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July 2, 2004

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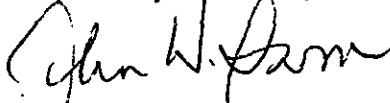
Tanya J. McCloskey
James A. Mullins
Lori A. Herman
Aron J. Beatty
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

**Re: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation
Docket No. R-00049255**

Dear Counsel:

Enclosed, are an original and four (4) copies of "PPL Electric Utilities Corporation's Interrogatories and Requests for Production of Documents to the Office of Consumer Advocate - Set 1" in the above-referenced proceeding.

Respectfully submitted,


John H. Isom

JHI/jl

BTL

Enclosure

c: Certificate of Service
James J. McNulty (letter only via First Class Mail)

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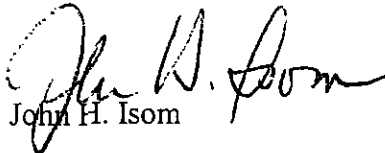
David A. McCormick
Department of the Army
Office of The Judge Advocate General
901 North Stuart Street
Arlington, VA 22203-1837

**Re: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation
Docket No. R-00049255**

Dear Mr. McCormick:

Enclosed, are an original and two (2) copies of "PPL Electric Utilities Corporation's Interrogatories and Requests for Production of Documents to the United States Department of Defense - Set I" in the above-referenced proceeding.

Respectfully submitted,


John H. Isom

JHI/jl

BTL

Enclosure

c: Certificate of Service
James J. McNulty (letter only via First Class Mail)



July 2, 2004

David M. Kleppinger
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100 Pine Street
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RE: Pennsylvania Public Utility Commission
v. PPL Electric Utilities Corporation
Docket No. R-00049255

Dear Counsel:

Enclosed, are an original and three (3) copies of PPL Electric Utilities Corporation's Interrogatories and Requests for Production of Documents to the PP&L Industrial Customer Alliance – Set I in the above-referenced proceeding.

Very truly yours,

Paul E. Russell

Attachment

cc: Certificate of Service
James J. McNulty (letter only via First Class Mail)

BTL

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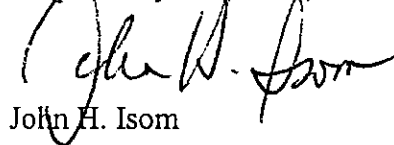
Richard A. Kanaskie, Esquire
Office of Trial Staff
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation
Docket No. R-00049255**

Dear Mr. Kanaskie:

Enclosed, are an original and two (2) copies of "PPL Electric Utilities Corporation's Interrogatories and Requests for Production of Documents to the Office of Trial Staff - Set 1" in the above-referenced proceeding.

Respectfully submitted,

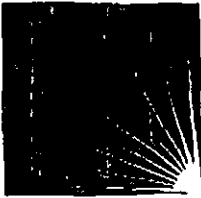

John H. Isom

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Enclosure

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James J. McNulty (letter only via First Class Mail)

Clean Air Council



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302-691-0112

July 2, 2004

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
2nd Floor
Keystone State Office Building
Commonwealth & North St.
Harrisburg, PA 17105-3265

DOCUMENT
FOLDER

**RE: Pennsylvania PUC v.
PPL Electric Utilities Corporation
Docket No.: R-00049255**

Dear Secretary McNulty:

Enclosed please find an original and three (3) copies of Clean Air Council's Amended Protest and Petition to Intervene in the above-captioned proceeding, commenced by PPL Electric Utilities Corporation on March 29, 2004.

Please time-stamp the extra copy for my files and return it to me in the envelope provided.

Thank you for your effort in this regard.

Sincerely,

Michael Fiorentino, Esq.
Attorney for Clean Air Council

Enclosures

cc: Parties of Record
Honorable Allison K. Turner

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86

COMMONWEALTH OF PENNSYLVANIA
BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility
Commission

Docket No. R-00049255

v.

PPL Electric Utilities
Corporation

DOCKETED
AUG 03 2004

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Amended Protest and Petition to Intervene
of Clean Air Council

Pursuant to 52 Pa. Code §5.51 and or §5.71 of the Public Utility Code, and to specific direction in Prehearing Order #3 in this proceeding, Clean Air Council hereby submits this Amended Petition to the Supplement filing of PPL Electric Utilities Corporation, for the increase of retail rates, and requests permission to Intervene in proceedings relating to the Supplement, and in support hereof states as follows:

1. PPL Electric Utilities Corporation ("PPL" or "the Company") is an electric public utility incorporated under the laws of Pennsylvania, with its headquarters in Allentown, Pennsylvania. PPL provides electric service to approximately 1.3 million Pennsylvania customers as an electric distribution company ("EDC"), as that term is defined by 66 Pa.C.S. §2803.
2. Clean Air Council (or "the Council") is a non-profit corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, with offices in Harrisburg, Pennsylvania, Wilmington, Delaware, and a principal place of business in Philadelphia, Pennsylvania. The Council receives support from nearly 7,500 members in Pennsylvania and Delaware for its clean energy environmental advocacy.
3. The name and address of the Protestant and Petitioner is:

Clean Air Council
107 N. Front St.
Suite 113
Harrisburg, PA 17101

**DOCUMENT
FOLDER**

4. The names and addresses, and telephone numbers of Counsel are:

Michael Fiorentino
Joseph Otis Minott
135 S. 19th St.
Suite 300
Philadelphia, PA 19103
(215)-567-4004

Background:

4. On March 29, 2004, PPL filed the above-captioned Supplement to its Electric Tariff along with a Statement of Reasons and supporting data as required under Commission regulations.
5. According to PPL correspondence to the Commission on that date, as well as direct testimony from the Company's experts, the purpose of the filing is the proposal of a retail distribution rate increase which would yield approximately \$164.4 million and a transmission service rate increase of \$57.2 million.
6. On April 12, 2004, the Office of Consumer Advocate filed before the Commission a formal complaint in this docket, raising numerous concerns about the impact and fairness of the rate increases.
7. PPL indicates that it expects these rate increases, if granted by the Commission, to take effect on January 1, 2005. The increases are timed to coincide with the expiration of the existing transmission and distribution rate cap established by the Commission in its 1998 Order approving the Joint Petition for Settlement of PP&L's Electric Restructuring Plan, at Docket No. R-00973954.
8. Petitioner Clean Air Council was an intervenor in that docket as one of the Environmentalist Parties, and signed on to the Joint Petition for Settlement.

Petitioners' Interests:

9. Members and staff of Clean Air Council live and/or work in PPL service territories and are customers of PPL for transmission and distribution services, and therefore have a direct, substantial and immediate interest in the Tariff Supplement. Clean Air Council's Front St. Harrisburg office is served by PPL Electric Utilities Corporation. In addition, Brooks Mountcastle, CAC's Harrisburg Director, maintains his private residence on Penn St. in Harrisburg, and therefore receives residential service from the Company. Other Council staff

in the Harrisburg office also live and receive electric service in the PPL service territory.

