

ORIGINAL January 3, 2005

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
The Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**DOCUMENT
FOLDER**

RE: Pennsylvania Public Utility Commission, et al., v. PPL Electric Utilities Corporation; Docket No. R-00049255 C0001-0015

Dear Secretary McNulty:

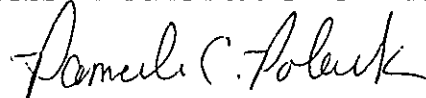
Enclosed please find the original and nine (9) copies of the Exceptions of the PP&L Industrial Customer Alliance ("PPLICA") to December 22, 2004, Compliance Filing of PPL Electric Utilities Corporation in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this filing. Please date stamp the extra copies of this transmittal letter and the Exceptions, and kindly return them to our messenger for our filing purposes. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By



David M. Kleppinger
Pamela C. Polacek
Charis Mincavage
Vasiliki Karandrikas

Counsel for the PP&L Industrial Customer Alliance

PCP/smd
Enclosures

c: Cheryl Walker Davis, Esq., Office of Special Assistants (via Hand Delivery)
Certificate of Service

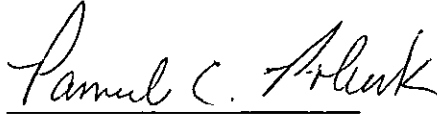
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Docket No. R-00049255

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Customer Alliance

Dated this 3rd day of January 3, 2005, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
et al., :
Complainants, :
v. :
PPL Electric Utilities Corporation, :
Respondent. :

Docket No. R-00049255 C0001-0015

DOCKETED
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PIT 11-10

**EXCEPTIONS OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE
TO DECEMBER 22, 2004, COMPLIANCE FILING
OF PPL ELECTRIC UTILITIES CORPORATION**

**DOCUMENT
FOLDER**

On December 22, 2004, PPL Electric Utilities Corporation ("PPL" or "Company") submitted its Compliance Filing implementing the Pennsylvania Public Utility Commission's ("PUC" or "Commission") December 22, 2004, Order in the above-referenced proceeding. Pursuant to Section 5.592(c) of the Commission's regulations, 52 Pa. Code §5.592(c), the PP&L Industrial Customer Alliance ("PPLICA") hereby submits these Exceptions to the December 22 Compliance Filing.

In reviewing the December 22 Compliance Filing, PPLICA discovered an apparent error in the application of the scaleback of the distribution rate increase. Specifically, for Rate Schedule LP-5 the distribution charge in the Compliance Filing is higher than the distribution charge originally proposed by the Company at its full increase level. The proposed charge at the full increase level was \$0.320 per KW (PPL Electric Utilities Corporation Exhibit Regs §53.353, Part IV-Rate Structure and Cost Allocation, Attachment IV-C, p. 15 (attached)), while the rate proposed in the December 22 Compliance Filing is \$0.322 per KW (December 22 Compliance Filing, Tab B, Proof of Revenues for Rate Schedule LP-5). This appears to be inappropriate because customers on Rate Schedule LP-5 we originally proposed to receive a distribution rate increase rather than a rate reduction (as was proposed for customers on Rate Schedules IS-T and

LP-6). As a result, the rate for customers on Rate Schedule LP-5 should be lower than PPL's original proposal.

PPLICA has contacted the Company to discuss this issue. If PPLICA and PPL can reach an agreement regarding whether this calculation is accurate, PPLICA will inform the Commission or authorize the Company to confirm any agreement in its reply to these Exceptions. Otherwise, PPLICA respectfully requests for the Commission to investigate this apparent discrepancy and ensure appropriate treatment for the customers on Rate Schedule LP-5.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By *Pamela C. Polacek*

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Counsel to the PP&L Industrial Customer
Alliance

Dated: January 3, 2005

PPL Electric Utilities Corporation
Rate Schedule LP-5
Large General Service at 69,000 Volts or Higher
Calculation of Effect of Proposed Rate vs. Current Tariff
Based on bill frequency distribution for 12 months ended December 2003

PRESENT RATE	Units	Rate	Rate Revenue
Transmission - All KWH	3,252,778,729	\$0.00308	\$10,018,558
<u>Distribution</u>			
All KW	6,306,101	\$0.292	\$1,841,381
First 200 Hours	1,217,956,886	\$0.00000	\$0
Next 200 Hours	1,129,681,471	\$0.00000	\$0
Excess KWH	905,140,372	\$0.00000	\$0
Subtotal	3,252,778,729		\$1,841,381
<u>Energy & Capacity</u>			
All KW	6,306,101	\$4.482	\$28,263,945
First 200 Hours	1,217,956,886	\$0.03954	\$48,158,015
Next 200 Hours	1,129,681,471	\$0.03326	\$37,573,206
Excess KWH	905,140,372	\$0.02856	\$25,850,809
Subtotal	3,252,778,729		\$139,845,975
<u>Competitive Transition Charge</u>			
All KW	6,306,101	\$0.263	\$1,658,505
First 200 Hours	1,217,956,886	\$0.00252	\$3,069,251
Next 200 Hours	1,129,681,471	\$0.00215	\$2,428,815
Excess KWH	905,140,372	\$0.00187	\$1,692,612
Subtotal	3,252,778,729		\$8,849,183
<u>Intangible Transition Charge</u>			
All KW	6,306,101	\$0.922	\$5,814,225
First 200 Hours	1,217,956,886	\$0.00871	\$10,608,404
Next 200 Hours	1,129,681,471	\$0.00743	\$8,393,533
Excess KWH	905,140,372	\$0.00646	\$5,847,207
Subtotal	3,252,778,729		\$30,663,369
T. O. D. Metering	801	\$15.14	\$12,127
Eco. Dev. Credits			(\$14,504,078)
Total Rate Revenue			\$176,726,515

PROPOSED RATE	Units	Rate	Rate Revenue
Transmission - All KWH	3,252,778,729	\$0.00564	\$18,345,672
<u>Distribution</u>			
All KW	6,306,101	\$0.320	\$2,017,952
First 200 Hours	1,217,956,886	\$0.00000	\$0
Next 200 Hours	1,129,681,471	\$0.00000	\$0
Excess KWH	905,140,372	\$0.00000	\$0
Subtotal	3,252,778,729		\$2,017,952
<u>Energy & Capacity</u>			
All KW	6,306,101	\$4.482	\$28,263,945
First 200 Hours	1,217,956,886	\$0.03954	\$48,158,015
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T. O. D. Metering	801	\$15.00	\$12,015
Eco. Dev. Credits			(\$14,356,086)
Total Rate Revenue			\$185,378,080

Summary of Total Revenues		
Total from bill distributions Proposed Rates		\$185,378,080
Total from bill distributions Present Rates		\$176,726,515
Rate Change Amount		\$8,651,565
Percent		4.90%
2003 Rate revenue under Present Rates		\$162,379,279
Rate Change Percent		4.90%
Amount		\$7,956,585
2003 Projected Revenue under Proposed Rates		\$170,335,864
2004 Rate revenue under Present Rates		\$173,341,229
Rate Change Percent		1.90%
Amount		\$8,493,720
2004 Projected Revenue under Proposed Rates		\$181,834,949

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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Docket No. R-00049255

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COMMONWEALTH OF PENNSYLVANIA



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ORIGINAL

William R. Lloyd, Jr.
Small Business Advocate

January 3, 2005

(717) 783-2525
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**Re: Pennsylvania Public Utility Commission v.
PPL Electric Utilities Corporation
Docket No. R-00049255**

Dear Secretary McNulty:

Enclosed for filing are the original and nine (9) copies of the Exceptions to Compliance Filing filed by PPL Electric Utilities Corporation on behalf of the Office of Small Business Advocate in the above-docketed proceeding. As evidenced by the enclosed certificate of service, a copy has been served on all active parties in this case.

If you have any questions, please contact me.

Sincerely,

Steven C. Gray
Assistant Small Business Advocate

Enclosures

- cc: Hon. Wendell F. Holland, Chairman
- Hon. Robert K. Bloom, Vice Chairman
- Hon. Glenn Thomas, Commissioner
- Hon. Kim Pizzingrilli, Commissioner

Cheryl Walker Davis, Director
Office of Special Assistants

Robert A. Rosenthal, Director
Fixed Utility Services

Parties of Record

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ORIGINAL

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**PPL ELECTRIC UTILITIES
CORPORATION**

Docket No. R-00049255

**EXCEPTIONS TO COMPLIANCE FILING
ON BEHALF OF THE
OFFICE OF SMALL BUSINESS ADVOCATE**

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DOCKETED
JAN 11 2005

**Steven C. Gray
Assistant Small Business Advocate**

For:

**William R. Lloyd, Jr.
Small Business Advocate**

**Office of Small Business Advocate
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300 North Second Street
Harrisburg, PA 17101
(717) 783-2525**

Dated: January 3, 2005

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I. INTRODUCTION

On March 29, 2004, the PPL Electric Utilities Corporation (“PPL” or the “Company”) filed with the Pennsylvania Public Utility Commission (“Commission”) a request for additional annual distribution revenues of \$164.4 million. The PPL filing also included a notice that transmission service charges were expected to increase by \$57.2 million, a proposal for recovering transmission charges from ratepayers on a reconcilable basis, a request for the implementation of a distribution system improvement charge (“DSIC”), and a request for ratepayer funding for the Sustainable Energy Fund of Central Eastern Pennsylvania (“SEF”).

On April 8, 2004, the Office of Small Business Advocate (“OSBA”) filed a complaint against the PPL filing. On May 7, 2004, the Commission suspended the proposed effective date of PPL’s filing and instituted an investigation into the justness and reasonableness of PPL’s proposals.

On May 19, 2004, a prehearing conference was held before Administrative Law Judge (“ALJ”) Allison K. Turner, ALJ Susan D. Colwell, and Chief ALJ Robert A. Christianson.

Public input hearings were held throughout the PPL service territory during the week of June 28, 2004.

On June 29, 2004, the OSBA submitted the direct testimony of Robert D. Knecht and Mark D. Ewen and, in a separate document, the direct testimony of Andrew M. Schwarz. On July 27, 2004, the OSBA submitted the rebuttal testimony of Messrs. Knecht and Ewen. On August 5, 2004, the OSBA submitted the surrebuttal testimony of Messrs. Knecht and Ewen.

Evidentiary hearings were held in Harrisburg beginning August 9, 2004, and concluding August 12, 2004. An additional telephonic public input hearing was conducted on August 13, 2004.

On September 2, 2004, the OSBA submitted a main brief.

On September 13, 2004, the OSBA submitted a reply brief.

On October 22, 2004, ALJ Turner issued a recommended decision (“RD”).

On October 25, 2004, the Commission issued an errata sheet to the RD.

On November 12, 2004, the OSBA submitted its exceptions to the RD.

On November 22, 2004, the OSBA submitted its reply exceptions in response to certain exceptions submitted by the other parties.

On December 22, 2004, the Commission entered an Opinion and Order (“Order”) in this proceeding.

On December 22, 2004, the Company filed Supplement No. 42 to PPL Electric’s Tariff – Electric Pa. P.U.C. No. 201 (the “Compliance Filing”) in response to the Commission Order.

The OSBA submits this exception pursuant to 52 Pa. Code § 5.592(c) to address certain errors in the Compliance Filing.

II. EXCEPTION

1. **The rate design of the GS-1 and GS-3 customer classes does not properly reflect the “proportionate scaleback” required by the Commission. (Order, at 85; Compliance Filing, Section B, Supporting Calculations Section, pages 6, 9, 28, and 29)**

The issue of the allocation of the overall revenue requirement increase contains three essential pieces that are part of any base rate case.

First, the Commission decides what methodology will be used to allocate the revenue requirement increase among the various customer classes. In this proceeding, the Commission accepted the customer class revenue allocation methodology proposed by PPL.¹

Second, as is true in most base rate cases, the originally filed revenue requirement is larger than the amount ultimately allowed by the Commission. In this proceeding, the Company originally requested an increase in distribution base rate revenues of \$164.4 million, but the Commission allowed PPL an increase of \$137.1 million.² Thus, the second allocation issue revolves around how the “scale back” of the customer class revenue allocation (from the originally filed increase to the lower increase awarded by the Commission) will be performed.

The Commission provided a general summary of the Company’s proposed scaleback methodology:

In the event that a lower increase than requested is approved, PPL and the OCA recommended that the proposed rates should be scaled back in a proportionate manner, by rate schedule.

Order, at 84. The Commission continued its summary:

¹ See Order, at 81-82.

² See Order, at 2 and 8.

The ALJ recommended adoption of the PPL proposal that any reduction be proportionately assigned to the various rate schedules.

Order, at 84 (citation omitted). The Commission ultimately concluded:

Since we determined that the proposed allocation is appropriate, we decline to depart from it on the record before us. Accordingly, ***a proportionate scaleback is the proper method to address any reduction in this case.***

Order, at 85 (emphasis added).

Third, once a customer class revenue allocation methodology has been adopted, and a scaleback methodology is in place, the final issue to address is the rate design of the specific customer classes. In this proceeding, the Company spent considerable effort litigating the rate design of the RS, RTS, Street Lighting, and Traffic Lighting customer classes.³ In contrast, the Company submitted no evidence on rate design of the GS-1 and GS-3 customer classes. However, OSBA witnesses Robert D. Knecht and Mark D. Ewen did testify on the proper commercial class rate design:

Q. Please summarize PPL's approach to distribution tariff design for the commercial classes in its filing.

A. In general, PPL proposes to increase its customer and demand charges within all of the rate classes (to the extent practicable), and reduce energy charges. PPL's basis for this proposal is that distribution costs are virtually all customer or demand-related, and they should therefore be recovered from customers and demand charges. For the GS-1 class, this proposal takes the form of higher increases for the customer charge, the demand charge, and the first block charge. For the GS-3 class, PPL proposes to substantially reduce the energy charges and to increase the distribution demand charge.

OSBA Statement No. 1, at 30. The OSBA witnesses Messrs. Knecht and Ewen continued:

³ See, e.g., PPL Main Brief, at 168-176.

Q. Do you propose any changes to PPL's tariff design for GS-1 or GS-3 customers?

A. Not in this proceeding. The only proposal that we recommend is to proportionately scale back PPL's proposed tariff charge increases to reflect the reduction in the assigned deficiency that we discuss in the previous section.

OSBA Statement No. 1, at 31.

PPL did not respond, at any point in the proceeding, to the OSBA testimony on the proper rate design for the commercial class customers if a proportionate scaleback were to be ordered.

However, PPL has unilaterally created an entirely new rate design for the GS-1 and GS-3 customer classes in its Compliance Filing. Specifically, PPL has not applied the reduction in the overall revenue requirement on a proportional basis to the individual charges within the GS-1 and GS-3 tariffs. In fact, PPL has maintained its proposed customer charges, made very little or no reduction to the proposed demand charges, and primarily reduced the revenues by lowering the energy charges.⁴

For example, consider the Rate GS-1, small general service customer class. Originally, PPL proposed a 20.2 percent increase to the existing GS-1 tail block energy charge (compared to an average increase for the GS-1 class of 36.7 percent). In the Compliance Filing, the average increase for the GS-1 class drops slightly from 36.7 to 30.7 percent. However, PPL now proposes a *reduction* in the existing tail block charge; the proposed 20.2 percent increase has vanished. To compensate for the revenue loss caused by reducing the existing tail block charge, the Compliance Filing maintains the

⁴ See Compliance Filing, Section B, Supporting Calculations Section, pages 6, 9, 28, and 29. Table 1, below, summarizes the Company's Compliance Filing changes to the GS-1 and GS-3 customer classes.

GS-1 customer charge at the amount originally proposed by the Company. In other words, PPL does not scale back the GS-1 customer charge.

The rate design changes made to the GS-1 and GS-3 customer classes by PPL in its Compliance Filing have no basis in the record. PPL has presented no evidence to modify the commercial classes' rate design in this manner. Instead, the Company presents these rate design changes for the first time in the Compliance Filing.

Furthermore, any argument by PPL that the Commission did not specifically address the rate design of the GS-1 and GS-3 customer classes is irrelevant. As the Commission observed in its Order:

The burden of proof in a rate proceeding is squarely upon the utility to establish that the rate is just and reasonable under 66 Pa. C.S. § 1301.

Order, at 6. Thus, the burden was always upon the Company to establish the justness and reasonableness of any customer class rate design changes, whether at the full revenue requirement or under a proportionate scaleback of that revenue requirement. The Company has not carried that burden, and the Commission must reject the unlawful GS-1 and GS-3 rate design changes set forth in the Compliance Filing.

Furthermore, the proper solution to the issue of how to design the rates for the GS-1 and GS-3 customer classes is simply to carry through the “proportionate scaleback” methodology to that rate design. The Commission was quite clear on this point when it stated:

Accordingly, a proportionate scaleback is the proper method to address *any* reduction in this case.

Order, at 85 (emphasis added). Therefore, the customer charges, demand charges, and energy charges must be scaled back in a proportionate manner. Below, the OSBA sets forth a proportionately scaled back rate design for the GS-1 and GS-3 customer classes.

Table 1
Comparison of Compliance Tariff Charges with Current and Filed Charges

	PPL Current Rates	PPL Filed Proposal	PPL Compliance	Scaleback of Filed Proposal
GS-1 Distribution				
Customer Charge	\$7.57	\$12.20	\$12.20	\$11.45
First 5 KW	\$0.00	\$0.00	\$0.00	\$0.00
Excess KW	\$1.88	\$2.45	\$2.45	\$2.36
First 150 Hours	\$0.01935	\$0.02563	\$0.02461	\$0.02461
Excess KWH	\$0.01454	\$0.01747	\$0.01405	\$0.01700
Dist'n Revenue	55,566,283	75,944,087	72,642,524	72,642,524
<i>GS-1 Percent Increases</i>				
Customer Charge		61.2%	61.2%	51.3%
First 5 KW				
Excess KW		30.3%	30.3%	25.4%
First 150 Hours		32.5%	27.2%	27.2%
Excess KWH		20.2%	-3.4%	16.9%
Dist'n Revenue		36.7%	30.7%	30.7%
GS-3 Distribution				
All KW	\$2.87	\$4.788	\$4.680	\$4.466
First 200 Hours	\$0.00153	\$0.00080	\$0.00023	\$0.00092
Next 200 Hours	\$0.00120	\$0.00064	\$0.00018	\$0.00073
Excess KWH	\$0.00115	\$0.00046	\$0.00014	\$0.00058
Dist'n Revenue	77,854,489	117,104,963	110,512,533	110,512,533
<i>GS-3 Percent Increases</i>				
All KW		66.8%	63.1%	55.6%
First 200 Hours		-47.7%	-85.0%	-39.7%
Next 200 Hours		-46.7%	-85.0%	-38.8%
Excess KWH		-60.0%	-87.8%	-49.9%
Dist'n Revenue		50.4%	41.9%	41.9%

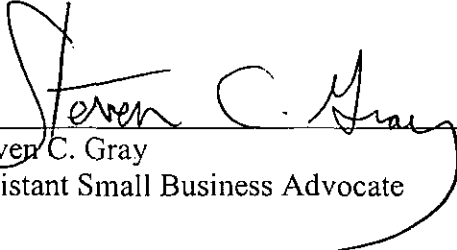
Note: The proposed scaleback percentage change is calculated as the ratio of the scaled back distribution revenues to PPL's filed revenues, multiplied by PPL's original proposed tariff charge increase. For example, the scaleback percentage increase for the GS-1 customer charge is calculated as the scaled back revenue increase (30.7 percent) divided by the filed revenue increase (36.7 percent), multiplied by the filed customer charge increase (61.2 percent), to yield a scaled back increase of 51.3 percent. When applied to the current customer charge of \$7.57 per customer per month, the scaled back customer charge is \$11.45 per customer per month.

III. CONCLUSION

Wherefore, the OSBA respectfully requests that the Commission:

1. Reject the GS-1 and GS-3 customer class rate design as set forth in the Company's Compliance Filing; and
2. Order that the Company submit a Compliance Filing that proportionately scales back the customer charges, demand charges, and energy charges for the GS-1 and GS-3 customer classes.

Respectfully submitted,


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For:

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Dated: January 3, 2005

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 two copies of the Exceptions to Compliance Filing on behalf of the Office of Small Business Advocate, by first class mail (unless otherwise indicated) upon the persons addressed below:

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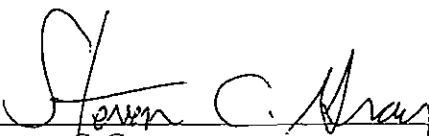
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Steven C. Gray
Assistant Small Business Advocate

Date: January 3, 2005

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PPL ELECTRIC UTILITIES CORPORATION :

Docket No. R-00049255

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Exceptions to Compliance Filing on behalf of the Office of Small Business Advocate, by first class mail (unless otherwise indicated) upon the persons addressed below:

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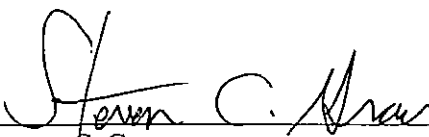
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Date: January 3, 2005



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January 5, 2005

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DOCUMENT
FOLDER

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

Dear Mr. McNulty:

Enclosed please find an original and three copies of the Petition for Reconsideration filed today in the above-captioned matter. Copies have been served upon all parties of record as indicated on the attached Certificate of Service.

If you have any questions, please contact me at (215) 545-9693.

Sincerely,

Charles McPhedran
Senior Attorney

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

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ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARIAT'S BUREAU

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Pennsylvania Public Utility Commission : R-00049255

v.

PPL Electric Utilities Corporation

DOCKETED
JAN 21 2005

**PETITION FOR RECONSIDERATION OF THAT PART OF THE PUBLIC
UTILITY COMMISSION'S ORDER ENTERED DECEMBER 22, 2004
CONCERNING THE SUSTAINABLE ENERGY FUND**

Pursuant to 52 Pa. Code § 5.572, Citizens for Pennsylvania's Future (PennFuture), Edward M. McGovern, and Char Magaro (collectively, the PennFuture Parties) hereby petition the Public Utility Commission (Commission) for reconsideration of that portion of its Opinion and Order entered December 22, 2004 in the above-captioned proceeding (Opinion and Order) concerning the Sustainable Energy Fund (SEF).¹

I. Procedural History

1. PPL Electric Utilities Corporation (PPL or PPLEU) commenced this proceeding on March 29, 2004 by filing a tariff supplement proposing an increase in its retail distribution rates. Recommended Decision (RD) at 1.

2. The PennFuture Parties filed a petition to intervene in this matter on May 18, 2004, which was granted by the Administrative Law Judge (ALJ) on June 21, 2004. Prehearing Order No. 3 at 8; see also RD at 2.

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FOLDER

¹ The full name of this organization is "Sustainable Energy Fund of Central Eastern Pennsylvania." See, e.g., SEF St. No. 1 at 1.

3. The ALJ conducted an evidentiary hearing beginning on August 9, 2004. As noted by the ALJ, "...the record closed on August 13, 2004, with all active parties signifying that a complete record had been developed." RD at 4.

4. On October 22, 2004, the ALJ issued a Recommended Decision in this matter. The Recommended Decision reviewed the history and purposes of SEF, its project evaluation methods, and examples of SEF projects. RD at 77-85. Finding that "the Commission has long recognized that reductions in demand and energy efficiency benefit customers, and has encouraged EDCs [electric distribution companies] to establish programs that pursue these goals," the ALJ "posit[ed] that there should be a place and a role for organizations like SEF in the new market place, to market efficiency and demand reductions to all EDCs, not only PPLEU." RD at 87. Ultimately, the Recommended Decision reached the following conclusion on SEF Funding:

Therefore, the ALJ recommends that the Commission approve funding of SEF as part of PPLEU's rates in the proceeding. However, consideration could be given to setting declining amounts, so that at the end of 5 years, or by December 31, 2009, funding will have ended.

