).

Although the burners also provide heat to generate steam, their installation was required for the sole purpose of controlling the emissions of oxides of Nitrogen.

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION
 a. Per Month: Min. _____ Max. _____ Avg. _____
 b. Per Year: Min. _____ Max. _____ Avg. _____
Inapplicable

| 2. WASTEWATER DISCHARGE IN _____ GALLONS PER _____ MINUTE (OR MILLIONS OF GALLONS) | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|--|------------------------------------|------------|------------|---------------------------------|------------|------------|
| | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| | <u>Inapplicable</u> | | | Min. _____ | Max. _____ | Avg. _____ |

| 3. POLLUTANTS OR WASTE PRODUCTS | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
|---------------------------------|------------|------------|------------|------------|------------|------------|
| 3.a. <u>Inapplicable</u> | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.b. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.c. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.d. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.e. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.f. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.g. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.h. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.j. _____ | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

6. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.

Inapplicable

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO

Inapplicable

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED. Inapplicable

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.

Inapplicable

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9. Inapplicable

a. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9. Inapplicable

b. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO (1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9. (2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION. Inapplicable

9. IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS. Inapplicable

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 720 Avg. _____
b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)
a. Oxides of Nitrogen (NOx)
b. _____
c. _____
d. _____

| 3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute) | WITHOUT POLLUTION CONTROL FACILITY | | WITH POLLUTION CONTROL FACILITY | |
|--|------------------------------------|------------------|---------------------------------|------------------|
| | | Min. _____ | Max. <u>3,316,000</u> | Avg. _____ |
| 4. CONCENTRATION in volume % of gaseous components: lbs/10 ⁶ cu | NOx | | | |
| | a. Min. _____ | Max. <u>0.67</u> | Avg. _____ | at <u>315</u> OF |
| | b. Min. _____ | Max. _____ | Avg. _____ | at _____ OF |
| | c. Min. _____ | Max. _____ | Avg. _____ | at _____ OF |
| 5. CONCENTRATION (mass/cubic feet) of all particulate matter | Min. _____ | Max. _____ | Avg. _____ | at _____ OF |
| | Min. _____ | Max. _____ | Avg. _____ | at _____ OF |
| 6. CONCENTRATION (mass/cubic feet) of any specific particulate listed in 40 CFR 61.101 | Min. _____ | Max. _____ | Avg. _____ | at _____ OF |
| | Min. _____ | Max. _____ | Avg. _____ | at _____ OF |

DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PaDER and U.S. EPA) Continuous Emissions Monitoring Systems.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

Title 25 Pennsylvania Code Chapters 121 and 129, Reasonably Available Control Technology requirements for Major Stationary Sources of Volatile Organic Compounds and Oxides of Nitrogen.

SECTION F - COST INFORMATION (See Note to instructions for this section)

9. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH WITHOUT THE CONTROL FACILITY WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

A. IF YES, IDENTIFY Inapplicable

B. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

| | | | |
|---|--------------------------------|--------------|----|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | Inapplicable | \$ |
| | B. OTHER | | \$ |
| | C. TOTAL | | \$ |
| 3. TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS (Not applicable if no cost recovery is reported in item 2) | | Inapplicable | \$ |

ENVIRONMENTAL PROTECTION AGENCY

STATE

Pennsylvania

NOTICE OF STATE CERTIFICATION
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

WATER OR AIR POLLUTION CONTROL AGENCY OF
AUTHORITY PA DEPT. OF ENV. PROTECTION
Bureau of Air Quality Control

It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of water pollution air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations thereunder. According to the applicant, this control facility was placed will be placed in operation on December 8, 1994.

In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.

| | |
|---|--|
| <p>1. NAME OF APPLICANT Pennsylvania Electric Company (Operator for owners group) ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907</p> | <p>2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Ronald P. Lantzy TITLE Designated Representative for Conemaugh Generating Station ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907</p> |
|---|--|

3. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NOx burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit #1.

As described in Attachment A of application.

| | |
|--|--|
| <p>4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Conemaugh Generating Station Rt. 32008, PO Box K New Florence, PA 15944</p> | <p>5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable</p> |
|--|--|

6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF WATER POLLUTION AIR POLLUTION.

Clean Air Act Amendments of 1990 for NOx emission reductions.

| | |
|---|---|
| <p>ISSUED THIS ___ DAY OF _____ 19__ STATE CERTIFICATION NUMBER</p> | <p>SIGNED (Official of State Agency) TITLE</p> |
|---|---|

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION

(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations, the control facility identified herein

is certified

will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

as being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | |
|--|---|
| 1. NAME OF APPLICANT Pennsylvania Electric Company (Operator for owners group) | ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907 |
| 2. EMPLOYER IDENTIFICATION NUMBER 25-0718085 | |

| | |
|--|---|
| 3. PERSON AUTHORIZED TO RECEIVE CERTIFICATION: | |
| NAME Ronald P. Lantzy | ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907 |
| TITLE Designated Representative for Conemaugh Generating Station | |

4. DESCRIPTION OF CONTROL FACILITY

Certification is sought for new Low NOx burners required by Clean Air Act Amendments of 1990. These new burners replace existing pulverized coal burners on Unit #1.

As described in Attachment A of application.

5. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code)
Conemaugh Generating Station, Rt. 32008, PO Box K, New Florence, PA 15944

6. EFFLUENT DISCHARGED TO

7. THE CONTROL FACILITY IDENTIFIED HEREIN DOES DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE.

8. THE CONTROL FACILITY IDENTIFIED HEREIN IS IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECT. ON 1.263-2 (2) (i) OF THE INCOME TAX REGULATIONS.

9. A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.
 B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.

10. A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION.
 B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.

| | |
|---|-----------|
| ISSUED THIS _____ DAY OF _____, 19 _____ | SIGNATURE |
|---|-----------|

| | |
|----------------------------|-------|
| STATE CERTIFICATION NUMBER | TITLE |
|----------------------------|-------|

Conemaugh Station Owners

| <u>Owners</u> | <u>% Ownership</u> |
|---------------------------------------|--------------------|
| Atlantic Electric Company. | 3.83% |
| Baltimore Gas and Electric Company | 10.56% |
| Delmarva Power & Light Company | 3.72% |
| Metropolitan Edison Company | 16.45% |
| PECO Energy Company | 20.72% |
| Pennsylvania Power and Light Company | 11.39% |
| Public Service Electric & Gas Company | 22.50% |
| Potomac Electric Power Company | 9.72% |
| UGI Utilities, Inc. | 1.11% |

Station is operated by Pennsylvania Electric Company as Agent for the collective owners

ENVIRONMENTAL PROTECTION AGENCY

APPLICATION FOR CERTIFICATION OF POLLUTION CONTROL FACILITY
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

NO CERTIFICATION MAY BE MADE UNLESS A COMPLETED APPLICATION FORM HAS BEEN RECEIVED (26 U.S.C. §169; 40 C.F.R. PART 20). IF NO CLAIM OF BUSINESS CONFIDENTIALITY ACCOMPANIES THIS INFORMATION WHEN IT IS RECEIVED BY EPA, IT MAY BE MADE AVAILABLE TO THE PUBLIC BY EPA WITHOUT FURTHER NOTICE. INFORMATION COVERED BY A CLAIM OF CONFIDENTIALITY WILL BE DISCLOSED BY EPA ONLY TO THE EXTENT, AND BY MEANS OF THE PROCEDURES, SET FORTH IN TITLE 40, CODE OF FEDERAL REGULATIONS, PART 2, 41 C.F.R. 26902 *et seq.*, SEPTEMBER 1, 1976.

A BUSINESS CONFIDENTIALITY CLAIM COVERING ALL OR PART OF THE INFORMATION FURNISHED IN OR WITH THIS APPLICATION MAY BE ASSERTED BY PLACING ON (OR ATTACHING TO) THE INFORMATION AT THE TIME IT IS SUBMITTED TO EPA, A COVER SHEET STAMPED OR TYPED LEGEND, OR OTHER SUITABLE FORM OF NOTICE EMPLOYING LANGUAGE SUCH AS "TRADE SECRET," "PROPRIETARY," OR "COMPANY CONFIDENTIAL." ALLEGEDLY CONFIDENTIAL PORTIONS OF OTHERWISE NON-CONFIDENTIAL DOCUMENTS SHOULD BE CLEARLY IDENTIFIED, AND MAY BE SUBMITTED SEPARATELY TO FACILITATE IDENTIFICATION AND HANDLING BY EPA. IF THE APPLICANT DESIRES CONFIDENTIAL TREATMENT ONLY UNTIL A CERTAIN DATE OR UNTIL THE OCCURRENCE OF A CERTAIN EVENT, THE NOTICE SHOULD SO STATE.

Application is hereby made for certification of the pollution control facility described herein. The following information is submitted in accordance with provisions of Part 20 of Title 40 of the Code of Federal Regulations and to the best of my knowledge and belief is true and correct.

| | |
|--|---|
| <p>APPLICANT GPU Generation Corporation c/o Ronald P. Lantzy</p> | <p>DATE 8/19/96</p> |
| <p>SIGNATURE <i>Ronald P. Lantzy</i></p> | <p>STREET ADDRESS, CITY, STATE, ZIP CODE GPU Generation Corporation (Operator for Owners Group) 1001 Broad Street Johnstown, PA 15907</p> |
| <p>TITLE Designated Representative Conemaugh Station</p> | |

NOTE: READ ACCOMPANYING INSTRUCTIONS CAREFULLY PRIOR TO COMPLETING FORM.

SECTION A - IDENTITY AND LOCATION OF CONTROL FACILITY

| | | | |
|---|--|--|--|
| 1. FULL BUSINESS NAME OF APPLICANT GPU Generation Corporation (Operator for Owners Group) 1001 Broad Street Johnstown, PA 15907 | | 2. TYPE OF OWNERSHIP <input type="checkbox"/> INDIVIDUAL <input checked="" type="checkbox"/> OTHER (Describe) <input type="checkbox"/> PARTNERSHIP see attached list of <input type="checkbox"/> CORPORATION station owners | |
| 3. PERSON TO CONTACT REGARDING THIS APPLICATION (Name and Title) Mr. T. E. McKenzie | | TELEPHONE 814-533-8670 | |
| ADDRESS (Street, City, State, Zip Code) 1001 Broad Street, Johnstown, PA 15907 | | | |
| 4. PERSON AUTHORIZED TO RECEIVE CERTIFICATION (Name and Title) Ronald P. Lantzy, Designated Representative, Conemaugh Station | | | |
| ADDRESS (Street, City, State, Zip Code) 1001 Broad Street, Johnstown, PA 15907 | | | |
| 5. BUSINESS NAME OF PLANT (If different from Item 1) (Street, City, State, Zip Code) Conemaugh Generating Station P. O. Box K New Florence, PA 15944 | | 6. APPLICANT'S EMPLOYER IDENTIFICATION NO. 25-1753949 | |

SECTION B - DESCRIPTION OF CONTROL FACILITY

1. DESCRIBE THE FACILITY FOR WHICH CERTIFICATION IS SOUGHT. INCLUDE TYPE OF EQUIPMENT, MANUFACTURER AND MODEL NUMBER. SUBMIT DESIGN CRITERIA, ENGINEERING REPORT AND/OR PERFORMANCE SPECIFICATIONS WHICH DESCRIBE FUNCTION AND OPERATION OF FACILITY:

Certification is sought for the new Flue Gas Desulfurization System installed on Units 1 and 2 of Conemaugh Generating Station. This system was installed in response to sulfur dioxide emission reductions as required by the Clean Air Act Amendments of 1990.

Attachment A provides the detailed technical and equipment specification for the system as designed and constructed by ABB Environmental Systems, Inc.

| | | | |
|--|---|--|---|
| 2. IS FACILITY IN OPERATION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | A. IF "YES" DATE FACILITY WAS PLACED IN OPERATION Unit 1 - Dec. 18, 1994 Unit 2 - Nov. 21, 1995 | B. IF "NO" DATE FACILITY IS EXPECTED TO BE PLACED IN OPERATION Inapplicable | C. IF FACILITY CONSISTS OF A BUILDING, IS IT EXCLUSIVELY FOR CONTROL OF POLLUTION? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 4. DOES THE FACILITY (installed after December 31, 1977 ONLY) AFFECT THE OPERATING UNIT (or the plant or other property in connection with which the facility is used) MOST DIRECTLY ASSOCIATED WITH THE FACILITY IN ANY OF THE FOLLOWING WAYS? | | | |
| INCREASE THE OUTPUT OR CAPACITY? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO EXTEND THE USEFUL LIFE? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO REDUCE THE TOTAL OPERATING COSTS? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO | | | |
| A. IF THE ANSWER TO ANY OF THE ABOVE IS "YES" IS THE PERCENTAGE BY WHICH THE OPERATING UNIT WAS EFFECTED <input type="checkbox"/> 5% OR <input type="checkbox"/> LESS | | | |
| B. IF NONE OF THE FOREGOING INCREASES, EXTENSIONS, OR REDUCTIONS EXCEEDING 5% STATE THE RATIONALE AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE(S) GIVEN IN RESPONSE TO ITEM 4A. | | | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

1. DESCRIBE PROCESS OR ACTIVITY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED.
Conemaugh Generating Station consists of two identical steam electric generating units (Units 1 & 2). Each unit is rated at 850 MW, and is capable of 895 MW max net and 930 MW gross generation.

2. STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE NUMBER
4911

3. DATE THAT EACH PLANT OR OTHER PROPERTY IN CONNECTION WITH WHICH FACILITY IS OR WILL BE USED, COMMENCE OPERATION.

| PLANT OR PROPERTY | DATE |
|--|--------------|
| A. Unit 1 commenced commercial operation | May 21, 1970 |
| B. Unit 2 commenced commercial operation | May 27, 1971 |
| C. | |

SECTION C - DESCRIPTION OF COMMERCIAL PROCESS OR ACTIVITY

4A. IF FACILITY IS OR WILL BE USED IN CONNECTION WITH MORE THAN ONE PLANT OR PROPERTY AND IF ONE OR MORE OF THE PLANTS OR PROPERTIES IN CONNECTION WITH WHICH THE FACILITY IS OR WILL BE USED WAS NOT IN OPERATION PRIOR TO JANUARY 1, 1976, STATE THE PERCENTAGE OF THE COST OF FACILITY WHICH IS ALLOCABLE TO THE PLANT(S) OR PROPERTY(IES) IN OPERATION PRIOR TO THAT DATE. _____% **Inapplicable**

4B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 4(A).

Inapplicable

5A. IF FACILITY PERFORMS A FUNCTION OR FUNCTIONS IN ADDITION TO THE ABATEMENT OF POLLUTION, STATE THE PERCENTAGE OF THE COST OF FACILITY ALLOCABLE TO THE ABATEMENT OF POLLUTION. _____% **Inapplicable**

5B. DESCRIBE THE REASONING AND FURNISH THE DATA USED TO ARRIVE AT THE PERCENTAGE GIVEN IN RESPONSE TO ITEM 5(A).

Inapplicable

SECTION D - WASTEWATER CHARACTERISTICS (To be completed only in connection with facilities for the control of water pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF THE WASTE OR WASTEWATER STREAM OR DISCHARGE. REPORT EITHER ON ACTUAL BASIS OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS (Use Standard Units - concentration, transmitter, ppm, etc.).