10. The Council advocates for a level of air quality which protects human health. The Council avers that the ability to achieve such a level of air quality depends in substantial part upon the profile of the region's electric generation supply. A vibrant competitive market for electric power promotes opportunities for renewable energy generation to grow in PPL territory. A rate increase at the level requested may adversely affect the competitive market so described.
11. As a Joint Signatory to the 1998 Restructuring Settlement, Clean Air Council advocated for the creation of the Sustainable Energy Fund, an entity designed to provide grants, loans, programs, and other incentives that would result in the growth of renewable energy and sustainable energy technologies and practices. The funding for SEF has been established through a .01 cents/kWh charge on the transmission and distribution portion of retail rates. It is averred that a continuing need for the SEF exists and that it should be funded adequately in any rate increase approved consequent to PPL's filing request.
12. PPL proposes to maintain tight limits on participation in residential demand side response tariffs, and seeks to make adjustments to universal service Low Income Usage Reduction Program levels and program offerings that impact the Renewable Energy Pilot established in the 1998 Restructuring Settlement. The Council intends to examine these limits and changes which may prevent its members and residential customers from accessing incentives for conservation and renewable energy applications.

Petitioner's Concerns:

13. The Company is proposing an overall rate increase averaging 9.67% for the residential customer class. The proposal represents not only a rate increase but also a significant modification of rate design.
14. As part of the rate proposal, the residential Customer Charge will nearly double to \$12.20, while the first 200 kWh of usage will come without charge. Such a rate design creates a disincentive for conservation of electric energy consumption, and rewards larger users in the class. An increase in electric energy generation to meet higher demand will result in increased air pollution emissions from the sources of that generation. Residential customers who conserve energy will be saddled with a higher percentage rate increase.
15. Another part of the rate proposal, the Transmission Service Charge, will *inter alia*, create a uniform allocation of transmission charges among customer classes, altering a rate design which currently maintains different rates for them.

16. The proposed Distribution System Improvement Charge represents a substantial departure from traditional sound ratemaking policy for electric utilities, and Petitioners believe an opportunity to examine the impacts of a DSIC more fully is appropriate.
17. Petitioner avers that the proposed tariff changes and proposed rate design, including but not limited to the aspects raised in the preceding paragraphs of this Petition, may be unlawfully discriminatory, unjust and unreasonable, and otherwise contrary to sound ratemaking principles and public policy. 66 Pa. C.S. §1301, *et seq.*

What Petitioner Would Like the Public Utility Commission to Do:

Clean Air Council respectfully requests that the Public Utility Commission:

- A. Suspend the operation of Supplement No. 25 and schedule full evidentiary hearings to examine the reasonableness of the Company's current rate structure and the proposal for increases in those rates;
- B. Grant the Council's Petition to Intervene in this matter;
- C. Consolidate all Complaints and Interventions regarding Supplement No. 25;
- D. Schedule Public Input Hearings around PPL Service Territory and provide appropriate notice to the public thereof;
- E. Deny any modifications to the Company's rates that the Commission finds to be unjust, unreasonable, unlawfully discriminatory, inconsistent with the Public Utility Code or sound ratemaking principles or contrary to public policy; and
- F. Grant such other relief which the Commission deems appropriate.

Respectfully submitted,

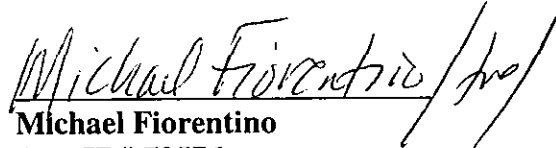


Michael Fiorentino, Esq.
Attorney ID #73576
Joseph Otis Minott, Esq.
Attorney ID #36463
Counsel for Clean Air Council
135 S. 19th St., Suite 300
Philadelphia, PA 19103

Verification:

The information contained in this Amended Petition to Intervene is true and correct to the best of my knowledge. I understand that false statements knowingly made herein are subject to prosecution under Pennsylvania law concerning unsworn falsification to authorities.

Date: 7/2/04


Michael Fiorentino
Atty ID# 73576

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission : R-00049255
v
PPL Electric Utilities Corporation :

SECRETARY'S BUREAU

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Certificate of Service

I hereby certify that on this day I have served a true and correct copy of the foregoing document, Clean Air Council's Amended Petition to Intervene, upon the parties of record of this case in accordance with 52 Pa. Code §1.54, by electronic and first class mail.

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Mark C. Morrow, Esq.
460 North Gulph Rd.

King of Prussia, PA 19406

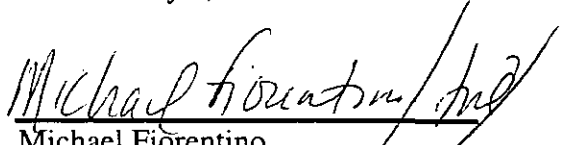
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Sustainable Development Fund
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James P. Melia, Esq.
Kirkpatrick & Lockhart
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Harrisburg, PA 17101

Michael G. Wolfe, Esq.
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612

Dated: July 2, 2004


Michael Fiorentino
Attorney for Clean Air Council
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Philadelphia, PA 19103
215-567-4004, x238

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July 7, 2004

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Joseph J. Malatesta, Jr., Esquire
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Saul Ewing LLP
Penn National Insurance Tower
2 North Second Street, 7th Floor
Harrisburg, PA 17101

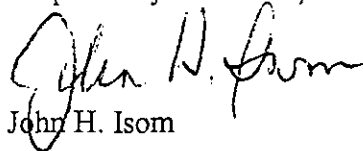
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SECRETARY'S BUREAU

**Re: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation
Docket No. R-00049255**

Dear Counsel:

Enclosed, are an original and three (3) copies of "PPL Electric Utilities Corporation's Requests for Production of Documents to the Public Lighting Users Group" in the above-referenced proceeding.