RD at 87-88. As summarized by the Commission, the ALJ recommended approval of an annual cost of service distribution expense claim of \$3,689,000 to fund SEF, with consideration to declining funding levels so that funding will end at the end of five years. Opinion and Order at 51.

5. In its Opinion and Order, the Commission entered the following order regarding funding for the Sustainable Energy Fund:

That PPL shall continue funding the Sustainable Energy Fund as part of its distribution rates at its current level of 0.01 cents per kWh from all customers through December 31, 2005, and thereafter, at the rate of 0.005 cents per kWh until December 31, 2006. At that time, the funding of the Sustainable Energy Fund through distribution rates shall cease.

Opinion and Order at 103. Instead of continued funding for up to five years at current or declining levels as recommended by the ALJ, the Commission provided for one year of funding at current levels, one year of funding at half of current levels, and no funding thereafter.

II. Standards for Reconsideration

6. The Commission set forth the standard for reconsideration in Duick v. Pennsylvania Gas and Water Co., 56 Pa. PUC 553 (1982), as follows:

A petition for reconsideration, under the provisions of 66 Pa. C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part. In this regard we agree with the Court in the Pennsylvania Railroad Company case, wherein it was said that "[p]arties..., cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them..." What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission.

56 Pa. PUC at 559 (emphasis added). The standard announced in Duick is "often cited", Hackman v. Denver and Ephrata Telephone and Telegraph Co., No. C-00004288, 2001 Pa. PUC LEXIS 48, *7 (Oct. 26, 1991), and was recently applied by the Commission in Pennsylvania Public Utility Commission v. McGarity Moving Co., No. A-00104394F0002, 2003 Pa. PUC LEXIS 38, *3 (Aug. 26, 2003).

III. Considerations Justifying Reconsideration

7. For the reasons set forth in this Petition, and consistent with the standards in Duick, the Commission should reconsider its ordering paragraph regarding SEF and the related discussion found at pages 48 through 52 of the Opinion and Order.

8. The Opinion and Order held that "the examples of projects contained in the ALJ's Recommended Decision and those explained in SEF's Exceptions fully support that direct benefit to ratepayers is a tangible outcome of the efforts of the SEF's activities" (at 52). Nevertheless, the Opinion and Order effectively cut funding for SEF by 70 percent, about \$12.9 million over five years, from the total amount possible under the Recommended Decision. In support of its conclusion, the Commission held that with the signing into law of Pennsylvania's Alternative Energy Portfolio Standards Act (Act 213), "SEF and Pennsylvania's other regional funds will have an additional source of funding." Id.

9. As noted by the Commission (Opinion and Order at 52), Act 213 was signed into law on November 30, 2004.² Since the evidentiary hearing in this matter took place in August of 2004, and the record closed on August 13, 2004, the parties to this proceeding did not have an opportunity to present evidence or argument regarding the provisions of this new statute. Therefore, any evidence or argument regarding the application of Act 213 in this case is "new and novel" under the Commission's standard in Duick.

10. The Commission's findings regarding Act 213 are in error. According to the Commission, Act 213 means that "SEF and Pennsylvania's other regional funds will have an additional source of funding" (Opinion and Order at 52, emphasis added). In fact, while Section 3(f) of Act 213 does establish a mechanism for alternative compliance payments, and Section 3(g) does provide for transfer of such payments to sustainable development funds, there is no guarantee that any alternative compliance payments will

² SB 1030 (Printer's No. 1973), Attachment 1 to this petition, was signed by the Governor on November 30, 2004. SB 1030 is also available at www.legis.state.pa.us. According to the Legislative Reference Bureau, no "cleaned up" version of Act 213 is available as of January 5, 2005.

ever be paid. Referring to prior subsections dealing with portfolio standards for alternative energy sources, Act 213 establishes the following mechanism under which alternative compliance payments may be imposed:

- (f) Alternative compliance payment
 (2)If, after notice and hearing, the commission determines that an electric distribution company or electric generation supplier has failed to comply with subsections (b) and (c), the commission shall impose an alternative compliance payment on that company or supplier.

Act 213, Section 3(f)(2). Under this provision, alternative compliance payments are possible only if the Commission finds, after notice and hearing, that an electric distribution company or electric generation supplier has failed to meet the Act's requirements for alternative energy.

11. For the following reasons, there is no assurance that SEF will ever receive adequate or perhaps any funds from alternative compliance payments under Act 213:

- It is entirely possible that no electric distribution company or electric generation supplier will ever be found to have failed to comply with the requirements, which would mean that Act 213 would never result in any funding for sustainable energy funds in Pennsylvania.
- Since Section 3(g)(1) of Act 213 provides only that "alternative compliance payments shall be paid into a special fund of the Pennsylvania Sustainable Energy Board...and made available to the regional sustainable energy funds under procedures and guidelines approved by the Pennsylvania Energy Board", there is no guarantee that SEF (of Central Eastern Pennsylvania, the SEF at issue in this case) will receive any funding and therefore that PPL ratepayers will enjoy the

resulting "direct benefit" of SEF's activities cited by the Commission (Opinion and Order at 52).

- Even if SEF does receive funding, there is no basis in Act 213 to expect that this funding will be adequate to replace funds eliminated by the Commission in its Opinion and Order.

Therefore, the Commission's reliance on Act 213 as a funding mechanism for SEF is in error.

12. The Commission's error regarding the application of Act 213, which was not considered during the proceeding, has important economic development consequences for Pennsylvania. As established in the record, Pennsylvania distantly trails competing states in funding for clean energy funds. SEF St. No. 1, Attachment C. According to the Recommended Decision, "SEF provided many examples of projects it has contributed to or plans to develop" (RD at 82; see also examples, RD at 82-85 and SEF St. No. 1, Attachment A). Funding for SEF and its projects is a significant spur to economic development, and the Commission's 70% cut in this funding will hinder economic development in Pennsylvania.

IV. Conclusion

For the reasons set forth herein:

- the Commission erred in reducing funding for SEF based on unsupported assumptions about funding resulting from alternative compliance payments under Act 213 that may never materialize; and

- the loss of \$12.9 million in funding for sustainable energy under the Commission's decision will put Pennsylvania further behind competitor states in clean energy funding and hinder economic development in Pennsylvania.

THEREFORE, the Commission should exercise its discretion under Duick to reconsider that part of its Opinion and Order entered on December 22, 2004 regarding SEF and:

(a) At a minimum, consistent with the Recommended Decision, restore funding for SEF to the levels proposed by PPL, that is, an annual expense claim of \$3,689,000 for the five years ending December 31, 2009; and

(b) To further promote clean energy and economic development, double funding for SEF to 0.02 cents per kWh as proposed by the PennFuture Parties. See, e.g., PennFuture Main Brief at 3-4 and evidence cited therein.

Respectfully submitted,



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Dated: _____

1/5/05

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

Attachment 1

No. 1030 Session of 2004

INTRODUCED BY ERICKSON, CONTI, WAUGH, ORIE, KUKOVICH, SCHWARTZ, MUSTO, EARLL, PIPPY, BOSCOLA, RAFFERTY, M. WHITE AND STACK, MARCH 15, 2004

AS AMENDED ON THIRD CONSIDERATION, NOVEMBER 17, 2004

AN ACT

1 Providing for the sale of electric energy generated from
2 renewable and environmentally beneficial sources, for the
3 acquisition of electric energy generated from renewable and
4 environmentally beneficial sources by electric distribution
5 and supply companies and for the powers and duties of the
6 Pennsylvania Public Utility Commission.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Alternative
11 Energy Portfolio Standards Act.

12 Section 2. Definitions.

13 The following words and phrases when used in this act shall
14 have the meanings given to them in this section unless the
15 context clearly indicates otherwise:

16 "Alternative energy credit." A tradable instrument that is
17 used to establish, verify and monitor compliance with this act.

18 A unit of credit shall equal one megawatt hour of electricity
19 from an alternative energy source.

SECRETARIAT OF THE BUREAU
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1 "Alternative energy portfolio standards." Standards
2 establishing that a certain amount of energy sold from
3 alternative energy sources is included as part of the sources of
4 electric generation by electric utilities within this
5 Commonwealth.

6 "Alternative energy sources." The term shall include the
7 following EXISTING AND NEW sources for the production of ←
8 electricity:

9 (1) Solar photovoltaic OR OTHER SOLAR ELECTRIC energy. ←

10 (2) Solar thermal energy.

11 (3) Wind power.

12 (4) Large-scale hydropower, WHICH SHALL MEAN THE ←
13 PRODUCTION OF ELECTRIC POWER BY HARNESSING THE HYDROELECTRIC
14 POTENTIAL OF MOVING WATER IMPOUNDMENTS, INCLUDING PUMPED
15 STORAGE THAT DOES NOT MEET THE REQUIREMENTS OF LOW-IMPACT
16 HYDROPOWER UNDER PARAGRAPH (5).

17 (5) Low-impact hydropower, consisting of any technology
18 that produces ~~less than 50 megawatts of~~ electric power and ←
19 that harnesses the hydroelectric potential of moving water
20 impoundments, provided such incremental hydroelectric
21 development:

22 (i) does not adversely change existing impacts to
23 aquatic systems;

24 (ii) meets the certification standards established
25 by the Low Impact Hydropower Institute and American
26 Rivers, Inc., or their successors;

27 (iii) provides an adequate water flow for protection
28 of aquatic life and for safe and effective fish passage;

29 (iv) protects against erosion; and

30 (v) protects cultural and historic resources.

1 (6) Geothermal energy, which shall mean electricity
2 produced by extracting hot water or steam from geothermal
3 reserves in the earth's crust and supplied to steam turbines
4 that drive generators to produce electricity.

5 (7) Biomass energy, which shall mean the generation of
6 electricity utilizing the following:

7 (i) organic material from a plant that is grown for
8 the purpose of being used to produce electricity or is
9 protected by the Federal Conservation Reserve Program
10 (CRP) and provided further that crop production on CRP
11 lands does not prevent achievement of the water quality
12 protection, soil erosion prevention or wildlife
13 enhancement purposes for which the land was primarily set
14 aside; or

15 (ii) any solid nonhazardous, cellulosic waste
16 material that is segregated from other waste materials, <—
17 ~~by products of the pulping process and wood manufacturing~~
18 ~~process including bark, wood chips, sawdust and lignin in~~
19 ~~spent pulping liquors,~~ SUCH AS waste pallets, crates and <—
20 landscape or right-of-way tree trimmings or agricultural
21 sources, including orchard tree crops, vineyards, grain,
22 legumes, sugar and other crop by-products or residues.

23 (8) Biologically derived methane gas, which shall
24 include methane from the anaerobic digestion of organic
25 materials from yard waste, such as grass clippings and
26 leaves, food waste, animal waste and sewage sludge. The term
27 also includes landfill methane gas.

28 (9) Fuel cells, which shall mean any electrochemical
29 device that converts chemical energy in a hydrogen-rich fuel
30 directly into electricity, heat and water without combustion.

1 (10) Waste coal, which shall include the combustion of
2 waste coal in facilities in which the waste coal was disposed
3 or abandoned prior to July 31, 1982, or disposed of
4 thereafter in a permitted coal refuse disposal site
5 regardless of when disposed of, and used to generate
6 electricity; or such other waste coal combustion meeting
7 alternate eligibility requirements established by regulation.
8 Facilities combusting waste coal shall use at a minimum a
9 combined fluidized bed boiler and be outfitted with a
10 limestone injection system and a fabric filter particulate
11 removal system. Alternative energy credits shall be
12 calculated based upon the proportion of waste coal utilized
13 to produce electricity at the facility.

14 (11) Coal mine methane, which shall mean methane gas
15 emitting from abandoned or working coal mines.

16 (12) Demand side management consisting of the management
17 of customer consumption of electricity or the demand for
18 electricity through the implementation of:

19 (i) energy efficiency technologies, management
20 practices or other strategies in residential, COMMERCIAL, ←
21 institutional or government customers that reduce
22 electricity consumption by those customers;

23 (ii) load management or demand response
24 technologies, management practices or other strategies in
25 residential, commercial, industrial, institutional and
26 government customers that shift electric load from
27 periods of higher demand to periods of lower demand, ←
28 ~~including pump storage technologies;~~ or

29 (iii) industrial by-product technologies consisting
30 of the use of a by-product from an industrial process,

1 including the reuse of energy from exhaust gases or other
2 manufacturing by-products that are used in the direct
3 production of electricity at the facility of a customer.

4 (13) Distributed generation system, which shall mean the
5 small-scale power generation of electricity using an ←
6 ~~alternative energy source at a site that does not use the~~
7 ~~facilities of an electric distribution company or a regional~~
8 ~~transmission organization to supply an end user.~~ AND USEFUL ←
9 THERMAL ENERGY.

10 "Alternative energy system." A facility or energy system
11 that uses a form of alternative energy source to generate
12 electricity and delivers the electricity it generates to the
13 distribution system of an electric distribution company or to
14 the transmission system operated by a regional transmission
15 organization.

16 "Commission." The Pennsylvania Public Utility Commission.

17 ~~"Cost recovery period." The period during which competitive~~ ←

18 "COST RECOVERY PERIOD." THE LONGER OF: ←

19 (1) THE PERIOD DURING WHICH COMPETITIVE transition
20 charges under 66 Pa.C.S § 2808 (relating to competitive
21 transition charge) or intangible transition charges under 66
22 Pa.C.S. § 2812 (relating to approval of transition ~~bonds~~) are ←
23 ~~recovered or the period during which an electric~~ BONDS) ARE ←
24 RECOVERED; OR

25 (2) THE PERIOD DURING WHICH AN ELECTRIC distribution
26 company operates under a Pennsylvania Public Utility
27 Commission-approved generation rate plan that has been
28 approved PRIOR TO OR within one year of the effective date of ←
29 this act, but in no case shall the cost recovery period under
30 this act extend beyond December 31, 2010.

1 "Customer-generator." A nonutility owner or operator of a
2 net metered distributed generation system with a nameplate
3 capacity of not greater than 50 kilowatts if installed at a
4 residential service or not larger than 1,000 kilowatts at other
5 customer service locations, except for customers whose systems
6 are above one megawatt and up to two megawatts who make their
7 systems available to operate in parallel with the electric
8 utility during grid emergencies as defined by the regional
9 transmission organization, or where a microgrid is in place for
10 the purpose of maintaining critical infrastructure, such as
11 homeland security assignments, emergency services facilities,
12 hospitals, traffic signals, wastewater treatment plants or
13 telecommunications facilities, provided that technical rules for
14 operating generators interconnected with facilities of an
15 electric distribution company, electric cooperative or municipal
16 electric system have been promulgated by the Institute of
17 Electrical and Electronic Engineers and the Pennsylvania Public
18 Utility Commission.

19 "Department." The Department of Environmental Protection of
20 the Commonwealth.

21 "Electric distribution company." The term shall have the
22 same meaning given to it in 66 Pa.C.S. Ch. 28 (relating to
23 restructuring of electric utility industry).

24 "Electric generation supplier." The term shall have the same
25 meaning given to it in 66 Pa.C.S. Ch. 28 (relating to
26 restructuring of electric utility industry).

27 ~~"Force majeure." An extended period for compliance which may~~ <—
28 ~~be granted by the commission, if the commission determines that~~
29 ~~additional response time is needed because of extreme deviations~~
30 ~~in expected renewable generation resulting from events that are~~

1 ~~impossible to control.~~

2 ~~"Large scale hydropower." The production of at least 51~~
3 ~~megawatts of electric power by harnessing the hydroelectric~~
4 ~~potential of moving water impoundments.~~

5 "FORCE MAJEURE." UPON ITS OWN INITIATIVE OR UPON A REQUEST <—
6 OF AN ELECTRIC DISTRIBUTION COMPANY OR AN ELECTRIC GENERATOR
7 SUPPLIER, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION, WITHIN 60
8 DAYS, SHALL DETERMINE IF ALTERNATIVE ENERGY RESOURCES ARE
9 REASONABLY AVAILABLE IN THE MARKETPLACE IN SUFFICIENT QUANTITIES
10 FOR THE ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC GENERATION
11 SUPPLIERS TO MEET THEIR OBLIGATIONS FOR THAT REPORTING PERIOD
12 UNDER THIS ACT. IF THE COMMISSION DETERMINES THAT ALTERNATIVE
13 ENERGY RESOURCES ARE NOT REASONABLY AVAILABLE IN SUFFICIENT
14 QUANTITIES IN THE MARKETPLACE FOR THE ELECTRIC DISTRIBUTION
15 COMPANIES AND ELECTRIC GENERATION SUPPLIERS TO MEET THEIR
16 OBLIGATIONS UNDER THIS ACT, THEN THE COMMISSION SHALL MODIFY THE
17 UNDERLYING OBLIGATION OF THE ELECTRIC DISTRIBUTION COMPANY OR
18 ELECTRIC GENERATION SUPPLIER OR RECOMMEND TO THE GENERAL
19 ASSEMBLY THAT THE UNDERLYING OBLIGATION BE ELIMINATED.

20 "Municipal solid waste." This will include energy from
21 existing waste to energy facilities which the Department of
22 Environmental Protection has determined are in compliance with
23 current environmental standards, including, but not limited to,
24 all applicable requirements of the Clean Air Act (69 Stat. 322,
25 42 U.S.C. § 7401 et seq.) and associated permit restrictions,
26 and all applicable requirements of the act of July 7, 1980
27 (P.L.380, No.97), known as the Solid Waste Management Act.

28 "Net metering." The means of measuring the difference
29 between the electricity supplied by an electric utility and the
30 electricity generated by a customer-generator, when the

1 renewable energy generating system is intended primarily to
2 offset part or all of the customer-generator's requirements for
3 electricity.

4 "Regional transmission organization." An entity approved by
5 the Federal Energy Regulatory Commission (FERC) that is created
6 to operate and manage the electrical transmission grids of the
7 member electric transmission utilities as required under FERC
8 Order 2000, Docket No. RM99-2-000, FERC Chapter 31.089 (1999) or
9 any successor organization approved by the FERC.

10 "Reporting period." The 12-month period from June 1 through
11 May 31. A reporting year shall be numbered according to the
12 calendar year in which it begins and ends.

13 "Retail electric customer." The term shall have the same
14 meaning given to it in 66 Pa.C.S Ch. 28 (relating to
15 restructuring of electric utility industry).

16 "Tier I alternative energy source." Energy derived from:

- 17 (1) Solar photovoltaic energy.
- 18 (2) Wind power.
- 19 (3) Low-impact hydropower.
- 20 (4) Geothermal energy.
- 21 (5) Biologically derived methane gas.
- 22 (6) Fuel cells.
- 23 (7) Biomass energy.
- 24 (8) COAL MINE METHANE. ←

25 "Tier II alternative energy source." Energy derived from:

- 26 (1) Waste coal.
- 27 (2) Distributed generation systems.
- 28 (3) Demand-side management.
- 29 ~~(4) Coal mine methane.~~ ←
- 30 ~~(5) Large scale hydropower.~~

1 PROVIDED, HOWEVER, THAT AN ELECTRIC DISTRIBUTION COMPANY OR
2 AN ELECTRIC GENERATION SUPPLIER SHALL BE EXCUSED FROM ITS
3 OBLIGATIONS UNDER THIS SECTION TO THE EXTENT THAT THE
4 COMMISSION DETERMINES THAT FORCE MAJEURE EXISTS.

5 (3) ALL COSTS FOR:

6 (I) THE PURCHASE OF ELECTRICITY GENERATED FROM
7 ALTERNATIVE ENERGY SOURCES, INCLUDING THE COSTS OF THE
8 REGIONAL TRANSMISSION ORGANIZATION, IN EXCESS OF THE
9 REGIONAL TRANSMISSION ORGANIZATION REAL-TIME LOCATIONAL
10 MARGINAL PRICING, OR ITS SUCCESSOR, AT THE DELIVERY POINT
11 OF THE ALTERNATIVE ENERGY SOURCE FOR THE ELECTRICAL
12 PRODUCTION OF THE ALTERNATIVE ENERGY SOURCES; AND

13 (II) PAYMENTS FOR ALTERNATIVE ENERGY CREDITS, IN
14 BOTH CASES THAT ARE VOLUNTARILY ACQUIRED BY AN ELECTRIC
15 DISTRIBUTION COMPANY DURING THE COST RECOVERY PERIOD ON
16 BEHALF OF ITS CUSTOMERS

17 SHALL BE DEFERRED AS A REGULATORY ASSET BY THE ELECTRIC
18 DISTRIBUTION COMPANY AND FULLY RECOVERED, WITH A RETURN ON
19 THE UNAMORTIZED BALANCE, PURSUANT TO AN AUTOMATIC ENERGY
20 ADJUSTMENT CLAUSE UNDER 66 PA.C.S. § 1307 (RELATING TO
21 SLIDING SCALE OF RATES; ADJUSTMENTS) AS A COST OF GENERATION
22 SUPPLY UNDER 66 PA.C.S. § 2807 (RELATING TO DUTIES OF
23 ELECTRIC DISTRIBUTION COMPANIES), IN THE FIRST YEAR AFTER THE
24 EXPIRATION OF ITS COST RECOVERY PERIOD. AFTER THE COST
25 RECOVERY PERIOD, ANY DIRECT OR INDIRECT COSTS FOR THE
26 PURCHASE BY ELECTRIC DISTRIBUTION OF RESOURCES TO COMPLY WITH
27 THIS SECTION, INCLUDING, BUT NOT LIMITED TO, THE PURCHASE OF
28 ELECTRICITY GENERATED FROM ALTERNATIVE ENERGY SOURCES,
29 PAYMENTS FOR ALTERNATIVE ENERGY CREDITS, COST OF CREDITS
30 BANKED, PAYMENTS TO ANY THIRD PARTY ADMINISTRATORS FOR

1 PERFORMANCE UNDER THIS ACT AND COSTS LEVIED BY A REGIONAL
2 TRANSMISSION ORGANIZATION TO ENSURE THAT ALTERNATIVE ENERGY
3 SOURCES ARE RELIABLE, SHALL BE RECOVERED ON A FULL AND
4 CURRENT BASIS PURSUANT TO AN AUTOMATIC ENERGY ADJUSTMENT
5 CLAUSE UNDER 66 PA.C.S. § 1307 AS A COST OF GENERATION SUPPLY
6 UNDER 66 PA.C.S. § 2807.

7 (b) Tier I and solar photovoltaic shares.--

8 (1) Two years after the effective date of this act, at
9 least 1.5% of the electric energy sold by an electric
10 distribution company or electric generation supplier to
11 retail electric customers in this Commonwealth shall be
12 generated from Tier I alternative energy sources. Except as
13 provided in this section, the minimum percentage of electric
14 energy required to be sold to retail electric customers from
15 alternative energy sources shall increase to 2% three years
16 after the effective date of this act. The minimum percentage
17 of electric energy required to be sold to retail electric
18 customers from alternative energy sources shall increase by
19 at least 0.5% each year so that at least ~~10%~~ 8% of the <—
20 electric energy sold by an electric distribution company or
21 electric generation supplier to retail electric customers in
22 that certificated territory in the 15th year after the
23 effective date of this subsection is sold from Tier I
24 alternative energy resources.

25 (2) Of the electric energy required to be sold from Tier
26 I sources, the TOTAL percentage that must be sold from solar <—
27 photovoltaic technologies is for:

28 (i) Years 1 through 4 - 0.0013%.

29 (ii) Years 5 through 9 - 0.0203%.

30 (iii) Years 10 through 14 - 0.2500%.

1 (iv) Years 15 and thereafter - 0.5000%.