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. _____ Avg. _____
b. Per Year: Min. _____ Max. _____ Avg. _____

Inapplicable

| 2. WASTEWATER DISCHARGE IN (A) GALLONS PER MINUTE, (B) MILLIONS OF GALLONS | WITHOUT POLLUTION CONTROL FACILITY | | | WITH POLLUTION CONTROL FACILITY | | |
|--|------------------------------------|------------|------------|---------------------------------|------------|------------|
| | 1. Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| | Inapplicable | | | Min. _____ | Max. _____ | Avg. _____ |
| | 2. Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

3. POLLUTANTS OR WASTE PRODUCTS

| | | | | | | |
|-------------------------|------------|------------|------------|------------|------------|------------|
| 3.a Inapplicable | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.b | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.c | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.d | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.e | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.f | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.g | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.h | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.i | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |
| 3.j | Min. _____ | Max. _____ | Avg. _____ | Min. _____ | Max. _____ | Avg. _____ |

4. DESCRIBE METHOD (GRAB OR COMPOSITE) AND FREQUENCY OF SAMPLING AND METHODS USED TO DETERMINE QUANTITIES OF POLLUTANTS.
Inapplicable

5. IS FACILITY A PRETREATMENT FACILITY TO PREPARE WASTEWATER FOR RECEIPT BY ANOTHER FACILITY, PUBLIC OR PRIVATE, FOR FURTHER TREATMENT? IF "YES", SKIP ITEMS 6, 7 AND 8 AND IDENTIFY RECEIVING FACILITY. YES NO
Inapplicable

6. IDENTIFY THE BODY OR STREAM OF WATER INTO WHICH WASTEWATER FROM THE PLANT OR PROPERTY, IN CONNECTION WITH WHICH THE FACILITY IS USED, IS OR WILL BE DISCHARGED. Inapplicable

7. DESCRIBE LOCATION OF DISCHARGE OR OUTFALL WITH RESPECT TO RECEIVING WATERS.
Inapplicable

8. IS THE RECEIVING BODY OR STREAM OF WATER A NAVIGABLE WATERWAY OF THE UNITED STATES OR A TRIBUTARY THEREOF? YES NO IF "NO," PROCEED TO ITEM 9. Inapplicable

A. IF "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN APPLIED FOR? YES NO IF "NO," EXPLAIN, THEN PROCEED TO ITEM 9.
Inapplicable

B. IF ANSWER TO ITEM 8A IS "YES" HAS A U.S. ARMY CORPS OF ENGINEERS DISCHARGE PERMIT BEEN ISSUED? YES NO
(1) IF "YES," ATTACH COPY OR PROVIDE PERMIT NUMBER _____ OMIT ITEM 9.
(2) IF "NO," EXPLAIN, GIVING DATES OF ANY OFFICIAL ACTION WITH RESPECT TO APPLICATION.
Inapplicable

9. IF ITEM 8B HAS NOT BEEN ANSWERED "YES," IDENTIFY APPLICABLE STATE AND LOCAL WATER POLLUTION CONTROL REQUIREMENTS AND STANDARDS.
Inapplicable

SECTION E - EMISSION CHARACTERISTICS (To be completed only in connection with facilities for the control of air pollution)

DESCRIBE THE EFFECT OF POLLUTION CONTROL FACILITY IN TERMS OF QUANTITY AND QUALITY OF EMISSION AND OF EMISSION AND OF WASTES OR BY-PRODUCTS REMOVED, ALTERED, DISPOSED OF, OR PREVENTED. IF FEASIBLE, ATTACH PROCESS FLOW OR SCHEMATIC DIAGRAM WITH MATERIAL BALANCES OF POLLUTANTS IN THE EMISSION STREAM. REPORT EITHER ON ACTUAL BASIS, OR, IF FACILITY IS NOT YET IN OPERATION, ON DESIGN BASIS.

1. HOURS PLANT OR PROPERTY IS IN OPERATION: a. Per Month: Min. _____ Max. 720 Avg. _____
b. Per Year: Min. _____ Max. 8760 Avg. _____

2. POLLUTANTS TO BE CONTROLLED (Specify each)
a. Sulfur dioxide
b. _____
c. _____
d. _____

| 3. VOLUMETRIC FLOW RATE OF EMISSION (actual cubic feet/minute) | WITHOUT POLLUTION CONTROL FACILITY | | | | | WITH POLLUTION CONTROL FACILITY | | | | | |
|--|------------------------------------|------|------------------|------------|------------|---------------------------------|------|------------------|-------------|------------|----|
| | Min. | Max. | Avg. | at | OF | Min. | Max. | Avg. | at | OF | |
| | | | <u>3,316,000</u> | <u>315</u> | | | | <u>2,700,000</u> | <u>125</u> | | |
| 4. CONCENTRATION (in volume % of gaseous components; (lbs/MBtu) | a. | Min. | Max. | Avg. | at | OF | Min. | Max. | Avg. | at | OF |
| | | | | <u>3.5</u> | <u>315</u> | | | | <u>0.15</u> | <u>125</u> | |
| | b. | Min. | Max. | Avg. | at | OF | Min. | Max. | Avg. | at | OF |
| | c. | Min. | Max. | Avg. | at | OF | Min. | Max. | Avg. | at | OF |
| d. | Min. | Max. | Avg. | at | OF | Min. | Max. | Avg. | at | OF | |
| 5. CONCENTRATION (grams/cubic feet of all particulate matter) | Min. | Max. | Avg. | at | OF | Min. | Max. | Avg. | at | OF | |
| 6. CONCENTRATION (grams/cubic feet of any specific particulate listed in E-2.2(a)) | Min. | Max. | Avg. | at | OF | Min. | Max. | Avg. | at | OF | |

7. DESCRIBE METHOD OF DETERMINING RATES, CONCENTRATION AND CHARACTERISTICS OF EMISSIONS.

Rates are determined using certified (PaDEP and U.S. EPA) Continuous Emissions Monitoring Systems.

8. IDENTIFY APPLICABLE STATE AND LOCAL AIR POLLUTION CONTROL REQUIREMENTS AND STANDARDS.

The applicable SO₂ emissions reduction requirements are federal requirements established in Title IV of the Clean Air Act Amendments of 1990 (Section 404(d) Phase I extension units), but are set out in a state-issued preconstruction approval nos. 32-306-010 and 32-306-010A.

SECTION F - COST INFORMATION (See Note to instructions for this section)

1. IS THERE ANY BY-PRODUCT OR MATERIAL WHICH, WITHOUT THE CONTROL FACILITY, WOULD BE LOST AND WHICH IS RECOVERED THROUGH THE USE OF THE FACILITY? YES NO

A. IF YES, IDENTIFY Gypsum (calcium sulfate, dihydrate)

B. INDICATE THE DISPOSITION OF EACH TYPE OF RECOVERED MATERIAL, INCLUDING IF APPLICABLE, THE SALE OR SIMILAR DISPOSITION OF RECLAIMED OR RECOVERED MATERIAL TO INDUSTRIAL WASTE RECOVERY FIRMS OR OTHERS.

Currently all by-product is being land filled at the facility's ash disposal area.

| | | |
|---|--------------------------------|--------|
| 2. ANNUAL COST RECOVERY | A. MATERIAL RECOVERED AND SOLD | \$ -0- |
| | B. OTHER | \$ -0- |
| | C. TOTAL | \$ -0- |
| 3. TOTAL AVERAGE ANNUAL MAINTENANCE AND OPERATING COSTS (Not applicable if no cost recovery is reported in item 2) | | \$ |

U.S. ENVIRONMENTAL PROTECTION AGENCY

NOTICE OF FEDERAL CERTIFICATION
(Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)

PLEASE TAKE NOTICE that pursuant to section 169 of the Internal Revenue Code of 1954, as amended, and Part 20 of Title 40 of the Code of Federal Regulations, the control facility identified herein

- Is certified Will, if constructed, reconstructed, acquired, erected, installed and operated in accordance with the accompanying application, be certified

as being in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution air pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.) or the Clean Air Act, as amended (42 U.S.C. 1857 et seq.). This certification is based on facts furnished by the applicant, and is valid for purposes of section 169 only to the extent that such facts are complete and accurate.

| | |
|--|--|
| <p>1. NAME OF APPLICANT GPU Generation Corporation (Operator for owner's group)</p> | <p>ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907</p> |
| <p>2. EMPLOYER IDENTIFICATION NUMBER 25-1753949</p> | |
| <p>3. PERSON AUTHORIZED TO RECEIVE CERTIFICATION:</p> | |
| <p>NAME Ronald P. Lantzy</p> | <p>ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907</p> |
| <p>TITLE Designated Representative for Conemaugh Generating Station</p> | |
| <p>4. DESCRIPTION OF CONTROL FACILITY</p> <p>Certification is sought for the new Flue Gas Desulfurization System installed on Units 1 and 2 of Conemaugh Generating Station. This system was installed in response to sulfur dioxide emission reductions as required by the Clean Air Act Amendments of 1990. Attachment A provides the detailed technical and equipment specification.</p> | |
| <p>5. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Conemaugh Generating Station, P. O. Box K, New Florence, PA 15944</p> | |
| <p>6. EFFLUENT DISCHARGED TO Ambient Air</p> | |
| <p>7. THE CONTROL FACILITY IDENTIFIED HEREIN <input type="checkbox"/> DOES <input checked="" type="checkbox"/> DOES NOT GENERATE PROFITS THROUGH THE RECOVERY AND SALES OF WASTES, OR OTHERWISE.</p> | |
| <p>8. THE CONTROL FACILITY IDENTIFIED HEREIN <input checked="" type="checkbox"/> IS <input type="checkbox"/> IS NOT A BUILDING THE ONLY FUNCTION OF WHICH IS THE ABATEMENT OR CONTROL OF POLLUTION, AS DETERMINED IN ACCORDANCE WITH SECTION 1.169-2 (2) (i) OF THE INCOME TAX REGULATIONS.</p> | |
| <p>9. <input checked="" type="checkbox"/> A. THE CONTROL FACILITY IDENTIFIED HEREIN IS USED ONLY IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975. <input type="checkbox"/> B. _____% OF THE AMORTIZABLE BASIS OF THE FACILITY IS ALLOCABLE TO ITS USE IN CONNECTION WITH PLANTS OR PROPERTIES THAT WERE IN SERVICE ON OR BEFORE DECEMBER 31, 1975.</p> | |
| <p>10. <input checked="" type="checkbox"/> A. THE CONTROL FACILITY PERFORMS NO FUNCTION IN ADDITION TO THE ABATEMENT OR CONTROL OF POLLUTION. <input type="checkbox"/> B. _____% OF THE AMORTIZABLE BASIS OF THE CONTROL FACILITY IS ALLOCABLE TO THE ABATEMENT OR CONTROL OF POLLUTION.</p> | |
| <p>ISSUED THIS _____ DAY OF _____, 19____</p> | <p>SIGNATURE</p> |
| <p>STATE CERTIFICATION NUMBER</p> | <p>TITLE</p> |

| | |
|---|---|
| <p style="text-align: center;">ENVIRONMENTAL PROTECTION AGENCY</p> <p style="text-align: center;">NOTICE OF STATE CERTIFICATION (Pursuant to Section 169 of the Internal Revenue Code of 1954, as amended)</p> | <p style="text-align: center;">STATE Pennsylvania</p> <p style="text-align: center;">WATER OR AIR POLLUTION CONTROL AGENCY OR AUTHORITY Pa Dept. of Environmental Protection Bureau of Air Quality Control</p> |
| <p>It is hereby certified that the control facility described in the attached application is in conformity with State and local programs and requirements for the control of <input type="checkbox"/> water pollution <input checked="" type="checkbox"/> air pollution, as required by section 169 of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder. According to the applicant, this control facility <input checked="" type="checkbox"/> was placed <input type="checkbox"/> will be placed in operation on December 18, 1994 (Unit 1) and November 16, 1995 (Unit 2)</p> <p>In the case of control facility not yet in operation, this notice is certification only that the control facility, if constructed and operated in accordance with the application, will be in conformity with State and local programs or requirements for abatement or control of water or air pollution.</p> | |
| <p>1. NAME OF APPLICANT GPU Generation Corporation (Operator for Owner's Group)</p> <p>ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907</p> | <p>2. PERSON AUTHORIZED TO RECEIVE CERTIFICATION Ronald P. Lantzy</p> <p>TITLE Designated Representative for Conemaugh Generating Station</p> <p>ADDRESS (Street, City, State, Zip Code) 1001 Broad Street Johnstown, PA 15907</p> |
| <p>3. DESCRIPTION OF CONTROL FACILITY</p> <p>Certification is sought for the new Flue Gas Desulfurization System installed on Units 1 and 2 of Conemaugh Generating Station. This system was installed in response to sulfur dioxide emission reductions as required by the Clean Air Act Amendments of 1990.</p> <p>Attachment A provides the detailed technical and equipment specification.</p> | |
| <p>4. LOCATION OF CONTROL FACILITY (Street, City, State, Zip Code) Conemaugh Generating Station P. O. Box K New Florence, PA 15044</p> | <p>5. RECEIVING BODY OR STREAM OF WATER, IF ANY Inapplicable</p> |
| <p>6. USE OF THE CONTROL FACILITY CERTIFIED HEREBY IS IN CONFORMITY WITH THE FOLLOWING APPLICABLE STATE PLAN OR REQUIREMENTS FOR THE CONTROL OF <input type="checkbox"/> WATER POLLUTION <input checked="" type="checkbox"/> AIR POLLUTION.</p> <p>Clean Air Act Amendments of 1990 for sulfur dioxide emission reductions.</p> | |
| <p>ISSUED</p> <p>THIS _____ DAY OF _____ 19____</p> <p>STATE CERTIFICATION NUMBER</p> | <p>SIGNED (Official of State Agency)</p> <p>_____</p> <p>TITLE</p> |

Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))
▶ Attach to your tax return.

OMB No. 1545-0184

1995

Attachment
Sequence No. **27**

Name(s) shown on return

Identifying number

Pennsylvania Power & Light Company

23-0959590

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1995 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 11 or 22 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Property Held More Than 1 Year

| (a) Description of property | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | (d) Gross sales price | (e) Depreciation allowed or allowable since acquisition | (f) Cost or other basis, plus improvements and expense of sale | (g) LOSS ((f) minus the sum of (d) and (e)) | (h) GAIN ((d) plus (e) minus (f)) |
|--------------------------------|-----------------------------------|-------------------------------|-----------------------|---|--|---|-----------------------------------|
| 2 Disposition of Assets | | | | | | | |
| | VARIES | 070195 | 966,160. | 124375789 | 128302483 | <2960534> | |

| | | |
|---|----|--------------|
| 3 Gain, if any, from Form 4684, line 39 | 3 | |
| 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 | 4 | |
| 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 | 5 | |
| 6 Gain, if any, from line 34, from other than casualty or theft | 6 | |
| 7 Add lines 2 through 6 in columns (g) and (h) | 7 | 2,960,534 |
| 8 Combine columns (g) and (h) of line 7. Enter gain or (loss) here, and on the appropriate line as follows: Partnerships - Enter the gain or (loss) on Form 1065, Schedule K, line 6. Skip lines 9, 10, 12, and 13 below. S corporations - Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 9, 10, 12, and 13 below, unless line 8 is a gain and the S corporation is subject to the capital gains tax. All others - If line 8 is zero or a loss, enter the amount on line 12 below and skip lines 9 and 10. If line 8 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain as a long-term capital gain on Schedule D and skip lines 9, 10, and 13 below. | 8 | <2,960,534.> |
| 9 Nonrecaptured net section 1231 losses from prior years (see instructions) | 9 | |
| 10 Subtract line 9 from line 8. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions): S corporations - Enter this amount on Schedule D (Form 1120S), line 13, and skip lines 12 and 13 below. All others - If line 10 is zero, enter the amount from line 8 on line 13 below. If line 10 is more than zero, enter the amount from line 9 on line 13 below, and enter the amount from line 10 as a long-term capital gain on Schedule D. | 10 | |

Part II Ordinary Gains and Losses

11 Ordinary gains and losses not included on lines 12 through 18 (include property held 1 year or less):

| (a) Description of property | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | (d) Gross sales price | (e) Depreciation allowed or allowable since acquisition | (f) Cost or other basis, plus improvements and expense of sale | (g) LOSS ((f) minus the sum of (d) and (e)) | (h) GAIN ((d) plus (e) minus (f)) |
|------------------------------|-----------------------------------|-------------------------------|-----------------------|---|--|---|-----------------------------------|
| Disposition of Assets | | | | | | | |
| | VARIES | 070195 | 159,954. | 144004549 | 144169778 | <5,275.> | |

| | | |
|--|--------|--------------|
| 12 Loss, if any, from line 8 | 12 | <2960534> |
| 13 Gain, if any, from line 8, or amount from line 9 if applicable | 13 | |
| 14 Gain, if any, from line 33 | 14 | |
| 15 Net gain or (loss) from Form 4684, lines 31 and 38a | 15 | <121,206.> |
| 16 Ordinary gain from installment sales from Form 6252, line 25 or 36 | 16 | |
| 17 Ordinary gain or (loss) from like-kind exchanges from Form 8824 | 17 | |
| 18 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) | 18 | |
| 19 Add lines 11 through 18 in columns (g) and (h) | 19 | 3,087,015 |
| 20 Combine columns (g) and (h) of line 19. Enter gain or (loss) here, and on the appropriate line as follows: a For all except individual returns: Enter the gain or (loss) from line 20 on the return being filed. b For individual returns: (1) If the loss on line 12 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here and on line 22 of Schedule A (Form 1040). Identify as from "Form 4797, line 20b(1)." See instructions (2) Redetermine the gain or (loss) on line 20, excluding the loss, if any, on line 20b(1). Enter here and on Form 1040, line 14 | 20 | <3,087,015.> |
| | 20b(1) | |
| | 20b(2) | |

518001
11-03-95

09570927 H761 For Paperwork Reduction Act Notice, see page 1 of separate instructions. 0

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Pennsylvania Power & Light Com