Respectfully submitted,


John H. Isom

JHI/jl

Enclosure

c: Certificate of Service
Secretary James J. McNulty (letter only for filing)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing **PPL Electric Utilities Corporation's Requests for Production of Documents to the Public Lighting Users Group** upon the participant(s), listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

VIA E-MAIL & HAND DELIVERY

Louise A. Knight, Esquire
Joseph J. Malatesta, Esquire
David P. Zambito, Esquire
Saul Ewing LLP
2 North Second Street, 7th Floor
Harrisburg, PA 17101

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VIA FIRST CLASS MAIL

Honorable Allison K. Turner
Administrative Law Judge
Pennsylvania Public Utility Commission
Philadelphia State Office Building
1400 West Spring Garden Street
Room 1302
Philadelphia, PA 19130

Honorable Susan Colwell
Administrative Law Judge
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105

Honorable Ember Jandebour
Administrative Law Judge
Pennsylvania Public Utility Commission
100 Lackawanna Avenue
State Office Building Room 317
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Industrial Economics Incorporated
2067 Massachusetts Avenue
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460 North Gulph Road
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FirstEnergy
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001

Honorable Phyllis Mundy, Chair
Northeast Delegation
House Box 202020
Harrisburg, PA 17120-2020

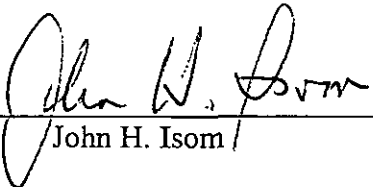
Anthony J. Graziano
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Kirkpatrick & Lockhart LLP
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James P. McCormick
Manger, Market Development for
Pennsylvania & New Jersey
Strategic Energy, LLC
1940 Robert Road
Meadowbrook, PA 19046

Date: July 7, 2004



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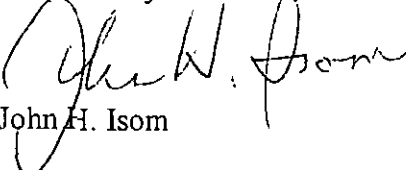
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**Re: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation
Docket No. R-00049255**

Dear Counsel:

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Respectfully submitted,



John H. Isom

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Enclosure

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James J. McNulty (letter only for filing)
Honorable Allison K. Turner (letter only)
Honorable Ember Jandebaur (letter only)
Honorable Susan Colwell (letter only)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing **PPL Electric Utilities Corporation's Interrogatories and Requests for Production of Documents to the Office of Consumer Advocate – Set II** upon the participant(s), listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

VIA FIRST-CLASS MAIL & E-MAIL

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Honorable Phyllis Mundy, Chair
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James P. McCormick
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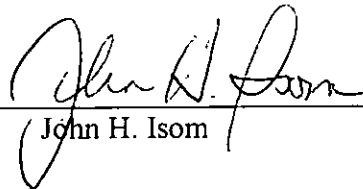
James P. Melia
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Payne Shoemaker Building
240 North Third Street
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VIA FIRST CLASS MAIL

Anthony J. Graziano
640 Westwood Lane
Frackville, PA 17931

Brenda Hoover
630 N. Jefferson Street
Allentown, PA 18102

Date: July 7, 2004



John H. Isom



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

IN REPLY PLEASE
REFER TO OUR FILE

July 8, 2004

In Re: R-00049255
R-00049255C0001-C0007

(TO ALL PARTIES)

DOCUMENT FOLDER

Pennsylvania Public Utility Commission (R-00049255)
U.S. Department of Defense & Federal Executive Agencies (C0001)
PPL Industrial Customer Alliance (C0002)
Office of Small Business Advocate (C0003)
Office of Consumer Advocate (C0004)
Anthony J. Graziano (C0005)
Brenda Hoover (C0006)
Eric Joseph Epstein (C0007) corrected
v.
PPL Electric Utilities Corporation

CORRECTED NOTICE

This is to inform you that the hearing notice dated June 25, 2004 was inadvertently sent with the "corporations may need a lawyer" paragraph, which does not pertain to testimony at a public input hearing.

Type: Public Input Hearing
Date: Monday, July 19, 2004
Time: 2:00 PM & 6:00 PM
Location: Pennsylvania College of Technology
Thompson Professional Development Center
Mountain Laurel Room
One College Avenue
Williamsport, PA 17701-3761

DOCKETED
SEP 07 2004

Presiding: Administrative Law Judge Allison K. Turner
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130
Telephone: (215) 560-2105
Fax: (215) 560-3133

If you intend to file exhibits, 2 copies of all hearing exhibits to be presented into evidence must be submitted to the reporter. An additional copy must be furnished to the Presiding Officer. A copy must also be provided to each party of record.

If you are a person with a disability, and you wish to attend the hearing, we may be able to make arrangements for your special needs. Please call the scheduling office at the Public Utility Commission:

- Scheduling Office: (717) 787-1399.
- AT&T Relay Service number for persons who are deaf or hearing-impaired: 1-800-654-5988.

COMMONWEALTH OF PENNSYLVANIA



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July 13, 2004

VIA E-MAIL AND OVERNIGHT DELIVERY

Paul E. Russell, Associate
General Counsel
PPL Electric utilities Corporation
Two North Ninth Street
Allentown, PA 18101

DOCUMENT
FOLDER

RECEIVED
2004 JUL 14 AM 11:05
PA PUC
SECRETARY'S BUREAU

Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Docket No. R-00049255

Dear Mr. Russell:

Enclosed are the Office of Consumer Advocate's Responses to PPL Electric Utilities, Inc., Interrogatories Set I and Set II numbers 13-15, in the above-referenced proceeding.

If you have any questions, please call me. Also enclosed is a copy of the Certificate of Service for these responses, the original has been filed with Secretary McNulty of the Pennsylvania Public Utility Commission.

Sincerely,

Shaun A. Sparks
Assistant Consumer Advocate

Enclosures

cc: All Parties of Record

80201

BTI

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission, et al
v.
PPL Electric Utilities Corporation
Docket No. R-00049255

I hereby certify that I have this day served a true copy of the foregoing, Office of Consumer Advocate's Responses to PPL Electric Utilities, Interrogatories Set I and Set II, numbers 13-15, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 13th day of July, 2004.

SERVICE BY E-MAIL and HAND DELIVERY

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rkanaskie@state.pa.us

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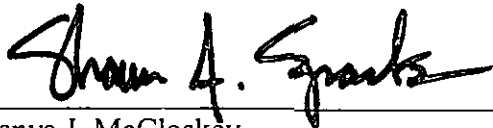
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McNees Wallace & Nurick LLC
attorneys at law

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FOLDER

SECRETARY'S BUREAU
July 13, 2004

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Peter Adels, Esquire
Charley McPhedran, Esquire
Citizens for Pennsylvania's Future
117 S. 17th Street, Suite 1801
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VIA E-MAIL AND FIRST CLASS MAIL

**RE: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation;
Docket No. R-00049255**

Dear Mr. Adels and Mr. McPhedran:

Please find enclosed two (2) copies of PP&L Industrial Customer Alliance's ("PPLICA") Interrogatories, Set I, to Citizens for Pennsylvania's Future in the above-referenced proceeding.

Please endeavor to forward responses in an organized manner as they are completed; it is not necessary to await completion of all responses prior to forwarding those completed more quickly. Please forward one set of responses (including all attachments) to our office and one set of responses (including all attachments) to Mr. Stephen Baron of J. Kennedy & Associates, Inc.