2 (3) Upon commencement of the beginning of the 6th
3 reporting year, the commission shall undertake a review of
4 the compliance by electric distribution companies and
5 electric generation suppliers with the requirements of this
6 act. The review shall also include the status of alternative
7 energy technologies within this Commonwealth and the capacity
8 to add additional alternative energy resources. The
9 commission shall use the results of this review to recommend
10 to the General Assembly additional compliance goals beyond
11 year 15. The commission shall work with the department in
12 evaluating the future alternative energy resource potential.

13 (c) Tier II share.--Of the electrical energy required to be
14 sold from alternative energy sources identified in Tier II, the
15 percentage that must be from these technologies is for:

16 ~~(1) Years 1 through 4 - 2.2%. <—~~

17 ~~(2) Years 5 through 9 - 3.2%. <—~~

18 ~~(3) Years 10 through 14 - 4.2%. <—~~

19 ~~(4) Years 15 and thereafter - 5.0%. <—~~

20 (1) YEARS 1 THROUGH 4 - 4.2%. <—

21 (2) YEARS 5 THROUGH 9 - 6.2%.

22 (3) YEARS 10 THROUGH 14 - 8.2%.

23 (4) YEARS 15 AND THEREAFTER - 10.0%.

24 (d) Exemption during cost-recovery period.--Compliance with
25 subsections (a), (b) and (c) shall not be required for any
26 electric distribution company that has not reached the end of
27 its cost-recovery period or for electric generation supplier
28 sales in the service territory of an electric distribution
29 company that has not reached the end of its cost-recovery
30 period. At the conclusion of an electric distribution company's

1 cost-recovery period, this exception shall no longer apply, and
2 compliance shall be required at the percentages in effect at
3 that time. Electric distribution companies and electric
4 generation suppliers whose sales are exempted under this
5 subsection and who voluntarily sell electricity generated from
6 Tier I and Tier II sources during the cost-recovery period may
7 bank credits consistent with subsection (e)(7).

8 (e) Alternative energy credits.--

9 (1) The commission shall establish an alternative energy
10 credits program as needed to implement this act. The
11 provision of services pursuant to this section shall be
12 exempt from the competitive procurement procedures of 62
13 Pa.C.S. (relating to procurement).

14 (2) The commission shall approve an independent entity
15 to serve as the alternative energy credits program
16 administrator. The administrator shall have those powers and
17 duties assigned by commission regulations. Such powers and
18 duties shall include, but not be limited to, the following:

19 (i) To create and administer an alternative energy
20 credits certification, tracking and reporting program.
21 This program should include, at a minimum, a process for
22 qualifying alternative energy systems and determining the
23 manner credits can be created, accounted for, transferred
24 and retired.

25 (ii) To submit reports to the commission at such
26 times and in such manner as the commission shall direct.

27 (3) All qualifying alternative energy systems must
28 include a qualifying meter to record the cumulative electric
29 production to verify the advanced energy credit value.

30 Qualifying meters will be approved by the commission as

1 defined in paragraph (4).

2 (4) (i) An electric distribution company or electric
3 generation supplier shall comply with the applicable
4 requirements of this section by purchasing sufficient
5 alternative energy credits and submitting documentation
6 of compliance to the program administrator.

7 (ii) For purposes of this subsection, one
8 alternative energy credit shall represent one megawatt
9 hour of qualified alternative electric generation,
10 whether self-generated, purchased along with the electric
11 commodity or separately through a tradable instrument and
12 otherwise meeting the requirements of commission
13 regulations and the program administrator.

14 (5) The alternative energy credits program shall include
15 provisions requiring a reporting period as defined in section
16 2 for all covered entities under this act. The alternative
17 energy credits program shall also include a true-up period as
18 defined in section 2. The true-up period shall provide
19 entities covered under this act the ability to obtain the
20 required number of alternative energy credits or to make up
21 any shortfall of the alternative energy credits they may be
22 required to obtain to comply with this act. A force majeure
23 provision shall also be provided for under the true-up period
24 provisions.

25 (6) An electric distribution company and electric
26 generation supplier may bank or place in reserve alternative
27 energy credits produced in one reporting year for compliance
28 in either or both of the two subsequent reporting years,
29 subject to the limitations set forth in this subsection and
30 provided that the electric distribution company and electric

1 generation supplier are in compliance for all previous
2 reporting years. In addition, the electric distribution
3 company and electric generation supplier shall demonstrate to
4 the satisfaction of the commission that such credits:

5 (i) were in excess of the alternative energy credits
6 needed for compliance in the year in which they were
7 generated and that such excess credits have not
8 previously been used for compliance under this act;

9 ~~(ii) do not exceed 30% of the credits needed by the~~ ←
10 ~~electric distribution company and electric generation~~
11 ~~supplier for compliance in the year they were generated;~~

12 ~~(iii)~~ (II) were produced by the generation of ←
13 electrical energy by alternative energy sources and sold
14 to retail customers during the year in which they were
15 generated; and

16 ~~(iv)~~ (III) have not otherwise been nor will be sold, ←
17 retired, claimed or represented as part of satisfying
18 compliance with alternative or renewable energy portfolio
19 standards in other states.

20 (7) An electric distribution company or an electric
21 generation supplier with sales that are exempted under
22 subsection (d) may bank credits for retail sales of
23 electricity generated from Tier I and Tier II sources made
24 prior to the end of the cost-recovery period and after the
25 effective date of this act. Bankable credits shall be limited
26 to credits associated with electricity sold from Tier I and
27 Tier II sources during a reporting year which exceeds the
28 volume of sales from such sources by an electric distribution
29 company or electric generation supplier during the 12-month
30 period immediately preceding the effective date of this act.

1 All credits banked under this subsection shall be available
2 for compliance with subsections (b) and (c) for no more than
3 two reporting years following the conclusion of the cost-
4 recovery period.

5 (8) The commission or its designee shall develop a
6 registry of pertinent information regarding all available
7 alternative energy credits, credit transactions among
8 electric distribution companies and electric generation
9 suppliers, the number of alternative energy credits sold or
10 transferred and the price paid for the sale or transfer of
11 the credits. The registry shall provide current information
12 to electric distribution companies, electric generation
13 suppliers and the general public on the status of alternative
14 energy credits created, sold or transferred within this
15 Commonwealth.

16 (9) The commission may impose an administrative fee on
17 an alternative energy credit transaction. The amount of this
18 fee may not exceed the actual direct cost of processing the
19 transaction by the alternative energy credits administrator.
20 The commission is authorized to utilize up to 5% of the
21 alternative compliance fees generated under subsection (f)
22 for administrative expenses directly associated with this
23 act.

24 (10) The commission shall establish regulations
25 governing the verification and tracking of energy efficiency
26 and demand-side management measures pursuant to this act,
27 which shall include benefits to all utility customer classes.
28 When developing regulations, the commission must give
29 reasonable consideration to existing and proposed regulations
30 and rules in existence in the regional transmission

1 organizations that manage the transmission system in any part
2 of this Commonwealth. All verified reductions shall accrue
3 credits starting with the passage of this act.

4 (11) The commission shall within 120 days of the
5 effective date of this act develop a depreciation schedule
6 for alternative energy credits created through demand side
7 management, energy efficiency and load management
8 technologies and shall develop standards for tracking and
9 verifying savings from energy efficiency, load management and
10 demand-side management measures. The commission shall allow
11 for a 60-day public comment period and shall issue final
12 standards within 30 days of the close of the public comment
13 period.

14 (f) Alternative compliance payment.--

15 (1) At the end of each program year, the program
16 administrator shall provide a report to the commission and to
17 each covered electric distribution company showing their
18 status level of alternative energy acquisition.

19 (2) The commission shall conduct a review of each
20 determination made under subsections (b) and (c). If, after
21 notice and hearing, the commission determines that an
22 electric distribution company or electric generation supplier
23 has failed to comply with subsections (b) and (c), the
24 commission shall impose an alternative compliance payment on
25 that company or supplier.

26 (3) The alternative compliance payment, with the
27 exception of the solar photovoltaic share compliance
28 requirement set forth in subsection (b)(2), shall be \$45
29 times the number of additional alternative energy credits
30 needed in order to comply with subsection (b) or (c).

1 (4) The alternative compliance payment for the solar
2 photovoltaic share shall be 200% of the average market share <—
3 ~~of the solar photovoltaic credits sold during the reporting~~
4 ~~period.~~ VALUE OF SOLAR RENEWABLE ENERGY CREDITS SOLD DURING <—
5 THE REPORTING PERIOD WITHIN THE SERVICE REGION OF THE
6 REGIONAL TRANSMISSION ORGANIZATION.

7 (5) The commission shall establish a process to provide
8 for, at least annually, a review of the alternative energy
9 market within this Commonwealth and the service territories
10 of the regional transmission organizations that manage the
11 transmission system in any part of this Commonwealth. The
12 commission will use the results of this study to identify any
13 needed changes to the cost associated with the alternative
14 compliance payment program. ~~The commission may raise the cost <—~~
15 ~~of the alternative compliance payments to maintain the~~
16 ~~integrity of the payments program and to ensure that it is~~
17 ~~not used to meet compliance with this act in lieu of~~
18 ~~acquiring energy from actual alternative energy sources as~~
19 ~~defined in this act.~~ If the commission finds that the costs
20 associated with alternative compliance payment program must
21 be lowered CHANGED, the commission shall present these <—
22 findings to the General assembly for legislative enactment.

23 (g) Transfer to sustainable development funds.--

24 (1) Notwithstanding the provisions of 66 Pa.C.S. §§ 511
25 (relating to disposition, appropriation and disbursement of
26 assessments and fees) and 3315 (relating to disposition of
27 fines and penalties), alternative compliance payments imposed
28 pursuant to this act shall be paid into ~~the sustainable <—~~
29 ~~development funds, created under the commissions~~
30 ~~restructuring orders under 66 Pa.C.S. Ch. 28 (relating to~~

1 ~~restructuring of electric utility industry). Alternative~~
2 ~~compliance payments will be paid into the appropriate fund~~
3 ~~based upon which electric distribution company or electric~~
4 ~~generation supplier incurred the alternative compliance~~
5 ~~payment.~~ PENNSYLVANIA'S SUSTAINABLE ENERGY FUNDS, CREATED ←
6 UNDER THE COMMISSION'S RESTRUCTURING ORDERS UNDER 66 PA.C.S.
7 CH. 28 (RELATING TO RESTRUCTURING OF ELECTRIC UTILITY
8 INDUSTRY). ALTERNATIVE COMPLIANCE PAYMENTS SHALL BE PAID INTO
9 A SPECIAL FUND OF THE PENNSYLVANIA SUSTAINABLE ENERGY BOARD,
10 ESTABLISHED BY THE COMMISSION UNDER DOCKET M-00031715, AND
11 MADE AVAILABLE TO THE REGIONAL SUSTAINABLE ENERGY FUNDS UNDER
12 PROCEDURES AND GUIDELINES APPROVED BY THE PENNSYLVANIA ENERGY
13 BOARD.

14 (2) The alternative compliance payments shall be
15 utilized solely for projects that will increase the amount of
16 electric energy generated from alternative energy resources
17 for purposes of compliance with subsections (b) and (c).

18 (H) NONSEVERABILITY.--THE PROVISIONS OF SUBSECTION (A) ARE ←
19 DECLARED TO BE NONSEVERABLE. IF ANY PROVISION OF SUBSECTION (A)
20 IS HELD INVALID, THE REMAINING PROVISIONS OF THIS ACT SHALL BE
21 VOID.

22 Section 4. Portfolio requirements in other states.

23 If an electric distribution supplier or electric generation
24 company provider sells electricity in any other state and is
25 subject to renewable energy portfolio requirements in that
26 state, they shall list any such requirement and shall indicate
27 how it satisfied those renewable energy portfolio requirements.
28 To prevent double-counting, the electric distribution supplier
29 or electric generation company shall not satisfy Pennsylvania's
30 alternative energy portfolio requirements using alternative

1 energy used to satisfy another state's portfolio requirements.
2 Energy derived only from alternative energy sources inside the
3 geographical boundaries of this Commonwealth or within the
4 service territory of any regional transmission organization that
5 manages the transmission system in any part of this Commonwealth
6 shall be eligible to meet the compliance requirements under this
7 act. Electric distribution companies and electric generation
8 suppliers shall document that this energy was not used to
9 satisfy another state's renewable energy portfolio standards.

10 Section 5. Interconnection standards for customer-generator
11 facilities.

12 The commission shall develop technical and net metering
13 interconnection rules for customer-generators intending to
14 operate renewable onsite generators in parallel with the
15 electric utility grid, consistent with rules defined in other
16 states within the service region of the regional transmission
17 organization that manages the transmission system in any part of
18 this Commonwealth. The commission shall convene a stakeholder
19 process to develop Statewide technical and net metering rules
20 for customer-generators. The commission shall develop these
21 rules within nine months of the effective date of this act.

22 Section 6. Health and safety standards.

23 The department shall cooperate with the Department of Labor
24 and Industry as necessary in developing health and safety
25 standards, as needed, regarding facilities generating energy
26 from alternative energy sources. The department shall establish
27 appropriate and reasonable health and safety standards to ensure
28 uniform and proper compliance with this act by owners and
29 operators of facilities generating energy from alternative
30 energy sources as defined in this act.

1 Section 7. Interagency responsibilities.

2 (a) Commission responsibilities.--The commission will carry
3 out the responsibilities delineated within this act. The
4 commission also shall, in cooperation with the department,
5 conduct an ongoing alternative energy resources planning
6 assessment for this Commonwealth. This assessment will, at a
7 minimum, identify current and operating alternative energy
8 facilities, the potential to add future alternative energy
9 generating capacity, and the conditions of the alternative
10 energy marketplace. The assessment will identify needed methods
11 to maintain or increase the relative competitiveness of the
12 alternative energy market within this Commonwealth.

13 (b) Department responsibilities.--The department shall
14 ensure that all qualified alternative energy sources meet all
15 applicable environmental standards and shall verify that an
16 alternative energy source meets the standards set forth in
17 section 2.

18 (c) Cooperation between commission and department.--The
19 commission and the department shall work cooperatively to
20 monitor the performance of all aspects of this act and will
21 provide an annual report to the chairman and minority chairman
22 of the Environmental Resources and Energy Committee of the
23 Senate and the chairman and minority chairman of the
24 Environmental Resources and Energy Committee of the House of
25 Representatives. The report shall include at a minimum:

26 (1) The status of the compliance with the provisions of
27 this act by electric distribution companies and electric
28 generations suppliers.

29 (2) Current costs of alternative energy on a per
30 kilowatt hour basis for all alternative energy technology

1 types.

2 (3) Costs associated with the alternative energy credits
3 program under this act, including the number of alternative
4 compliance payments.

5 (4) The status of the alternative energy marketplace
6 within this Commonwealth.

7 (5) Recommendations for program improvements.

8 Section 8. Rural electric cooperatives.

9 Each rural electric cooperative operating within this
10 Commonwealth shall offer to its retail customers a voluntary
11 program of energy efficiency and demand-side management
12 programs, as a means to satisfy compliance with the requirements
13 of this act.

14 Section 9. Effective date.

15 This act shall take effect in 90 days.

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 Petition for Reconsideration upon the participants, listed below, in accordance with the requirements of § 1.54 (relating to service by a participant).

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

IN REPLY PLEASE
REFER TO OUR FILE

January 5, 2005

ORIGINAL

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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

DOCUMENT
FOLDER

Dear Secretary McNulty:

Enclosed please find for filing an original and three copies of the Petition for Reconsideration and Clarification of the Office of Trial Staff in the above-captioned proceeding. Copies have been served according to the certificate of service.

Respectfully submitted,

Richard A. Kanaskie
Prosecutor

Enclosure

cc: Parties of Record

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ORIGINAL

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility
Commission**

Docket No. R-00049255

v.

PPL Electric Utilities Corporation

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**THE OFFICE OF TRIAL STAFF'S
PETITION FOR RECONSIDERATION
AND CLARIFICATION**

The Office of Trial Staff (OTS), pursuant to 52 Pa. Code § 5.572 and 66 Pa.C.S. § 703(g), respectfully submits this Petition seeking reconsideration and clarification of the Order of the Public Utility Commission (PUC or Commission) in the above referenced proceeding, entered on December 22, 2004, which granted PPL Electric Utilities, Inc. (PPL or Company) request to collect an additional \$1,396,976 in pension expenses from ratepayers. The Company has collected \$100 million in accrued funds since the 1995 base rate case and the Commission allowed the Company to collect an additional \$1,396,976 in the present base rate case. In order to ensure sound ratemaking principles, OTS respectfully requests that the Commission clarify its Order and require that these accrued¹ funds be

¹ Accrual accounting, by definition, is an accounting method where income and expense items are recognized and recorded when income is earned and expense is incurred, regardless of when cash is actually received or paid. As such, this method allowed PPL to collect \$100 million for pension expenses over ten years without requiring a contribution to its pension trust. PPL will be required to contribute in the future; therefore, under the accrual method, the accrued \$100 million will pay these future pension expenses.

**DOCUMENT
FOLDER**

safeguarded to ensure they are available for the Company's future pension liability.

A party has the right to seek reconsideration following the issuance of a final Commission decision.² A Petition for Reconsideration under Subsection 703(g) may properly raise any matter designed to convince the Commission that its discretion should be exercised to amend or rescind a prior Order, in whole or in part.³ It is not proper for parties to seek reconsideration of issues which were specifically considered and decided against them. Rather, such petitions are likely to succeed only when they raise new and novel arguments not previously heard or considerations which appear to have been overlooked or not addressed by the Commission.⁴

This Petition for Reconsideration and Clarification should be granted because the Order must address that, under the approved accrual accounting method, PPL should be required to safeguard the accrued \$1,396,976 pension expenses. The Order focused on the merits of accrual accounting over the cash accounting method and determined that it was proper for PPL to continue using

² 66 Pa.C.S. § 703(g):

(g) **Rescission and amendment of orders.**—The commission may, at any time, after notice and after opportunity to be heard as provided in this chapter, rescind or amend any order made by it. Any order rescinding or amending a prior order shall, when served upon the person, corporation, or municipal corporation affected, and after notice thereof is given to the other parties to the proceedings, have the same effect as is herein provided for original orders.

³ Duick v. Pennsylvania Gas and Water Company, 56 Pa. P.U.C. 553, 559 (1982); *see also*, Pa. P.U.C. v. McGarity Moving Company, 2003 Pa. PUC Lexis 38.

⁴ *Id.*

the accrual method. By stopping the analysis at that level, the Commission did not address that PPL has already collected \$100 million from ratepayers to cover its claimed \$75 million liability and should be safeguarding these accrued payments so that they are available for its future pension liability. In other words, there are two separate issues at stake and the first, more important, issue remains unaddressed. The first issue is how, under the accrual method, the Company should be permitted to recover additional pension expenses from ratepayers when it has collected enough to fully cover the Company's future liability. The second issue, which the Commission fully addressed, is whether PPL should continue to use accrual accounting or return to the cash method. Despite the Commission's recent trend of favoring the cash method⁵, the Commission answered this question by permitting PPL to continue collecting funds from ratepayers based on the accrual method. Because the first question remains unanswered and it is unclear how, under sound ratemaking principles, accrual accounting permits the Company to collect additional money for the pension fund, OTS urges the Commission to grant this Petition for Reconsideration and Clarification.

In further support of this Petition, OTS raises a new argument that if the Commission finds sound ratemaking principles permit the Company to collect additional money for pension expenses from ratepayers, this money should be put in escrow to ensure it is available for its intended purpose when payment is due.

⁵ Pennsylvania Public Utility Commission v. Aqua Pa., Docket Number R-00038805; Pennsylvania Public Utility Commission v. Pennsylvania-American Water Company, Docket Number R-00038304.

The Company has collected \$100 million in accrued funds since the 1995 rate case and the Commission has allowed the Company to collect an additional \$1,396,976 in the present base rate case. Placing these accrued funds in escrow guarantees that the money collected from ratepayers is available when the Company is required to contribute to its pension fund. Therefore, OTS respectfully submits that sound ratemaking principles require the Commission to clarify its Order and require the accrued funds be safeguarded to ensure they are available for future pension expenses.

Accordingly, OTS offers the following enumerated statements in support of its Petition for Reconsideration and Clarification:

A. THE COMMISSION SHOULD RECONSIDER AND CLARIFY ITS ORDER BECAUSE IT DOES NOT EXPRESSLY STATE HOW ACCRUAL ACCOUNTING PERMITS THE COMPANY TO COLLECT ADDITIONAL PENSION EXPENSES OR HOW THOSE ACCRUED FUNDS WILL BE SAFEGUARDED.

1. Under sound ratemaking principles, the Company is not entitled to collect an additional \$1,396,976 from ratepayers because it has already collected \$100 million over the last ten years to cover its claimed \$75 million liability. The money that PPL has been collecting since the last base rate case can and must be used to make future required pension contributions. Allowing the Company to collect additional money from ratepayers violates sound ratemaking principles when, according to the evidence, it currently has a \$25 million surplus.

2. Additionally, regardless of whether the accrual or cash method is used, the Commission cannot permit PPL to recover pension expenses unless the

Company shows that it will contribute to the pension fund.⁶ In the present proceeding, the Company failed to make such a showing. PPL vaguely alluded to the fact that “we are building up a substantial liability balance, and that liability is going to require funding at some future date”.⁷ This “future date” is not sufficient evidence that the Company will contribute during the test year or any time before it comes in for its next base rate case.

3. The Company’s track record since the last rate case in 1995 is compelling evidence that the Company will not contribute to the pension fund. In that case, PPL testified that cash contributions were projected for 1996 and further stated that it planned to make “substantial cash contributions to its pension plan in each of the next three years”.⁸ However, in the resulting ten years, PPL admitted that it collected \$100 million from ratepayers for the pension expense but contributed nothing to that fund.⁹ No contributions were made because, under ERISA minimums and IRS maximums, PPL was not required to contribute to the pension fund and would not receive a tax deduction for doing so.¹⁰

⁶ Pennsylvania Public Utility Commission v. Pennsylvania Gas and Water Company 1993 Pa. PUC Lexis 61 (Commission permitted the use of the accrual method of accounting, but disallowed any recovery for the pension expense because it was fully funded and did not require a cash contribution over the period that the rates would be in effect.); Pennsylvania Public Utility Commission v. West Penn Power Company, 1994 Pa. PUC Lexis 144 (Commission permitted the company to recover pension expenses under the accrual accounting method based on the company’s evidence that it would make payments to the pension fund during the test year and several years in the future).

⁷ Transcript p. 445. For ease of reference, please see attached Appendix A.

⁸ Pennsylvania Public Utility Commission v. Pennsylvania Power and Light Company, 85 Pa. PUC 306 Docket Number R-00943271, pp. 43,45 (1995). For ease of reference, please see attached Appendix B.

⁹ Transcript p. 445.

¹⁰ Transcript p. 445.

4. Without clarification from the Commission, history will repeat itself if PPL is permitted to collect an additional \$1,396,976 in pension expenses because ERISA and IRS standards continue to be zero. Accordingly, at a minimum, PPL should be instructed to safeguard the funds accrued for its pension liability. To suggest otherwise defeats the Commission's original intent in the 1995 rate case where it stated that, "consistent use of the accrual method should be fair to both ratepayers and stockholders, over the long term."¹¹ Therefore, OTS urges the Commission to order that the excess funding be held in escrow and clearly identified to ensure the money will be set aside and earmarked for current and future pension expenses.

B. ALTERNATIVELY, THE COMMISSION SHOULD RECONSIDER AND REVISE ITS ORDER BECAUSE THE CASH METHOD OF ACCOUNTING SUPPORTS SOUND RATEMAKING PRINCIPLES.