Form 4797 (1995)
23095952

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

| 21 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | | (b) Date acquired | (c) Date sold | | |
|---|-----|-------------------|-----------------|------------|------------|
| | | (mo., day, yr.) | (mo., day, yr.) | | |
| A | | | | | |
| B | | | | | |
| C | | | | | |
| D | | | | | |
| Relate lines 21A through 21D to these columns | | Property A | Property B | Property C | Property D |
| 22 Gross sales price (Note: See line 1 before completing.) | 22 | | | | |
| 23 Cost or other basis plus expense of sale | 23 | | | | |
| 24 Depreciation (or depletion) allowed or allowable | 24 | | | | |
| 25 Adjusted basis. Subtract line 24 from line 23 | 25 | | | | |
| 26 Total gain. Subtract line 25 from line 22 | 26 | | | | |
| 27 If section 1245 property: | | | | | |
| a Depreciation allowed or allowable from line 24 | 27a | | | | |
| b Enter the smaller of line 26 or 27a | 27b | | | | |
| 28 If section 1250 property: if straight line depreciation was used, enter -0- on line 28g, except for a corporation subject to section 291. | | | | | |
| a Additional depreciation after 1975 | 28a | | | | |
| b Applicable percentage multiplied by the smaller of line 26 or line 28a | 28b | | | | |
| c Subtract line 28a from line 26. If residential rental property or line 26 is not more than line 28a, skip lines 28d and 28e | 28c | | | | |
| d Additional depreciation after 1969 and before 1976 | 28d | | | | |
| e Enter the smaller of line 28c or 28d | 28e | | | | |
| f Section 291 amount (corporations only) | 28f | | | | |
| g Add lines 28b, 28e, and 28f | 28g | | | | |
| 29 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership. | | | | | |
| a Soil, water, and land clearing expenses | 29a | | | | |
| b Line 29a multiplied by applicable percentage | 29b | | | | |
| c Enter the smaller of line 26 or 29b | 29c | | | | |
| 30 If section 1254 property: | | | | | |
| a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs | 30a | | | | |
| b Enter the smaller of line 26 or 30a | 30b | | | | |
| 31 If section 1255 property: | | | | | |
| a Applicable percentage of payments excluded from income under section 126 | 31a | | | | |
| b Enter the smaller of line 26 or 31a | 31b | | | | |

Summary of Part III Gains. Complete property columns A through D, through line 31b before going to line 32.

| | | |
|--|----|--|
| 32 Total gains for all properties. Add columns A through D, line 26 | 32 | |
| 33 Add property columns A through D, lines 27b, 28g, 29c, 30b, and 31b. Enter here and on line 14 | 33 | |
| 34 Subtract line 33 from line 32. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 34 | |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
See instructions.

| | (a) Section 179 | (b) Section 280F(b)(2) |
|--|-----------------|------------------------|
| 35 Section 179 expense deduction or depreciation allowable in prior years | 35 | |
| 36 Recomputed depreciation. See instructions | 36 | |
| 37 Recapture amount. Subtract line 36 from line 35. See instructions for where to report | 37 | |

Name(s) shown on tax return. Do not enter name and identifying number if shown on Page 1.

Identifying number

Pennsylvania Power & Light Company

23-0959590

SECTION B - Business and Income-Producing Property

(Use this section to report casualties and thefts of property used in a trade or business or for income-producing purposes.)

Part I Casualty or Theft Gain or Loss (Use a separate Part I for each casualty or theft)

19 Description of properties (show type, location, and date acquired for each):

Property A VARIOUS Property Damage Claims

Property B

Property C

Property D

Casualty Number 100

Table with 4 columns (A, B, C, D) and rows 20-28. Row 20: 121,206. Row 21: 0. Row 26: 121,206. Row 27: 121,206. Row 28: 121,206.

Part II Summary of Gains and Losses (from separate Parts I)

(b) Losses from casualties or thefts

(c) Gains from casualties or thefts includible in income

(a) Identify casualty or theft

(i) Trade, business, rental or royalty property

(ii) Income-producing property

Casualty or Theft of Property Held One Year or Less

Table with 3 columns (a, b(i), b(ii)) and rows 29-32. Row 30: Totals. Row 31: Combine line 30, columns (b)(i) and (c). Row 32: Enter the amount from line 30, column (b)(ii).

Casualty or Theft of Property Held More Than One Year

Table with 3 columns (a, b(i), b(ii)) and rows 33-39. Row 34: Casualty Number 100. Row 35: Total losses. Row 36: Total gains. Row 37: Add amounts on line 35, columns (b)(i) and (b)(ii). Row 38a: Combine line 35, column (b)(i) and line 36. Row 38b: Enter the amount from line 35, column (b)(ii). Row 39: If the loss on line 37 is equal to or less than the gain on line 36.

Note: Partnerships, enter the amount from line 38a, 38b, or line 39 on Form 1065, Schedule K, line 7. S corporations, enter the amount from line 38a or 38b on Form 1120S, Schedule K, line 6.

**PENNSYLVANIA POWER & LIGHT COMPANY
INCOME TAX RETURN - 1995**

Elections - Depreciation

Election to Compute Depreciation on Assets Placed
in Service Prior to January 1, 1971 Under the
Provisions of Regulations Section 1.167(a)-12

Pennsylvania Power & Light Company hereby elects, pursuant to the authority contained in Regulations Section 1.167(a)-12(e)(2), to apply the provisions of Regulations Section 1.167(a)-12 for the calendar year 1995 to assets placed in service prior to January 1, 1971 which are contained in the following asset guideline classes set forth in Revenue Procedure 72-10:

| | |
|-------|-------|
| 00.27 | 49.40 |
| 49.11 | 65.41 |
| 49.13 | 70.11 |
| 49.14 | 70.13 |

In connection with this election, Pennsylvania Power & Light Company consents to and agrees to apply all of the provisions of Regulations Section 1.167(a)-12.

Election to Switch From Declining Balance Methods

Pennsylvania Power & Light Company hereby elects to switch certain depreciable property from the double declining balance and limited declining balance methods to the straight line method of depreciation commencing with the year 1995. The information required by Regulation Section 1.167(e)-1 will be made available to the examining agent upon audit.

Schedule G

Depreciation and Amortization
 (Including Information on Listed Property)

▶ Attach this form to your return.

OTHER

| | | |
|--|--|---|
| Name(s) shown on return Pennsylvania Power & Light Company | Business or activity to which this form relates Other Depreciation | Identifying number 23-0959590 |
|--|--|---|

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," complete Part V before you complete Part I.)

| | | |
|---|---|--------------|
| 1 Maximum dollar limitation (if an enterprise zone business, see instructions.) | 1 | 17,500. |
| 2 Total cost of section 179 property placed in service during the tax year | 2 | 442,017,893. |
| 3 Threshold cost of section 179 property before reduction in limitation | 3 | \$200,000 |
| 4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | 441,817,893. |
| 5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions | 5 | |

| 6 (a) Description of property | (b) Cost | (c) Elected cost |
|-------------------------------|----------|------------------|
| | | |
| | | |
| | | |
| | | |

| | | |
|--|------|---------|
| 7 Listed property. Enter amount from line 27 | 7 | |
| 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 Carryover of disallowed deduction from 1994 | 10 | |
| 11 Taxable income limitation. Enter the smaller of taxable income (not less than zero) or line 5 | 11 | 17,500. |
| 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | |
| 13 Carryover of disallowed deduction to 1996. Add lines 9 and 10, less line 12 | ▶ 13 | |

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1995 Tax Year (Do Not Include Listed Property)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (Business/investment use only) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---|--------------------------------------|---|---------------------|----------------|------------|----------------------------|
| Section B - General Depreciation System (GDS) (See instructions) | | | | | | |
| 15 a 3-year property | | | | | | |
| b 5-year property | | 95,492,926. | 5 yrs. | HY | DDB | 19,098,585. |
| c 7-year property | | 2,397,355. | 7 yrs. | HY | DDB | 342,479. |
| d 10-year property | | | | | | |
| e 15-year property | | 58,931,882. | 15 yrs. | HY | 150DB | 2,946,594. |
| f 20-year property | | 285,195,730. | 20 yrs. | HY | 150DB | 10,694,840. |
| g Residential rental property | / | | 27.5 yrs. | MM | S/L | |
| | / | | 27.5 yrs. | MM | S/L | |
| h Nonresidential real property | / | 23,389,898. | 39 yrs. | MM | S/L | 357,237. |
| | / | | | MM | S/L | |

Section C - Alternative Depreciation System (ADS) (See instructions)

| | | | | | | |
|-----------------|---|--|---------|----|-----|--|
| 16 a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | / | | 40 yrs. | MM | S/L | |

Part III Other Depreciation (Do Not Include Listed Property)

| | | |
|---|----|--------------|
| 17 GDS and ADS deductions for assets placed in service in tax years beginning before 1995 | 17 | 178,189,215. |
| 18 Property subject to section 168(f)(1) election | 18 | |
| 19 ACRS and other depreciation | 19 | 113,620,748. |

Part IV Summary

| | | |
|---|----|--------------|
| 20 Listed property. Enter amount from line 26 | 20 | 586,581. |
| 21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions | 21 | 325,836,279. |
| 22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 22 | 19,347,187. |

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See instructions for limitations for automobiles.)

| 23a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | 23b If "Yes," is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | | | |
|--|----------------------------------|--|----------------------------|--|------------------------|---------------------------|-------------------------------|------------------------------------|
| (a) Type of property (list vehicles first) | (b) Date placed in service | (c) Business/ investment use percentage | (d) Cost or other basis | (e) Basis for depreciation (business/ investment use only) | (f) Recovery period | (g) Method/ Convention | (h) Depreciation deduction | (i) Elected section 179 cost |
| 24 Property used more than 50% in a qualified business use: | | | | | | | | |
| Luxury auto | 000095 | % | 1130829 | | 5 YRSDDDB/HY | | 171,360. | |
| Luxury auto | 000094 | % | 693,356. | | 5 YRSDDDB/HY | | 169,200. | |
| Luxury auto | VARIABLES | % | 2027633 | | 5 YRSDDDB/HY | | 246,021. | |
| 25 Property used 50% or less in a qualified business use: | | | | | | | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| 26 Add amounts in column (h). Enter the total here and on line 20, page 1 | | | | | | | 26 | 586,581. |
| 27 Add amounts in column (i). Enter the total here and on line 7, page 1 | | | | | | | | 27 |

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| 28 Total business/investment miles driven during the year (DO NOT include commuting miles) | (a) Vehicle | | (b) Vehicle | | (c) Vehicle | | (d) Vehicle | | (e) Vehicle | | (f) Vehicle | |
|--|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|
| | | | | | | | | | | | | |
| 29 Total commuting miles driven during the year | | | | | | | | | | | | |
| 30 Total other personal (noncommuting) miles driven | | | | | | | | | | | | |
| 31 Total miles driven during the year. Add lines 28 through 30 | | | | | | | | | | | | |
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 32 Was the vehicle available for personal use during off-duty hours? | | | | | | | | | | | | |
| 33 Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | | | | | | | |
| 34 Is another vehicle available for personal use? | | | | | | | | | | | | |

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

| | | |
|--|-----|----|
| | Yes | No |
| 35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | | X |
| 36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? (See instructions for vehicles used by corporate officers, directors, or 1% or more owners.) | X | |
| 37 Do you treat all use of vehicles by employees as personal use? | | X |
| 38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | X | |
| 39 Do you meet the requirements concerning qualified automobile demonstration use? | | X |

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

| (a) Description of costs | (b) Date amortization begins | (c) Amortizable amount | (d) Code section | (e) Amortization period or percentage | (f) Amortization for this year |
|--|---------------------------------|---------------------------|---------------------|--|-----------------------------------|
| 40 Amortization of costs that begins during your 1995 tax year: | | | | | |
| 41 Amortization of costs that began before 1995 | | | | 41 | |
| 42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return | | | | 42 | |

PENNSYLVANIA POWER & LIGHT COMPANY
INCOME TAX RETURN - 1995

SPECIAL DEDUCTIONS

Pennsylvania Power & Light Company:

Line 18 - Dividends on certain preferred stocks:

| | <u>Shares Outstanding</u> | <u>Par Value @ \$100</u> | <u>Dividends Paid</u> |
|--|-------------------------------|------------------------------|---------------------------|
| 4-1/2% Preferred | 530,189 | \$53,018,900 | \$2,385,850.52 |
| Less shares not entitled to deduction | 87,000 | 8,700,000 | 391,500.00 |
| Balance | 443,189 | 44,318,900 | 1,994,350.52 |
| 3.35% Preferred | 41,783 | 4,178,300 | 139,973.04 |
| Total Dividends Subject to Deduction | | | \$2,134,323.56 |
| Deduction = 14% / Current Year Rate = 14% / 35% x \$2,134,323.56 = | | | \$853,728 |

Schedule I

Form **8275**

(Rev. April 1995)

Department of the Treasury
Internal Revenue Service**Disclosure Statement**Do not use this form to disclose items or positions that are contrary to Treasury regulations. Instead, use Form 8275-R, Regulation Disclosure Statement.
See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0889

Attachment
Sequence No. **92**

Name(s) shown on return

Pennsylvania Power & Light Company

Identifying number shown on return

23-0959590

Part I General Information (See instructions.)

| (a) Rev. Rul., Rev. Proc., etc. | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|------------------------------------|----------------------------------|--|----------------------------|--------------------|---------------|
| 1 | | Liability for continuing fee required under the Nuclear Waste Policy Act of 1982. | 1120 | 26 | \$ 3,255,054 |
| 2 | | Liability for "spare parts"-related refunds required pursuant to orders of the PA PUC and FERC | 1120 | 1a | \$23,466,828 |
| 3 | | Liability for decontamination and decommissioning payments pursuant to Title XI of the Energy Policy Act of 1992 | 1120 | 26 | \$ 2,699,955 |

Part II Detailed Explanation (See instructions.)

1 Taxpayer has deducted in this return its liability to the DOE arising from electricity generated at its nuclear power units for the period October 1, 1995 through December 31, 1995. Deduction has been claimed under the "recurring item exception." The "recurring item exception" method of accounting was elected by taxpayer in its 1984 tax return.

2 See attached Disclosure Statement.

3 See attached Disclosure Statement.

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure with respect to a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company, real estate investment trust, or real estate mortgage investment conduit (REMIC).

| | |
|--|--|
| 1 Name, address, and ZIP code of pass-through entity | 2 Identifying number of pass-through entity |
| | 3 Tax year of pass-through entity to |
| | 4 Internal Revenue Service Center where the pass-through entity filed its return |
| | |

For Paperwork Reduction Act Notice, see separate instructions.

Form **8275** (Rev. 4-95)

PENNSYLVANIA POWER & LIGHT COMPANY
INCOME TAX RETURN - 1995

Disclosure

"Spare Parts"-Related Refunds

Taxpayer has claimed a deduction in this return in the amount of \$23,466,828 which reflects the amount of "spare parts"-related refunds paid out during 1995 to its customers. This amount constitutes a part of a larger amount which Taxpayer is obligated to refund pursuant to orders of the Pennsylvania Public Utility Commission (PPUC) and the Federal Energy Regulatory Commission (FERC) [which orders became final in 1991] on account of a change in its regulatory accounting for spare parts. The ordered refunds are to be made over a 60-month period. On its originally filed 1991 return, Taxpayer claimed a deduction for such refunds on the same basis as in this return.

Prior to the filing of the 1992 return, Taxpayer filed an amended 1991 return which claimed a deduction for the entire amount of the refund liability which was established by the relevant regulatory orders. Thus, the amount claimed as a deduction for "spare parts"-related refunds in this return has been subsumed in the deduction claimed with respect to 1991 by amended return.

Thus far the Service has denied the claim on the 1991 amended return. However, the taxpayer continues to contest the matter in appeals. In the event that such tax refund claim is approved, Taxpayer will amend its 1995 return to eliminate the duplicative deduction claimed in this return.

Decontamination and Decommissioning Payment

Taxpayer has claimed a deduction in this return in the amount of \$2,699,955 which reflects the special assessments paid prior to September 15, 1996 to the United States Department of Energy for the decontamination and decommissioning fund. This amount constitutes a part of a larger amount which taxpayer is obligated to pay pursuant to Title XI of the Energy Policy Act of 1992 (Act). The payments are to continue for a period of the earlier of fifteen years or when a specific amount (\$2.25 billion for all companies) has been collected.

Prior to the filing of the 1993 return, taxpayer filed an amended 1992 return which recognized the entire amount of the liability which was established by the Act. Thus, the amount claimed as a deduction for decontamination and decommissioning payments has been subsumed in the amount reflected in the 1992 amended return.

The Service has not yet responded to the 1992 amended return and the tax refund claimed therein has not been received. In the event that such tax refund claim is approved, taxpayer will amend its 1995 return to eliminate the duplicative deduction claimed in this return.