Please communicate any objections or questions that you may have to these interrogatories as quickly as possible. Thank you for your attention to this matter.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Pamela C. Polacek

Counsel to the PP&L Industrial Customer
Alliance

PCP/mc

Enclosures

c: James J. McNulty, Secretary (transmittal letter only)
Certificate of Service

BTL

CERTIFICATE OF SERVICE

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

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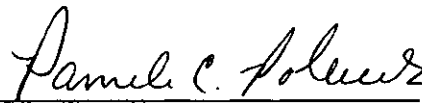
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Certificate of Service
Page 3
Docket No. R-00049255

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Kirkpatrick & Lockhart LLP
240 North Third Street
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Pamela C. Polacek
Pamela C. Polacek

Counsel to the PP&L Industrial
Customer Alliance

Dated this 13th day of July, 2004, at Harrisburg, Pennsylvania.

Paul E. Russell
Associate General Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4264 Fax 610.774.6726
perussell@pplweb.com



ORIGINAL

FEDERAL EXPRESS

July 15, 2004

JUL 14 2004

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Richard A. Kanaskie, Esquire
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

DOCUMENT
FOLDER

Re: **PPL Electric Utilities Corporation**
Supplement No. 38 to Tariff -
Electric Pa. P.U.C. No. 201
Docket No. R-00049255

Dear Mr. Kanaskie:

Enclosed are the supplemental responses of PPL Electric Utilities Corporation ("PPL Electric") to the Office of Trial Staff's Interrogatories identified in the attached Certificate of Service. As indicated in that Certificate of Service, copies of the Company's responses have been served on all active participants in this proceeding.

If you have any questions regarding these responses, please call.

Very truly yours,

Paul E. Russell BTL

Paul E. Russell

Enclosures

cc: Certificate of Service

THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation :
Supplement No. 38 to Tariff – Electric :
Pa. P.U.C. No. 201 :

Docket No. R-00049255

RECEIVED
JUL 14 2004
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true copy of the supplemental response of PPL Electric Utilities Corporation to Interrogatories of the Office of Trial Staff, Set 7, Question OTS-RE-97, upon the participant(s) listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

VIA FEDERAL EXPRESS

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Dated: July 15, 2004



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July 15, 2004

FEDERAL EXPRESS

James J. McNulty, Esquire
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400 North Street
Harrisburg, Pennsylvania 17120

**Re: PPL Electric Utilities Corporation
Supplement No. 38 to Tariff -
Electric Pa. P.U.C. No. 201
Docket No. R-00049255**

Dear Mr. McNulty:

Attached for filing, pursuant to the Commission's regulations, 52 Pa. Code § 5.342(d), is a Certificate of Service identifying supplemental responses to interrogatories that PPL Electric Utilities Corporation served today on the active participants in this proceeding.

If you have any questions regarding these responses, please call.

Very truly yours,

Paul E. Russell

Attachment

cc: The Honorable Allison K. Turner

THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation :
Supplement No. 38 to Tariff – Electric : Docket No. R-00049255
Pa. P.U.C. No. 201 :

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true copy of the supplemental response of PPL Electric Utilities Corporation to Interrogatories of the Office of Trial Staff, Set 7, Question OTS-RE-97, upon the participant(s) listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

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Dated: July 15, 2004



Paul E. Russell

**PPL Electric Utilities Corporation
 Response to Interrogatories of the
 Office of Trial Staff, Set 7,
 Dated April 27, 2004**
Docket No. R-00049255

Q.OTS-RE-97. Regarding the Company's Post Retirement Benefits. What is the Company's historic and future test year claim in this proceeding for post retirement benefits expense? Please provide all assumptions and supporting calculations (including allocations) from the Company's gross contribution (based on the actuarial report) to the Company's O & M expense claims in this proceeding.

A.OTS-RE-97. PPL Electric is providing the following supplemental response to this question.

The schedule below shows the history of PPL Electric's post retirement expense for 2004. The allocation of the SFAS 106 amount attributable to PPL Electric's participation in the PPL Postretirement Benefit Plans is calculated as follows (dollars in thousands):

	2004 As Filed	March Revision	June Revision	
Total Post retirement Benefit Plan Expense	\$35,000	\$27,946	\$36,000 (A)	
PPL Electric Gross Postretirement Expense				
PPL Electric allocation of 39.76% based on active employee headcount	\$13,916	\$11,111	\$14,314	
PPL Electric Net Postretirement Expense charged to O&M				
Approximately 69.5% of expense charged to O&M based on payroll distribution	\$9,672	\$7,722	\$9,948	

A) See the supplemental response to Question 16 of Interrogatories of the Office of Consumer Advocate, Set X, dated May 20, 2004 for the revised actuarial estimate of 2004 postretirement benefit cost. The supplemental response was submitted on July 15, 2004.

COMMONWEALTH OF PENNSYLVANIA



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555 Walnut Street, 5th Floor, Forum Place
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Consumer Advocate

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July 15, 2004

VIA OVERNIGHT DELIVERY

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PPL Electric Utilities Corporation
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Allentown, PA 18101-1179

DOCUMENT
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Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Docket No. R-00049255

Dear Mr. Russell:

The Office of Consumer Advocate is re-serving the Office of Consumer Advocate's Responses to PPL Electric Utilities, Inc., Interrogatories Set II, numbers 13-15, in the above-referenced proceeding. It appears as if some of the parties did not receive the attachments or the full responses to these interrogatories.

If you have any questions, please call me. Also enclosed is a copy of the Certificate of Service for these responses, the original has been filed with Secretary McNulty of the Pennsylvania Public Utility Commission.

Sincerely,

BTL

Shaun A. Sparks
Assistant Consumer Advocate

Enclosures
cc: All Parties of Record
80257

RECEIVED
2004 JUL 16 PM 3:54
PA PUC
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission, et al
v.
PPL Electric Utilities Corporation
Docket No. R-00049255

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2004 JUL 16 PM 3:54
PA PUBLIC
SECRETARY'S BUREAU

I hereby certify that I have this day served a true copy of the foregoing, Office of Consumer Advocate's Responses to Interrogatories, Set II, numbers 13 - 15, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 15th day of July, 2004.