5. PPL based its request to use the accrual method of accounting on the Statement of Financial Accounting Standards (SFAS) No. 87. The Financial Accounting Standards Board (FASB) issued SFAS 87 and is the entity responsible for establishing generally accepted accounting principles (GAAP) used by businesses. However, the Commission is not required to comply with GAAP for ratemaking purposes.¹² The only standard the Commission is bound by is that all

¹¹ Pennsylvania Public Utility Commission v. Pennsylvania Power and Light Company, 85 Pa. PUC 306 Docket Number R-00943271, 45 (1995).

¹² Pennsylvania Public Utility Commission v. Metropolitan Edison Company, 1993 Pa. PUC Lexis 41, 141 PUR 4th 336.

rates must be just and reasonable.¹³ The accrual method is unreasonable because the Commission cannot grant recovery of expenses that are not actually incurred.¹⁴ PPL did not incur any expenses because it chose not to contribute to the pension trust because its contribution would not be tax deductible. Furthermore, compliance with SFAS 87 is unjust and unreasonable because it provides investors with a windfall at the expense of ratepayers by allowing the Company to keep its claimed \$75 million liability on the books even though it has collected \$100 million in the past ten years for this expense.

6. Prior to the last rate case PPL used the cash method of accounting for determining pension expenses. In the 1995 case, the Commission permitted the Company to switch to the accrual method because it determined that consistent use of the accrual method would be fair to ratepayers and stockholders over the long term. However, the Commission based this determination on PPL's testimony that cash contributions were projected for 1996 and that it planned to make "substantial cash contributions to its pension plan in each of the next three years".¹⁵ In the resulting ten years, PPL admitted that it collected \$100 million in pension expenses from ratepayers, but has contributed nothing to that fund.¹⁶

¹³ 66 Pa.C.S. § 1301

¹⁴ Barasch v. Pennsylvania Public Utility Commission, 493 A.2d 653, 507 Pa. 561 (1985).


¹⁵ Pennsylvania Public Utility Commission v. Pennsylvania Power and Light Company, 85 Pa. PUC 306, Docket Number R-00943271, pp. 43,45 (1995).

¹⁶ Transcript p. 445.

7. Because the Company has shown that it will not contribute if it is not required to under ERISA and IRS guidelines, it should not be permitted to continue using the accrual accounting method. This method allows the Company to keep its claimed \$75 million liability on the books even though it has collected \$100 million for this expense. If PPL contributed these funds to the pension plan, the liability would no longer exist. Consequently, if the Company is permitted to continue using the accrual method, it will collect the additional \$1,396,976 awarded in this base rate case but continue claiming a \$75 million liability on the books because it will not contribute these amounts to its pension fund.

WHEREFORE, for the reasons state herein, the Office of Trial Staff respectfully requests that the Commission reconsider its Opinion and Order entered December 22, 2004 and issue an Order consistent with this motion.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Johnnie E. Simms". The signature is written in a cursive style with a long horizontal stroke at the end.

Johnnie E. Simms
Chief Prosecutor

Richard A. Kanaskie
Prosecutor

Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

Dated: January 5, 2005

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Petition for Reconsideration and Clarification** of the Office of Trial Staff, dated January 05, 2005, either personally, by first class mail, electronic mail, express mail and/or by fax upon the persons listed below:

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Prosecutor

Johnnie E. Simms
Chief Prosecutor

Office of Trial Staff
Pennsylvania Public Utility Commission

Dated: January 5, 2005
Docket No. R-00049255

APPENDIX A

Testimony from hearing docketed at Pa PUC v. PPL Electric Utilities Corporation, R-00049255. This testimony was conducted on August 9, 2004 and is OTS prosecutor Richard Kanaskie's cross-examination of Mr. Schadt.

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 :
Pennsylvania Public Utility Commission, :
U.S. Department of Defense & Federal :
Executive Agencies, PPL Industrial :
Customer Alliance, Office of Small :
Business Advocate, Office of Consumer :
Advocate, Eric Joseph Epstein, Victoria :
K. Mackin, Cheryl and Jeremy Ebert, :
Martha Wells, Margaret M. Stuski, :
Esquire, Wal-Mart Stores East, LP, :
Pennsylvania Energy Consortium, Donald :
E. McGarrigle, Curvin L. Snyder, :
William J. Junkin, III, v. PPL Electric :
Utilities Corporation. Proposed :
 general rate increase. :
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 Initial Hearing :
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Docket Nos.
 R-00049255
 R-00049255C0001
 through C0016

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Pages 379 through 538

Hearing Room No. 1
 Commonwealth Keystone Building
 Harrisburg, Pennsylvania

Monday, August 9, 2004

Met, pursuant to adjournment, at 10:07 a.m.

BEFORE:

ALLISON K. TURNER, Administrative Law Judge
 SUSAN D. COLWELL, Administrative Law Judge

APPEARANCES:

RICHARD A. KANASKIE, Esquire
 P.O. Box 3265
 Harrisburg, Pennsylvania 17105-3265
 (For Office of Trial Staff)

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Do you have cross-examination?

MR. KANASKIE: Yes, Your Honor, I have brief cross-examination.

CROSS-EXAMINATION

BY MR. KANASKIE:

6 Q. Good morning, Mr. Schadt. My name is Rick
7 Kanaskie with the Office of Trial Staff. I'd like to point
8 you to your rebuttal testimony, Statement 2-R, pages 4 and
9 5. Got it?

10 A. Yes, sir.

11 Q. I guess as a background question, would you
12 agree that SFAS-87 and SFAS-88, which we'll talk about a
13 little later, are accounting treatments, that is, they are
14 accounting standards?

15 A. Yes, they are.

16 Q. Would you also agree that these accounting
17 standards do not control contributions, physical
18 contributions, into the trust itself?

19 A. I agree with that. The physical contributions
20 are governed more by the IRS regulations, the Internal
21 Revenue Service regulations.

22 JUDGE TURNER: Do you cover those regulations
23 elsewhere?

24 THE WITNESS: Do I cover those elsewhere?

25 JUDGE TURNER: Yes.

1 THE WITNESS: Well, the Internal Revenue Service has
2 regulations that dictate when you can give contributions to
3 a pension plan and get a tax deduction for those
4 contributions.

5 JUDGE TURNER: Okay. And you've just identified that
6 regulation; yes?

7 THE WITNESS: Yes.

8 JUDGE TURNER: Is that elsewhere in your testimony or
9 will you identify it again so that --

10 THE WITNESS: We commented upon that within the
11 interrogatories.

12 JUDGE TURNER: Which may not be admitted. So what is
13 the regulation?

14 THE WITNESS: It's part of the IRS Code. I do not
15 have the Code reference. I'm sorry.

16 MR. MacGREGOR: We can supply it, Your Honor.

17 JUDGE TURNER: Okay.

18 Sorry for the interruption, Mr. Kanaskie.

19 MR. KANASKIE: That's quite all right, Your Honor.

20 BY MR. KANASKIE:

21 Q. For basis of this conversation, would I be
22 correct in stating ERISA controls the minimum you can place
23 in a trust and IRS tax guidelines control the maximum?

24 A. I believe that's correct.

25 Q. Would you agree, under those standards, PPL's

1. contribution is zero, or liability is zero?

2. A. Under those standards --

3. Q. Under ERISA and IRS standards.

4. A. Under those standards, our contribution is zero.

5. Q. On page 5, on line 6, actually, starting in the
6. beginning, you say that this pension expense claim is
7. consistent with the Commission's order in your last base
8. rate case.

9. A. That is correct.

10. Q. You also say on line 6 that rates based on cash
11. contributions can result in dramatic fluctuations. On the
12. basis that I just talked about, ERISA standards and IRS tax
13. standards from your last base rate case, would you agree
14. subject to check that your minimum and maximums have been
15. zero?

16. A. I would agree that since the last base rate case
17. our contributions have been zero, but I would caution that
18. we are building up a substantial liability balance, and that
19. liability is going to require funding at some future date.

20. Q. Would you agree that in your last base rate
21. case, you got ratepayer funds as part of your case
22. resolution?

23. A. There was a claim for pension expense in the
24. last rate case, and that was included in rates.

25. Q. So if I'm correct, you received funds from the

1 last base rate case, but according to ERISA minimums and IRS
2 maximums, no contributions have been made?

3 A. Correct.

4 MR. KANASKIE: I have no further questions. Thank
5 you.

6 JUDGE TURNER: Before we leave this, I want to make
7 sure that we have the spelling of ERISA on the record.

8 THE WITNESS: E-R-I-S-A.

9 JUDGE TURNER: Thank you.

10 OCA?

11 MR. MULLINS: No questions. Thank you, Your Honor.

12 JUDGE TURNER: OSBA?

13 MR. GRAY: No questions, Your Honor. Thank you.

14 JUDGE TURNER: Ma'am, do you represent OSBA?

15 MS. POLACEK: No. I'm actually Ms. Polacek on behalf
16 of the PP&L Industrial Customer Alliance. I don't have any
17 questions. I do have a cross-examination exhibit of an
18 interrogatory response that I'd like to identify and just
19 enter into the record.

20 JUDGE TURNER: Cross-examination response of what
21 witness?

22 MS. POLACEK: Of Mr. Schadt. That one was already
23 done with Mr. Kleha. I think we're on PPLICA Exhibit No. 2,
24 and that would be PPL Electric Utilities Corporation
25 Response to Informal Data Requests of Eric Joseph Epstein

APPENDIX B

Excerpt from Pennsylvania Public Utility Commission v. Pennsylvania Power and Light Company, 85 Pa. PUC 306, Docket Number R-00943271 (1995).

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PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held September 27, 1995

Commissioners Present:

John M. Quain, Chairman
Lisa Crutchfield, Vice Chairman
John Hanger, Statement attached
David W. Rolka, Concurring & Dissenting in part
Robert K. Bloom

Pennsylvania Public
Utility Commission, et al.

Docket Nos.
R-00943271C001-
C0145

M&M/Mars, Inc.

Intervenor

Bethlehem Steel Corporation

Intervenor

University/College Coalition

Intervenor

v.

Pennsylvania Power & Light Co.

OPINION AND ORDER

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On review of this issue in light of the record as developed, we find that there is merit to the position advanced by the Company. We shall, therefore, adopt the recommendation of ALJ Christianson and permit the claim. Our determination that the claim should be permitted is grounded in the observation that the Company has acted expeditiously in seeking the recovery of SFAS 106 costs at the earliest opportunity in light of the legal uncertainty created by the Commonwealth Court's ruling in SFAS 106 - PP&L. Consistent with the Commonwealth Court's discussion of UGI Corp. v. Pennsylvania Public Utility Commission, 49 Pa. Commonwealth Ct. 69, 410 A.2d 923 (1980) in Columbia Gas of Pennsylvania, Inc. v. Pennsylvania Public Utility Commission, 149 Pa. Commonwealth Ct. 247, 613 A.2d 74 (1992), PP&L has taken steps to immediately seek recovery of the expenses created by SFAS 106.

Notwithstanding that the language in SFAS 106 - PP&L strongly suggests that the Company could have anticipated certain costs associated with implementation of SFAS 106, the change in financial accounting methodology and the legal uncertainty surrounding compliance with same is of an extraordinary, substantial and non-recurring nature which should be recognized outside the test year. Although this is the type of Company claim that should be approached with caution, our "bottom line" is that the lack of recognition of this claim would be fundamentally unfair to the Company.

Therefore, the Exceptions filed on this issue by the OTS, the OCA, and PPLICA, are all denied.

D. Pension Expense

PP&L bases its pension cost claim on an accrual method. It states that both the OTS and the OCA propose complete disallowance of this claim. The OTS theory is that PP&L will not

be making any cash contributions to the fund during the future test year. The OCA bases its disallowance proposal on its view of the appropriate discount rate involved.

The OTS discussion begins at page 86 of its Main Brief, where it recommends a \$10,224,000 reduction to operating expenses and a \$5,273,000 reduction to rate base. It refers to SFAS 87 and also to alternative computations made to comply with the Employer Retirement Income Security Act ("ERISA") and IRS rules. The OTS further states that, in this instance, there is no cash contribution required and it would treat pension expense on a cash only basis. The OTS refers to PP&L testimony that cash contributions are projected for 1996, but it views this as speculation and states that, in any event, payment will not occur until even later. With the lack of cash contributions, the OTS concludes, it would find no basis for a claim. The OTS again addresses this matter in its Reply Brief, commencing at page 38, wherein it responds to the PP&L argument in favor of an accrual basis. The OTS refers to its witness' testimony about payments not occurring until 1998. The OTS concludes that it would disregard PP&L's arguments relating to potential future payments because PP&L may have another base rate case within two years.

The OCA argument concerning this topic is based on a difference of opinion relating to discount rates. The same argument applies to the SFAS 106 matter. The OCA discusses these arguments together, commencing at page 147 of its Main Brief. The ALJ elected to follow the OCA format to discuss them together, under a separate heading. The ALJ first discussed the OTS proposed adjustment to the PP&L claim.

The PP&L discussion of the OTS adjustment commences at page 85 of its Main Brief. It provides several reasons why the OTS adjustment should be rejected. The Company first argues that pension expense is an extremely variable cost. It further views

the OTS adjustment as inconsistent with the Commission adoption of SFAS 106, relating to other forms of post-retirement benefits. PP&L takes the position that it makes no sense to calculate pension expense on a cash basis yet calculate retirement benefits other than pensions on an accrual basis. PP&L addresses this issue again in its Reply Brief, commencing at page 29, wherein it refers to both the argument of the OTS and of the OCA.

The ALJ stated that, although the OTS presents a good, coherent argument, he found himself in agreement with PP&L. He further stated that, although precedent provides mixed guidance, he finally agreed with the fundamental principle that an accrual method is better than a cash method. The ALJ added that use of the accrual method should be fair to both ratepayers and stockholders, if this method is used consistently, and that use of this method would seem to provide for a more consistent and less variable expense element. The ALJ also opined that what is really at issue is a timing difference, which should work out over time. He concluded that he accepts the argument that this issue should be decided the same way as the SFAS 106 issue, and he rejected the OTS adjustment for this item. (R.D., pp. 52-53).

The OTS takes Exception to the recommendation of the ALJ on this issue.

In its Exceptions, the OTS argues that the ALJ erred in rejecting the OTS' proposed adjustment for this item. The OTS notes that the purpose of SFAS 87 is to allow the user of the financial statements to compare the pension plans and expenses among different companies. The OTS asserts that SFAS 87 does not address funding requirements of pension plans or the ratemaking treatment of the expense. Accordingly, the ALJ's adoption of the Company's SFAS 87 ratemaking treatment should be rejected, since the amount is not designed to be recovered in a rate proceeding. (OTS St. 4, p. 11).

In addition, the OTS argues that its position on this issue is consistent with prior Commission rulings on this issue. The OTS further argues that, in the instant proceeding, the future test year ends on September 30, 1995, and that there is no record evidence that the Company will be making a cash contribution to its pension fund during the test year. Therefore, the OTS submits that the Company's claim for pension expense should be limited to the annual pension contribution computed in compliance with ERISA and IRS rules. Since the Company has failed to satisfy these requirements, the OTS urges that the total claim of \$10,224,000 be disallowed. (OTS Exc., pp. 7-10).

In its response to the OTS' Exception, the Company points out that its claim for pension expense is based on SFAS 87. The Company maintains that this approach is appropriate because it is consistent with the accrual basis upon which all other major expense claims are established, and also it avoids the arbitrary variability of annual cash contributions. The Company further asserts that this approach is wholly consistent with relevant Commission precedent. Also, the Company states that it will make substantial cash contributions to its pension plan in each of the next three years, and that these cash contributions will exceed its SFAS accrual claim. Thus, the adoption of the Company's claim should result in lower rates to customers over time. (PP&L R. Exc., pp. 22-23).

On review of this issue, we find the recommendation of the ALJ that the Company's claim for this item be accepted to be in accord with the evidence as developed in this proceeding. We note that pension expense tends to be an extremely variable cost, from year to year. As noted by the ALJ, consistent use of the accrual method should be fair to both ratepayers and stockholders, over the long term. Further, consistent use of the accrual method will, over time, provide for a more consistent and

less variable expense element. We agree with the Company's position that it makes no sense to calculate pension expense on a cash basis, but to calculate retirement benefits other than pensions on an accrual basis.

For these reasons, the Exception filed by the OTS on this issue is denied.

E. The OCA Discount Rate Argument

The OCA addresses this matter, commencing at page 147 of its Main Brief. PP&L presents its main argument, commencing at page 89, with a reference, within the SFAS 106 discussion, at page 96 of its Main Brief. It presents a related argument, commencing at page 31 of its Reply Brief. The corresponding OCA Reply Brief argument commences at page 64.

The OCA would increase the discount rate for both pension and post-retirement benefits costs from 7.5 percent to 8.5 percent, in order to reflect current market bond yields. The OCA's position is that the relevant yield has increased. The OCA refers to use of an 8.75 rate by the PP&L actuary in another proceeding, and also to other uses of a higher discount rate. The OCA repeats its fundamental arguments in its Reply Brief, taking the position that PP&L has not provided the appropriate underlying basis for its choice of 7.5 percent.

PP&L states that, in the exercise of its informed judgment, the use of 7.5 percent is appropriate. The discussion of this matter in PP&L's Reply Brief begins at page 31. PP&L states that it would not merely rely on the choices of other utilities, and it refers to the possibility of 7.9 percent as a reasonable choice. It also refers to rate of return testimony as indicating a decline in rates. PP&L states that its burden of



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January 6, 2005

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
The Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**DOCUMENT
FOLDER**

RE: Pennsylvania Public Utility Commission, et al., v. PPL Electric Utilities Corporation; Docket No. R-00049255 C0001-0015

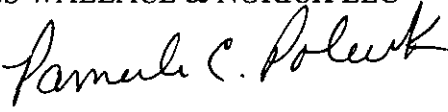
Dear Secretary McNulty:

Enclosed please find the original and three (3) copies of the Petition for Reconsideration and Amendment of the PP&L Industrial Customer Alliance ("PPLICA") in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this filing. Please date stamp the extra copies of this transmittal letter and the Petition and kindly return them to our messenger for our filing purposes. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 

David M. Kleppinger
Pamela C. Polacek
Charis Mincavage
Vasiliki Karandrikas

Counsel for the PP&L Industrial Customer Alliance

PCP/smd

Enclosures

c: Cheryl Walker Davis, Esq., Office of Special Assistants (via Hand Delivery)
Certificate of Service

SECRETARY'S BUREAU
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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Pennsylvania Public Utility Commission, et al., Complainants, v. PPL Electric Utilities Corporation, Respondent.

Docket No. R-00049255 C0001-0015

DOCKETED JAN 20 2005

PETITION FOR RECONSIDERATION AND AMENDMENT OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE

Pursuant to Section 703(g) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 703(g), and Section 5.572 of the Pennsylvania Public Utility Commission's ("PUC" or Commission") regulations, 52 Pa. Code § 5.572, the PP&L Industrial Customer Alliance ("PPLICA") files this Petition for Reconsideration and Amendment of the Order of the Commission entered December 22, 2004, in the above-captioned proceeding ("December 22 Order").

1. The Commission enumerated its standard for reconsidering orders in Duick v. Pennsylvania Gas and Water Co., 56 Pa. P.U.C. 553, 559 (1982). In pertinent part, the Commission stated that a "petition for reconsideration, under the provisions of 66 Pa. C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part," and that the Commission "expect[s] to see raised in such petitions . . . new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission." Id.

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2. PPLICA submits that each argument or consideration set forth in this Petition is either new and novel or was overlooked or not addressed by the Commission in rendering the December 22 Order. Therefore, the standards of Quick have been satisfied, and PPLICA respectfully requests that the Commission exercise its discretion to grant this Petition for Reconsideration, rescind the December 22 Order and issue a new or amended order incorporating the changes discussed herein. PPLICA also reserves the right to pursue an appeal of any and all issues previously raised in its briefs, Exceptions or Reply Exceptions, regardless of whether those items are discussed herein.

A. The Commission Should Reconsider and Amend the December 22 Order to Adopt PPLICA's Proposed Transmission Service Charge Because the Commission Overlooked the Legal Standard Governing the Establishment of Retail Transmission Charges and Misconstrued PPLICA's Arguments related to Interclass and Interclass Subsidization.

3. As PPLICA explained in detail in its briefs, Exceptions and Reply Exceptions, one of the most important issues in this proceeding is the establishment of the retail charge for PPL to flow through the costs of transmission and ancillary services. In addition to being a precedent-setting decision in the unbundled rate environment, this issue will have far ranging impacts beyond this case on activities such as the decisions of retail customers regarding access to competitive supply alternatives offered by Electric Generation Suppliers ("EGSs") and the encouragement of demand side response activities by larger customers. See PPLICA Main Brief, pp. 61-86; PPLICA Reply Brief, pp. 3-22. As recognized by the December 22 Order, the Transmission Service Charge ("TSC") proposal submitted by PPLICA best tracks cost causation and was "persuasive." December 22 Order, p. 78. According to the December 22 Order, the Commission declined to adopt the PPLICA TSC proposal due to the principles of gradualism, mitigation of rate shock and rate stability. Id. Because the Commission overlooked the

appropriate standard to govern the establishment of retail transmission rates in the unbundled rate environment and appears to have misconstrued PPLICA's arguments regarding the subsidization created by the refusal to adopt PPLICA's proposal, PPLICA respectfully requests that the Commission reconsider and amend the December 22 Order to adopt the PPLICA TSC.

1. The Commission Appears to have Overlooked the New Legal Standard Adopted in 1996 for Review of Retail Transmission Charges.

4. The Commission's December 22 Order mentions PPLICA's argument that Section 2804(6) of the Public Utility Code requires PPL to provide access to the transmission system at rates and terms consistent with PPL's own use of the system. December 22 Order, p. 77. The statutory language is actually more forceful and places an affirmative duty on the Commission to mandate this result.

Consistent with the provision of section 2806, the Commission shall require that a public utility that owns or operates jurisdictional transmission and distribution facilities shall provide transmission and distribution service to all retail electric customers in their service territory and to electric cooperatives and electric generation suppliers, affiliated or nonaffiliated, on rates, terms of access and conditions that are comparable to the utility's own use of the system.

66 Pa. C.S. § 2804(6). This provision does not provide the Commission with discretion to delay *the establishment of conforming retail transmission rates that are comparable to the utility's own use of the system.* The statute is clear on its face—the Commission "shall require" that PPL "shall provide transmission and distribution service to all retail customers in their service territory . . . on rates, terms of access and conditions that are comparable to the utility's own use of the system."

5. To give effect to this new statutory provision adopted by the General Assembly in 1996 as part of the Electricity Generation Customer Choice and Competition Act ("Competition Act"), the Commission must adopt a retail transmission rate that accurately tracks the manner in which

PPL is assessed transmission and ancillary service charges by PJM for particular customers. For larger customers that use interval metering, PJM charges PPL for transmission service based on the customer's 5 Coincident Peak (CP) demand contribution and loss-adjusted annual energy usage. See PPLICA Main Brief, pp. 81-83. Regardless of whether PPL receives a bill from PJM showing each individual customer's 5 CP demand, if a customer accesses generation supply from an EGS PPL is absolved of its obligation to pay the transmission and ancillary services for that particular customer. The customer's individual 5 CP demand contribution and loss-adjusted energy usage are used by PJM to remove the customer from PPL's bill from PJM for that customer's transmission and ancillary service costs. Adopting a retail transmission cost allocation and rate design for larger customers on Rate Schedules LP-4, LP-5, LP-6, IS-T and IS-P that tracks the PJM procedures is the only methodology to ensure that transmission rates for those customers "are comparable to the utility's own use of its system." In addition, adopting a retail transmission cost allocation and rate design that tracks the PJM procedures may be required by Federal law and the "filed rate doctrine."