Form 1120 Other Income Statement 1

| Description | Amount |
|--|-----------------|
| Amortization of premium on long-term debt | 32,114. |
| Recoveries through accts. rec. etc.-Pensions | 137,895. |
| Recoveries through accts. rec. etc.-Taxes | 330,536. |
| Commission, scap sales, etc. | 271,298. |
| Deferred gain-intercompany transaction | 95,173. |
| Total to Form 1120, Line 10 | 867,016. |

Form 1120 Taxes and Licenses Statement 2

| Description | Amount |
|-------------------------------------|---------------------|
| PA Capital Stock | 33,712,005. |
| PA Gross Receipts | 101,439,401. |
| PA Public Utility Realty | 45,796,173. |
| PA Sales & Use | 3,921,068. |
| PA Unemployment | 1,542,751. |
| PA Corporate Loans | 2,172. |
| Federal Unemployment | 432,875. |
| State Security & Hospital Insurance | 23,376,272. |
| Federal Highway Use | 12,167. |
| Federal Environmental | 701,580. |
| Local Property | 819,092. |
| Pennsylvania Corporate Net Income | 59,556,548. |
| DC Franchise | 9,085. |
| Total to Form 1120, Line 17 | 271,321,189. |

Current Year Contributions Statement 3

| Description | Amount |
|---|-------------------|
| Community Chests/United Fund | 390,680. |
| Hospitals | 54,255. |
| Universities and Colleges-Scholarships | 45,230. |
| Universities and Colleges-Other | 239,697. |
| Youth Organizations | 28,397. |
| Local Health and Welfare Organizations | 57,317. |
| Operation Help | 719,348. |
| Community Programs, Libraries | 131,016. |
| Community Partnership Program | 2,409,720. |
| Other Civic and Welfare Organizations | 138,988. |
| Total Current Year Contributions | 4,214,648. |

Contributions

Statement 4

Carryover of Prior Years Unused Contributions

- For Tax Year 1990
- For Tax Year 1991
- For Tax Year 1992
- For Tax Year 1993
- For Tax Year 1994

Total Carryover

Total Current Year Contributions

4,214,648

Total Contributions

4,214,648

10% of Taxable Income as Adjusted

54,356,493

Excess Contributions

0

Allowable Contributions Deduction

4,214,648

Form 1120 Other Deductions Statement 5

| Description | Amount |
|--|-----------------------|
| Operating Expenses | 1,129,602,867. |
| Removal Costs | 16,368,773. |
| Amortization | 11,731,937. |
| Severance Pay/Deferred Compensation | <2,934,077.> |
| Amortization of Debt Discount & Expense | 9,824,460. |
| Cost of Reacquired Debt | 3,475,760. |
| Coal Inventory Adjustment | <388,709.> |
| Adjustment of Clearing Accounts | <1,335,096.> |
| Amortization of Various RAR Items | 834. |
| Decommissioning Costs-IRC 468A | 8,116,005. |
| Transfer to/from Parent Company | 1,471,417. |
| ESOP Dividends Paid in Cash | 9,455,601. |
| Vacation Pay | 2,198,464. |
| Amortization-Book Leasehold Improvements | <1,749,379.> |
| Business Meals Disallowed | <981,057.> |
| Administrative & General Capitalized | <2,322,718.> |
| Keystone/Conemaugh Escrow | 1,618. |
| PMC Health Care Amortization | <2,454,422.> |
| Post-Retirement Benefits | 20,145,780. |
| Post-Employment Benefits | 791,652. |
| ECR Settlement | 17,432,025. |
| Reserve Premium-NEIL | 3,985. |
| Computer Software Amortization | <2,653,305.> |
| Vehicle & Equipment BLC Amortization | <9,696,662.> |
| Power Plant Inventory | <19,464,300.> |
| DOE Uranium Enrichment Cleanup | 52,417. |
| Unrealized Loss on Inventory | <18,273,538.> |
| Environmental Clean-up | <2,960,302.> |
| Organizational Expense | 39,894. |
| Spent Nuclear Fuel Storage | <880,257.> |
| Low Level Rad Waste | <2,551,424.> |
| SSES Window Deferral | 726,861. |
| SEC Filing Fee | <1,141,906.> |
| Computer Software Capitalized per Books | 28,173,049. |
| Rate Case Expense | 1,397,812. |
| EPA Emission Allowance | 799,477. |
| Deferred Credit-STAS | <2,157,253.> |
| Total to Form 1120, Line 26 | 1,189,866,283. |

Form 1120

Dividend Deduction Worksheet

Statement 6

| | |
|---|-------------|
| Refigured line 28, page 1, Form 1120 | 539,350,281 |
| 2. Complete Column C of lines 10, 11, 12 and enter the sum . . | |
| 3. Subtract line 2 from line 1 | 539,350,281 |
| 4. Multiply line 3 by 80% | 431,480,225 |
| 5. Enter the sum of amounts on lines 2, 5, 7 and 8 of column C and the portion of deduction on line 3, column C that is attributable to dividends received from 20% or more owned corporations | 1,752,000 |
| 6. Smaller of line 4 or line 5. (If line 5 > line 4, do not continue. Instead, enter the amount from line 6 on line 9, column C | 1,752,000 |
| 7. Enter the dividends received from 20%-or-more owned corporations included on lines 2, 3, 5, 7 and 8, column A . | 2,190,000 |
| 8. Subtract line 7 from line 3 | 537,160,281 |
| 9. Multiply line 8 by 70% | 376,012,197 |
| 10. Subtract line 5 above from line 9, column C | 330 |
| 11. Enter the smaller of line 9 or line 10 | 330 |
| 12. Dividends-received deduction after limitation (sec. 246(b)). Add the amounts on lines 6 and 11 and enter the result on line 9, column C | 1,752,330 |

Other Information 50% or more Ownership Question Statement 7

(A) Name Realty Company of Pennsylvania
 Address Two North Ninth St., Allentown, PA 18101
 Identifying Number 23-1612742
 (B) Percent of Stock 100.00%
 (C) Taxable Income (Loss)

(A) Name CEP Group, Inc.
 Address Two North Ninth St., Allentown, PA 18101
 Identifying Number 23-1677278
 (B) Percent of Stock 100.00%
 (C) Taxable Income (Loss)

(A) Name Interstate Energy Company
 Address Two North Ninth St., Allentown, PA 18101
 Identifying Number 74-1720208
 (B) Percent of Stock 100.00%
 (C) Taxable Income (Loss)

(A) Name Pennsylvania Coal Resources Corporation
 Address Two North Ninth St., Allentown, PA 18101
 Identifying Number 23-2274938
 (B) Percent of Stock 100.00%
 (C) Taxable Income (Loss)

Name Safe Harbor Water Power Corporation
 Address PO Box 97, Conestoga, PA 17516
 Identifying Number
 (B) Percent of Stock 50.00%
 (C) Taxable Income (Loss)

Schedule L Other Current Assets Statement 8

| Description | Beginning of Tax Year | End of Tax Year |
|--------------------------------|-----------------------|-----------------|
| Receivables - assoc. companies | 90,689,478. | 83,018,131. |
| Materials and supplies | 249,048,249. | 190,946,099. |
| Prepayments | 10,574,732. | 10,275,435. |
| Accrued utility revenues | 88,667,987. | 92,139,469. |
| Other | 26,833,343. | 29,878,035. |
| Total to Schedule L, Line 6 | 465,813,789. | 406,257,169. |

Schedule L Other Investments Statement 9

| Description | Beginning of Tax Year | End of Tax Year |
|--------------------------------|-----------------------|-----------------|
| Investment in assoc. companies | 94,993,590. | 71,474,659. |
| Other investments | 122,156,969. | 152,263,411. |
| Total to Schedule L, Line 9 | 217,150,559. | 223,738,070. |

Schedule L Other Assets Statement 10

| Description | Beginning of Tax Year | End of Tax Year |
|-------------------------------------|-----------------------|-----------------|
| Deferred Susquehanna unit #1 costs | 100,153,080. | 48,961,887. |
| Unamortized loss on reacquired debt | 113,466,264. | 116,953,502. |
| Unamortized debt expense | 4,855,071. | 5,089,845. |
| Clearing accounts | 935,383. | 1,208,361. |
| Preliminary survey | 549,926. | 697,463. |
| Misc. deferred debits | 22,198,300. | 18,750,730. |
| Future tax benefits | 342,066,918. | 310,947,322. |
| Other regulatory assets | 1,233,932,514. | 1,338,934,116. |
| Total to Schedule L, Line 14 | 1,818,157,456. | 1,841,543,226. |

Schedule L Other Current Liabilities Statement 11

| Description | Beginning of Tax Year | End of Tax Year |
|----------------------------------|-----------------------|-----------------|
| Payables to associated companies | 1,654,296. | 22,513,423. |
| Taxes accrued | 42,389,358. | 44,220,659. |
| Interest accrued | 63,924,477. | 65,369,088. |
| Dividends declared | 71,710,200. | 73,379,143. |
| Vacation pay | 29,483,120. | 26,878,825. |
| Tax collections payable | 4,546,664. | 4,657,612. |
| Accrued rent - energy trust | 21,510,404. | 14,042,331. |
| Capital lease obligations | 73,681,675. | 81,016,693. |
| Other | 40,094,946. | 39,062,464. |
| Total to Schedule L, Line 18 | 348,995,140. | 371,140,238. |

Schedule L Other Liabilities Statement 12

| Description | Beginning of Tax Year | End of Tax Year |
|--|-----------------------|-----------------------|
| Customer advances for construction | 40,389. | 40,389. |
| Accum. deferred investment tax credits | 227,823,051. | 217,145,324. |
| Liab. - Susquehanna plant | 820,173. | 1,668,992. |
| Susquehanna unit #1 energy savings | 88,160,773. | 45,987,545. |
| Cap. lease obligations | 151,083,441. | 138,624,358. |
| Accumulated misc. operating provision | 28,894,886. | 26,966,824. |
| Other deferred credits | 329,290,920. | 398,631,497. |
| Other regulatory liabilities | 221,455,907. | 178,066,720. |
| Accum. deferred income taxes | 2,372,581,560. | 2,382,843,398. |
| Accum. provision for rate refunds | | |
| Total to Schedule L, Line 21 | 3,420,151,100. | 3,389,975,047. |

Schedule L Appropriated Retained Earnings Statement 13

| Description | Beginning of Tax Year | End of Tax Year |
|-------------------------------------|-----------------------|-------------------|
| Appropriated Retained Earnings | 0. | 1,156,421. |
| Total to Schedule L, Line 24 | 0. | 1,156,421. |

Schedule M-1 Taxable Income not Recorded on Books Statement 14

| Description | Amount |
|--------------------------------------|--------------------|
| Investment credit adjustment | <10,677,727.> |
| Transfers to/from Parent Company | 912. |
| Contributions in Aid of Construction | 5,787,754. |
| Dividends received | 2,190,000. |
| Gain on Intercompany Transaction | 95,173. |
| Lessee ITC Income Adjustment | 71,378. |
| ECR-Section 481 | 333,516. |
| ECR Over-recovery | 14,196,653. |
| Leased Luxury Auto | 8,769. |
| Nonqualified Decommissioning Trust | 148,900. |
| Subpart F Income | 148,384. |
| Total to Schedule M-1, Line 4 | 12,303,712. |

Schedule M-1 Other Expenses Recorded on Books Statement 15
not Deducted in this Return

| Description | Amount |
|--------------------------------------|---------------------|
| Amortization | 14,099,346. |
| Deferred Taxes | 24,669,891. |
| Severance Pay/Deferred Compensation | 2,934,077. |
| Coal Inventory | 388,709. |
| Clearing Account Balances | 1,335,096. |
| Interest Capitalized | 8,502,559. |
| Administrative & General Capitalized | 2,322,718. |
| Environmental Cleanup | 2,960,302. |
| Health Care Costs-PMC | 2,454,422. |
| Book Provision-Bad Debts | 24,795,600. |
| Book Provision-Property Damage | 120,000. |
| Pension Expense | 5,877,282. |
| SSES Decommissioning Costs | 8,461,303. |
| IRC 162(e) Expense | 488,431. |
| Spent Nuclear Fuel Storage | 880,257. |
| Low Level Rad Waste | 2,551,424. |
| Deferred Credit-STAS | 2,157,253. |
| Net Unrealized Loss-M&S | 18,273,538. |
| Adjust Sales of Property | <3,434,960.> |
| SEC Filing Fee | 1,141,906. |
| Reversal of SSES Expense Deferral | 9,017,966. |
| te Income Tax | 1,258,387. |
| Total to Schedule M-1, Line 5 | 131,255,507. |

Schedule M-1 Other Income Recorded on Books Statement 16
not Included in this Return

| Description | Amount |
|--------------------------------------|--------------------|
| Interest During Construction | 11,470,049. |
| Spare Parts Change of Accounting | 4,002,528. |
| Equity in Earnings-Subsidiaries(net) | 29,529,026. |
| EPA Emmission Allowance | 706,013. |
| Total to Schedule M-1, Line 7 | 45,707,616. |

| | | |
|--------------|--|--------------|
| Schedule M-1 | Other Deductions in this Return not Charged Against Book Income | Statement 17 |
|--------------|--|--------------|

| Description | Amount |
|---|---------------------|
| Removal Costs | 16,368,773. |
| Amortization-Pollution Control | 11,731,937. |
| Amortization-RAR Items | 834. |
| ESOP Dividends Paid in Cash | 9,455,601. |
| Fees Keystone/Conemaugh Escrow Account | 1,618. |
| GE Settlement | 2,174,923. |
| Post-Retirement VEBA | 3,965,327. |
| ECR Settlement | 4,686,269. |
| Bad Debts Write-off | 18,966,346. |
| Property Damage | 121,207. |
| Interest & Fees-Nuclear Energy Trust | 135,977. |
| Decommissioning Costs-IRC 468A | 8,116,005. |
| Taxes Capitalized(Book over Tax) | 1,832,396. |
| Adjust Bond Discount and Expense | 3,475,760. |
| IRC 189 Adjustment | 157,300. |
| Nontaxable Dividends | 45,285. |
| Vacation Pay | 2,198,464. |
| Reserve Premium-NEIL | 3,985. |
| Uranium Enrichment Cleanup | 52,417. |
| Post-Retirement Benefits | 16,180,453. |
| Post-Employment Benefits | 791,652. |
| Deferred Refueling | 4,944,762. |
| Organizational Expense | 39,894. |
| Voluntary Early Retirement | 44,181,627. |
| Computer Software | 28,173,049. |
| Rate Case Expense | 1,397,812. |
| Adjust other Taxes | 2,341,092. |
| Interest, taxes, fees, etc. capitalized | 240,464. |
| Total to Schedule M-1, Line 8 | 181,781,229. |

| | | |
|--------------|--|--------------|
| Schedule M-2 | Unappropriated Retained Earnings - Other Decreases | Statement 18 |
|--------------|--|--------------|

| Description | Amount |
|---|-----------------|
| Earnings transferred to newly formed parent holding co. | 896,957. |
| Total to Schedule M-2, Line 6 | 896,957. |

RP - D.10.
M. J. Berish

- Q. Provide copies of the most recently filed Pennsylvania Gross Receipts Tax and Pennsylvania Public Utility Realty Tax reports with copies of the official settlements.
- A. A copy of the most recently filed Pennsylvania Gross Receipts Tax report and Pennsylvania Public Utility Realty Tax report are provided as Attachments 1 and 2, respectively. A copy of the official settlement of the Pennsylvania Gross Receipts Tax is provided as Attachment 3.

RP-D.10.

Attachment 1



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE

IMPORTANT

THIS REPORT IS DUE ON OR BEFORE MARCH 15, OR THE 12 MONTHS ENDED DECEMBER 31 IMMEDIATELY PRECEDING. A PENALTY FOR LATE FILING WILL BE IMPOSED IN THE AMOUNT OF 3% ON THE FIRST \$1000 OF TAX, 5% ON THE NEXT \$4000 AND 1% ON EVERYTHING IN EXCESS OF \$5000.

**GROSS RECEIPTS TAX REPORT
ELECTRIC, HYDRO-ELECTRIC
AND WATER POWER COMPANIES**

FIRST REPORT (Newly Incorporated/ Franchised) AMENDED REPORT
 LAST REPORT (Going out-of-existence) COVERS LESS THAN A FULL 12-MO. PERIOD COMPOSITE REPORT

MAIL THIS FORM WITH REMITTANCE PAYABLE TO THE PA DEPARTMENT OF REVENUE ALONG WITH PAYMENT TRANSMITTAL FORM (REV-856S) TO THE PA DEPARTMENT OF REVENUE, BUREAU OF RECEIPTS AND CONTROL (CORP.), DEPT. 280407, HARRISBURG, PA 17128-0407.

INCORPORATION TAX FILE (BOX) NUMBER: 0280-166
FEDERAL EIN: 23-0959590
YEAR ENDING: December 31, 1995
DC 12 4911 BOX NO 0280-166
PENNSYLVANIA POWER & LIGHT COMPANY
TAX SECTION TW 10
2 N 9TH ST
ALLENTOWN PA 18101

to the Commonwealth of Pennsylvania, Department of Revenue, Harrisburg, Pennsylvania.