SERVICE BY HAND DELIVERY, FIRST CLASS MAIL OR OVERNIGHT MAIL

Richard A. Kanaskie, Esq.
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Office of Trial Staff
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Harrisburg, PA 17105-3265
For: Trial Staff
rkanaskie@state.pa.us

Paul E. Russell, Esquire, **via Overnight Mail**
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Michael Gang, Esquire, **via Overnight**
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jisom@morganlewis.com

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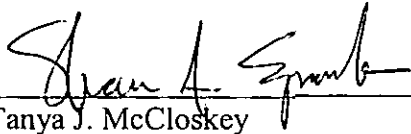
Michael G. Wolfe, Esq.
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Lori A. Herman
Shaun A. Sparks
Assistant Consumer Advocates

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perussell@pplweb.com



July 15, 2004

FEDERAL EXPRESS

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

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JUL 14 2004

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DOCUMENT
FOLDER

Re: **PPL Electric Utilities Corporation
Supplement No. 38 to Tariff -
Electric Pa. P.U.C. No. 201
Docket No. R-00049255**

Dear Mr. McNulty:

Attached for filing, pursuant to the Commission's regulations, 52 Pa. Code § 5.342(d), is a Certificate of Service identifying supplemental responses to interrogatories that PPL Electric Utilities Corporation served today on the active participants in this proceeding.

If you have any questions regarding these responses, please call.

Very truly yours,

A handwritten signature in black ink that reads "Paul E. Russell". The signature is written in a cursive, flowing style.

Paul E. Russell

Attachment

BTL

cc: The Honorable Allison K. Turner

70

THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation :
Supplement No. 38 to Tariff – Electric : Docket No. R-00049255
Pa. P.U.C. No. 201 :

CERTIFICATION OF SERVICE

I hereby certify that I have this day served a true copy of the supplemental response of PPL Electric Utilities Corporation to Interrogatories of the Office of Trial Staff, Set 7, Question OTS-RE-97, upon the participant(s) listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

VIA FEDERAL EXPRESS

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Dated: July 15, 2004



Paul E. Russell

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Consumer Advocate

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July 15, 2004

VIA E-MAIL AND OVERNIGHT DELIVERY

Paul E. Russell, Associate General Counsel
Services Corporation, Office of General Counsel
PPL Electric Utilities Corporation
Two North Ninth Street
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DOCUMENT
FOLDER

Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Docket No. R-00049255

Dear Mr. Russell:

Enclosed are the Office of Consumer Advocate's Responses to PPL Electric Utilities, Inc., Interrogatories Set I, numbers 13-15, in the above-referenced proceeding.

If you have any questions, please call me. Also enclosed is a copy of the Certificate of Service for these responses, the original has been filed with Secretary McNulty of the Pennsylvania Public Utility Commission.

Sincerely,

Lori A. Herman
Assistant Consumer Advocate

Enclosures

cc: All Parties of Record

80201

BTL

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CERTIFICATE OF SERVICE

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PA P.U.C
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Re: Pennsylvania Public Utility Commission, et al
v.
PPL Electric Utilities Corporation
Docket No. R-00049255

I hereby certify that I have this day served a true copy of the foregoing, Office of Consumer Advocate's Responses to Interrogatories, Set I, numbers 13 - 15, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 15th day of July, 2004.

SERVICE BY E-MAIL and FIRST CLASS DELIVERY

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July 16, 2004

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

**Re: PPL Electric Utilities Corporation
Supplement No. 38 to Tariff -
Electric Pa. P.U.C. No. 201
Docket No. R-00049255**

Dear Mr. McNulty:

Attached for filing, pursuant to the Commission's regulations, 52 Pa. Code § 5.342(d), is a Certificate of Service identifying responses to interrogatories that PPL Electric Utilities Corporation served today on the active participants in this proceeding.

If you have any questions regarding these responses, please call.

Very truly yours,

Paul E. Russell

Attachment

cc: The Honorable Allison K. Turner

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation :
Supplement No. 38 to Tariff – Electric : Docket No. R-00049255
Pa. P.U.C. No. 201 :

CERTIFICATION OF SERVICE

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE

I hereby certify that I have this day served a true copy of the responses of

PPL Electric Utilities Corporation to Interrogatories of the Commission on Economic Opportunity, Set 3, Questions 1 through 3, upon the participant(s) listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

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2 North Second Street, 7th Floor
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Dated: July 16, 2004



Paul E. Russell

Paul E. Russell
Associate General Counsel

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perussell@pplweb.com



July 16, 2004

FEDERAL EXPRESS

James J. McNulty, Esquire
Secretary
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Harrisburg, Pennsylvania 17120

**DOCUMENT
FOLDER**

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JUL 16 2004

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

**Re: PPL Electric Utilities Corporation
Supplement No. 38 to Tariff -
Electric Pa. P.U.C. No. 201
Docket No. R-00049255**

Dear Mr. McNulty:

Attached for filing, pursuant to the Commission's regulations, 52 Pa. Code § 5.342(d), is a Certificate of Service identifying responses to interrogatories that PPL Electric Utilities Corporation served today on the active participants in this proceeding.

If you have any questions regarding these responses, please call.

Very truly yours,

A handwritten signature in black ink that reads "Paul E. Russell". The signature is written in a cursive, flowing style.

Paul E. Russell

Attachment

cc: The Honorable Allison K. Turner

THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation :
Supplement No. 38 to Tariff – Electric : Docket No. R-00049255
Pa. P.U.C. No. 201 :

CERTIFICATION OF SERVICE

RECEIVED

JUL 16 2004

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

I hereby certify that I have this day served a true copy of the response of PPL Electric Utilities Corporation to Interrogatories of the Office of Trial Staff, Set 22, Question OTS-RE-151, upon the participant(s) listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

VIA FEDERAL EXPRESS

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Louise A. Knight, Esquire
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Harrisburg, PA 17101

Dated: July 16, 2004



Paul E. Russell

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

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HARRISBURG, PA 17108-9500

THOMAS T. NIESEN

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FIRM (717) 255-7600
FAX (717) 236-8278

CHARLES E. THOMAS
(1913 - 1998)

July 16, 2004

Honorable Allison K. Turner
Administrative Law Judge
PaPUC/OALJ
Room 1302
Philadelphia State Office Building
1400 W. Spring Garden Street
Philadelphia, PA 19130

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PA PUC
SECRETARY'S BUREAU

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In re: Docket No. R-00049255
Pa. P.U.C. v. PPL Electric Utilities Corporation

**DOCUMENT
FOLDER**

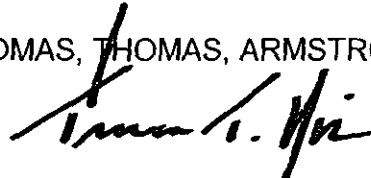
Dear Judge Turner:

In accordance with the requirements of Prehearing Order No. 2, please be advised that The Sustainable Energy Fund of Central Eastern Pennsylvania will be presenting Thomas J. Tuffey, Ph.D., the Executive Director of the Fund, as a rebuttal witness in the above matter. A copy of this letter is being served upon the parties as set forth on the certificate of service attached to it.