6. In the December 22 Order, the Commission apparently overlooked the new standard established by the General Assembly for reviewing retail transmission rate proposals and, instead, used an analysis based on the aggregate impact of the distribution and transmission rate changes on the "total bill" for customers on each rate schedule, which includes transmission, distribution, generation supply charges, competitive transition charges and intangible transition charges. See December 22 Order, pp. 81. Although this "total bill" standard would have been used prior to the mandated rate unbundling under the Competition Act, the General Assembly recognized that the Chapter 13 requirements must apply only to distribution service after rate unbundling. Specifically, Section 2804(10) of the Public Utility Code requires the Commission

to "continue to regulate distribution services for new and existing customers in accordance with this [Chapter 28] and Chapter 13 (relating to rates and rate making)." 66 Pa. C.S. § 2804(10). The Chapter 13 principles, including the historic considerations of gradualism and the mitigation of rate shock apply only to distribution rates in this proceeding. As discussed above, the General Assembly establishes a different standard in Section 2804(6) for the purpose of retail transmission rates. The General Assembly also mandated that the rate caps on transmission and distribution would exist for a shorter time than the rate caps on generation supply charges, competitive transition charges and intangible transition charges. See 66 Pa. C.S. § 2804(4)(i). Upon expiration of the distribution and transmission rate caps, the General Assembly anticipated that review of unbundled transmission rates would be based on the requirements of Section 2804(6) and that review of unbundled distribution rates would be based on the "just and reasonable" standard under Chapter 13. The General Assembly did not provide the Commission with discretion to delay or otherwise condition application of this new structure on the "total bill" impact of the Commission's decision.

7. The Commission has a duty to implement the decisions of the General Assembly, as evidenced by the statutory language that has been enacted. In adopting the Competition Act in 1996, the General Assembly established a new statutory standard to govern the Commission's decisions on retail transmission rates and required that the Chapter 13 principles apply solely to *distribution service*. In the December 22 Order, the Commission appears to have overlooked those new requirements and, instead, relies on pre-Competition Act principles to guide its decision regarding the TSC proposals in this case. PPLICA respectfully requests that the Commission exercise its discretion under Duick to reconsider this aspect of the December 22

Order and to amend the December 22 Order by adopting the PPLICA TSC proposal as required under Section 2804(6) of the Public Utility Code.¹

2. The Commission Misconstrues the Subsidization Created by PPL's Proposed Allocation of Transmission and Ancillary Service Costs.

8. In addition, the Commission appears to have misconstrued the arguments advanced by PPLICA regarding the subsidization created by adoption of PPL's uniform TSC proposal. The December 22 Order categorizes PPLICA as arguing "that the PPL proposal does not move swiftly enough to eliminate the subsidy inherent in the transmission rate." December 22 Order, p. 76. As explained below, PPLICA does not argue that the current allocation of transmission costs and the current transmission rates contain any interclass subsidization at all.² Rather, PPLICA objects to the Commission intentionally introducing interclass subsidization for the first time into the allocation of transmission costs by modifying the current demand allocation of transmission to an energy allocation.

9. The current (pre-January 1, 2005) transmission rates were established during PPL's Restructuring Proceeding implementing the Competition Act. This unbundling was accomplished based on the cost of service study adopted in the Company's last base rate proceeding prior to the adoption of the Competition Act. In that cost of service study, transmission costs were allocated to rate schedules based on a demand allocator. The demand allocator used in that proceeding was a 12 (CP) allocator. Tr. at 985 (Kleha). Because

¹ Clearly, PPL has not carried its burden of proof to establish that any of its TSC proposals comply with the requirements of Section 2804(6).

² Because the current transmission rates are charged on a cents per kWh basis, while the transmission costs are primarily demand-related, PPLICA does agree that the current transmission rate design and the PPL proposals create intraclass subsidies that flow from high load factor to low load factor customers with particular Large C&I rate schedules. See PPLICA Main Brief, pp. 84-85

transmission costs are demand related, this ensured that interclass subsidies were not present in the allocation of transmission costs among rate schedules. During the Restructuring Proceeding, the rate unbundling based on that prior cost of service study resulted in the following retail transmission rates for each rate schedule:

Rate Schedule	Transmission Rate Per kWh
RS	\$0.00381
RTS	\$0.00121
GS-1	\$0.00587
GS-3	\$0.00467
LP-4	\$0.00381
IS-P	\$0.00365
LP-5	\$0.00308
IS-T	\$0.00361
LP-6	\$0.00308

See PPL Electric Utilities Corporation, Exhibit Regs. §53.53, Part IV – Rate Structure and Cost Allocation, Attachment IV-C, pp. 1, 4, 6, 9, 12, 14, 15, 16, and 17. These current Commission approved transmission rates contain no interclass subsidization; rather, the differences in the rates reflect each rate schedule's contribution to the Company's 12 CP demand as calculated during the last cost of service study.

10. In the instant proceeding, however, PPL proposed to implement a drastic change in the allocation of transmission costs among rate schedules by changing from a 12 CP demand allocator to an energy-only allocation. This change has created interclass allocation subsidies in

transmission rates for the first time. As calculated by PPLICA, the subsidization inherent in PPL's proposal is as follows:

	Present Transmission Revenues (\$000)	PPL TSC Increase (\$000)	PPL Increase (%)	PPLICA TSC Increase (\$000)	PPLICA Increase (%)
RS	49,075	23,505	47.9%	42,506	86.6%
RTS	481	1,773	368.5%	2,363	491.2%
RTD	20	10	47.9%	17	86.6%
GS-1	11,800	(478)	-4.1%	(1,005)	-8.5%
GS-3	38,389	7,895	20.6%	903	2.4%
LP-4	19,785	9,253	46.8%	4,323	21.9%
IS-P	1,497	820	54.8%	346	23.1%
LP-5	9,699	8,051	83.0%	4,867	50.2%
IS-T	7,066	4,061	57.5%	521	7.4%
LP-6	1,574	1,313	83.4%	418	26.6%
LPEP	39	367	951.9%	311	804.9%
ISA	357	-	0.0%	-	0.0%
IS-1	10	2	20.7%	4	40.1%
BL	37	(1)	-3.9%	8	21.3%
SA	81	51	62.7%	58	71.4%
SM	16	13	78.0%	14	87.6%
SHS	200	155	77.2%	174	86.7%
SE	63	48	76.4%	54	86.0%
TS	1	1	75.9%	1	85.4%
SI-1	0	0	77.5%	0	87.0%
GH-1	1,497	313	20.9%	1,134	75.7%
GH-2	338	69	20.4%	254	75.0%
Standby	22	18	83.4%	11	50.5%
PRS	60	-	0.0%	-	0.0%
Total	142,110	57,238	40.3%	57,282	40.3%

See PPLICA Statement No. 1, p. 28. Customers on Rate Schedule LP-4 who should be experiencing a 21.9% increase in transmission rates based on a proper allocation of transmission costs will experience a 46.8% increase in transmission rates based on PPL's proposal. Customers on Rate Schedule LP-5 who should be experiencing a 50.2% increase in transmission rates based on a proper allocation of transmission costs will experience a 83.0% increase based on PPL's proposal. Customers on Rate Schedule IS-T who should be experiencing a 7.4% increase in

transmission rates based on a proper allocation of transmission costs will experience a 57.5% increase in transmission rates based on PPL's proposal. These increases do not comport with any notion of gradualism or the mitigation of rate shock (if, contrary to PPLICA's arguments in the previous section, such principles continue to apply to the Commission's decision on the TSC proposals).

11. Regardless of whether the interclass subsidy flows to the residential customers (during summer peaking years) or to the small commercial customers (during winter peaking years), the constant assumption is that the newly created subsidy is flowing from the Large C&I customers. The PPL exhibits show that rates for the Large C&I rate schedules will be lower than a unitized TSC rate under a proper allocation during both summer peaking and winter peaking conditions. See PPL Statement No. 4R, Exhibit DAK- 3 and 4. This newly-created subsidization forms the basis for PPLICA's objection to the Company's proposals and the Commission's adoption thereof.

12. The introduction of interclass subsidization in transmission rates is further compounded by the acknowledged historic interclass subsidies in distribution rates and the interclass subsidies that will continue to exist in distribution rates after this proceeding. The following table summarizes the cumulative impact of these issues based on the slightly higher original PPL distribution rate increase request:

Rate Schedule	Subsidy in Current (pre-January 1) Distribution Rates (Exhibit SJB-6, col. 4)	Subsidy in Distribution Rates Resulting from PPL Proposed Allocation of Original \$161 Million Request (Exhibit SJB-6, col. 7)	Subsidy in Transmission Rates Created by Adoption of PPL Uniform Transmission Service Charge (Exhibit SJB-4, col. 9)	Total Subsidy Remaining as of January 1, 2005 (estimated)
RS, RTS, BL	57,223,000	86,887,000	19,887,350	107,774,350
GS-1	(17,580,000)	(24,084,000)	(484,317)	(24,568,317)
GS-3	(30,048,000)	(51,393,000)	(6,819,950)	(58,212,950)
LP-4	(7,561,000)	(12,697,000)	(5,046,386)	(17,725,386)
LP-5	(730,000)	(576,000)	(3,399,889)	(3,975,889)
LP-6	(201,000)	(92,000)	(928,570)	(1,020,570)
LPEP	(109,000)	(116,000)	(61,539)	(177,539)
GH	(2,101,000)	(3,415,000)	1,013,243	(2,401,757)
SL/AL	3,469,000	7,275,000	36,279	7,311,279
IS-1	(538,000)	(511,000)	(1,969)	(512,969)
IS-P	(731,000)	(782,000)	(482,881)	(1,264,881)
IS-T	(1,087,000)	(458,000)	(3,671,265)	(4,129,265)

Any rate schedule that has a positive number in the table is being subsidized by the rate schedules with negative numbers. At a time when the Commission must begin the gradual elimination of recognized interclass subsidies in distribution rates, it is inappropriate to further punish Large C&I customers who should be experiencing the benefit of this subsidy reduction by introducing new subsidies in other unbundled rate elements. PPLICA respectfully questions whether this represents the proper implementation of the economic development goals of the Commonwealth.

3. Summary

13. The two issues raised above were misconstrued or overlooked by the Commission and warrant reconsideration of the December 22 Order under the Duick standard. The Commission

should reconsider and amend the Order by adopting PPLICA's TSC proposal in the place of PPL's flawed and subsidy-creating uniform TSC of 0.564 cents per kWh.

B. The Commission's Sua Sponte Proposal to "Remove" Funding for the Sustainable Energy Fund from Distribution Rates Through the State Tax Adjustment Surcharge Should be Reconsidered and Replaced with a Requirement for PPL to File a Distribution Base Rate Proceeding in 2006.

14. In the December 22 Order, the Commission authorizes the inclusion of funding for the Sustainable Energy Fund ("SEF") in distribution base rates and requires PPL to fund the SEF at a level of 0.01 cents per kWh during 2005 and 0.005 cents per kWh during 2006, with all funding ceasing after December 31, 2006.³ December 22 Order, p. 52. To ensure removal of the SEF funding from distribution rates, the Commission orders: "That if a subsequent base rate case has not been concluded on or before December 31, 2006, PPL Electric Utilities shall institute a negative State Tax Adjustment Surcharge designed to exclude funding from the Sustainable Energy Fund as provided above." *Id.* at 104, Ordering Paragraph 12. Because this proposal was provided by the Commission *sua sponte*, PPLICA respectfully requests that the Commission reconsider this decision and instead require PPL to submit a distribution base rate proceeding in 2006 to remove the SEF funding from distribution rates and implement additional changes to remove interclass subsidies from distribution rates and transmission rates (if the Commission does not otherwise reconsider its decision on the retail transmission rate consistent with the arguments above).

15. The use of the STAS mechanism to eliminate SEF funding from distribution rates is highly problematic. First, responsibility for the SEF funding has been assigned to rate schedules

³ PPLICA disagrees with the legality of including any funding for the SEF in distribution rates and reserves the right to challenge this issue on appeal.

on a kWh basis and will be embedded in distribution rates. For the Large C&I rate schedules, the SEF responsibility has been included in rates that are charged on a KW basis. Based on PPLICA's preliminary analysis, the only method to ensure that the SEF funding is "removed" from the rates for the Large C&I rate schedules in a manner that does not result in interclass or intraclass cost shifting is to actually reduce the per KW distribution rate for each of the Large C&I rate schedules by the amount that has been embedded in the new rates. Applying the STAS mechanism will calculate the "reimbursement" for each customer based on a percentage of the customer's distribution charges; however, the percentage of the distribution rate for each rate schedule that constitutes the assumed SEF funding will vary.

16. In addition, PPLICA respectfully questions the legality of using the STAS mechanism to refund the SEF monies. The Commission's regulations define the STAS as: "The surcharge implemented under the State Tax Adjustment Procedure Order of the Commission dated March 10, 1970, as amended, which permits utilities under its jurisdiction to recover portions of the Capital Stock Tax, Corporate Net Income Tax and Gross Receipts Tax and the Public Utility Realty Tax through a surcharge on rates charged to customers." 52 Pa. Code § 69.51. The SEF funding is not one of the enumerated taxes. As a result, PPLICA questions whether the STAS mechanism can be used for this purpose.

17. In several portions of the Order, the Commission relies on PPL's representation that it intends to file another distribution base rate proceeding within two years. For example, in determining the normalization period for PPL's OnTrack expenses, the Commission notes:

We will adopt the ALJ's recommendation regarding the two-year normalization for OnTrack expenses. PPL has stated that it will file its next base rate case in two years, and has claimed a two-year normalization period for rate case expenses. The increased spending levels for Year 2007 and beyond can be addressed in the next base rate case.

December 22 Order, p. 41. Similarly, the previously-quoted Ordering Paragraph clearly indicates a level of reliance on PPL's representation that it will file another distribution rate case in the near future.

18. The Commission's December 22 Order also recognizes the need to make further progress in eliminating the interclass subsidization from distribution rates and states that a full reallocation of the subsidies can occur prior to the end of the generation rate cap as of December 31, 2009. *Id.* at 82. Addressing this subsidization prior to the end of the generation rate cap is advisable because ratepayers will undoubtedly begin experiencing changes in the generation rate as of January 1, 2010, when the generation rate must reflect prevailing market conditions under Section 2807(e)(3). *See* 66 Pa. C.S. § 2807(e)(3). Although PPLICA disagrees with the Commission's initial decision regarding the TSC and strongly urges the Commission to reconsider and adopt PPLICA's TSC, the December 22 Order also recognizes that future conditions may support moving toward a cost-based TSC such as that proposed by PPLICA. *Id.* at 78. Finally, the elimination of SEF funding from distribution rates must occur as of December 31, 2006, in a manner that is fair and equitable to all rate schedules and avoids interclass and intraclass cost shifting. As set forth above, using a negative STAS for this elimination does not seem to be appropriate.

19. The confluence of events and issues discussed above militate in favor of requiring PPL to file a distribution rate case in 2006 to move distribution and transmission rates in a direction that reflects cost causation principles. The Commission has been very fair to PPL in this proceeding in the form of granting a substantial portion of the Company's requested rate relief. In the name of gradualism and the avoidance of "rate shock," the Commission has also been very fair to customers on rate schedules that will be subsidized by the distribution and transmission rates of

Large C&I customers if the decisions in the December 22 Order are upheld on reconsideration and appeal. PPLICA respectfully submits that it is also appropriate for the Commission to be fair to other customers by adopting a definitive requirement for PPL to file a distribution rate case in 2006 to properly remove SEF funding from distribution rates, to rectify any remaining interclass and intraclass subsidization in retail transmission rates and to make further progress towards eliminating interclass subsidies in distribution rates. Because the parties could not have predicted the Commission's *sua sponte* decision to allow SEF funding in distribution rates only through December 31, 2006, PPLICA submits that the arguments noted above meet the Quick standard and warrant reconsideration and amendment of the December 22 Order.

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Commission grant this Petition for Reconsideration and amend the December 22 Order consistent with the arguments contained herein.

Respectfully submitted,

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Counsel to the PP&L Industrial Customer
Alliance

Dated: January 6, 2005

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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Page 2

Docket No. R-00049255

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Pamela C. Polacek

Counsel for the PP&L Industrial
Customer Alliance

Dated this 6th day of January, 2005, at Harrisburg, Pennsylvania.

DATE: January 7, 2005

SUBJECT: R-00049255

TO: Office of Special Assistants

FROM: James J. McNulty, Secretary *KB*

DOCKETED
JAN 20 2005

**DOCUMENT
FOLDER**

Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation

Attached is a copy of a Petition for Reconsideration and Amendment filed by PP&L Industrial Customer Alliance in connection with the above docketed proceeding.

This matter is assigned to your Office for appropriate action.

Attachment

cc: FUS
OTS
ALJ

ksb

DATE: January 7, 2005

SUBJECT: R-00049255

DOCKETED
JAN 21 2005

TO: Office of Special Assistants

FROM: James J. McNulty, Secretary *KB*

**DOCUMENT
FOLDER**

Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation

Attached is a copy of a Petition for Reconsideration and Clarification filed by Office of Trial Staff in connection with the above docketed proceeding.

This matter is assigned to your Office for appropriate action.

Attachment

cc: FUS
OTS
ALJ

ksb

DATE: January 7, 2005

SUBJECT: R-00049255

TO: Office of Special Assistants

FROM: James J. McNulty, Secretary *KB*

DOCKETED
JAN 21 2005

**DOCUMENT
FOLDER**

Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation

Attached is a copy of a Petition for Reconsideration, filed by PennFuture in connection with the above docketed proceeding.

This matter is assigned to your Office for appropriate action.

Attachment

cc: FUS
OTS
ALJ

ksb

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Morgan Lewis
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January 10, 2005

VIA HAND DELIVERY

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17105-3265

DOCUMENT
FOLDER

SECRET
JAN 10 2005
11:38:55
BUREAU

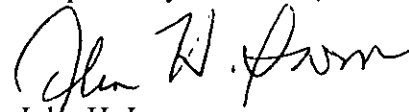
Re: Pennsylvania Public Utility Commission, et al. v. PPL Electric Utilities Corporation;
Docket Nos. R-00049255, etc.

Dear Secretary McNulty:

Enclosed, for filing, are an original and nine (9) copies of the Replies of PPL Electric Utilities Corporation to Other Parties' Exceptions to the Compliance Filing.

If you have any questions regarding the foregoing, please contact the undersigned at the address or telephone number provided above.

Respectfully submitted,


John H. Isom
JHI/kms

Enclosures

c: Robert A. Rosenthal
Robert F. Wilson
Cheryl Walker Davis (w/diskette)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

Pennsylvania Public Utility Commission,
et al.

v.

PPL Electric Utilities Corporation

Docket Nos. R-00049255, *etc.*

DOCKETED
JAN 11 2005

REPLIES OF PPL ELECTRIC UTILITIES CORPORATION
TO OTHER PARTIES' EXCEPTIONS TO THE COMPLIANCE FILING

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Of Counsel:

Morgan, Lewis & Bockius LLP

Date: January 10, 2005

SECRETARY'S BUREAU
2005 JAN 10 PM 3:55

DOCUMENT
FOLDER

I. INTRODUCTION

On December 22, 2004, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) submitted to the Commission and served upon all parties Supplement No. 42 to PPL Electric’s Tariff – Electric Pa. P.U.C. No. 201, together with a proof of revenues and supporting calculations (“Compliance Filing”). Supplement No. 42 contained rates designed to produce the increase in annual operating revenues authorized by the Commission in its Opinion and Order in this proceeding, *Pa. P.U.C. v. PPL Electric Utilities Corp.*, Docket No. R-00049255 (December 22, 2004) (“*Final Order*”).

Pursuant to 52 Pa. Code § 5.592(c), on January 3, 2005, the Office of Small Business Advocate (“OSBA”) and PP&L Industrial Customer Alliance (“PPLICA”) submitted Exceptions to PPL Electric’s Compliance Filing. Herein, PPL Electric replies to the Exceptions of the OSBA and PPLICA.

In its Exceptions, OSBA expressed concerns regarding the rate design in the Compliance Filing for Rate Schedules GS-1 and GS-3. In its Exceptions, PPLICA raised concerns regarding the level of the distribution demand charge for Rate Schedule LP-5.

Below, PPL Electric will explain the bases for the rate designs of Rate Schedules GS-1 and GS-3. In addition, the Company will explain the manner in which it developed the distribution demand charge for Rate Schedule LP-5. PPL Electric emphasizes, however, that, despite the explanations provided below, the Company is amending its Compliance Filing to eliminate the concerns expressed by the OSBA and PPLICA. PPL Electric is filing simultaneously with these Replies to Exceptions Supplement No. 43 to PPL Electric’s Tariff – Electric Pa. P.U.C. No. 201, together with a proof of revenues and supporting calculations for Rate Schedules GS-1, GS-3 and LP-5 (“*Revised Compliance Filing*”).

The content of Supplement No. 43 is identical to Supplement No. 42, except that the rate design of Rate Schedules GS-1 and GS-3 has been revised to resolve OSBA's concerns and the level of the distribution demand charge for Rate Schedule LP-5 has been reduced to resolve PPLICA's concerns.

PPL Electric is proposing an effective date of January 1, 2005 for Supplement No. 43. The Company is proposing this effective date to coincide with the effective date of the rates contained in Supplement No. 42. If the Commission approves Supplement No. 43 by January 24, 2005, PPL Electric proposes to begin charging the revised rates in bills sent to customers during the February billing cycle. In addition, the Company proposes to include on the February bill a one-time line item adjustment to correct the January charges for any customer affected by the revisions to Rate Schedules GS-1, GS-3 and LP-5. Finally, PPL Electric will include with the February bills sent to all customers served on the affected rates schedules a bill insert explaining the new rates and the billing adjustment, if any, for January.

II. ARGUMENT

A. OFFICE OF SMALL BUSINESS ADVOCATE'S CONCERNS.

In its Exceptions, OSBA explained that, in designing rates for Rate Schedules GS-1 and GS-3 for its Compliance Filing, PPL Electric did not perform a straight, arithmetic scaleback of its originally proposed increase in rates. OSBA's explanations are factually correct. For the reasons explained below, PPL Electric concluded that a straight, arithmetic scale-back of the originally proposed rate increase was not required for Rate Schedules GS-1 and GS-3.

As PPL Electric explained throughout the proceeding, one of its rate design objectives was to move distribution revenue collection from usage-based charges to fixed charges – customer and demand charges:

“The fundamental principle employed to guide the design of rates was, consistent with the nature of distribution service, to move from revenue collection through usage based charges to revenue collection by fixed charges. There is very little distribution system cost that is a function of usage. From the prospective of correct economics, it is appropriate to collect fixed costs on a fixed basis. This becomes particularly important when a customer considers different options for the generation portion of his/her bill. A customer's buying decision with regard to generation is fundamentally a function of usage, and that decision can be distorted when non-usage related components are also being collected on a usage basis. Moving the collection of distribution costs from a usage basis to a fixed basis will make the savings available from Electric Generation Supplier options more clear to customers and promote competition. But even beyond the selection of an alternate supplier, one of the broad goals of restructuring has always been to make customers aware, through rates, of the consequences of their generation buying preferences. These include not just price, but, also, the amount of consumption, the use of different energy sources, and the burden those choices place on the

environment. Moving the collection of distribution costs from a usage basis to a fixed basis will help to clarify these issues for customers as well. This issue becomes even more important as we approach the end of the generation rate cap.” (PPL Electric St. 4, pp. 28-29.)

Consistent with this approach, PPL Electric, in its initial filing, proposed significant increases in the customer charge for Rate Schedule GS-1 customers and significant increases in the distribution demand charge for Rate Schedule GS-3 customers, as shown on Table 1 to OSBA’s Exceptions.