In compliance with the Act of March 4, 1971 P.L. 6 (Act No. 2), as amended, the following report is made of the gross receipts by the above named Corporation, Association, Joint-Stock Association, Limited Partnership, Co-partnership, Individual or Individuals for the period mentioned above.

(Answer all questions with appropriate figures, the use of the word "None" or such statement of facts as is responsive to the question.)
Gross Receipts from all sources \$ 2,681,281,273
Gross Receipts within the state from all sources \$ 2,381,211,681

**SCHEDULE OF GROSS RECEIPTS WITHIN THE STATE
COMPLETE ONLY THOSE LINES APPLICABLE TO YOUR BUSINESS ACTIVITY.**

| | GROSS RECEIPTS TAXABLE | GROSS RECEIPTS EXEMPT |
|--|-------------------------|-----------------------|
| 1. From the sale of artificial and natural gas * | \$ None | \$ None |
| 2. From the sales of electric energy (not including sales for resale) | 2,236,434,659 | None |
| 3. From sale of current for lighting, heating or power to other utilities or municipalities for the purpose of resale. (The amount stated should include the gross sales under interchange agreements.) | 35,098,296 | 48,952,915 |
| 4. From sale of lamps, wire, sockets, plugs, fuses, switches, lighting fixtures, heating or cooking fixtures or utensils, motors, electric sweepers or vacuum cleaners and all other electrical supplies, repairs, machines, utensils or devices | None | None |
| 5. From charges for services rendered (The amount stated should include receipts from labor charges in connection with custom or jobbing work, or in connection with installations for the reporting company's service.) | None | 599,439 |
| 6. From rental of motors, transformers, sweepers or cleaners or other machines or devices | None | 981,780 |
| 7. From interest and finance charges in connection with sales of electrical equipment machines, utensils or devices | None | None |
| 8. From consumer's forfeited discounts and penalties | None | None |
| 9. From sales to Federal government | None | None |
| 10. From sale of steam for heating | None | None |
| 11. From sale of steam for power | None | None |
| 12. From sale of steam for other purposes (Specify purposes and the amount of receipts for each purpose.) | None | None |
| 13. From rental of wire or conduits | None | 972,996 |
| 14. From charges for pole rights | None | 11,356,809 |
| 15. From sale of old equipment or materials | None | 600,349 |
| 16. From rental of real estate | None | 50,420 |
| 17. From interest on loans or deposits | None | 5,623,247 |
| 18. From earnings on investments | None | 498,288 |
| 19. From all other sources: (List separately below. All receipts must be shown by their several sources. Miscellaneous receipts must be explained. If space is insufficient, attach rider as part of the report.) | | |
| a. From Schedule Attached | None | 40,042,483 |
| b. From | | |
| c. From | | |
| TOTAL GROSS RECEIPTS WITHIN THE STATE | \$ 2,271,532,955 | \$ 109,678,726 |

COMPUTATION BY TAXPAYER

GROSS RECEIPTS TAXABLE for the period covered by this report \$ 2,271,532,955
Tax at the rate of 44 mills \$ 99,947,450
Penalty (for failure to file report within time limit prescribed by law) \$ None
Amount due Commonwealth. If remitting payment by Electronic Funds Transfer (EFT), place an "X" in this block \$ 99,947,450
Mail completed tax report to the PA Department of Revenue at the address listed above. Beginning 01/01/94 payments of \$20,000 or more must be remitted by EFT. To participate in the EFT program, the Department first must receive your completed Authorization Agreement. For EFT questions only, call 1-800-892-9816.

AFFIRMATION

I hereby affirm under penalties prescribed by law that this Report (including any accompanying schedules and statements) has been examined by me, and to the best of my knowledge and belief is a true, correct and complete report.

Signature of Official: J. J. McCabe (dated 3/12/96)
Print or Type Name of Official: J. J. McCabe
Title: Vice President & Controller
Street Address: Two North Ninth Street
City: Allentown, State: PA, Zip Code: 18101, Telephone Number: (610) 774-5255

PENNSYLVANIA POWER & LIGHT COMPANY

1995 Pennsylvania Gross Receipts Tax Report

This report excludes payments for delivery of electric energy to member companies of the Pennsylvania-New Jersey-Maryland Interconnection Agreement, and to other groups of operating utilities through the PJM Interconnection. These deliveries were made either to Pennsylvania utilities for resale (who will pay a gross receipts tax from the resulting sales to consumers) or to non-Pennsylvania utilities (i.e., interstate commerce). The amounts excluded are:

| <u>Deliveries To</u> | <u>Payment Received</u> |
|---|-------------------------|
| Pennsylvania-New Jersey-Maryland Interconnection Group | \$ 51,874,991 |
| Other Outside Power Pools | <u>127,929</u> |
| Total | <u>\$ 52,002,920</u> |
| Item 19a. From all other sources: | |
| Compensation from other utilities for jointly used equipment and services: | |
| Metropolitan Edison Company | \$ 79,904 |
| Pennsylvania Electric Company | 78,000 |
| Baltimore Gas & Electric Company | 319,140 |
| Luzerne Electric Division of the United Gas Improvement Company | 77,886 |
| Capacity Credits, Reservation Charges and Transmission Entitlements | 23,698,225 |
| Miscellaneous - property damage, relocating facilities, etc. | 351,537 |
| Conowingo backwater agreement | 264,206 |
| Expenses billed to Allegheny Electric Coop. under Susquehanna Participation Agreements | 2,956,151 |
| Recreational facilities | 89,245 |
| Consolidated Edison Company - EHV Transmission Agreement | 4,098,690 |
| Finance charges | 7,264,763 |
| Miscellaneous | <u>764,686</u> |
| Total | <u>\$40,042,483</u> |

RP-D.10.
Attachment 2



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE

PUBLIC UTILITY REALTY TAX REPORT

IMPORTANT! PUBLIC UTILITY TAX REPORTS MUST BE FILED ON OR BEFORE APRIL 15 REFLECTING THE STATE TAXABLE VALUE OF PUBLIC UTILITY REALTY AT THE END OF THE PRECEDING CALENDAR YEAR. PENALTY AND INTEREST WILL BE ADDED TO THE TAX AS PROVIDED IN THE ACT. MAIL THIS FORM WITH REMITTANCE PAYABLE TO THE PA DEPARTMENT OF REVENUE, ALONG WITH PAYMENT TRANSMITTAL FORM (REV-856S), TO THE PA DEPARTMENT OF REVENUE, BUREAU OF RECEIPTS AND CONTROL (CORP.), DEPT. 280407, HARRISBURG, PA 17128-0407.

FIRST REPORT LAST REPORT AMENDED REPORT

| | |
|---|---|
| UTILITY NAME KA 12 0100 BOX NG 3500-090 PENNSYLVANIA POWER & LIGHT CO TAX SECTION TW 10 2 N 9TH ST ALLENTOWN PA 18101 | PURTA BOX NUMBER 3500-090 |
| COMPLETE ADDRESS | FEDERAL EMPLOYER IDENTIFICATION NUMBER 23-0959590 |
| CITY | TAX YEAR ENDING December 31, 19 95 |
| STATE | DATE |
| ZIP CODE | |

COUNTIES IN WHICH UTILITY OWNS AND/OR FURNISHES PUBLIC UTILITY SERVICE: (Attach schedule if additional space is necessary.)
See Schedule A attached.

REPORT THE FOLLOWING AS TO LAND OWNED IN PENNSYLVANIA AT THE END OF THE PRECEDING CALENDAR YEAR AND USED, OR IN THE COURSE OF DEVELOPMENT FOR USE, IN FURNISHING PUBLIC UTILITY SERVICE:

| | |
|--|------------|
| BOOK COST | 53,424,005 |
| BOOK COST OF LAND INCLUDED ON LINE A THAT IS SUBJECT TO LOCAL TAXATION UNDER ANY LAW IN EFFECT ON APRIL 23, 1968 | 30,060,335 |
| VALUE OF LAND SUBJECT TO UTILITY REALTY TAX (A MINUS B) | 23,363,670 |
| BOOK DEPLETION RESERVE ACCRUED AGAINST C | |
| NET VALUE OF LAND SUBJECT TO UTILITY REALTY TAX (C MINUS D) | 23,363,670 |

REPORT THE FOLLOWING AS TO ALL OTHER "UTILITY REALTY" AS DEFINED BY ARTICLE 11 (a) § 1101-A, OWNED IN PENNSYLVANIA AT THE END OF THE PRECEDING CALENDAR YEAR AND USED, OR IN THE COURSE OF DEVELOPMENT OR CONSTRUCTION FOR USE, IN FURNISHING PUBLIC UTILITY SERVICE.

| | |
|--|---------------|
| BOOK COST | 1,528,110,896 |
| BOOK COST OF UTILITY REALTY INCLUDED ON LINE A THAT IS SUBJECT TO LOCAL TAXATION UNDER ANY LAW IN EFFECT ON APRIL 23, 1968 | 8,871,823 |
| VALUE OF UTILITY REALTY SUBJECT TO UTILITY REALTY TAX (A MINUS B) | 1,519,239,073 |
| BOOK DEPRECIATION RESERVE ACCRUED AGAINST C (See instructions below.) | 462,980,815 |
| NET VALUE OF UTILITY REALTY SUBJECT TO UTILITY REALTY TAX (C MINUS D) | 1,056,258,258 |

**PUBLIC UTILITY REALTY TAX
DUE WITH THIS REPORT**

| | | | |
|----------------------------------|---------------|--------|--------------|
| STATE TAXABLE VALUE (2E PLUS 3E) | 1,079,621,928 | x .042 | = 45,344,121 |
|----------------------------------|---------------|--------|--------------|

AMOUNT DUE COMMONWEALTH. If remitting payment by Electronic Funds Transfer (EFT), place an "X" in this block. \$ 3,697,400
Mail completed tax report to the PA Department of Revenue at the address listed above. Beginning 01/01/94 payments of \$20,000 or more must be remitted by EFT. To participate in the EFT program, the Department first must receive your completed Authorization Agreement. For EFT questions only, call 1-800-892-9816.

INSTRUCTIONS: (SEE REVERSE SIDE FOR GENERAL INSTRUCTIONS.)

- Item 2 - Show depreciable land improvements under Item 3.
- Item 3 - (a) For any public utility which was required to record annual depreciation on its utility realty prior to enactment of section 503 of the Public Utility Law (P.L. 1053) May 28, 1937, show in Item 3D the book reserve for depreciation accrued against Item 3C. If the amount shown in Item 3D was determined by prorating, attach to this report the computations used in such prorating.
- (b) For any public utility which was not required to record annual depreciation on its utility realty prior to enactment of section 503 of the Public Utility Law (P.L. 1053) May 28, 1937, show in Item 3D the book reserve for depreciation against Item 3C, or 50% of Item 3C, whichever is greater.
- Check here () if the 50% of Item 3C is used in Item 3D.

I hereby affirm under penalties prescribed by law that this report (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If prepared by a person other than taxpayer, the declaration is based on all information of which preparer has any knowledge.

| | | |
|---|-----------------------|---|
| SIGNATURE OF OFFICER OF COMPANY <i>[Signature]</i> | DATE 7/3/96 | TELEPHONE NUMBER 610 774-5255 |
| TITLE V.P. & Controller | | TITLE |
| INDIVIDUAL OR FIRM SIGNATURE OF PREPARER | | TELEPHONE NUMBER |
| STREET ADDRESS | STATE | DATE |
| CITY | ZIP CODE | |

PENNSYLVANIA POWER & LIGHT COMPANY

Public Utility Realty Tax Report
Due April 15, 1996

Counties in which Utility furnishes service (or owns property):

| | |
|------------|----------------|
| Adams | Lebanon |
| Armstrong | Lehigh |
| Bedford | Luzerne |
| Berks | Lycoming |
| Blair | Monroe |
| Bucks | Montgomery |
| Cambria | Montour |
| Carbon | Northampton |
| Centre | Northumberland |
| Chester | Perry |
| Clinton | Pike |
| Columbia | Schuylkill |
| Cumberland | Snyder |
| Dauphin | Susquehanna |
| Franklin | Union |
| Huntingdon | Wayne |
| Indiana | Westmoreland |
| Juniata | Wyoming |
| Lackawanna | York |
| Lancaster | |

PENNSYLVANIA POWER & LIGHT COMPANY
PUBLIC UTILITY REALTY TAX REPORT
DUE APRIL 15, 1996
ALLOCATION OF RESERVE FOR DEPRECIATION

SCHEDULE B

| | (1) RES FOR DEPREC PER DEPREC REPORT | (2) PERCENT | (3) BOOK RESERVE FOR DEPREC ALLOCATED BY PERCENT IN (2) | (4) TOTAL COST IN PLANT ACCOUNT | (5) PORTION TAXED AS REALTY | (6) PERCENT (5) / (4) | RES FOR DEPREC ALLOCATED TO TAXABLE REALTY (3) * (6) |
|-------------------------------------|---|----------------|---|--|-----------------------------------|-----------------------------|---|
| <u>STEAM PRODUCTION</u> | | | | | | | |
| STRUCTURES & IMPROVEMENTS | 135,018,319 | 0.153281 | 132,752,308 | 237,418,386 | 230,140,431 | 0.969345 | 128,682,786 |
| BOILER PLANT EQUIPMENT | 474,340,889 | 0.538501 | 466,380,378 | 1,169,536,083 | 13,949,146 | 0.011927 | 5,562,519 |
| TURBO GENERATOR UNITS | 190,257,751 | 0.215992 | 187,064,519 | 492,195,276 | 33,610,019 | 0.068286 | 12,773,888 |
| OTHER ACCOUNTS | 81,237,237 | | N/A | | | | |
| SUB-TOTAL | <u>880,854,196</u> | | <u>866,071,517</u> | <u>1,899,149,745</u> | | | |
| <u>NUCLEAR PRODUCTION</u> | | | | | | | |
| STRUCTURES & IMPROVEMENTS | 222,497,427 | 0.257868 | 221,152,456 | 910,339,308 | 905,413,841 | 0.994589 | 219,955,800 |
| BOILER PLANT EQUIPMENT | 380,606,110 | 0.441112 | 378,305,963 | 1,879,344,385 | 0 | 0.000000 | 0 |
| TURBO GENERATOR UNITS | 112,888,925 | 0.130835 | 112,206,561 | 558,264,029 | 74,603,082 | 0.133634 | 14,994,612 |
| OTHER ACCOUNTS | 146,841,113 | | N/A | | | | |
| SUB-TOTAL | <u>862,833,575</u> | | <u>857,618,842</u> | <u>3,347,947,722</u> | | | |
| <u>HYDRO PRODUCTION</u> | | | | | | | |
| STRUCTURES & IMPROVEMENTS | 4,105,469 | 0.167583 | 3,965,170 | 7,937,529 | 2,908,884 | 0.366472 | 1,453,124 |
| FLOW LINE, RESERVOIRS, DAMS | 11,239,409 | 0.458786 | 10,855,305 | 25,901,964 | 16,100,282 | 0.621585 | 6,747,495 |
| ROADS AND TRAILS | 130,974 | 0.005346 | 126,491 | 260,008 | 152,383 | 0.586070 | 74,133 |
| OTHER ACCOUNTS | 9,022,288 | | N/A | | | | |
| SUB-TOTAL | <u>24,498,140</u> | | <u>23,660,934</u> | <u>34,099,501</u> | | | |
| <u>OTHER PRODUCTION</u> | | | | | | | |
| STRUCTURES & IMPROVEMENTS | 693,626 | 0.025905 | 692,632 | 799,185 | 799,185 | 1.000000 | 692,632 |
| OTHER ACCOUNTS | 26,081,638 | | N/A | | | | |
| SUB-TOTAL | <u>26,775,264</u> | | <u>26,737,385</u> | <u>799,185</u> | | | |
| <u>TRANSMISSION PLANT</u> | | | | | | | |
| STRUCTURES & IMPROVEMENTS | 1,529,494 | 0.012966 | 1,519,135 | 7,885,476 | 7,864,740 | 0.997370 | 1,515,140 |
| ROADS AND TRAILS | 1,404,932 | 0.011910 | 1,395,411 | 5,589,098 | 5,589,098 | 1.000000 | 1,395,411 |
| OTHER ACCOUNTS | 115,027,444 | | N/A | | | | |
| SUB-TOTAL | <u>117,961,870</u> | | <u>117,162,973</u> | <u>13,474,574</u> | | | |
| <u>DISTRIBUTION PLANT</u> | | | | | | | |
| STRUCTURES & IMPROVEMENTS | 16,057,696 | 0.017598 | 15,806,522 | 39,917,288 | 39,713,867 | 0.994904 | 15,725,972 |
| OTHER ACCOUNTS | 896,419,564 | | N/A | | | | |
| SUB-TOTAL | <u>912,477,260</u> | | <u>898,199,895</u> | <u>39,917,288</u> | | | |
| <u>GENERAL PLANT</u> | | | | | | | |
| STRUCTURES & IMPROVEMENTS | 55,022,507 | 0.554839 | 54,613,809 | 188,558,212 | 184,014,268 | 0.975902 | 53,297,725 |
| STRUCTURES & IMPROVEMENTS | 280,003 | 0.002824 | 277,971 | 498,560 | 196,535 | 0.394205 | 109,578 |
| OTHER ACCOUNTS | 43,865,938 | | N/A | | | | |
| SUB-TOTAL | <u>99,168,448</u> | | <u>98,431,814</u> | <u>189,056,772</u> | | | |
| TOTAL | | | | | 1,515,055,761 | | 462,980,815 |
| LOCALLY TAXED REALTY | | | | | 8,871,823 | | |
| CONSTRUCTION WORK-IN PROGRESS | | | | | 4,183,312 | | |
| PUBLIC UTILITY TAX REPORT - LINE 3A | | | | | <u>1,528,110,896</u> | | |

RP-D.10.