Very truly yours,

THOMAS, THOMAS, ARMSTRONG & NIESEN

By



Thomas T. Niesen

cc: Certificate of Service
Thomas J. Tuffey

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission : Docket No. R-00049255
: :
v. : :
: :
PPL Electric Utilities Corporation : :
: :

CERTIFICATE OF SERVICE

I hereby certify that I have this 16th day of July, 2004, served a true and correct copy of the foregoing letter, upon the persons and in the manner set forth below:

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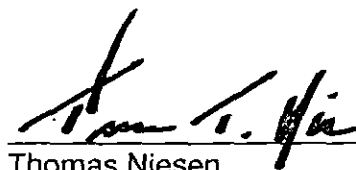
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Thomas Niesen

OALJ Hearing Report

Please Check Those Blocks Which Apply

Docket No.:	R-00049255, R-00049255C0001-C0007	Prehearing Held:	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Case Name:	Pennsylvania Public Utility Commission, et al. v. PPL Electric Utilities Corporation	Hearing Held:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Location:	Williamsport, PA	Testimony Taken:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date:	July 19, 2004 2:00 p.m.	Transcript Due:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ALJ:	Allison K. Turner	Hearing Concluded:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reporting Firm:	Commonwealth Reporting	Further Hearing Needed:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		Estimated Add'l Days:	<i>As scheduled</i>	
		RECORD CLOSED:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		Briefs to be Filed:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		DATE:	<i>9/2 & 9/14</i>	
		Bench Decision:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		REMARKS:		

DOCUMENT FOLDER

JUL 27 AM 8:49

CLERK'S BUREAU

PLEASE PRINT CLEARLY - Incomplete information may result in delay of processing.

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<i>PAUL E. RUSSELL</i>	<i>2 NORTH 9TH STREET</i>	<i>PPL ELECTRIC</i>
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<i>RICHARD A. KANASKIE</i>	<i>P.O. BOX 3265</i>	<i>OFFICE OF TRIAL STAFF</i>
Telephone: <i>717 783-6184</i>	City: <i>HARRISBURG</i> State: <i>PA</i> Zip: <i>17105</i>	Fax Number: <i>717 772-2677</i>

Check this box if additional parties or attendees appear on back of form.

John A. Kelly *CRC Inc*
Reporter's Signature

Note: Completion of this form does not constitute an entry of appearance, see 52 Pa. Code §§1.24 and 1.25.

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July 20, 2004

VIA EMAIL & FIRST CLASS MAIL

Hon. Allison K. Turner
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1302 Philadelphia State Office Bldg.
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Philadelphia, PA 17130

DOCUMENT

SECRETARY'S BUREAU
04 JUL 22 AM 9:14

Re: Pennsylvania Public Utility Commission v. PPL Electric
Utilities Corporation; Docket No. R-00049255

Dear Judge Turner:

In accordance with Prehearing Order No. 2, please be advised that neither the Mid-Atlantic Power Supply Association ("MAPSA") nor Strategic Energy L.L.C. will be presenting any additional rebuttal witnesses.

Sincerely,



Kevin J. Moody

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

KJM/jls

cc: Parties of Record
✓ James McNulty, Secretary

DOCKETED

SEP 27 2004

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

04 JUL 22 AM 9:14

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

V.

DOCKET NO. R-00049255

SECRETARY'S BUREAU

PPL ELECTRIC UTILITIES CORP.

CERTIFICATE OF SERVICE

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

VIA EMAIL & FIRST CLASS MAIL

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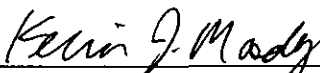
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Date: July 20, 2004



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COMMONWEALTH OF PENNSYLVANIA



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July 22, 2004

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SECRETARY'S BUREAU

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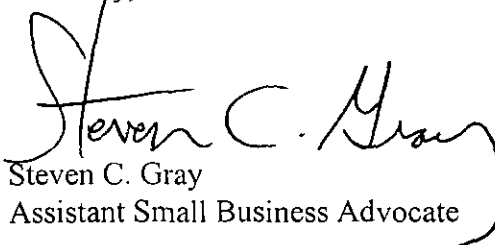
**Re: Pennsylvania Public Utility Commission v.
PPL Electric Utilities Corporation
Docket No. R-00049255**

Dear Secretary McNulty:

Enclosed for filing is a certificate of service indicating that the Office of Small Business Advocate filed a response to Office of Consumer Advocate Interrogatory, Set I, No. 1, in the above captioned matter.

A copy has been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate

Enclosures

cc: Parties of Record

Robert D. Knecht

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

Docket No. R-00049255

PPL ELECTRIC UTILITIES CORPORATION

CERTIFICATE OF SERVICE

I certify that I am serving the response on behalf of the Office of Small Business Advocate, to Office of Consumer Advocate Interrogatory, Set I, No. 1, by first class mail (unless otherwise indicated) upon the persons addressed below:

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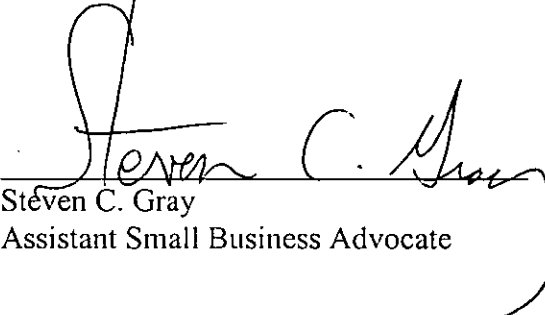
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Steven C. Gray
Assistant Small Business Advocate

Date: July 22, 2004



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July 23, 2004

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SECRETARY'S BUREAU

By Hand Delivery

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

Re: Pennsylvania PUC v. PPL Electric Utilities Corporation
Docket No. R-00049255

Dear Mr. McNulty:

Attached for filing, pursuant to 52 Pa. Code § 5.342, are a Certificate of Service identifying responses to interrogatories and an entry of appearance, both served today by the PennFuture Parties on active participants in this proceeding.

If you have any questions regarding these responses, please contact me at (215) 569-9693 or mcphedran@pennfuture.org.

Sincerely,

Charles McPhedran
Senior Attorney

cc: Hon. Allison Turner (Certificate of Service)

DOCUMENT
FOLDER

48

ORIGINAL

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utilities Commission :

v.

PPL Electric Utilities Co.

Docket No. R-00049255

ENTRY OF APPEARANCE

In accordance with Prehearing Order No. 2 in this proceeding, the undersigned counsel for Citizens for Pennsylvania's Future, Char Magaro, and Edward M. McGovern (collectively, the "PennFuture Parties") hereby requests that the appearance for the PennFuture Parties on the service list for this proceeding be modified to read as follows:

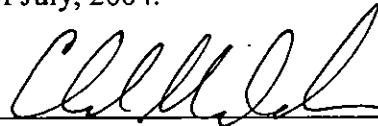
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Respectfully submitted this 23rd day of July, 2004.