Upon review of the Commission’s *Final Order*, PPL Electric concluded that it retained certain flexibility regarding the rate design of Rate Schedules G-1 and GS-3. Specifically, the section of the Commission’s Order entitled “Scaleback” appears to apply only to the allocation of the increased distribution revenue requirement among the rate classes and not to the rate design within each rate class. *Final Order*, pp. 84-85.

PPL Electric observed that no party to this proceeding raised substantial criticisms of its customer charge for Rate Schedule GS-1 or the distribution demand charge for Rate Schedule GS-3.^{1/} Based on the foregoing, PPL Electric concluded that, under the *Final Order*, its originally proposed customer charge for Rate Schedule GS-1 customers was appropriate and that the demand charge for Rate Schedule GS-3 customers, with a modest reduction, would be appropriate.

OSBA, however, for the reasons explained in its Exceptions, concluded that a proportional scaleback of increases to all distribution charges would be more consistent with the *Final Order*. Although PPL Electric respectfully disagrees with the OSBA, in

1/ PPL Electric recognizes that OSBA did propose a proportionate scaleback of all tariff charge increases for Rate Schedules GS-1 and GS-3, if the Commission approved less than PPL Electric’s proposed increase in distribution rates. OSBA St. 1, p. 31. OSBA’s proposal, however, was not adopted by the Commission.

order to avoid controversy and resolve Compliance Filing issues promptly, PPL Electric has modified its Compliance Filing to substitute proportionately scaled back rates for Rate Schedules GS-1 and GS-3 in lieu of the rates proposed originally by PPL Electric in its Compliance Filing.

PPL Electric has provided the revised rates for Rate Schedules GS-1 and GS-3 to OSBA, and OSBA has authorized the Company to state to the Commission that PPL Electric's rates for Rate Schedules GS-1 and GS-3, as modified in the Revised Compliance Filing, are acceptable to the OSBA.

B. PP&L INDUSTRIAL CUSTOMER ALLIANCE'S CONCERNS.

In its Exceptions, PPLICA expressed concern that the distribution demand charge in Rate Schedule LP-5 was greater than the distribution demand charge that was originally proposed. PPLICA expressed the concern that, because the Commission in the Final Order allowed PPL Electric to increase annual operating revenues by less than the amount that PPL Electric originally had proposed and because the Commission did not alter the allocation of the revenue increase among the rate classes, the distribution demand charge in the compliance filing should be less than the originally proposed charge.

Upon review, PPL Electric has determined that PPLICA's concerns are well-founded. In the Revised Compliance Filing, PPL Electric has revised the distribution demand charge in Rate Schedule LP-5 to eliminate any controversy regarding that charge. Upon review of the Compliance Filing following receipt of PPLICA's Exceptions, PPL Electric determined that, in allocating the increase in annual operating revenues to Rate Schedule LP-5, given the small level of the increase in annual operating revenues and the large number of billing units, PPL Electric had used allocation

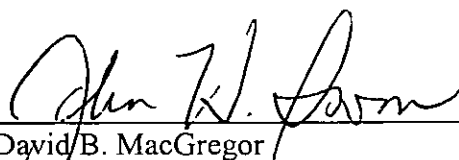
percentages that were not sufficiently precise to avoid the problem that gave rise to PPLICA's concerns.

PPL Electric has provided the revised distribution demand charges for Rate Schedule LP-5 to PPLICA, and PPLICA has authorized PPL Electric to represent to the Commission that the distribution demand charge for Rate Schedule LP-5 reflected in the Revised Compliance Filing is acceptable to PPLICA.

III. CONCLUSION

Wherefore, for all the foregoing reasons, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission approve the revised compliance filing as set forth in Supplement No. 43 to PPL Electric's Tariff—Electric Pa. P.U.C. No. 201 at the earliest practical time.

Respectfully submitted,



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Of Counsel:

Morgan, Lewis & Bockius LLP

Date: January 10, 2005

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing "**Replies of PPL Electric Utilities Corporation to Other Parties' Exceptions to the Compliance Filing**" upon the participant(s), listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

VIA HAND DELIVERY

Cheryl Walker Davis
Pennsylvania Public Utility Commission
Office of Special Assistants
Commonwealth Keystone Building
400 North Street, 3rd Floor East
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RECEIVED
JUL 19 11 3:55
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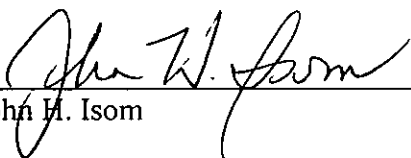
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Date: January 10, 2005



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January 10, 2005

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JAN 10 2005

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

FEDERAL EXPRESS

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

DOCUMENT FOLDER

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

Dear Mr. McNulty:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") are an original and eight (8) copies of Supplement No. 43 to PPL Electric's Tariff – Electric Pa. P.U.C. No. 201. Also enclosed with Supplement No. 43 is a detailed proof of revenues and applicable supporting calculations.

Supplement No. 43 revises several Rate Schedules contained in Supplement No. 42, which was filed on December 22, 2004, in compliance with the Commission's final order in the above-captioned docket. Specifically, Supplement No. 43 revises the rate design of Rate Schedules GS-1 and GS-3 to resolve all of the concerns raised in the exceptions to PPL Electric's compliance tariff that were filed on January 3, 2005 by the Office of Small Business Advocate ("OSBA"). Supplement No. 43 also reduces the demand charge in Rate Schedule LP-5 to resolve all of the concerns raised in the exceptions to PPL Electric's compliance tariff that were filed on January 3, 2005 by the PP&L Industrial Customer Alliance ("PPLICA").

OSBA has authorized PPL Electric to state to the Commission that the revised Rate Schedules GS-1 and GS-3 contained in Supplement No. 43 are acceptable to the OSBA. In addition, PPLICA has authorized PPL Electric to state to the Commission that the revised Rate Schedule LP-5 contained in Supplement No. 43 is acceptable to PPLICA. Under separate cover, the Company is filing an answer to those parties' exceptions reflecting the amicable resolution of all compliance tariff issues raised by them.

January 10, 2005

PPL Electric is proposing an effective date of January 1, 2005 for Supplement No. 43. The Company is proposing this effective date to coincide with the effective date of the rates contained in Supplement No. 42. If the Commission approves Supplement No. 43 by January 24, 2005, PPL Electric proposes to begin charging the revised rates in bills sent to customers during the February billing cycle. In addition, the Company proposes to include on the February bill a one-time line item adjustment to correct the January charges for any customer affected by the revisions to Rate Schedules GS-1, GS-3 and LP-5. Finally, PPL Electric will include with the February bills sent to all customers served on the affected rates schedules a bill insert explaining the new rates and the billing adjustment, if any, for January.

As indicated on the attached certificate of service, copies of Supplement No. 43, the proof of revenues and supporting calculations have been served on all of the active participants in this proceeding.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on January 10, 2005, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

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

If you have any questions regarding the enclosed documents, please call me or Joseph M. Kleha, PPL Electric's Manager - Regulatory Projects at (610) 774-4486.

Very truly yours,



Paul E. Russell

Attachment

cc: Certificate of Service
Cheryl Walker Davis, Esquire
Mr. Robert A. Rosenthal
Mr. Robert F. Wilson

RECEIVED

JAN 10 2005

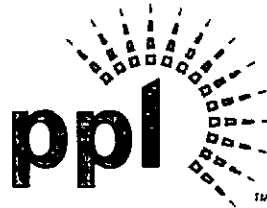
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

RECEIVED

JAN 10 2005

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Supplement No. 43 to
Tariff-Electric Pa. P.U.C. No. 201**



RECEIVED

JAN 10 2005

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PPL Electric Utilities Corporation

GENERAL TARIFF

RULES AND RATE SCHEDULES FOR ELECTRIC SERVICE

In the territory listed on pages 4, 4A, and 4B
and in the adjacent territory served.

ISSUED: January 10, 2005

EFFECTIVE: January 1, 2005

DOCKETED
SEP 19 2005

Issued by
JOHN F. SIPICS, PRESIDENT
Two North Ninth Street
Allentown, PA 18101-1179

NOTICE

THIS TARIFF MAKES (CHANGES) IN EXISTING RATES. SEE PAGE TWO.

**DOCUMENT
FOLDER**

LIST OF CHANGES MADE BY THIS SUPPLEMENT

CHANGES:

- | | |
|--|--|
| Rate Schedule GS-1
Page Nos. 24 and 24A | Under the Net Monthly Rate, the Distribution Charges are revised.
Under Monthly Minimums, the Monthly Minimum Distribution Charge is reduced. |
| Rate Schedule GS-3
Page No. 25 | Under the Net Monthly Rate, the Distribution Charges are revised. |
| Rate Schedule LP-5
Page No. 28 | Under the Net Monthly Rate, the Distribution Charge is reduced. |

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	28I	First

**RATE SCHEDULE GS-1
 SMALL GENERAL SERVICE
 AT SECONDARY VOLTAGE**

(C)

APPLICATION RATE SCHEDULE GS-1

This Rate Schedule is for small general service at secondary voltage. The billing demand is limited to 5 KW for accounts served under discontinued Rate Schedule FC as of June 28, 1980. New applications with voltage levels higher than the secondary voltage will not be accepted after January 1, 2005.

NET MONTHLY RATE

- Distribution Charge
 - \$11.45 per month plus (D)
 - \$2.36 per kilowatt for all Billing KW in excess of 5 KW. (D)
 - 2.461 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 1.698 cts. per KWH for all additional KWH. (I)

- Competitive Transition Charge (Effective 1-1-05 through 12-31-05)
 - 0.327 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 0.245 cts. per KWH for all additional KWH.

- Competitive Transition Charge (Effective 1-1-06 through 12-31-06)
 - 0.298 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 0.225 cts. per KWH for all additional KWH.

- Competitive Transition Charge (Effective 1-1-07 through 12-31-07)
 - 0.281 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 0.211 cts. per KWH for all additional KWH.

- Competitive Transition Charge (Effective 1-1-08 through 12-31-08)
 - 0.248 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 0.186 cts. per KWH for all additional KWH.

- Competitive Transition Charge (Effective 1-1-09 through 12-31-09)
 - 1.484 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 1.115 cts. per KWH for all additional KWH.

- Intangible Transition Charge (Effective 1-1-05 through 12-31-05)
 - 1.429 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 1.074 cts. per KWH for all additional KWH.

- Intangible Transition Charge (Effective 1-1-06 through 12-31-06)
 - 1.449 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 1.088 cts. per KWH for all additional KWH.

- Intangible Transition Charge (Effective 1-1-07 through 12-31-07)
 - 1.377 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
 - 1.035 cts. per KWH for all additional KWH.

(Continued)

RATE SCHEDULE GS-1 (CONTINUED)

(C)

Intangible Transition Charge (Effective 1-1-08 through 12-31-08)
1.334 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
1.002 cts. per KWH for all additional KWH.

Intangible Transition Charge (Effective 1-1-09 through 12-31-09)
0.000 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
0.000 cts. per KWH for all additional KWH.

The Company will provide capacity (KW) and energy (KWH) under this Rate Schedule for customers who receive Basic Utility Supply Service from the Company.

Capacity and Energy Charge (Effective 1-1-05 through 12-31-05)
6.165 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
4.486 cts. per KWH for all additional KWH.

Capacity and Energy Charge (Effective 1-1-06 through 12-31-06)
6.765 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
4.922 cts. per KWH for all additional KWH.

Capacity and Energy Charge (Effective 1-1-07 through 12-31-07)
6.862 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
4.996 cts. per KWH for all additional KWH.

Capacity and Energy Charge (Effective 1-1-08 through 12-31-08)
6.983 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
5.087 cts. per KWH for all additional KWH.

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)
7.149 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.
5.213 cts. per KWH for all additional KWH.

Transmission Charge

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Basic Utility Supply Service from the Company unless such customers obtain transmission service from another provider. The Transmission Service Charge included in this Tariff applies to all kWh billed under this Rate Schedule.

MONTHLY MINIMUMS

The Minimum Billing Demand is 5 KW.

The Monthly Minimum Distribution Charge is \$11.45.

Monthly Minimums apply to services provided by the Company.

(D)

BILLING KW

Where no demand meter is installed, Billing KW is 5 KW.

(Continued)

**RATE SCHEDULE GS-3
LARGE GENERAL SERVICE
AT SECONDARY VOLTAGE**

(C)

APPLICATION RATE SCHEDULE GS-3

This Rate Schedule is for large general service at secondary voltage. Where necessary, the Company furnishes and maintains one transformation from line voltage to a lower Company standard service voltage. New applications with voltage levels higher than the secondary voltage will not be accepted after January 1, 2005.

NET MONTHLY RATE

Distribution Charge

\$4.466 per kilowatt for all kilowatts of the Billing KW

0.092 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW

0.073 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW

0.060 cts. per KWH for all additional KWH.

(D)

(I)

(I)

(I)

Competitive Transition Charge (Effective 1-1-05 through 12-31-05)

0.213 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.167 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.161 cts. per KWH for all additional KWH.

Competitive Transition Charge (Effective 1-1-06 through 12-31-06)

0.236 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.184 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.177 cts. per KWH for all additional KWH.

Competitive Transition Charge (Effective 1-1-07 through 12-31-07)

0.223 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.174 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.167 cts. per KWH for all additional KWH.

Competitive Transition Charge (Effective 1-1-08 through 12-31-08)

0.196 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.154 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.148 cts. per KWH for all additional KWH.

Competitive Transition Charge (Effective 1-1-09 through 12-31-09)

1.168 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.914 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.879 cts. per KWH for all additional KWH.

Intangible Transition Charge (Effective 1-1-05 through 12-31-05)

1.262 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.989 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.950 cts. per KWH for all additional KWH.

(Continued)

**RATE SCHEDULE LP-5
LARGE GENERAL SERVICE AT 69,000 VOLTS OR HIGHER**

(C)

APPLICATION RATE SCHEDULE LP-5

This Rate Schedule is for large general service supplied from available lines of 69,000 volts or higher, with the customer furnishing and maintaining all equipment necessary to transform the energy from the line voltage. It applies to 3 phase, 60 Hertz service.

NET MONTHLY RATE

Distribution Charge

\$0.319 per kilowatt for all kilowatts of the Billing KW.

(D)

Competitive Transition Charge (Effective 1-1-05 through 12-31-05)

\$0.304 per kilowatt for all kilowatts of the Billing KW.

0.271 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.232 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.201 cts. per KWH for all additional KWH.

Competitive Transition Charge (Effective 1-1-06 through 12-31-06)

\$0.198 per kilowatt for all kilowatts of the Billing KW.

0.185 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.158 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.138 cts. per KWH for all additional KWH.

Competitive Transition Charge (Effective 1-1-07 through 12-31-07)

\$0.187 per kilowatt for all kilowatts of the Billing KW.

0.177 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.151 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.132 cts. per KWH for all additional KWH.

Competitive Transition Charge (Effective 1-1-08 through 12-31-08)

\$0.169 per kilowatt for all kilowatts of the Billing KW.

0.156 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.133 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.115 cts. per KWH for all additional KWH.

Competitive Transition Charge (Effective 1-1-09 through 12-31-09)

\$0.981 per kilowatt for all kilowatts of the Billing KW.

0.913 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.779 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.678 cts. per KWH for all additional KWH.

Intangible Transition Charge (Effective 1-1-05 through 12-31-05)

\$0.961 per kilowatt for all kilowatts of the Billing KW.

0.855 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.

0.728 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.

0.634 cts. per KWH for all additional KWH.

(Continued)

**Summary Proof of Revenues and
Supporting Calculations**

PPL Electric Utilities Corporation
12 month Period Ended December 31, 2004 Budget
Compliance Filing - December 22, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Line Number	Rate Schedule	Number of Customers	Sales (KWH)	Distribution Present Rate Revenue	Distribution EDI/IDI Credit	Transmission Present Rate Revenue	CTC Present Rate Revenue	ITC Present Rate Revenue	E&C Present Rate Revenue	Present Rate Revenue	State Tax Adjustment Surcharge (STAS) 1.16%	Total Revenue
1	RS	1,151,636	12,894,588,000	\$ 290,358,394	\$ -	\$ 48,512,730	\$ 28,207,368	\$ 133,905,048	\$ 566,905,701	\$ 1,067,887,241	\$ 12,462,892	\$ 1,080,350,133
2	RTS	14,342	399,999,000	\$ 3,472,873	\$ -	\$ 475,522	\$ 539,999	\$ 3,127,992	\$ 15,665,590	\$ 23,281,978	\$ 270,071	\$ 23,552,047
3	RTD	274	5,295,000	\$ 118,811	\$ -	\$ 19,962	\$ 13,093	\$ 62,256	\$ 201,546	\$ 415,868	\$ 4,822	\$ 420,490
4	GS-1	137,035	2,027,665,000	\$ 80,536,043	\$ -	\$ 11,664,590	\$ 6,844,873	\$ 25,200,215	\$ 109,402,880	\$ 213,648,401	\$ 2,478,321	\$ 216,126,722
5	GS-3	21,347	8,730,215,000	\$ 83,740,650	\$ (577,882)	\$ 37,948,721	\$ 25,898,936	\$ 95,576,058	\$ 401,692,623	\$ 644,279,106	\$ 7,473,638	\$ 651,752,743
6	LP-4	862	5,536,214,446	\$ 22,719,736	\$ (1,323,912)	\$ 19,558,320	\$ 15,187,246	\$ 50,960,299	\$ 217,796,033	\$ 324,897,722	\$ 3,768,814	\$ 328,666,536
7	IS-P	32	410,790,428	\$ 1,721,477	\$ -	\$ 1,479,814	\$ 60,728	\$ 3,274,896	\$ 13,454,791	\$ 19,891,706	\$ 231,904	\$ 20,223,610
8	LP-5	91	3,312,901,395	\$ 1,736,321	\$ (147,992)	\$ 9,588,067	\$ 8,385,738	\$ 28,080,501	\$ 117,064,947	\$ 164,687,590	\$ 1,910,376	\$ 166,597,958
9	IS-T	30	1,972,981,237	\$ 1,438,158	\$ -	\$ 6,985,093	\$ (1,154,363)	\$ 15,128,107	\$ 57,614,815	\$ 80,011,610	\$ 928,135	\$ 80,939,745
10	LP-6	4	511,847,000	\$ 279,835	\$ -	\$ 1,556,013	\$ 140,883	\$ 6,161,053	\$ 20,055,041	\$ 28,192,825	\$ 327,037	\$ 28,519,862
11	LPEP	1	72,000,000	\$ 309,600	\$ -	\$ 38,160	\$ 339,176	\$ 1,752,515	\$ 2,197,440	\$ 4,636,891	\$ 53,788	\$ 4,690,679
12	ISA	0	142,853,548	\$ 641,843	\$ -	\$ 353,040	\$ (1,130,781)	\$ 2,684,890	\$ 2,983,938	\$ 5,532,930	\$ 64,182	\$ 5,597,112
13	IS-1	4	2,120,000	\$ 54,648	\$ -	\$ 9,794	\$ (27,841)	\$ 59,570	\$ 50,864	\$ 146,835	\$ 1,703	\$ 148,538
14	BL	30	6,380,000	\$ 219,314	\$ -	\$ 36,888	\$ 18,571	\$ 68,434	\$ 208,182	\$ 552,389	\$ 6,408	\$ 558,797
15	SA	0	23,375,000	\$ 3,120,447	\$ -	\$ 80,116	\$ 11,975	\$ 275,430	\$ 723,426	\$ 4,211,394	\$ 48,852	\$ 4,260,246
16	SM	111	5,126,000	\$ 716,987	\$ -	\$ 16,055	\$ (14,438)	\$ 72,386	\$ 167,868	\$ 958,856	\$ 11,123	\$ 969,979
17	SHS	1,065	62,947,000	\$ 12,900,899	\$ -	\$ 198,094	\$ 81,030	\$ 631,159	\$ 3,585,920	\$ 17,397,102	\$ 201,808	\$ 17,598,908
18	SE	80	19,699,000	\$ 725,632	\$ -	\$ 62,124	\$ -	\$ 86,258	\$ 37,717	\$ 911,731	\$ 10,570	\$ 922,307
19	TS	10	353,000	\$ 22,076	\$ -	\$ 1,119	\$ (1,185)	\$ 5,177	\$ 13,731	\$ 40,818	\$ 475	\$ 41,393
20	SI-1	3	95,000	\$ 15,775	\$ -	\$ 299	\$ (863)	\$ 1,941	\$ 3,785	\$ 20,917	\$ 243	\$ 21,160
21	GH-1	1,003	340,128,000	\$ 5,007,969	\$ -	\$ 1,480,301	\$ 614,931	\$ 6,869,146	\$ 13,384,742	\$ 27,357,109	\$ 317,342	\$ 27,674,451
22	GH-2	2,608	72,987,000	\$ 1,142,642	\$ -	\$ 334,567	\$ 83,588	\$ 1,499,234	\$ 2,943,114	\$ 6,003,145	\$ 69,636	\$ 6,072,781
23	Standby(LP5-S)	6	7,024,000	\$ 36,037	\$ -	\$ 21,352	\$ (67,430)	\$ 272,602	\$ 861,699	\$ 1,124,260	\$ 13,041	\$ 1,137,301
24	PRS	14	131,564,946	\$ 677,973	\$ -	\$ 59,583	\$ 8,361	\$ 75,246	\$ 5,538,887	\$ 6,360,050	\$ 73,777	\$ 6,433,827
25	Rate Revenue	1,330,588	36,689,129,000	\$ 491,712,161	\$ (2,049,786)	\$ 140,480,324	\$ 84,039,593	\$ 375,810,412	\$ 1,552,555,658	\$ 2,642,548,362	\$ 30,728,961	\$ 2,673,277,323
26	Annualization Adjustment		0	0	0	0	0	0	0	0	0	0
27												
28												
29	Total PUC Tariff Revenue		36,689,129,000	\$ 491,712,161	\$ (2,049,786)	\$ 140,480,324	\$ 84,039,593	\$ 375,810,412	\$ 1,552,555,658	\$ 2,642,548,362	\$ 30,728,961	\$ 2,673,277,323
30												
31	Other Electric Revenues											
32	Late Payment			\$ 7,360,745	\$ -	\$ 114,255	\$ -	\$ -	\$ 7,475,000	\$ -	\$ -	\$ 7,475,000
33	Misc. Revenue			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Rent			\$ 16,906,000	\$ -	\$ -	\$ -	\$ -	\$ 16,906,000	\$ -	\$ -	\$ 16,906,000
35	Other			\$ 885,000	\$ -	\$ 15,607,971	\$ -	\$ -	\$ 16,492,971	\$ -	\$ -	\$ 16,492,971
36	Total Other			\$ 25,151,745	\$ -	\$ 15,722,226	\$ -	\$ -	\$ 40,873,971	\$ -	\$ -	\$ 40,873,971
37												
38	Total Operating Revenue		\$ 36,689,129,000	\$ 516,863,906	\$ (2,049,786)	\$ 156,202,550	\$ 84,039,593	\$ 375,810,412	\$ 1,552,555,658	\$ 2,683,422,333	\$ 30,728,961	\$ 2,714,151,294