Attachment 3

**SETTLEMENT PAGE
PENNSYLVANIA GROSS RECEIPTS TAX
ELECTRIC, HYDRO-ELECTRIC AND WATER POWER COMPANIES**

| | | | | |
|-----------------|------------------------------|---|--|-----------------------------|
| BUREAU USE ONLY | RECEIVED <u>3/14/96</u> | DLN 90040186 <u>96085072</u> | CORPORATION TAX FILE (BOX) NUMBER 0280-166 <u>96648646</u> | TAX YEAR ENDING 12/31/95 |
| | MAILED <u>JAN 06 1997</u> | | | |

MAILING INSTRUCTIONS

Mail settlement of this report to:

Name Keefer, Wood, Allen and Rahal
210 Walnut Street
 Street P.O. Box 11963
Harrisburg, PA 17108-1963
 (CITY) (STATE) (ZIP CODE)

DO NOT WRITE BELOW THIS LINE

(TO BE TYPED
IN BY TAXPAYER)

Rev
829

**SETTLEMENT - GROSS RECEIPTS TAX
(Official)**

To Tax on GROSS RECEIPTS for the 12 months ended 12-31 19 95

GROSS RECEIPTS TAXABLE \$ 2,278,797,718.⁰⁰

Tax at the rate of 44 mills

Penalty (for failure to file report within time limit prescribed by law)

Total Tax and Penalty

| | |
|-----------------------|----------------------------------|
| TYPE OF TAX | 10 |
| SELF ASSESSED TAX | <u>99,947,450.0</u> |
| TAX DEBIT OR CREDIT | <u>3,196,500.⁰⁰</u> |
| TOTAL TAX | <u>100,267,100.⁰⁰</u> |
| PENALTY DEBIT | 210 |
| TOTAL TAX AND PENALTY | <u>100,267,100.⁰⁰</u> |

DEPARTMENT OF REVENUE

Harrisburg, PA S.S. OCT 31 1996 19

SETTLED AND DELIVERED TO AUDITOR GENERAL:

[Signature]
K. L. Wilson
 (FOR THE SECRETARY OF REVENUE)

DEPARTMENT OF AUDITOR GENERAL

Harrisburg, PA DEC 24 1996 19

AUDITED AND APPROVED:

[Signature]
MARK PRENTICE
 (FOR THE AUDITOR GENERAL)



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES

COMPUTATION WORK SHEET

NAME OF CORPORATION Pennsylvania Power + Light Co. BOX NO. 0280-166
FOR THE YEAR ENDED 12/95

Include finance charges in taxable gross receipts —

| | |
|---------------------------------|-----------------------------|
| Reported taxable gross receipts | 2,271,532,955 |
| add: finance charges | <u>7,264,763</u> |
| Revised taxable gross receipts | <u><u>2,278,797,718</u></u> |

11-19-96
DATE

[Signature]
TAXING OFFICER

NOTE: Show all figures and give full explanation of all items.

RP - D.11.
M. J. Berish

- Q. State the amount of debt interest utilized for base year income tax calculations, including the amount which has been allocated from the debt interest of an affiliate, and provide details of debt interest and allocation computations.
- A. Pennsylvania Power & Light does not utilize any debt interest, which has been allocated from the debt interest of an affiliate, in the computation of taxable income. The debt interest utilized for the base year income tax calculations is provided in Attachment 1 to the response to Questions RP - A.3. and RP - A.4.

Q. Provide a schedule for the base year of federal and Pennsylvania taxes other than income taxes, per books, pro forma at present rates, and pro forma at proposed rates, including the following tax categories:

- (a) Social Security
- (b) Unemployment
- (c) Capital stock
- (d) Public utility
- (e) Other property taxes
- (f) Any other appropriate categories

A. See the response to Question RP - D.4.

RP - D.13.
M. J. Berish

- Q. Submit a schedule showing the adjustments from taxable net income per books to taxable net income pro forma under existing rates, together with an explanation of the normalizing adjustments. Submit detailed calculations supporting taxable income before state and federal income taxes where the income tax is subject to allocation due to operations in another state or due to operation of other taxable utility or non-utility businesses, or by operating divisions or areas.
- A. Detailed calculations supporting taxable income adjustments are provided in Attachment 1 to the response to Question RP - A.3.

RP - D.14.
M. J. Berish

- Q. Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits, reserves and associated reversals on liberalized depreciation.
- A. See the response to Question RP - D.5.

- Q. Explain how the federal corporate tax rates have been reflected for rate case purposes. If the Pennsylvania jurisdictional utility is part of a multi-corporate system, explain how the tax savings are allocated to each member of the system.
- A. In its Final Order at Docket No. R-00943271, the Commission adopted a consolidated tax savings adjustment associated with prior period tax losses from PP&L's former mining operations. Except for this adjustment, the Federal income tax expense level reflected in the Company's allowed revenue requirements is based on the current effective tax rate of 35%.

Tax savings are computed and allocated between the parent company and subsidiaries on a separate return basis. The parent company's separate return calculation takes precedence and any unused loss or tax credit carryovers on a consolidated basis are allocated first to subsidiary companies.

- Q. Explain the treatment given to costs of removal in the income tax calculation and the basis for such treatment.
- A. Section 1.167(a)-11(d)(3) of the IRS regulations relating to ADR provides: "The cost of dismantling, demolishing, or removing an asset in the process of a retirement from the vintage account shall be treated as an expense deductible in the year paid or incurred, and such costs shall not be subtracted from the depreciation reserve for the account." This applies to ADR property acquired after December 31, 1970.

In 1972, Pennsylvania Power & Light Company requested, and was granted, permission from the IRS national office in Washington D.C. to deduct as expense all removal costs applicable to property retired after December 31, 1971. This accounting change applied to all property retired after December 31, 1971, regardless of when it was acquired or the method of depreciation used to recover the expenditure. The Company has consistently followed this method of accounting on all income tax returns filed since 1972.

Deferred income taxes were provided for on these expense deductions through December 31, 1980. In accordance with the Commission's Final Order at Docket No. R-80031114, provisions for deferred income taxes were terminated. The Company continues to reverse any amounts deferred through December 31, 1980.

RP - D.17.
M. J. Berish

- Q. Show income tax loss/gain carryovers from previous years. Show loss/gain carryovers by years of origin and amounts remaining by years at the beginning of the base year.
- A. No net operating losses have been experienced since 1982, 1983 and 1984. The 1982 loss was appropriately carried back to (and utilized in) the years 1979, 1980 and 1981; and the 1983 and 1984 losses were carried forward to (and utilized in) 1985. There were no net operating loss carryovers remaining at the beginning of the base year.

- Q. State whether the company eliminates tax savings by the payment of actual interest on construction work in progress not in rate base claim. If the response is affirmative:
- (1) Set forth amount of construction claimed in this tax savings reduction, and explain the basis for this amount.
 - (2) Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
 - (3) State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.
 - (4) Provide details of the calculation used to determine any tax savings reduction, and state whether state taxes are increased to reflect the construction interest elimination.
- A. The adjustment necessary to reflect the pro forma interest charges on measures of value for the base year is provided in Attachment 1 to the response to Question RP - A.3.

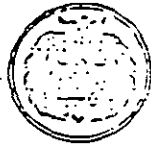
- Q. Under section 1552 of the Internal Revenue Code (26 U.S.C.A. §1552) and 26 C.F.R. §1.1552-1 (1983), if applicable, a parent company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the Federal government (if this interrogatory is not applicable, so state):
- (a) State what option has been chosen by the group.
 - (b) Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return for the base year and the most recent three years for which data is available.
 - (c) Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
 - (d) Provide the most recent annual income tax return for the group.
 - (e) Provide details of the amount of the net operating losses of any member allocated to the income tax returns of each of the members of the consolidated group for the base year and the most recent three years for which data is available, together with a summary of the actual tax payments for those years.
 - (f) Provide details of the amount of net negative income taxes, after all tax credits are accounted for, of any member allocated to the income tax return of each of the members of the consolidated group for the base year and the most recent three years for which data is available, together with a summary of the actual tax payments for those years.

- A. (a) Internal Revenue Code Section 1552 provides for an allocation of consolidated income tax for "earnings & profits" purposes only. PP&L has elected option (a)(1), i.e., ratio of taxable income of each company having income to total consolidated taxable income as modified by the Commissioner of Internal Revenue for consolidated income tax return purposes only. A copy of the IRS authorization is included as Attachment 1.

PP&L has chosen, for book purposes and all other purposes, to allocate consolidated Federal income tax among all companies based on net taxable income or loss, and investment credit, of each company.

- (b) Attachment 2 provides a schedule which details the estimated tax liability allocated to each of the participating members in the consolidated income tax return.
- (c) Prior to 1996, PP&L made all necessary payments to the Internal Revenue Service for the net tax liability that is due for the consolidated group. PP&L then billed affiliated companies with taxable income and paid affiliated companies with tax losses. The amounts paid or received by each company are the same amounts as detailed in Attachment 2. After calendar year 1995, the procedure is the same with one exception. Now, PP&L Resources makes all payments to the Internal Revenue Service and is reimbursed for this payment by PP&L. PP&L continues to bill or pay the affiliated companies in the same manner as was done prior to 1996.
- (d) The latest Federal income tax return filed is for the calendar year 1995. This return is included in the filing as Attachment 1 of the response to Question RP - D.7.
- (e) Any payments made to subsidiary companies with net operating losses are detailed in Attachment 2.
- (f) Any payments made to subsidiary companies for net negative income taxes after credits are detailed in Attachment 2.

RP - D.19.
ATTACHMENT 1



U. S. TREASURY DEPARTMENT
WASHINGTON 25

OCT 13 1955

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
WASHINGTON 25, D. C.

AND REFER TO
T:R:C
TFG

Pennsylvania Power & Light Co.
Ninth and Hamilton Streets
Allentown, Pennsylvania

Attention: F. H. Markley, Treasurer

Gentlemen:

This is in further reply to your letter dated September 6, 1955, in which you requested approval of a proposed method of allocating the tax liability of the group of which your company is the common parent.

You have proposed to allocate the consolidated tax of your affiliated group under the provisions of section 1552(a)(1) of the 1954 Code, but with the limitations provided under Securities and Exchange Commission Rule U-45(b)(6) as follows:

- (1) That the tax allocated to each subsidiary company shall not exceed the amount of tax of such company based upon a separate return computed as if such company had always filed its tax returns on a separate return basis; and
- (2) That any excess of liability over a separate return tax which would be allocated to a subsidiary company but for clause (1) above shall be apportioned among the other members of the group, including the holding company (or other parent company), in direct proportion to the reduction in tax liability to such members as measured by the difference between their tax liabilities computed on a separate return basis and their allocated portion of the consolidated tax liability.

Your proposed method was approved by telegram on September 13, 1955, subject to the condition that the limitation with respect to the tax allocated to your subsidiaries shall be based upon the tax of such members for the taxable year computed as if separate returns had been filed by each for such taxable year without regard to net operating losses sustained by such members in prior or subsequent taxable years.

2 - Pennsylvania Power & Light Co.

This letter and our telegram of September 13, 1955, are evidences of your authority for the adoption of such method.

Very truly yours,

O. Gordon Kelly
Acting Commissioner

Enclosure:
Copy of this letter

RP - D.19.
ATTACHMENT 2

PENNSYLVANIA POWER & LIGHT COMPANY
AND SUBSIDIARY COMPANIES
1996 FEDERAL INCOME TAX

| | Taxable Income <u>12/31/96</u> | Tax <u>35%</u> | Credit for Increasing Research Activities | Alloc. Net Fed Income Tax after Credits | Superfund Tax | Total Tax |
|-----------------------------------|--------------------------------------|----------------------|--|---|------------------|----------------------|
| Pennsylvania Power & Light Co. | \$641,521,200 | \$224,532,419 | \$0 | \$224,532,419 | \$0 | \$224,532,419 |
| CEP Group, Inc. | 4,000,000 | 1,400,000 | | 1,400,000 | 0 | 1,400,000 |
| Greene Manor Coal Company | 3,500,000 | 1,225,001 | | 1,225,001 | 0 | 1,225,001 |
| Lady Jane | (300,000) | (105,000) | | (105,000) | 0 | (105,000) |
| Realty Co. of Pennsylvania | (240,000) | (84,000) | | (84,000) | 0 | (84,000) |
| Interstate Energy Company | (1,500,000) | (525,000) | | (525,000) | 0 | (525,000) |
| Pennsylvania Mines Corp. | (4,600,000) | (1,610,000) | | (1,610,000) | 0 | (1,610,000) |
| Rushton Mining Company | (90,000) | (31,501) | | (31,501) | 0 | (31,501) |
| Greene Hill Coal Company | 0 | 0 | | 0 | 0 | 0 |
| Spectrum Energy Services Corp. | 0 | 0 | | 0 | 0 | 0 |
| Power Markets Development Company | (6,000,000) | (2,100,000) | | (2,100,000) | 0 | (2,100,000) |
| PMDC Latin America, Inc. | 0 | 0 | | 0 | 0 | 0 |
| PCRC | 0 | 0 | | 0 | 0 | 0 |
| Total Subsidiaries | <u>(5,230,000)</u> | <u>(1,830,500)</u> | <u>0</u> | <u>(1,830,500)</u> | <u>0</u> | <u>(1,830,500)</u> |
| Total Consolidated | <u>\$636,291,200</u> | <u>\$222,701,919</u> | <u>\$0</u> | <u>\$222,701,919</u> | <u>\$0</u> | <u>\$222,701,919</u> |

PENNSYLVANIA POWER & LIGHT COMPANY
AND SUBSIDIARY COMPANIES
1995 FEDERAL INCOME TAX

| | Taxable Income <u>12/31/95</u> | Tax <u>35%</u> | Credit for Increasing Research Activities | Alloc. Net Fed Income Tax <u>after Credits</u> | Superfund Tax | Total Tax |
|-----------------------------------|--------------------------------------|-------------------|--|--|------------------|---------------|
| Pennsylvania Power & Light Co. | \$536,744,223 | \$187,860,478 | (\$1,271,496) | \$186,588,982 | \$701,580 | \$187,290,562 |
| CEP Group, Inc. | 2,474,768 | 866,170 | | 866,170 | 4,394 | 870,564 |
| Greene Manor Coal Company | 3,309,792 | 1,158,428 | | 1,158,428 | 3,977 | 1,162,405 |
| Lady Jane | (412,744) | (144,460) | | (144,460) | (420) | (144,880) |
| Realty Co. of Pennsylvania | (231,103) | (80,886) | | (80,886) | 214 | (80,672) |
| Interstate Energy Company | (3,566,120) | (1,248,142) | | (1,248,142) | (4,269) | (1,252,411) |
| Pennsylvania Mines Corp. | (5,216,135) | (1,825,647) | | (1,825,647) | (3,115) | (1,828,762) |
| Rushton Mining Company | (262,250) | (91,789) | | (91,789) | (327) | (92,116) |
| Greene Hill Coal Company | 46,282,712 | 16,198,949 | | 16,198,949 | 55,606 | 16,254,555 |
| Spectrum Energy Services Corp. | (98,128) | (34,345) | | (34,345) | (118) | (34,463) |
| Power Markets Development Company | (4,148,000) | (1,451,800) | | (1,451,800) | (3,968) | (1,455,768) |
| PMDC Latin America, Inc. | 369,640 | 129,374 | | 129,374 | 444 | 129,818 |
| PCRC | (3,342) | (1,170) | | (1,170) | (4) | (1,174) |
| Total Subsidiaries | 38,499,090 | 13,474,682 | 0 | 13,474,682 | 52,414 | 13,527,096 |
| Total Consolidated | \$575,243,313 | \$201,335,160 | (\$1,271,496) | \$200,063,664 | \$753,994 | \$200,817,658 |