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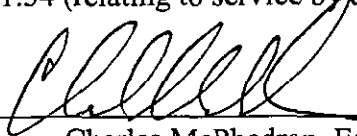
CERTIFICATE OF SERVICE

PA PUC v. PPL Electric Utilities Co.

Docket No. R-00049255

I hereby certify that I have this day served a true copy of the Response to Interrogatories, Set I, from PPL Industrial Customer Alliance and the Entry of Appearance upon the participants, listed below, in accordance with the requirements of § 1.54 (relating to service by a participant).

Date: 7/23/04


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July 26, 2004

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SECRETARY'S BUREAU

In re: Docket No. R-00049255
Pa. P.U.C. v. PPL Electric Utilities Corporation

Dear Judge Turner:

In accordance with the requirements of Prehearing Order No. 2, we are distributing today the enclosed rebuttal testimony of Thomas J. Tuffey, Ph.D, on behalf of the The Sustainable Energy Fund of Central Eastern Pennsylvania. A disk with Dr. Tuffey's testimony and attachments is also enclosed with this letter for your use. Copies of this letter and Dr. Tuffey's rebuttal testimony are being served upon the parties as set forth on the certificate of service attached hereto.

Very truly yours,

THOMAS, THOMAS, ARMSTRONG & NIESEN

By



Thomas T. Niesen

Encl.

cc: Certificate of Service
Thomas J. Tuffey, Ph.D.

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Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission : Docket No. R-00049255
v.
PPL Electric Utilities Corporation

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CERTIFICATE OF SERVICE

I hereby certify that I have this 26th day of July, 2004, served a true and correct copy of the foregoing letter and Rebuttal Testimony of Thomas J. Tuffey, Ph.D., upon the persons and in the manner set forth below:

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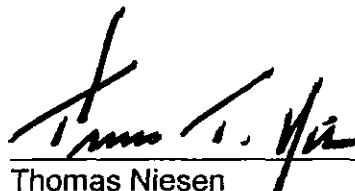
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July 27, 2004

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Re: Pennsylvania PUC v. PPL Electric Utilities Corporation
Docket No. R-00049255

Dear Mr. McNulty:

In accordance with the attached Certificate of Service, the Rebuttal Testimony of John Hanger on behalf of the PennFuture Parties has been served on parties of record and the Administrative Law Judges in this proceeding.

If you have any questions regarding these responses, please contact me at (215) 569-9693 or mcphedran@pennfuture.org.

Sincerely,



Charles McPhedran
Senior Attorney

cc: Hon. Allison Turner
Hon. Susan D. Colwell
Hon. Ember S. Jandebeur

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PENNFUTURE PARTIES STATEMENT NO. 1-R

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION, et al.

v.

PPL ELECTRIC UTILITIES
CORPORATION

:
:
:
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:

Docket No. R-00049255

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REBUTTAL TESTIMONY OF
JOHN HANGER

DOCUMENT

Dated: July 27, 2004

1 **Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A:** My name is John Hanger. My business address is 610 North Third Street,
3 Harrisburg, PA 17101.

4 **Q: DID YOU FILE DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF**
5 **OF THE PENNFUTURE PARTIES?**

6 **A:** Yes, I did.

7 **Q: WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

8 **A:** The purpose of my rebuttal testimony is to respond to the direct testimony of
9 intervenors concerning PPL's proposal to continue funding of the Sustainable
10 Energy Fund (SEF) through *distribution rates*. My comments fall into three
11 categories. First, I will address a few of the misunderstandings about SEF
12 contained in the direct testimony of some intervenor witnesses. Second, I will
13 respond to those that suggest that SEF is a social program that should not be
14 funded through distribution rates. Third, I will address SEF management and
15 decision making.

16 **Q: HOW DO YOU RESPOND TO SUGGESTIONS BY THE OFFICE OF TRIAL**
17 **STAFF (OTS) AND THE PPL INDUSTRIAL CUSTOMER ALLIANCE**
18 **(PPLICA) THAT FUNDING FOR SEF IS FOR A LIMITED TIME PERIOD OR**
19 **THAT THIS FUNDING EXPIRES ON DECEMBER 31, 2004?**

20 **A:** Witnesses in this proceeding have said that funding for SEF is "for a limited
21 time period" or implied that SEF would expire on December 31, 2004. OTS
22 Statement No. 5 at 5; PPLICA Statement No. 1 at 53. In fact, the settlement
23 provides that funding for SEF ends "on December 31, 2004, or until the

1 Commission establishes new distribution rates, whichever is longer" (Docket
2 No. R-00973954, Paragraph E.5). The settlement is consistent with
3 continuation or even expansion of the SEF. By its terms, the settlement does
4 not, nor could it, prohibit the Commission from establishing in this distribution
5 rate case continued or expanded funding for SEF.

6 **Q: DIRECT TESTIMONY IN THIS PROCEEDING HAS CHARACTERIZED SEF**
7 **AS A "RESEARCH AND DEVELOPMENT FUND." IS THIS ACCURATE?**

8 **A:** Two parties have characterized SEF as a supporting research and
9 development. PPLICA Statement No. 1 at 54; OTS Statement No. 5 at 5.

10 This is not accurate. SEF generally does not fund research and
11 development, as demonstrated by the list of program-related investments and
12 grants appearing at PPL Statement 7, Exhibit TRD-3. This list includes such
13 items as investments in green buildings and wind energy as well as grants
14 for, among many other things, energy efficiency and solar energy.

15 **Q: HOW DO YOU RESPOND TO THE CHARACTERIZATION BY SOME**
16 **OTHER PARTIES THAT SEF IS A "SOCIAL PROGRAM" OR ONE THAT**
17 **SHOULD NOT BE FUNDED THROUGH DISTRIBUTION RATES?**

18 **A:** SEF is not a social program. First, most of its funds are provided through
19 program-related investments, not grants. Second, SEF's mission includes
20 increasing energy efficiency and distributed generation. Improved energy
21 efficiency and expanding distributed generation relieve load and congestion in
22 the distribution (and transmission) system. Reduced load and congestion in
23 the distribution system relieve the need to expand and improve the

1 distribution system to reliably provide service, which provides a reliability and
2 distribution cost of service benefit to all consumers..

3 **Q: HAS THIS KIND OF REASONING ALREADY BEEN ADDRESSED IN THIS**
4 **CASE?**

5 **A:** Yes, testimony offered by Roger Colton on behalf of the Office of Consumer
6 Advocate (OCA) offers similar reasoning to support universal service.

7 According to Mr. Colton: "One well-accepted tenet of utility ratemaking is that
8 certain expenses incurred by a public utility are for 'public goods.' Due to the
9 nature of public goods, all customers receive benefits from public goods and,
10 accordingly, the costs of such goods are spread over all customer classes.