PPL Electric Utilities Corporation
12 month Period Ended December 31, 2004 Pro Forma Budget, With Annualization Revenues
Compliance Filing - December 22, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Line Number	Rate Schedule	Number of Customers	Sales (KWH)	Distribution Present Rate Revenue	Distribution EDI/IDI Credit	Transmission Present Rate Revenue	CTC Present Rate Revenue	ITC Present Rate Revenue	E&C Present Rate Revenue	Present Rate Revenue	State Tax Adjustment Surcharge (STAS) 1.16%	Total Revenue
(Note 1)												
1	RS	1,151,636	12,894,588,000	\$ 290,356,394		\$ 48,512,730	\$ 28,207,368	\$ 133,905,048	\$ 566,905,701	\$ 1,067,887,241	\$ 12,462,892	\$ 1,080,350,133
2	RTS	14,342	399,999,000	\$ 3,472,873		\$ 475,522	\$ 539,999	\$ 3,127,992	\$ 15,665,590	\$ 23,281,976	\$ 270,071	\$ 23,552,047
3	RTD	274	5,295,000	\$ 118,811		\$ 19,962	\$ 13,093	\$ 62,256	\$ 201,546	\$ 415,868	\$ 4,822	\$ 420,490
4	GS-1	137,035	2,027,665,000	\$ 60,536,043		\$ 11,664,590	\$ 6,844,873	\$ 25,200,215	\$ 109,402,680	\$ 213,648,401	\$ 2,478,321	\$ 216,128,722
5	GS-3	21,347	8,730,215,000	\$ 83,740,650	\$ (577,882)	\$ 37,948,721	\$ 25,898,936	\$ 95,576,058	\$ 401,692,623	\$ 644,279,106	\$ 7,473,638	\$ 651,752,743
*6	LP-4	862	5,536,214,446	\$ 22,719,736	\$ (1,323,912)	\$ 19,558,320	\$ 15,187,246	\$ 50,960,299	\$ 217,796,033	\$ 324,897,722	\$ 3,768,814	\$ 328,666,538
*7	IS-P	32	410,790,428	\$ 1,721,477		\$ 1,479,814	\$ 60,728	\$ 3,274,896	\$ 13,454,791	\$ 19,991,708	\$ 231,904	\$ 20,223,810
*8	LP-5	91	3,312,901,395	\$ 1,736,321	\$ (147,992)	\$ 9,588,067	\$ 8,385,736	\$ 28,060,501	\$ 117,064,947	\$ 164,887,580	\$ 1,910,376	\$ 166,597,956
*9	IS-T	30	1,972,981,237	\$ 1,438,158		\$ 6,985,093	\$ (1,154,363)	\$ 15,128,107	\$ 57,614,615	\$ 80,011,610	\$ 928,135	\$ 80,939,745
10	LP-6	4	511,847,000	\$ 279,835		\$ 1,556,013	\$ 140,883	\$ 6,161,053	\$ 20,055,041	\$ 28,192,825	\$ 327,037	\$ 28,519,862
*11	LPEP	1	72,000,000	\$ 309,600		\$ 38,160	\$ 339,176	\$ 1,752,515	\$ 2,197,440	\$ 4,636,891	\$ 53,788	\$ 4,690,679
*12	ISA	0	142,853,548	\$ 641,843		\$ 353,040	\$ (1,130,781)	\$ 2,684,890	\$ 2,983,938	\$ 5,532,930	\$ 64,182	\$ 5,597,112
13	IS-1	4	2,120,000	\$ 54,648		\$ 9,794	\$ (27,841)	\$ 59,570	\$ 50,664	\$ 146,835	\$ 1,703	\$ 148,538
14	BL	30	6,360,000	\$ 219,314		\$ 36,888	\$ 18,571	\$ 68,434	\$ 209,182	\$ 552,389	\$ 6,408	\$ 558,797
15	SA	0	23,375,000	\$ 3,120,447		\$ 80,116	\$ 11,975	\$ 275,430	\$ 723,426	\$ 4,211,394	\$ 48,852	\$ 4,260,246
16	SM	111	5,126,000	\$ 716,987		\$ 16,055	\$ (14,438)	\$ 72,386	\$ 187,866	\$ 958,858	\$ 11,123	\$ 969,979
17	SHS	1,065	62,947,000	\$ 12,900,899		\$ 198,094	\$ 81,030	\$ 631,159	\$ 3,585,920	\$ 17,397,102	\$ 201,806	\$ 17,598,908
18	SE	80	19,699,000	\$ 725,632		\$ 62,124	\$ -	\$ 86,258	\$ 37,717	\$ 911,731	\$ 10,576	\$ 922,307
19	TS	10	353,000	\$ 22,076		\$ 1,119	\$ (1,185)	\$ 5,177	\$ 13,731	\$ 40,918	\$ 475	\$ 41,393
20	SI-1	3	95,000	\$ 15,775		\$ 299	\$ (863)	\$ 1,941	\$ 3,765	\$ 20,917	\$ 243	\$ 21,160
21	GH-1	1,003	340,128,000	\$ 5,007,989		\$ 1,480,301	\$ 614,931	\$ 6,889,146	\$ 13,384,742	\$ 27,357,109	\$ 317,342	\$ 27,674,451
22	GH-2	2,608	72,987,000	\$ 1,142,642		\$ 334,567	\$ 83,588	\$ 1,499,234	\$ 2,943,114	\$ 6,003,145	\$ 69,636	\$ 6,072,781
23	Standby(LP5-S)	6	7,024,000	\$ 36,037		\$ 21,352	\$ (67,430)	\$ 272,602	\$ 861,699	\$ 1,124,260	\$ 13,041	\$ 1,137,301
24	PRS	14	131,564,948	\$ 677,973		\$ 59,583	\$ 8,361	\$ 75,246	\$ 5,538,887	\$ 6,360,050	\$ 73,777	\$ 6,433,827
25	Rate Revenue	1,330,588	36,689,129,000	\$ 491,712,161	\$ (2,049,786)	\$ 140,480,324	\$ 84,039,593	\$ 375,810,412	\$ 1,552,555,658	\$ 2,642,548,362	\$ 30,728,961	\$ 2,673,277,323
26												
27	Annualization Adjustment		115,906,991	\$ 4,128,235		\$ 693,867	\$ (182,348)	\$ 1,396,463	\$ 6,511,570	\$ 12,547,787	\$ -	\$ 12,547,787
28												
29	Total PUC Tariff Revenue		36,805,035,991	\$ 495,840,396	\$ (2,049,786)	\$ 141,174,191	\$ 83,857,245	\$ 377,206,876	\$ 1,559,067,228	\$ 2,655,096,149	\$ 30,728,961	\$ 2,685,825,110
30												
31	Other Electric Revenues											
32	Late Payment			\$ 7,360,745		\$ 114,255				\$ 7,475,000		\$ 7,475,000
33	Misc. Revenue			\$ -		\$ -				\$ -		\$ -
34	Rent			\$ 16,906,000		\$ -				\$ 16,906,000		\$ 16,906,000
35	Other			\$ 885,000		\$ 15,607,971				\$ 16,492,971		\$ 16,492,971
36	Total Other			\$ 25,151,745		\$ 15,722,226	\$ -	\$ -	\$ -	\$ 40,873,971	\$ -	\$ 40,873,971
37												
38	Total Operating Revenue			\$ 520,992,141	\$ (2,049,786)	\$ 156,896,417	\$ 83,857,245	\$ 377,206,876	\$ 1,559,067,228	\$ 2,695,970,120	\$ 30,728,961	\$ 2,726,699,081

Note 1: Col 6, page 2

PPL Electric Utilities Corporation
12 month Period Ended December 31, 2004 Pro Forma Budget, STAS Roll-In
Compliance Filing - December 22, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Line Number	Rate Schedule	Distribution Present Rate Revenue	Distribution EDI/IDI Credit	Transmission Present Rate Revenue	CTC Present Rate Revenue	ITC Present Rate Revenue	E&C Present Rate Revenue	Present Rate Revenue	State Tax Adjustment Surcharge (STAS) 0.0%	Total Revenue
		(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)		(Note 7)	
1	RS	\$ 293,799,928	\$ -	\$ 49,075,478	\$ 28,534,573	\$ 135,458,347	\$ 573,481,807	\$ 1,080,350,133	\$ -	\$ 1,080,350,133
2	RTS	\$ 3,513,158	\$ -	\$ 481,038	\$ 546,263	\$ 3,164,277	\$ 15,847,311	\$ 23,552,047	\$ -	\$ 23,552,047
3	RTD	\$ 120,189	\$ -	\$ 20,194	\$ 13,245	\$ 62,978	\$ 203,884	\$ 420,490	\$ -	\$ 420,490
4	GS-1	\$ 61,238,261	\$ -	\$ 11,799,899	\$ 6,924,274	\$ 25,492,537	\$ 110,671,751	\$ 216,126,722	\$ -	\$ 216,126,722
5	GS-3	\$ 84,705,338	\$ (577,882)	\$ 38,388,926	\$ 26,199,364	\$ 96,684,740	\$ 406,352,257	\$ 651,752,743	\$ -	\$ 651,752,743
6	LP-4	\$ 22,967,928	\$ (1,323,912)	\$ 19,785,197	\$ 15,363,418	\$ 51,551,438	\$ 220,322,467	\$ 328,666,536	\$ -	\$ 328,666,536
7	IS-P	\$ 1,741,446	\$ -	\$ 1,496,980	\$ 61,432	\$ 3,312,885	\$ 13,610,867	\$ 20,223,610	\$ -	\$ 20,223,610
8	LP-5	\$ 1,754,746	\$ (147,992)	\$ 9,699,289	\$ 8,483,010	\$ 28,386,003	\$ 118,422,900	\$ 166,597,956	\$ -	\$ 166,597,956
9	IS-T	\$ 1,454,841	\$ -	\$ 7,066,120	\$ (1,167,754)	\$ 15,303,593	\$ 58,282,945	\$ 80,939,745	\$ -	\$ 80,939,745
10	LP-6	\$ 283,081	\$ -	\$ 1,574,063	\$ 142,517	\$ 6,232,521	\$ 20,287,679	\$ 28,519,862	\$ -	\$ 28,519,862
11	LPEP	\$ 313,191	\$ -	\$ 38,603	\$ 343,110	\$ 1,772,844	\$ 2,222,930	\$ 4,690,679	\$ -	\$ 4,690,679
12	ISA	\$ 649,289	\$ -	\$ 357,135	\$ (1,143,898)	\$ 2,716,035	\$ 3,018,552	\$ 5,597,112	\$ -	\$ 5,597,112
13	IS-1	\$ 55,282	\$ -	\$ 9,908	\$ (28,164)	\$ 60,261	\$ 51,252	\$ 148,538	\$ -	\$ 148,538
14	BL	\$ 221,858	\$ -	\$ 37,316	\$ 18,786	\$ 69,228	\$ 211,609	\$ 558,797	\$ -	\$ 558,797
15	SA	\$ 3,156,644	\$ -	\$ 81,045	\$ 12,114	\$ 278,625	\$ 731,818	\$ 4,260,246	\$ -	\$ 4,260,246
16	SM	\$ 725,304	\$ -	\$ 16,241	\$ (14,605)	\$ 73,226	\$ 169,813	\$ 969,979	\$ -	\$ 969,979
17	SHS	\$ 13,050,549	\$ -	\$ 200,392	\$ 81,970	\$ 638,480	\$ 3,627,517	\$ 17,598,908	\$ -	\$ 17,598,908
18	SE	\$ 734,049	\$ -	\$ 62,845	\$ -	\$ 87,259	\$ 38,155	\$ 922,307	\$ -	\$ 922,307
19	TS	\$ 22,332	\$ -	\$ 1,132	\$ (1,199)	\$ 5,237	\$ 13,890	\$ 41,393	\$ -	\$ 41,393
20	SI-1	\$ 15,958	\$ -	\$ 302	\$ (873)	\$ 1,964	\$ 3,809	\$ 21,160	\$ -	\$ 21,160
21	GH-1	\$ 5,066,082	\$ -	\$ 1,497,472	\$ 622,064	\$ 6,948,828	\$ 13,540,005	\$ 27,674,451	\$ -	\$ 27,674,451
22	GH-2	\$ 1,155,897	\$ -	\$ 338,448	\$ 84,558	\$ 1,516,625	\$ 2,977,254	\$ 6,072,781	\$ -	\$ 6,072,781
23	Standby(LP5-S)	\$ 36,455	\$ -	\$ 21,600	\$ (68,212)	\$ 275,764	\$ 871,695	\$ 1,137,301	\$ -	\$ 1,137,301
24	PRS	\$ 685,837	\$ -	\$ 60,274	\$ 8,458	\$ 76,119	\$ 5,603,138	\$ 6,433,827	\$ -	\$ 6,433,827
25	Rate Revenue	\$ 497,467,645	\$ (2,049,786)	\$ 142,109,896	\$ 85,014,452	\$ 380,169,813	\$ 1,570,565,304	\$ 2,673,277,323	\$ -	\$ 2,673,277,323
26										
27	Annualization Adjustment	\$ 4,128,235	\$ -	\$ 693,867	\$ (182,348)	\$ 1,396,463	\$ 6,511,570	\$ 12,547,787	\$ -	\$ 12,547,787
28										
29	Total PUC Tariff Revenue	\$ 501,595,879	\$ (2,049,786)	\$ 142,803,763	\$ 84,832,104	\$ 381,566,276	\$ 1,577,076,874	\$ 2,685,825,110	\$ -	\$ 2,685,825,110
30										
31	Other Electric Revenues									
32	Late Payment	\$ 7,360,745	\$ -	\$ 114,255	\$ -	\$ -	\$ -	\$ 7,475,000	\$ -	\$ 7,475,000
33	Misc. Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Rent	\$ 16,906,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,906,000	\$ -	\$ 16,906,000
35	Other	\$ 885,000	\$ -	\$ 15,607,971	\$ -	\$ -	\$ -	\$ 16,492,971	\$ -	\$ 16,492,971
36	Total Other	\$ 25,151,745	\$ -	\$ 15,722,226	\$ -	\$ -	\$ -	\$ 40,873,971	\$ -	\$ 40,873,971
37										
38	Total Operating Revenue	\$ 526,747,624	\$ (2,049,786)	\$ 158,525,989	\$ 84,832,104	\$ 381,566,276	\$ 1,577,076,874	\$ 2,726,699,081	\$ -	\$ 2,726,699,081

Note 1: Col 5, page 3 x 1.0116

Note 2: Col 6, page 2

Note 3: Col 7, page 3 x 1.0116

Note 4: Col 8, page 3 x 1.0116

Note 5: Col 9, page 3 x 1.0116

Note 6: Col 10, page 3 x 1.0116

Note 7: STAS rolled in to Cols 3, 5, 6, 7 & 8

PPL Electric Utilities Corporation
12 month Period Ended December 31, 2004 Pro Forma Budget, STAS Roll-in, No Shopping
Compliance Filing - December 22, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(13)
Line Number	Rate Schedule	Distribution Present Rate Revenue	Distribution EDI/IDI Credit	Transmission Present Rate Revenue	CTC Present Rate Revenue	ITC Present Rate Revenue	E&C Present Rate Revenue	Present Rate Revenue	State Tax Adjustment Surcharge (STAS)	Total Revenue	Shopping Factor
		(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)		0.0% (Note 7)		(Note 8)
1	RS	\$ 290,799,028	\$ -	\$ 49,173,825	\$ 28,534,573	\$ 135,458,347	\$ 574,631,099	\$ 1,081,597,743	\$ -	\$ 1,081,597,743	0.2%
2	RTS	\$ 3,513,158	\$ -	\$ 481,520	\$ 546,263	\$ 3,164,277	\$ 15,863,174	\$ 23,588,392	\$ -	\$ 23,588,392	0.1%
3	RTD	\$ 120,189	\$ -	\$ 20,194	\$ 13,245	\$ 62,978	\$ 203,884	\$ 420,490	\$ -	\$ 420,490	0.0%
4	GS-1	\$ 61,238,261	\$ -	\$ 11,910,090	\$ 6,924,274	\$ 25,482,537	\$ 111,789,648	\$ 217,363,810	\$ -	\$ 217,363,810	1.0%
5	GS-3	\$ 84,705,336	\$ (577,862)	\$ 40,839,283	\$ 26,199,364	\$ 96,684,740	\$ 432,289,636	\$ 690,140,479	\$ -	\$ 690,140,479	6.0%
6	LP-4	\$ 22,967,828	\$ (1,323,912)	\$ 21,274,405	\$ 15,383,418	\$ 51,551,438	\$ 236,905,878	\$ 346,739,158	\$ -	\$ 346,739,158	7.0%
7	IS-P	\$ 1,741,446	\$ -	\$ 1,496,060	\$ 81,432	\$ 3,312,885	\$ 13,610,867	\$ 20,223,010	\$ -	\$ 20,223,010	0.0%
8	LP-5	\$ 1,754,748	\$ (147,992)	\$ 10,209,777	\$ 6,483,010	\$ 28,386,003	\$ 124,655,685	\$ 173,341,229	\$ -	\$ 173,341,229	5.0%
9	IS-T	\$ 1,454,841	\$ -	\$ 7,086,120	\$ 1,167,754	\$ 15,303,593	\$ 58,282,945	\$ 80,939,745	\$ -	\$ 80,939,745	0.0%
10	LP-6	\$ 283,081	\$ -	\$ 1,574,063	\$ 142,517	\$ 6,232,521	\$ 20,287,070	\$ 28,519,862	\$ -	\$ 28,519,862	0.0%
11	LPEP	\$ 313,191	\$ -	\$ 38,603	\$ 343,110	\$ 1,772,844	\$ 2,222,930	\$ 4,690,679	\$ -	\$ 4,690,679	0.0%
12	ISA	\$ 649,289	\$ -	\$ 357,135	\$ (1,143,898)	\$ 2,716,035	\$ 3,018,552	\$ 5,597,112	\$ -	\$ 5,597,112	0.0%
13	IS-1	\$ 55,282	\$ -	\$ 9,908	\$ (28,164)	\$ 60,261	\$ 51,252	\$ 148,538	\$ -	\$ 148,538	0.0%
14	BL	\$ 221,858	\$ -	\$ 37,316	\$ 18,788	\$ 68,228	\$ 211,909	\$ 558,797	\$ -	\$ 558,797	0.0%
15	SA	\$ 3,156,844	\$ -	\$ 81,045	\$ 12,114	\$ 278,625	\$ 731,818	\$ 4,280,248	\$ -	\$ 4,280,248	0.0%
16	SM	\$ 725,304	\$ -	\$ 16,241	\$ (14,865)	\$ 73,220	\$ 108,813	\$ 969,979	\$ -	\$ 969,979	0.0%
17	SHS	\$ 13,050,549	\$ -	\$ 200,392	\$ 81,970	\$ 636,480	\$ 3,627,517	\$ 17,598,908	\$ -	\$ 17,598,908	0.0%
18	SE	\$ 734,049	\$ -	\$ 82,971	\$ -	\$ 87,259	\$ 38,231	\$ 922,509	\$ -	\$ 922,509	0.2%
19	TS	\$ 22,332	\$ -	\$ 1,132	\$ (1,199)	\$ 5,237	\$ 13,890	\$ 41,393	\$ -	\$ 41,393	0.0%
20	SI-1	\$ 15,958	\$ -	\$ 302	\$ (873)	\$ 1,964	\$ 3,809	\$ 21,180	\$ -	\$ 21,180	0.0%
21	GH-1	\$ 5,086,082	\$ -	\$ 1,586,306	\$ 822,064	\$ 9,948,828	\$ 14,343,228	\$ 28,586,505	\$ -	\$ 28,586,505	5.8%
22	GH-2	\$ 1,155,897	\$ -	\$ 341,667	\$ 84,558	\$ 1,516,625	\$ 3,007,327	\$ 8,106,273	\$ -	\$ 8,106,273	1.0%
23	Standby (LP5-S)	\$ 38,455	\$ -	\$ 21,600	\$ (88,212)	\$ 275,784	\$ 871,695	\$ 1,137,301	\$ -	\$ 1,137,301	0.0%
24	PRS	\$ 885,837	\$ -	\$ 60,274	\$ 8,458	\$ 78,119	\$ 5,603,138	\$ 6,433,827	\$ -	\$ 6,433,827	
25	Rate Revenue	\$ 497,467,645	\$ (2,049,786)	\$ 146,870,348	\$ 85,014,452	\$ 380,168,813	\$ 1,622,435,270	\$ 2,729,907,741	\$ -	\$ 2,729,907,741	
26											
27	Annualization Adjustment	\$ 4,128,235	\$ -	\$ 680,696	\$ (182,348)	\$ 1,396,483	\$ 6,175,293	\$ 12,178,239	\$ -	\$ 12,178,239	
28											
29	Total PUC Tariff Revenue	\$ 501,595,879	\$ (2,049,786)	\$ 147,551,044	\$ 84,832,104	\$ 381,565,276	\$ 1,628,610,562	\$ 2,742,085,980	\$ -	\$ 2,742,085,980	
30											
31	Other Electric Revenues										
32	Late Payment	\$ 7,360,745	\$ -	\$ 114,255	\$ -	\$ -	\$ -	\$ 7,475,000	\$ -	\$ 7,475,000	
33	Misc. Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
34	Rent	\$ 16,908,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,908,000	\$ -	\$ 16,908,000	
35	Other	\$ 885,000	\$ -	\$ 15,807,971	\$ -	\$ -	\$ -	\$ 16,492,971	\$ -	\$ 16,492,971	
36	Total Other	\$ 25,151,745	\$ -	\$ 15,722,226	\$ -	\$ -	\$ -	\$ 40,873,971	\$ -	\$ 40,873,971	
37											
38	Total Operating Revenue	\$ 526,747,624	\$ (2,049,786)	\$ 163,273,170	\$ 84,832,104	\$ 381,565,276	\$ 1,628,610,562	\$ 2,782,959,951	\$ -	\$ 2,782,959,951	

Note 1: Col 3, page 4
 Note 2: Col 6, page 2
 Note 3: Col 5, page 4 (1-Col 12)
 Note 4: Col 6, page 4
 Note 5: Col 7, page 4
 Note 6: Col 8, page 4 (1-Col 12)
 Note 7: STAS rolled in to Cols 3, 5, 6, 7 & 8
 Note 8: Percent customer shopping usage.