PENNSYLVANIA POWER & LIGHT COMPANY
AND SUBSIDIARY COMPANIES
1994 FEDERAL INCOME TAX

| | Taxable Income <u>12/31/94</u> | Tax <u>35%</u> | QEV Tax Credit | Alloc. Net Fed Income Tax after Credits | Superfund Tax | Total Tax |
|--------------------------------|--------------------------------------|----------------------|-------------------|---|------------------|----------------------|
| Pennsylvania Power & Light Co. | \$509,407,191 | \$178,292,517 | (\$4,000) | \$178,288,517 | \$657,713 | \$178,946,230 |
| CEP Group, Inc. | (5,245,189) | (1,835,815) | | (1,835,815) | (4,825) | (1,840,640) |
| Greene Manor Coal Company | 3,120,337 | 1,092,118 | | 1,092,118 | 3,749 | 1,095,867 |
| Lady Jane | (710,054) | (248,519) | | (248,519) | (795) | (249,314) |
| Realty Co. of Pennsylvania | 11,501,321 | 4,025,462 | | 4,025,462 | 14,317 | 4,039,779 |
| Interstate Energy Company | 5,975,757 | 2,091,515 | | 2,091,515 | 7,196 | 2,098,711 |
| Pennsylvania Mines Corp. | (6,388,462) | (2,235,962) | | (2,235,962) | (4,591) | (2,240,553) |
| Rushon Mining Company | (381,965) | (133,688) | | (133,688) | (471) | (134,159) |
| Power Markets Development Co. | (585,197) | (204,819) | | (204,819) | 502 | (204,317) |
| Greene Hill Coal Company | 0 | 0 | | 0 | 0 | 0 |
| PP&L Resources, Inc. | (240) | (84) | | (84) | 0 | (84) |
| PCRC | 0 | 0 | | 0 | 0 | 0 |
| Total Subsidiaries | 7,286,308 | 2,550,208 | 0 | 2,550,208 | 15,082 | 2,565,290 |
| Total Consolidated | \$516,693,499 | \$180,842,725 | (\$4,000) | \$180,838,725 | \$672,795 | \$181,511,520 |

PENNSYLVANIA POWER & LIGHT COMPANY
AND SUBSIDIARY COMPANIES
1993 FEDERAL INCOME TAX

| | Taxable Income <u>12/31/93</u> | Tax <u>35%</u> | QEV <u>Tax Credit</u> | Alloc. Net Fed Income Tax <u>after Credits</u> | Superfund <u>Tax</u> | Total <u>Tax</u> |
|--------------------------------|--------------------------------------|----------------------|--------------------------|--|-------------------------|----------------------|
| Pennsylvania Power & Light Co. | \$462,394,694 | \$161,838,143 | (\$4,000) | \$161,834,143 | \$679,848 | \$162,513,991 |
| CEP Group, Inc. | 1,099,761 | 384,917 | | 384,917 | 2,637 | 387,554 |
| Greene Manor Coal Company | 2,984,221 | 1,044,477 | | 1,044,477 | 3,585 | 1,048,062 |
| Lady Jane | (394,978) | (138,242) | | (138,242) | (452) | (138,694) |
| Realty Co. of Pennsylvania | (419,015) | (146,655) | | (146,655) | 163 | (146,492) |
| Interstate Energy Company | 3,574,423 | 1,251,048 | | 1,251,048 | 4,307 | 1,255,355 |
| Pennsylvania Mines Corp. | (21,616,200) | (7,565,670) | | (7,565,670) | (22,859) | (7,588,529) |
| Rushton Mining Company | (550,678) | (192,738) | | (192,738) | (674) | (193,412) |
| Greene Hill Coal Company | 0 | 0 | | 0 | 0 | 0 |
| PCRC | 0 | 0 | | 0 | 0 | 0 |
| Total Subsidiaries | <u>(15,322,466)</u> | <u>(5,362,863)</u> | <u>0</u> | <u>(5,362,863)</u> | <u>(13,293)</u> | <u>(5,376,156)</u> |
| Total Consolidated | <u>\$447,072,228</u> | <u>\$156,475,280</u> | <u>(\$4,000)</u> | <u>\$156,471,280</u> | <u>\$666,555</u> | <u>\$157,137,835</u> |

- Q. Provide detailed computations by vintage year showing state and federal deferred income taxes resulting from the use of accelerated tax depreciation associated with post-1969 public utility property, Asset Depreciation Range rates, and accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS).
- (1) Reconcile and explain any differences in the base used to calculate State and Federal deferred income taxes.
 - (2) State whether tax depreciation is based on the rate base items claimed as of the end of the base year, and whether it is the annual tax depreciation at the end of the base year.
 - (3) Reconcile differences between the deferred tax balance, as shown as a reduction to rate base, and the deferred tax balance as shown on the balance sheet.
- A. PP&L does not provide for deferred income taxes related to accelerated depreciation of assets acquired prior to January 1, 1981. However, through December 31, 1980, the Company did provide for deferred taxes related to the difference in tax depreciation resulting from using class lives under the ADR system of depreciation versus tax depreciation resulting from the use of guideline lives in effect prior to the ADR system of depreciation. In accordance with the Commission's Final Order at Docket No. R-80031114, provisions for deferred income taxes were terminated. Reversals of amounts deferred through December 31, 1980, were started as of January 1, 1981. The Company is deferring federal income taxes associated with the use of accelerated tax depreciation under the Accelerated Cost Recovery System (ACRS) of the Economic Recovery Tax Act of 1981 in compliance with the Commission's Final Order at Docket No. R-811636. See Attachment 1 for detailed computations by vintage year.
- (1) PP&L does not provide for any state deferred income taxes associated with the use of accelerated tax depreciation.

- (2) Tax depreciation is not based on all rate base items claimed for the base year. Certain assets that are included in rate base are fully depreciated for tax purposes. Additionally, there are basis differences between book cost and tax cost for which tax depreciation is not calculated. Tax depreciation claimed is the annual tax depreciation for the base year.
- (3) The following deferred tax items are included as a reduction to rate base for the base year consistent with the deferred tax items granted in the Company's most recent base rate proceeding at Docket No. R-00943271. The balances for these items in the base year in this filing correspond to the balances included in the Company's balance sheet for December 31, 1996.

| <u>Accumulated Deferred Income Taxes Claimed as a Reduction to Rate Base</u> | <u>Balance as of Dec. 31, 1996</u> (\$000s) |
|---|---|
| Test Power--Susquehanna SES | \$(15,748) |
| Accelerated Amortization Property Pollution Control Facilities | 9,249 |
| Liberalized Depreciation Class Life System | 35,401 |
| Removal Costs | 3,958 |
| Test Fuel--Martins Creek | 2,662 |
| Accelerated Cost Recovery System (ACRS) | 1,055,067 |
| Provision for Full Normalization-- FERC Jurisdiction | <u>24,083</u> |
| Total Accumulated Deferred Taxes Claimed | <u>\$1,114,673</u> |

RP - D.20.
ATTACHMENT 1

Pennsylvania Power & Light Company
Deferred Income Tax Calculation Due to Excess of Tax
Depreciation Over Depreciation Using Tax Basis and Book Rates
Base Year Ended December 31, 1996
(\$000)

| Line No. | Description | ACRS & MACRS Tax Depreciation | Deprec Using Tax Basis & Book Rates | Excess Depreciation | (a) Rate | Deferred Federal Income Taxes |
|--------------------------|-----------------------------|-------------------------------|-------------------------------------|---------------------|----------|-------------------------------|
| <u>1996 Depreciation</u> | | | | | | |
| <u>1981 Vintage:</u> | | | | | | |
| 1 | Clearing-Transmission | 0 | 13 | (13) | 46.00% | \$ (6) |
| 2 | Clearing-Distribution | 0 | 12 | (12) | 46.00% | (5) |
| 3 | Furniture & Fixtures | 0 | 41 | (41) | 46.00% | (19) |
| 4 | Office Equipment | 0 | 15 | (15) | 46.00% | (7) |
| 5 | Steam Production | 0 | 1,173 | (1,173) | 38.55% | (452) |
| 6 | Hydro Production | 0 | 2 | (2) | 40.68% | (1) |
| 7 | Transmission & Distribution | 32 | 2,175 | (2,143) | 40.31% | (863) |
| 8 | General Buildings | 27 | 24 | 3 | 35.00% | 1 |
| 9 | Subtotal-1981 Vintage | 59 | 3,456 | (3,398) | | (1,352) |
| <u>1982 Vintage:</u> | | | | | | |
| 10 | Nuclear Production | 138 | 60,791 | (60,653) | 41.60% | (25,233) |
| 11 | Clearing-Transmission | 0 | 1 | (1) | 46.00% | 0 |
| 12 | Clearing-Distribution | 0 | 23 | (23) | 46.00% | (11) |
| 13 | Furniture & Fixtures | 0 | 77 | (77) | 46.00% | (35) |
| 14 | Office Equipment | 0 | 10 | (10) | 46.00% | (5) |
| 15 | Steam Production | 2,337 | 1,220 | 1,117 | 35.00% | 391 |
| 16 | Hydro Production | 36 | 8 | 28 | 35.00% | 10 |
| 17 | Transmission & Distribution | 4,813 | 2,085 | 2,728 | 35.00% | 955 |
| 18 | General Buildings | 297 | 82 | 215 | 35.00% | 75 |
| 19 | Subtotal-1982 Vintage | 7,621 | 64,298 | (56,676) | | (23,853) |
| <u>1983 Vintage:</u> | | | | | | |
| 20 | Nuclear Production | 0 | 3,193 | (3,193) | 40.33% | (1,288) |
| 21 | Clearing-Distribution | 0 | 5 | (5) | 44.74% | (2) |
| 22 | Furniture & Fixtures | 0 | 184 | (184) | 44.74% | (82) |
| 23 | Office Equipment | 0 | 13 | (13) | 44.83% | (6) |
| 24 | Steam Production | 816 | 459 | 357 | 35.00% | 125 |
| 25 | Hydro Production | 53 | 13 | 40 | 35.00% | 14 |
| 26 | Transmission & Distribution | 2,793 | 1,203 | 1,591 | 35.00% | 557 |
| 27 | General Buildings | 477 | 153 | 325 | 35.00% | 113 |
| 28 | Subtotal-1983 Vintage | 4,139 | 5,222 | (1,083) | | (569) |

Pennsylvania Power & Light Company
Deferred Income Tax Calculation Due to Excess of Tax
Depreciation Over Depreciation Using Tax Basis and Book Rates
Base Year Ended December 31, 1996
(\$000)

| Line No. | Description | ACRS & MACRS Tax Depreciation | Deprec Using Tax Basis & Book Rates | Excess Depreciation | (a) Rate | Deferred Federal Income Taxes |
|----------------------|-----------------------------|-------------------------------|-------------------------------------|---------------------|----------|-------------------------------|
| <u>1984 Vintage:</u> | | | | | | |
| 29 | Nuclear Production | 0 | 41,308 | (41,308) | 39.40% | (16,277) |
| 30 | Clearing-Distribution | 0 | 25 | (25) | 42.15% | (11) |
| 31 | Furniture & Fixtures | 0 | 25 | (25) | 42.25% | (10) |
| 32 | Office Equipment | 0 | 19 | (19) | 42.24% | (8) |
| 33 | Steam Production | 900 | 537 | 363 | 35.00% | 127 |
| 34 | Hydro Production | 49 | 13 | 36 | 35.00% | 13 |
| 35 | Transmission & Distribution | 4,293 | 1,918 | 2,375 | 35.00% | 831 |
| 36 | General Buildings | 37 | 12 | 25 | 35.00% | 9 |
| 37 | Subtotal-1984 Vintage | <u>5,279</u> | <u>43,857</u> | <u>(38,578)</u> | | <u>(15,326)</u> |
| <u>1985 Vintage:</u> | | | | | | |
| 38 | Nuclear Production | 0 | 2,647 | (2,647) | 38.00% | (1,006) |
| 39 | Clearing-Transmission | 0 | 1 | (2) | 39.35% | (1) |
| 40 | Clearing-Distribution | 0 | 24 | (24) | 39.71% | (9) |
| 41 | Furniture & Fixtures | 0 | 45 | (45) | 39.71% | (18) |
| 42 | Office Equipment | 0 | 29 | (29) | 39.79% | (12) |
| 43 | Steam Production | 2,123 | 1,221 | 903 | 35.00% | 316 |
| 44 | Hydro Production | 54 | 14 | 40 | 35.00% | 14 |
| 45 | Transmission & Distribution | 4,535 | 2,028 | 2,507 | 35.00% | 878 |
| 46 | General Buildings | 264 | 89 | 175 | 35.00% | 61 |
| 47 | Subtotal-1985 Vintage | <u>6,976</u> | <u>6,097</u> | <u>879</u> | | <u>223</u> |
| <u>1986 Vintage:</u> | | | | | | |
| 48 | Nuclear Production | 0 | 1,647 | (1,647) | 36.24% | (597) |
| 49 | Clearing-Transmission | 0 | (1) | 1 | 34.88% | 0 |
| 50 | Clearing-Distribution | 0 | 28 | (28) | 37.12% | (10) |
| 51 | Furniture & Fixtures | 0 | 28 | (28) | 37.13% | (10) |
| 52 | Steam Production | 3,145 | 1,805 | 1,339 | 35.00% | 468 |
| 53 | Hydro Production | 79 | 21 | 58 | 35.00% | 20 |
| 54 | Transmission & Distribution | 4,926 | 2,249 | 2,677 | 35.00% | 937 |
| 55 | General Buildings | 87 | 28 | 59 | 35.00% | 21 |
| 56 | Subtotal-1986 Vintage | <u>8,236</u> | <u>5,805</u> | <u>2,432</u> | | <u>829</u> |

Pennsylvania Power & Light Company
Deferred Income Tax Calculation Due to Excess of Tax
Depreciation Over Depreciation Using Tax Basis and Book Rates.
Base Year Ended December 31, 1996
(\$000)

| Line No. | Description | ACRS & MACRS Tax Depreciation | Deprec Using Tax Basis & Book Rates | Excess Depreciation | (a) Rate | Deferred Federal Income Taxes |
|----------------------|-----------------------------|-------------------------------|-------------------------------------|---------------------|----------|-------------------------------|
| <u>1987 Vintage:</u> | | | | | | |
| 57 | Nuclear Production | 9,514 | 4,779 | 4,736 | 35.00% | 1,657 |
| 58 | Clearing-Distribution | 0 | 31 | (31) | 35.01% | (11) |
| 59 | Furniture & Fixtures | 0 | 56 | (56) | 35.03% | (20) |
| 60 | Office Equipment | 0 | 10 | (10) | 35.41% | (4) |
| 61 | Steam Production | 1,980 | 1,378 | 601 | 35.00% | 210 |
| 62 | Hydro Production | 457 | 147 | 310 | 35.00% | 109 |
| 63 | Transmission & Distribution | 5,147 | 2,968 | 2,179 | 35.00% | 763 |
| 64 | General Buildings | 281 | 128 | 153 | 35.00% | 54 |
| 65 | Leaseholds | 8 | 27 | (19) | 35.00% | (7) |
| 66 | Subtotal-1987 Vintage | 17,388 | 9,525 | 7,863 | | 2,751 |
| <u>1988 Vintage:</u> | | | | | | |
| 67 | Nuclear Production | 1,999 | 1,435 | 564 | 35.00% | 197 |
| 68 | Clearing-Distribution | 0 | 34 | (34) | 34.17% | (11) |
| 69 | Furniture & Fixtures | 0 | 1 | (26) | 34.16% | (9) |
| 70 | Computer | 0 | 1,714 | (1,714) | 34.00% | (583) |
| 71 | Office Equipment | 0 | 12 | (12) | 34.02% | (4) |
| 72 | Trailer | 0 | (1) | 1 | 35.00% | 0 |
| 73 | Steam Production | 2,492 | 1,823 | 669 | 35.00% | 234 |
| 74 | Hydro Production | 394 | 158 | 237 | 35.00% | 83 |
| 75 | Transmission & Distribution | 5,494 | 3,318 | 2,175 | 35.00% | 761 |
| 76 | General Buildings | 102 | 51 | 51 | 35.00% | 18 |
| 77 | Leaseholds | 43 | 101 | (58) | 35.00% | (20) |
| 78 | Subtotal-1988 Vintage | 10,524 | 8,670 | 1,854 | | 666 |
| <u>1989 Vintage:</u> | | | | | | |
| 79 | Nuclear Production | 2,577 | 1,873 | 704 | 35.00% | 246 |
| 80 | Clearing-Distribution | 78 | 31 | 47 | 35.00% | 17 |
| 81 | Furniture & Fixtures | 34 | 77 | (43) | 34.22% | (15) |
| 82 | Computer | 0 | 1,732 | (1,732) | 34.00% | (589) |
| 83 | Office Equipment | 0 | 11 | (11) | 34.10% | (4) |
| 84 | Trailer | 0 | (1) | 1 | 35.00% | 0 |
| 85 | Steam Production | 5,479 | 4,320 | 1,159 | 35.00% | 406 |
| 86 | Hydro Production | 117 | 41 | 76 | 35.00% | 27 |
| 87 | Transmission & Distribution | 5,420 | 3,182 | 2,238 | 35.00% | 783 |
| 88 | General Buildings | 102 | 54 | 49 | 35.00% | 17 |
| 89 | Leaseholds | 8 | 38 | (31) | 35.00% | (11) |
| 90 | Subtotal-1989 Vintage | 13,814 | 11,358 | 2,456 | | 877 |