11 Each end-user makes a financial contribution to the utility's delivery of public
12 goods. The 'public goods' doctrine is applied in a variety of settings as a
13 justification to spread designated utility costs over all customer classes." OCA
14 Statement No. 5 at 27-28; see also at 36. Mr. Colton's argument, widely
15 recognized in utility ratemaking, is that programs that provide wide public
16 benefits are 'public goods' that should be funded by all.

17 **Q: BUT SHOULDN'T SUCH PROGRAMS BE FUNDED BY ALL TAXPAYERS**
18 **BECAUSE THERE IS EVEN A GREATER SOCIAL BENEFIT?**

19 **A:** Just because something is a public benefit for all does not mean that it is a
20 social program or the subject of charity. Programs that create public benefits
21 in utility service are "public goods", appropriately funded by all utility
22 customers. As I indicated in my Direct Testimony, SEF projects promoting
23 energy efficiency, distributed generation, renewable energy and similar goals

1 provide many public health, environmental, economic development and other
2 benefits that go beyond distribution service benefits. That in no way suggests
3 that such projects are somehow *less* worthy of support through distribution
4 utilities and rates. It suggests that they are *more* worthy. To the extent that
5 taxpayer funding is inadequate, funding through distribution service is even
6 more important.

7 **Q: ISN'T FUNDING SUCH PROGRAMS BEYOND THE SCOPE OF THE**
8 **RESTRUCTURING ACT?**

9 **A:** Not at all. PPLICA witness Baron has a narrow and inaccurate view of the
10 purpose of the Restructuring Act as limited to deregulation and competition
11 (PPLICA Statement No. 1 at 54). Section 2802 of the Restructuring Act lists
12 many other key public policies addressed by the Act, including reliability and
13 efficiency of the distribution system, energy conservation, and renewable
14 energy. 66 P.S. § 2802(9, 12,17). Paragraph 17 of this Section specifies that
15 energy conservation and other programs are to be funded through non-
16 bypassable rates.

17 **Q: WHY SHOULDN'T SEF FUNDING BE ALLOCATED TO GENERATION?**

18 **A:** SEF projects benefit all distribution customers, served by a monopoly
19 distribution company. They also benefit all generation customers and the
20 public at large, but the many competitive suppliers makes it more complex to
21 fund the SEF through generation. Moreover, in the restructuring settlements
22 approved by the Commission, funding for the sustainable energy funds was
23 attributed to distribution service.

1 **Q: COMMISSION ON ECONOMIC OPPORTUNITY (CEO) WITNESS HOWAT**
2 **RECOMMENDS DEDICATED FUNDING FOR PHOTOVOLTAIC (PV) FOR**
3 **LOW INCOME CUSTOMERS AND OTHER RESIDENTIAL CUSTOMERS.**
4 **HOW DO YOU RESPOND?**

5 **A:** I agree with the assumption in Mr. Howat's testimony (CEO Statement No. 2
6 at 16) that PV projects, including programs designed for low income
7 customers, are an appropriate and important use of SEF funding. However,
8 the purposes of SEF are much broader, SEF has limited funding, and there
9 are many, many good projects that need funding. The projects SEF funds
10 reflect the full range of SEF's renewable energy and energy efficiency goals.
11 Generally, SEF should have the flexibility to fund the best project
12 opportunities within its directed mission.

13 **Q: HOW DO YOU RESPOND TO THE PROJECT EXPENDITURE**
14 **ALLOCATION COMMENTS OF CEO WITNESS HOWAT?**

15 **A:** The benefits of renewable energy and energy efficiency are public and are
16 not limited to the specific customers or customer classes receiving SEF
17 funds. When the SEF supports a distributed generation project, then the
18 specific "host" customer clearly benefits, but all ratepayers benefit from the
19 increased reliability of the distribution system and limitation of the need for
20 system upgrades as I have discussed. For this reason, it is not appropriate
21 to dedicate project expenditures to track funding support. In many ways, this
22 issue is closely related to my comments that SEF provides public benefits: in
23 both cases, it is critical to recognize the benefits to all ratepayers of SEF-

1 supported projects that reduce distribution costs and promote system
2 reliability.

3 **Q: DOES SEF NEED MANAGEMENT AT THE STATE LEVEL?**

4 A: In order to maximize the public benefits of SEF's work, the Commission and
5 the Pennsylvania Sustainable Energy Board (PASEB) should provide overall
6 direction about funding priorities without limiting the flexibility SEF needs to
7 make sure that it funds the best projects.

8 **Q: DO YOU SUPPORT MORE COORDINATION BETWEEN THE VARIOUS
9 UTILITY FUNDS AND WITH THE PENNSYLVANIA ENERGY
10 DEVELOPMENT AUTHORITY (PEDA)?**

11 A: I do not oppose better coordination and communication both between the
12 funds and with PEDA as described in OSBA testimony (OSBA Statement No.
13 2 at 8), as long as SEF maintains its independence and flexibility in grant-
14 making.

15 **Q: OSBA ALSO RECOMMENDS THAT MANAGEMENT OF FUTURE
16 CONTRIBUTIONS TO SEF BE TURNED OVER TO PEDA. DO YOU
17 AGREE?**

18 A: No, I do not agree with this recommendation (OSBA Statement No. 2 at 8).
19 SEF's mission is to promote the development and use of renewable energy
20 and clean energy technologies, energy conservation and efficiency. At this
21 point, we do not know how PEDA will operate. We do know that it is about
22 energy in general and organized as an authority that will issue bonds. It
23 appears possible that PEDA would only issue bonds to projects with a proven

1 ability to repay debt, a completely different business model than SEF's grant-
2 making and investment strategy. Still, I do agree that once PEDDA is in
3 operation, it will make sense for SEF to coordinate its activities with PEDDA.

4 **Q: DO YOU SUPPORT CHANGES IN THE GOVERNANCE STRUCTURE OF**
5 **SEF?**

6 **A:** Yes. Thus far, seats on the SEF Board of Directors have been dedicated to
7 various stakeholders. While this was a reasonable approach to get SEF up
8 and running, at this point, the goal should be to appoint the most qualified
9 directors with a variety of skills. Therefore, from here forward, I believe that
10 the SEF Board of Directors should include the most qualified candidates
11 without requirements of stakeholder representation from various
12 constituencies. This approach is consistent with draft best practices
13 regarding nomination, election, and approval of directors of sustainable
14 energy funds now being prepared for future consideration by the PASEB and
15 the Commission. The Commission should require that SEF follow this
16 approach immediately.

17 **Q: DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

18 **A:** Yes, it does.

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CERTIFICATE OF SERVICE

PA PUC v. PPL Electric Utilities Co.

Docket No. R-00049255

I hereby certify that I have this day served a true copy of the Rebuttal Testimony of John Hanger upon the participants, listed below, in accordance with the requirements of § 1.54 (relating to service by a participant).

Date: _____

7/27/04



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