Pennsylvania Power & Light Company
Deferred Income Tax Calculation Due to Excess of Tax
Depreciation Over Depreciation Using Tax Basis and Book Rates
Base Year Ended December 31, 1996
(\$000)

| Line No. | Description | ACRS & MACRS Tax Depreciation | Deprec Using Tax Basis & Book Rates | Excess Depreciation | (a) Rate | Deferred Federal Income Taxes |
|----------------------|-----------------------------|-------------------------------|-------------------------------------|---------------------|----------|-------------------------------|
| 1990 Vintage: | | | | | | |
| 91 | Nuclear Production | 1,619 | 1,074 | 545 | 35.00% | 190 |
| 92 | Clearing-Distribution | 202 | 40 | 162 | 35.00% | 57 |
| 93 | Furniture & Fixtures | 106 | 121 | (15) | 34.29% | (5) |
| 94 | Computer | 0 | 327 | (327) | 34.34% | (112) |
| 95 | Office Equipment | 0 | 11 | (11) | 34.20% | (4) |
| 96 | Steam Production | 3,269 | 2,461 | 808 | 35.00% | 283 |
| 97 | Hydro Production | 10 | 4 | 7 | 35.00% | 2 |
| 98 | Transmission & Distribution | 6,702 | 3,618 | 3,084 | 35.00% | 1,079 |
| 99 | General Buildings | 146 | 75 | 72 | 35.00% | 25 |
| 100 | Leaseholds | 2 | 12 | (10) | 34.13% | (3) |
| 101 | Subtotal-1990 Vintage | 12,056 | 7,742 | 4,314 | | 1,512 |
| 1991 Vintage: | | | | | | |
| 102 | Nuclear Production | 1,868 | 1,301 | 567 | 35.00% | 198 |
| 103 | Clearing-Distribution | 158 | 31 | 127 | 35.00% | 45 |
| 104 | Furniture & Fixtures | 55 | 1 | (8) | 34.46% | (3) |
| 105 | Computer | 11 | 43 | (31) | 34.76% | (11) |
| 106 | Office Equipment | 7 | 16 | (9) | 34.38% | (3) |
| 107 | Steam Production | 3,973 | 2,656 | 1,317 | 35.00% | 461 |
| 108 | Hydro Production | 535 | 187 | 348 | 35.00% | 122 |
| 109 | Transmission & Distribution | 7,342 | 3,762 | 3,579 | 35.00% | 1,252 |
| 110 | General Buildings | 80 | 40 | 40 | 35.00% | 14 |
| 111 | Vehicles & Equipment | 122 | 254 | (132) | 34.21% | (45) |
| 112 | Leaseholds | 102 | 180 | (78) | 35.00% | (27) |
| 113 | Subtotal-1991 Vintage | 14,253 | 8,533 | 5,719 | | 2,003 |
| 1992 Vintage: | | | | | | |
| 114 | Nuclear Production | 2,392 | 1,555 | 837 | 35.00% | 293 |
| 115 | Clearing-Transmission | 9 | 1 | 7 | 35.00% | 3 |
| 116 | Clearing-Distribution | 130 | 26 | 105 | 35.00% | 37 |
| 117 | Furniture & Fixtures | 100 | 114 | (14) | 34.79% | (5) |
| 118 | Computer | 110 | 119 | (9) | 34.80% | (3) |
| 119 | Office Equipment | 10 | 12 | (2) | 34.76% | (1) |
| 120 | Trailer | 1 | 0 | 1 | 35.00% | 0 |
| 121 | Steam Production | 4,353 | 2,725 | 1,628 | 35.00% | 570 |
| 122 | Hydro Production | 24 | 8 | 16 | 35.00% | 6 |
| 123 | Transmission & Distribution | 9,947 | 4,511 | 5,436 | 35.00% | 1,902 |
| 124 | General Buildings | 883 | 391 | 492 | 35.00% | 172 |
| 125 | Vehicles & Equipment | 1,489 | 1,873 | (384) | 34.66% | (133) |
| 126 | Leaseholds | 97 | 243 | (146) | 35.00% | (51) |
| 127 | Subtotal-1992 Vintage | 19,544 | 11,576 | 7,968 | | 2,790 |

Pennsylvania Power & Light Company
Deferred Income Tax Calculation Due to Excess of Tax
Depreciation Over Depreciation Using Tax Basis and Book Rates
Base Year Ended December 31, 1996
(\$000)

| Line No. | Description | ACRS & MACRS Tax Depreciation | Deprec Using Tax Basis & Book Rates | Excess Depreciation | (a) Rate | Deferred Federal Income Taxes |
|----------------------|-----------------------------|-------------------------------|-------------------------------------|---------------------|----------|-------------------------------|
| 1993 Vintage: | | | | | | |
| 128 | Nuclear Production | 1,901 | 1,152 | 750 | 35.00% | 262 |
| 129 | Clearing-Distribution | 276 | 39 | 238 | 35.00% | 83 |
| 130 | Furniture & Fixtures | 64 | 52 | 12 | 35.00% | 4 |
| 131 | Computer | 207 | 159 | 48 | 35.00% | 17 |
| 132 | Office Equipment | 10 | 12 | (2) | 35.00% | (1) |
| 133 | Steam Production | 7,201 | 4,539 | 2,662 | 35.00% | 932 |
| 134 | Hydro Production | 439 | 140 | 299 | 35.00% | 105 |
| 135 | Transmission & Distribution | 10,552 | 4,450 | 6,102 | 35.00% | 2,135 |
| 136 | General Buildings | 636 | 311 | 324 | 35.00% | 114 |
| 137 | Vehicles & Equipment | 1,958 | 2,454 | (497) | 35.00% | (174) |
| 138 | Leaseholds | 18 | 42 | (24) | 35.00% | (8) |
| 139 | Subtotal-1993 Vintage | 23,262 | 13,349 | 9,912 | | 3,469 |
| 1994 Vintage: | | | | | | |
| 140 | Nuclear Production | 2,441 | 1,249 | 1,192 | 35.00% | 417 |
| 141 | Clearing-Distribution | 376 | 1 | 338 | 35.00% | 118 |
| 142 | Furniture & Fixtures | 126 | 73 | 53 | 35.00% | 18 |
| 143 | Computer | 247 | 165 | 82 | 35.00% | 29 |
| 144 | Office Equipment | 16 | 11 | 5 | 35.00% | 2 |
| 145 | Steam Production | 8,830 | 5,253 | 3,576 | 35.00% | 1,252 |
| 146 | Hydro Production | 1,249 | 385 | 864 | 35.00% | 302 |
| 147 | Transmission & Distribution | 12,025 | 4,667 | 7,358 | 35.00% | 2,575 |
| 148 | General Buildings | 117 | 73 | 44 | 35.00% | 16 |
| 149 | Vehicles & Equipment | 3,978 | 3,026 | 952 | 35.00% | 333 |
| 150 | Leaseholds | 7 | 59 | (52) | 35.00% | (18) |
| 151 | Subtotal-1994 Vintage | 29,411 | 14,999 | 14,412 | | 5,044 |
| 1995 Vintage: | | | | | | |
| 152 | Nuclear Production | 3,604 | 1,704 | 1,900 | 35.00% | 665 |
| 153 | Clearing-Distribution | 455 | 33 | 422 | 35.00% | 148 |
| 154 | Furniture & Fixtures | 133 | 55 | 78 | 35.00% | 27 |
| 155 | Computer | 1,693 | 675 | 1,019 | 35.00% | 356 |
| 156 | Office Equipment | 5 | 2 | 3 | 35.00% | 1 |
| 157 | Steam Production | 8,719 | 3,716 | 3,003 | 35.00% | 1,051 |
| 158 | Hydro Production | 460 | 133 | 328 | 35.00% | 115 |
| 159 | Transmission & Distribution | 11,533 | 4,132 | 7,401 | 35.00% | 2,590 |
| 160 | General Buildings | 596 | 372 | 224 | 35.00% | 78 |
| 161 | Other | 16 | 11 | 5 | 35.00% | 2 |
| 162 | Leaseholds | 99 | 515 | (416) | 35.00% | (1) |
| 163 | Vehicles & Equipment | 6,448 | 3,146 | 3,302 | 35.00% | 1,156 |
| | Subtotal-1995 Vintage | 31,760 | 14,492 | 17,268 | | 6,043 |

Pennsylvania Power & Light Company
Deferred Income Tax Calculation Due to Excess of Tax
Depreciation Over Depreciation Using Tax Basis and Book Rates
Base Year Ended December 31, 1996
 (\$000)

| Line No. | Description | ACRS & MACRS Tax Depreciation | Deprec Using Tax Basis & Book Rates | Excess Depreciation | (a) Rate | Deferred Federal Income Taxes |
|----------------------|--|-------------------------------|-------------------------------------|---------------------|----------|-------------------------------|
| <u>1996 Vintage:</u> | | | | | | |
| 164 | Nuclear Production | 937 | 795 | 142 | 35.00% | 50 |
| 165 | Clearing-Transmission | 8 | 1 | 7 | 35.00% | 2 |
| 166 | Clearing-Distribution | 226 | 28 | 198 | 35.00% | 69 |
| 167 | Furniture & Fixtures | 37 | 27 | 11 | 35.00% | 4 |
| 168 | Computer | 24 | 11 | 13 | 35.00% | 5 |
| 169 | Office Equipment | 4 | 3 | 1 | 35.00% | 1 |
| 170 | Steam Production | 2,252 | 2,208 | 44 | 35.00% | 15 |
| 171 | Hydro Production | 85 | 46 | 39 | 35.00% | 14 |
| 172 | Transmission & Distribution | 5,988 | 3,882 | 2,106 | 35.00% | 737 |
| 173 | General Buildings | 17 | 76 | (59) | 35.00% | (21) |
| 174 | Vehicles & Equipment | 3,047 | 2,417 | 630 | 35.00% | 220 |
| 175 | PC's | 190 | 951 | (761) | 35.00% | (266) |
| 176 | Leaseholds | 2 | 8 | (6) | 35.00% | (2) |
| 177 | Subtotal-1996 Vintage | 12,817 | 10,452 | 2,365 | | 828 |
| 178 | Nuclear Fuel | 54,137 | 58,901 | (4,764) | 33.86% | (1,613) |
| 179 | TOTAL 1996 DEPRECIATION | 271,274 | 298,333 | (27,058) | | (15,678) |
| 180 | 1996 Dispositions of Property | | | | | 1,890 |
| 181 | Adjustment for 1995 Return | | | | | (2,372) |
| 182 | Adjustment for Amended Returns Prior Years | | | | | (1,338) |
| 183 | GRAND TOTAL 1996 ACTIVITY | | | | | (17,498) |

- (a) The rate used is either 1) the current federal statutory rate of 35% for provisions of deferred federal income taxes or 2) the rate calculated under the average rate assumption method as required by Section 203(e) of the Tax Reform Act of 1986 for reversals of deferred federal income taxes.

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- Q. Submit a schedule showing a breakdown of accumulated and unamortized investment tax credits, by vintage year and percentage rate, together with calculations supporting the amortized amount claimed as a reduction to pro forma income taxes. Provide details of methods used to write-off the unamortized balances.
- A. See Attachment 1 for the requested information on accumulated and unamortized investment tax credits. PP&L is amortizing these Accumulated Investment Tax Credits to income over the weighted average book service lives (33 years) for owned property and 39 years and 38 years for progress payments related to Susquehanna Unit No. 1 and Unit No. 2, respectively, and over the composite average life of leases (currently 10 years) for leased property where credit was passed on to the Company by the lessor. Credits applicable to nuclear fuel are amortized over its estimated life of 5 years.

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ATTACHMENT 1**

Attachment 1

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PENNSYLVANIA POWER & LIGHT COMPANY

Electric Operations Schedule of Deferred Investment Tax Credits For Calendar Year 1996

| Vintage Year | Rate | Accumulated ITC @ 12/31/95 | Amortization for 1996 | Accumulated ITC @ 12/31/96 |
|-----------------------|------|----------------------------|-----------------------|----------------------------|
| Owned Property | | | | |
| 1971 | 4% | 281,980 | 35,248 | 246,732 |
| 1972 | 4% | 1,929,789 | 214,421 | 1,715,368 |
| 1973 | 4% | 2,388,888 | 238,889 | 2,149,999 |
| 1974 | 4% | 900,587 | 81,872 | 818,715 |
| 1975 | 4% | 2,267,061 | 188,922 | 2,078,139 |
| | 10% | 1,476,741 | 123,062 | 1,353,679 |
| 1976 | 4% | 1,145,393 | 88,107 | 1,057,286 |
| | 10% | 5,307,931 | 408,315 | 4,899,616 |
| 1977 | 4% | (4,150) | (296) | (3,854) |
| | 10% | 3,183,942 | 227,424 | 2,956,518 |
| 1978 | 4% | (4,421) | (295) | (4,126) |
| | 10% | 3,179,246 | 211,950 | 2,967,296 |
| 1979 | 4% | (919) | (57) | (862) |
| | 10% | 4,756,647 | 297,290 | 4,459,357 |
| 1980 | 4% | (392) | (23) | (369) |
| | 10% | 7,138,931 | 419,937 | 6,718,994 |
| 1981 | 10% | 10,145,616 | 563,645 | 9,581,971 |
| 1982 | 10% | 19,325,901 | 815,587 | 18,510,314 |
| | 4% | 1,388,425 | 52,068 | 1,336,357 |
| 1983 | 8% | 1,475,337 | 72,923 | 1,402,414 |
| 1983 | 10% | 13,106,831 | 498,894 | 12,607,937 |
| 1984 | 4% | 551,233 | 20,352 | 530,881 |
| | 8% | 7,002,506 | 290,337 | 6,712,169 |
| | 10% | 461,378 | 21,971 | 439,407 |
| 1985 | 10% | 153,522 | 6,206 | 147,316 |
| 1985 | 8% | 6,705,502 | 285,773 | 6,419,729 |
| 1986 | 10% | 2,483,113 | 119,083 | 2,364,030 |
| 1987 | 10% | 8,171,501 | 308,143 | 7,863,358 |
| 1988 | 10% | 694,572 | 27,355 | 667,217 |
| 1989 | 10% | 143,358 | 5,448 | 137,910 |
| 1990 | 10% | 89,603 | 3,426 | 86,177 |
| Owned Property | | \$105,845,652 | \$5,625,977 | \$100,219,675 |

Attachment 1

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PENNSYLVANIA POWER & LIGHT COMPANY

Electric Operations
Schedule of Deferred Investment Tax Credits
For Calendar Year 1996

| <u>Vintage Year</u> | <u>Rate</u> | <u>Accumulated ITC @ 12/31/95</u> | <u>Amortization for 1996</u> | <u>Accumulated ITC @ 12/31/96</u> |
|-------------------------------------|-------------|---------------------------------------|----------------------------------|---------------------------------------|
| Leased Property | | | | |
| 1988 | 10% | \$305,918 | \$152,959 | \$152,959 |
| Progress Payments- Various Years | | | | |
| SSES #1 | 10% | 72,566,915 | 2,721,252 | 69,845,663 |
| SSES #2 | 10% | 38,426,839 | 1,418,832 | 37,008,007 |
| Progress Pmts. | | <u>\$110,993,754</u> | <u>\$4,140,084</u> | <u>\$106,853,670</u> |
| Total | | <u>\$217,145,324</u> | <u>\$9,919,020</u> | <u>\$207,226,304</u> |

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- Q. Submit a schedule which shows federal income tax refunds, plus interest - net of taxes, received for the last five years due to prior years' claims.
- A. The refunds of income tax and interest, net of taxes, received from the Federal government for the last five years due to prior years' claims are as follows:

| <u>Source of Refund</u> | <u>Date Received</u> | <u>Tax Refunded</u> | <u>Interest Net of Tax</u> |
|-------------------------|----------------------|---------------------|----------------------------|
| 1985 & 1986 | 07/07/92 | \$194,775 | \$86,017 |
| Amended Return | 01/12/93 | | 1,162 |