PPL Electric Utilities Corporation
12 month Period Ended December 31, 2004 Proposed Budget, No Shopping, With Present Transmission Revenues
Compliance Filing - December 22, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Line Number	Rate Schedule	Proposed Distribution Rate Revenue	Distribution EDI/IDI Credit	Present Transmission Rate Revenue	CTC Present Rate Revenue	ITC Present Rate Revenue	E&C Present Rate Revenue	Total Proposed Rate Revenue	State Tax Adjustment Surcharge (STAS) 0.0%	Total Revenue	Total Revenue Change	Total Percent Change	Shopping Factor	
		(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)				(Note 6)	(Note 7)	(Note 8)	(Note 9)	
1	RS	\$ 361,643,286	\$ -	\$ 49,173,825	\$ 28,534,573	\$ 135,458,347	\$ 574,631,069	\$ 1,149,441,101	\$ -	\$ 1,149,441,101	\$ 67,843,358	0.27%	0.2%	
2	RTS	\$ 3,982,395	\$ -	\$ 481,520	\$ 546,263	\$ 3,164,277	\$ 15,863,174	\$ 24,037,628	\$ -	\$ 24,037,628	\$ 469,237	1.99%	0.1%	
3	RTD	\$ 147,186	\$ -	\$ 20,194	\$ 13,245	\$ 82,978	\$ 203,864	\$ 447,487	\$ -	\$ 447,487	\$ 26,967	6.42%	0.0%	
4	GS-1	\$ 76,588,626	\$ -	\$ 11,919,090	\$ 6,924,274	\$ 25,492,537	\$ 111,789,848	\$ 235,714,175	\$ -	\$ 235,714,175	\$ 18,350,365	8.44%	1.0%	
5	GS-3	\$ 120,073,486	\$ -	\$ 40,839,263	\$ 26,169,364	\$ 96,684,740	\$ 432,289,636	\$ 716,086,509	\$ -	\$ 716,086,509	\$ 35,646,030	5.29%	0.0%	
6	LP-4	\$ 30,626,130	\$ -	\$ 21,274,405	\$ 15,363,418	\$ 51,551,438	\$ 236,905,878	\$ 355,721,289	\$ -	\$ 355,721,289	\$ 6,862,114	2.50%	7.0%	
7	IS-P	\$ 2,062,180	\$ -	\$ 1,496,980	\$ 81,432	\$ 3,312,885	\$ 13,610,867	\$ 20,544,344	\$ -	\$ 20,544,344	\$ 320,734	1.59%	0.0%	
8	LP-5	\$ 1,908,163	\$ -	\$ 10,209,777	\$ 8,483,010	\$ 28,388,003	\$ 124,855,885	\$ 173,342,829	\$ -	\$ 173,342,829	\$ 1,400	0.00%	5.0%	
9	IS-T	\$ 987,072	\$ -	\$ 7,060,120	\$ (1,167,754)	\$ 15,303,593	\$ 58,282,945	\$ 80,471,878	\$ -	\$ 80,471,878	\$ (467,769)	-0.58%	0.0%	
10	LP-6	\$ 202,365	\$ -	\$ 1,574,063	\$ 142,517	\$ 6,232,521	\$ 20,287,679	\$ 28,439,186	\$ -	\$ 28,439,186	\$ (60,666)	-0.28%	0.0%	
11	LPEP	\$ 389,452	\$ -	\$ 38,003	\$ 943,110	\$ 1,772,944	\$ 2,222,930	\$ 4,766,940	\$ -	\$ 4,766,940	\$ 78,261	1.63%	0.0%	
12	ISA	\$ 649,289	\$ -	\$ 357,135	\$ (1,143,898)	\$ 2,718,035	\$ 3,018,552	\$ 5,597,112	\$ -	\$ 5,597,112	\$ -	0.00%	0.0%	
13	IS-1	\$ 65,991	\$ -	\$ 9,908	\$ (28,164)	\$ 60,261	\$ 51,252	\$ 159,248	\$ -	\$ 159,248	\$ 10,710	7.21%	0.0%	
14	BL	\$ 289,796	\$ -	\$ 37,316	\$ 69,228	\$ 16,780	\$ 211,609	\$ 806,735	\$ -	\$ 806,735	\$ 47,938	6.58%	0.0%	
15	SA	\$ 3,471,308	\$ -	\$ 81,045	\$ 12,114	\$ 278,625	\$ 731,818	\$ 4,574,910	\$ -	\$ 4,574,910	\$ 314,664	7.39%	0.0%	
16	SM	\$ 796,054	\$ -	\$ 16,241	\$ (14,605)	\$ 73,228	\$ 169,813	\$ 1,040,729	\$ -	\$ 1,040,729	\$ 70,750	7.29%	0.0%	
17	SHS	\$ 14,396,949	\$ -	\$ 200,362	\$ 81,070	\$ 638,480	\$ 3,627,517	\$ 16,945,308	\$ -	\$ 16,945,308	\$ 1,346,399	7.65%	0.0%	
18	SE	\$ 771,176	\$ -	\$ 62,971	\$ -	\$ 67,259	\$ 38,231	\$ 959,636	\$ -	\$ 959,636	\$ 37,127	4.02%	0.2%	
19	TS	\$ 25,080	\$ -	\$ 1,132	\$ (1,199)	\$ 5,237	\$ 13,890	\$ 44,141	\$ -	\$ 44,141	\$ 2,748	6.64%	0.0%	
20	SI-1	\$ 17,536	\$ -	\$ 302	\$ 1,904	\$ 873	\$ 3,800	\$ 22,738	\$ -	\$ 22,738	\$ 1,578	7.46%	0.0%	
21	GH-1	\$ 7,102,226	\$ -	\$ 1,586,306	\$ 622,064	\$ 6,949,828	\$ 14,343,226	\$ 30,602,652	\$ -	\$ 30,602,652	\$ 2,036,140	7.13%	5.6%	
22	GH-2	\$ 1,806,370	\$ -	\$ 341,967	\$ 84,558	\$ 1,516,625	\$ 3,007,327	\$ 6,556,747	\$ -	\$ 6,556,747	\$ 450,474	7.38%	1.0%	
23	Standby(LPS-S)	\$ 75,873	\$ -	\$ 21,800	\$ (68,212)	\$ 275,764	\$ 871,695	\$ 1,176,719	\$ -	\$ 1,176,719	\$ 39,418	3.47%	0.0%	
24	PRS	\$ 685,837	\$ -	\$ 60,274	\$ 8,458	\$ 78,119	\$ 5,603,138	\$ 6,433,827	\$ -	\$ 6,433,827	\$ -	0.00%		
25	Rate Revenue	\$ 631,243,640	\$ -	\$ 146,670,348	\$ 85,014,452	\$ 380,169,813	\$ 1,622,435,270	\$ 2,665,733,723	\$ -	\$ 2,665,733,723	\$ 135,825,982	4.98%		
26														
27	Annualization Adjustment	\$ 5,387,720	\$ -	\$ 660,696	\$ (182,348)	\$ 1,396,463	\$ 6,175,293	\$ 13,437,724	\$ -	\$ 13,437,724	\$ 1,259,486	10.34%		
28														
29	Total PUC Tariff Revenue	\$ 636,631,361	\$ -	\$ 147,331,044	\$ 84,832,104	\$ 381,566,276	\$ 1,628,610,562	\$ 2,879,171,447	\$ -	\$ 2,879,171,447	\$ 137,085,467	5.12%		
30														
31	Other Electric Revenues													
32	Late Payment	\$ 7,390,745	\$ -	\$ 114,255	\$ -	\$ -	\$ -	\$ 7,475,000	\$ -	\$ 7,475,000	\$ -	0.00%		
33	Misc. Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%		
34	Rent	\$ 16,906,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,906,000	\$ -	\$ 16,906,000	\$ -	0.00%		
35	Other	\$ 885,000	\$ -	\$ 15,607,971	\$ -	\$ -	\$ -	\$ 16,492,971	\$ -	\$ 16,492,971	\$ -	0.00%		
36	Total Other	\$ 25,151,745	\$ -	\$ 15,722,226	\$ -	\$ -	\$ -	\$ 40,873,971	\$ -	\$ 40,873,971	\$ -	0.00%		
37														
38	Total Operating Revenue	\$ 661,783,306	\$ -	\$ 163,253,170	\$ 84,832,104	\$ 381,566,276	\$ 1,628,810,562	\$ 2,920,045,418	\$ -	\$ 2,920,045,418	\$ 137,085,467	4.93%		

Note 1: EDI/IDI credits eliminated in proposed budget.
 Note 2: Col 5, page 5
 Note 3: Col 6, page 5
 Note 4: Col 7, page 5
 Note 5: Col 8, page 5
 Note 6: Col 11 - Col 11, page 5
 Note 7: Col 12 / Col 11, page 5 (%)

PPL Electric Utilities Corporation
12 month Period Ended December 31, 2004 Proposed Budget, No Shopping, With Proposed Transmission Revenues
Compliance Filing - December 22, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(14)
Line Number	Rate Schedule	Total Revenue	Present Transmission Rate Revenue	Proposed Transmission Rate Revenue	Change in Transmission Rate Revenue	Total Proposed Revenue	Total Revenue Change	Total Percent Change	Shopping Factor
		(Note 1)	(Note 2)	(Note 3)	(Note 4)		(Note 5)	(Note 6)	(Note 7)
1	RS	\$ 1,149,441,101	\$ 49,173,825	\$ 72,725,476	\$ 23,551,651	\$ 1,172,992,752	\$ 91,395,009	8.45%	0.2%
2	RTS	\$ 24,037,628	\$ 481,520	\$ 2,255,994	\$ 1,774,475	\$ 25,812,103	\$ 2,243,711	9.52%	0.1%
3	RTD	\$ 447,487	\$ 20,194	\$ 29,864	\$ 9,670	\$ 457,157	\$ 36,667	8.72%	0.0%
4	GS-1	\$ 235,714,175	\$ 11,919,090	\$ 11,436,031	\$ (483,060)	\$ 235,231,115	\$ 17,867,305	8.22%	1.0%
5	GS-3	\$ 716,086,509	\$ 40,839,283	\$ 49,238,413	\$ 8,399,129	\$ 724,485,638	\$ 44,345,159	6.52%	6.0%
6	LP-4	\$ 355,721,269	\$ 21,274,405	\$ 31,224,249	\$ 9,949,845	\$ 365,671,114	\$ 18,931,958	5.46%	7.0%
7	IS-P	\$ 20,544,344	\$ 1,496,980	\$ 2,316,858	\$ 819,878	\$ 21,364,222	\$ 1,140,612	5.64%	0.0%
8	LP-5	\$ 173,342,629	\$ 10,209,777	\$ 18,684,764	\$ 8,474,986	\$ 181,817,615	\$ 8,476,386	4.89%	5.0%
9	IS-T	\$ 80,471,976	\$ 7,066,120	\$ 11,127,614	\$ 4,061,494	\$ 84,533,470	\$ 3,593,725	4.44%	0.0%
10	LP-6	\$ 28,439,166	\$ 1,574,063	\$ 2,886,817	\$ 1,312,754	\$ 29,751,920	\$ 1,232,058	4.32%	0.0%
11	LPEP	\$ 4,766,940	\$ 38,603	\$ 406,080	\$ 367,477	\$ 5,134,417	\$ 443,738	9.46%	0.0%
12	ISA	\$ 5,597,112	\$ 357,135	\$ 357,135	\$ -	\$ 5,597,112	\$ -	0.00%	0.0%
13	IS-1	\$ 159,248	\$ 9,908	\$ 11,957	\$ 2,049	\$ 161,297	\$ 12,759	8.59%	0.0%
14	BL	\$ 606,735	\$ 37,316	\$ 35,870	\$ (1,446)	\$ 605,289	\$ 46,492	8.32%	0.0%
15	SA	\$ 4,574,910	\$ 81,045	\$ 131,835	\$ 50,790	\$ 4,625,700	\$ 365,454	8.58%	0.0%
16	SM	\$ 1,040,729	\$ 16,241	\$ 28,911	\$ 12,669	\$ 1,053,398	\$ 83,419	8.60%	0.0%
17	SHS	\$ 18,945,308	\$ 200,392	\$ 355,021	\$ 154,629	\$ 19,099,937	\$ 1,501,029	8.53%	0.0%
18	SE	\$ 959,636	\$ 62,971	\$ 111,102	\$ 48,132	\$ 1,007,768	\$ 85,259	9.24%	0.2%
19	TS	\$ 44,141	\$ 1,132	\$ 1,991	\$ 859	\$ 45,000	\$ 3,607	8.71%	0.0%
20	SI-1	\$ 22,738	\$ 302	\$ 536	\$ 233	\$ 22,971	\$ 1,811	8.56%	0.0%
21	GH-1	\$ 30,602,652	\$ 1,586,306	\$ 1,918,322	\$ 332,016	\$ 30,934,668	\$ 2,368,163	8.29%	5.6%
22	GH-2	\$ 6,556,747	\$ 341,867	\$ 411,647	\$ 69,780	\$ 6,626,527	\$ 520,254	8.52%	1.0%
23	Standby(LP5-S)	\$ 1,176,719	\$ 21,600	\$ 39,615	\$ 18,016	\$ 1,194,735	\$ 57,434	5.05%	0.0%
24	PRS	\$ 6,433,827	\$ 60,274	\$ 60,274	\$ -	\$ 6,433,827	\$ -	0.00%	0.0%
25	Rate Revenue	\$ 2,865,733,723	\$ 146,870,348	\$ 205,796,377	\$ 58,926,029	\$ 2,924,659,752	\$ 194,752,011	7.13%	
26	Annualization Adjustment	\$ 13,437,724	\$ 680,596	\$ 716,574	\$ 55,977	\$ 13,493,702	\$ 1,315,463	10.80%	
28	Total PUC Tariff Revenue	\$ 2,879,171,447	\$ 147,530,944	\$ 206,512,950	\$ 58,982,006	\$ 2,938,153,454	\$ 196,067,474	7.32%	
31	Other Electric Revenues								
32	Late Payment	\$ 7,475,000	\$ 114,255	\$ 114,255	\$ -	\$ 7,475,000	\$ -	0.00%	
33	Misc. Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	
34	Rent	\$ 16,906,000	\$ -	\$ -	\$ -	\$ 16,906,000	\$ -	0.00%	
35	Other	\$ 16,492,971	\$ 15,607,971	\$ 15,607,971	\$ -	\$ 16,492,971	\$ -	0.00%	
36	Total Other	\$ 40,873,971	\$ 15,722,226	\$ 15,722,226	\$ -	\$ 40,873,971	\$ -	0.00%	
37	Total Operating Revenue	\$ 2,920,045,418	\$ 163,253,170	\$ 222,235,176	\$ 58,982,006	\$ 2,979,027,425	\$ 196,067,474	7.05%	

Note 1: Col 11, Page 6
 Note 2: Col 5, page 6
 Note 3: Col 4, page 2 x 0.00564
 Note 4: Col 5 - Col 4
 Note 5: Col 7 - Col 11, page 5
 Note 6: Col 8 / Col 11, page 5 (%)

PPL Electric Utilities Corporation
12 month Period Ended December 31, 2004 Proposed Budget, With Shopping, With Present Transmission Revenues
Compliance Filing - December 22, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Line Number	Rate Schedule	Proposed Distribution Rate Revenue	Distribution EDI/IDI Credit	Present Transmission Rate Revenue	CTC Present Rate Revenue	ITC Present Rate Revenue	E&C Present Rate Revenue	Total Proposed Rate Revenue	State Tax Adjustment Surcharge (STAS) 0.0%	Total Revenue	Total Revenue Change	Total Percent Change	Shopping Factor	
			(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)				(Note 6)	(Note 7)	(Note 8)	
1	RS	\$ 361,643,286	\$ -	\$ 49,075,478	\$ 28,534,573	\$ 135,458,347	\$ 573,481,807	\$ 1,148,193,491	\$ -	\$ 1,148,193,491	\$ 67,843,358	6.28%	0.2%	
2	RTS	\$ 3,882,385	\$ -	\$ 481,038	\$ 546,263	\$ 3,164,277	\$ 15,847,311	\$ 24,021,284	\$ -	\$ 24,021,284	\$ 469,237	1.99%	0.1%	
3	RTD	\$ 147,186	\$ -	\$ 20,194	\$ 13,245	\$ 62,978	\$ 203,884	\$ 447,487	\$ -	\$ 447,487	\$ 26,997	6.42%	0.0%	
4	GS-1	\$ 79,588,626	\$ -	\$ 11,799,899	\$ 6,924,274	\$ 25,492,537	\$ 110,671,751	\$ 234,477,087	\$ -	\$ 234,477,087	\$ 18,350,365	8.49%	1.0%	
5	GS-3	\$ 120,073,486	\$ -	\$ 38,388,926	\$ 26,199,364	\$ 96,684,740	\$ 406,352,257	\$ 687,698,773	\$ -	\$ 687,698,773	\$ 35,946,030	5.52%	6.0%	
6	LP-4	\$ 30,626,130	\$ -	\$ 19,785,197	\$ 15,363,418	\$ 51,551,438	\$ 220,322,467	\$ 337,648,650	\$ -	\$ 337,648,650	\$ 8,982,114	2.73%	7.0%	
7	IS-P	\$ 2,062,180	\$ -	\$ 1,496,980	\$ 61,432	\$ 3,312,885	\$ 13,610,867	\$ 20,544,344	\$ -	\$ 20,544,344	\$ 320,734	1.59%	0.0%	
8	LP-5	\$ 1,608,153	\$ -	\$ 9,699,289	\$ 8,483,010	\$ 28,386,003	\$ 118,422,900	\$ 166,599,355	\$ -	\$ 166,599,355	\$ 1,400	0.00%	5.0%	
9	IS-T	\$ 987,072	\$ -	\$ 7,066,120	\$ (1,167,754)	\$ 15,303,593	\$ (1,167,754)	\$ 80,471,976	\$ -	\$ 80,471,976	\$ (467,769)	-0.58%	0.0%	
10	LP-6	\$ 202,385	\$ -	\$ 1,574,063	\$ 142,517	\$ 6,232,521	\$ 20,287,679	\$ 28,439,166	\$ -	\$ 28,439,166	\$ (80,696)	-0.28%	0.0%	
11	LPEP	\$ 389,452	\$ -	\$ 38,603	\$ 343,110	\$ 1,772,844	\$ 2,222,930	\$ 4,766,940	\$ -	\$ 4,766,940	\$ 76,261	1.63%	0.0%	
12	ISA	\$ 649,289	\$ -	\$ 357,135	\$ (1,143,898)	\$ 2,716,035	\$ 3,018,552	\$ 5,597,112	\$ -	\$ 5,597,112	\$ -	0.00%	0.0%	
13	IS-1	\$ 65,991	\$ -	\$ 9,908	\$ (28,164)	\$ 60,261	\$ 51,252	\$ 159,248	\$ -	\$ 159,248	\$ 10,710	7.21%	0.0%	
14	BL	\$ 269,796	\$ -	\$ 37,316	\$ 18,786	\$ 69,228	\$ 211,609	\$ 606,735	\$ -	\$ 606,735	\$ 47,938	8.58%	0.0%	
15	SA	\$ 3,471,308	\$ -	\$ 81,045	\$ 12,114	\$ 278,825	\$ 731,818	\$ 4,574,910	\$ -	\$ 4,574,910	\$ 314,664	7.39%	0.0%	
16	SM	\$ 796,054	\$ -	\$ 16,241	\$ (14,605)	\$ 73,226	\$ 169,813	\$ 1,040,729	\$ -	\$ 1,040,729	\$ 70,750	7.29%	0.0%	
17	SHS	\$ 14,396,949	\$ -	\$ 200,392	\$ 81,970	\$ 638,480	\$ 3,627,517	\$ 18,945,308	\$ -	\$ 18,945,308	\$ 1,346,399	7.65%	0.0%	
18	SE	\$ 771,176	\$ -	\$ 62,845	\$ -	\$ 87,259	\$ 38,155	\$ 959,434	\$ -	\$ 959,434	\$ 37,127	4.03%	0.2%	
19	TS	\$ 25,080	\$ -	\$ 1,132	\$ (1,199)	\$ 5,237	\$ 13,890	\$ 44,141	\$ -	\$ 44,141	\$ 2,748	6.64%	0.0%	
20	SI-1	\$ 17,536	\$ -	\$ 302	\$ (873)	\$ 1,964	\$ 3,809	\$ 22,738	\$ -	\$ 22,738	\$ 1,578	7.46%	0.0%	
21	GH-1	\$ 7,102,228	\$ -	\$ 1,497,472	\$ 622,064	\$ 6,948,828	\$ 13,540,005	\$ 29,710,598	\$ -	\$ 29,710,598	\$ 2,036,146	7.36%	5.8%	
22	GH-2	\$ 1,606,370	\$ -	\$ 338,448	\$ 84,558	\$ 1,516,625	\$ 2,977,254	\$ 6,523,255	\$ -	\$ 6,523,255	\$ 450,474	7.42%	1.0%	
23	Standby(LP5-S)	\$ 75,873	\$ -	\$ 21,600	\$ (68,212)	\$ 275,764	\$ 871,695	\$ 1,176,719	\$ -	\$ 1,176,719	\$ 39,418	3.47%	0.0%	
24	PRS	\$ 685,837	\$ -	\$ 60,274	\$ 8,458	\$ 76,119	\$ 5,603,138	\$ 6,433,827	\$ -	\$ 6,433,827	\$ -	0.00%	0.0%	
25	Rate Revenue	\$ 631,243,840	\$ -	\$ 142,109,896	\$ 85,014,452	\$ 380,169,813	\$ 1,570,565,304	\$ 2,809,103,305	\$ -	\$ 2,809,103,305	\$ 135,825,982	5.08%		
26														
27	Annualization Adjustment	\$ 5,387,720	\$ -	\$ 693,887	\$ (182,348)	\$ 1,386,463	\$ 6,511,570	\$ 13,807,272	\$ -	\$ 13,807,272	\$ 1,259,486	10.04%		
28														
29	Total PUC Tariff Revenue	\$ 636,631,561	\$ -	\$ 142,803,783	\$ 84,832,104	\$ 381,566,276	\$ 1,577,076,874	\$ 2,822,910,577	\$ -	\$ 2,822,910,577	\$ 137,085,467	5.10%		
30														
31	Other Electric Revenues													
32	Late Payment	\$ 7,360,745	\$ -	\$ 114,255				\$ 7,475,000	\$ -	\$ 7,475,000	\$ -	0.00%		
33	Misc. Revenue													
34	Rent	\$ 16,906,000	\$ -					\$ 16,906,000	\$ -	\$ 16,906,000	\$ -	0.00%		
35	Other	\$ 885,000	\$ -	\$ 15,607,971				\$ 16,492,971	\$ -	\$ 16,492,971	\$ -	0.00%		
36	Total Other	\$ 25,151,745	\$ -	\$ 15,722,226	\$ -	\$ -	\$ -	\$ 40,873,971	\$ -	\$ 40,873,971	\$ -	0.00%		
37														
38	Total Operating Revenue	\$ 661,783,306	\$ -	\$ 158,525,989	\$ 84,832,104	\$ 381,566,276	\$ 1,577,076,874	\$ 2,863,784,548	\$ -	\$ 2,863,784,548	\$ 137,085,467	5.03%		

Note 1: EDI/IDI credits eliminated in proposed budget.
 Note 2: Col 5, page 4
 Note 3: Col 6, page 4
 Note 4: Col 7, page 4
 Note 5: Col 8, page 4
 Note 6: Col 11 - Col 11, page 4
 Note 7: Col 12 / Col 11, page 4 (%)

PPL Electric Utilities Corporation
12 month Period Ended December 31, 2004 Proposed Budget, With Shopping, With Proposed Transmission Revenues
Compliance Filing - December 22, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Line Number	Rate Schedule	Total Revenue	Present Transmission Rate Revenue	Proposed Transmission Rate Revenue	Change in Transmission Rate Revenue	Total Proposed Revenue	Total Revenue Change	Total Percent Change	Shopping Factor
		(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	(Note 7)	(Note 8)
1	RS	\$ 1,148,103,491	\$ 40,075,478	\$ 72,580,025	\$ 23,504,548	\$ 1,171,688,039	\$ 91,347,906	8.40%	0.2%
2	RTS	\$ 24,021,284	\$ 481,038	\$ 2,253,738	\$ 1,772,700	\$ 25,793,984	\$ 2,241,937	9.52%	0.1%
3	RTD	\$ 447,487	\$ 20,194	\$ 29,894	\$ 9,700	\$ 457,157	\$ 36,667	8.72%	0.0%
4	GS-1	\$ 234,477,087	\$ 11,709,899	\$ 11,321,870	\$ (478,229)	\$ 233,998,858	\$ 17,872,138	8.27%	1.0%
5	GS-3	\$ 887,998,773	\$ 38,388,928	\$ 46,284,108	\$ 7,895,182	\$ 895,593,955	\$ 43,841,212	6.73%	6.0%
6	LP-4	\$ 337,848,660	\$ 19,785,197	\$ 29,038,552	\$ 9,253,356	\$ 346,902,006	\$ 18,235,469	5.55%	7.0%
7	IS-P	\$ 20,544,344	\$ 1,496,980	\$ 2,318,858	\$ 819,878	\$ 21,364,222	\$ 1,140,812	5.64%	0.0%
8	LP-5	\$ 198,599,355	\$ 9,099,289	\$ 17,750,528	\$ 8,651,237	\$ 174,850,593	\$ 8,052,637	4.83%	5.0%
9	IS-T	\$ 80,471,978	\$ 7,086,120	\$ 11,127,814	\$ 4,061,494	\$ 84,533,470	\$ 3,593,725	4.44%	0.0%
10	LP-6	\$ 28,439,198	\$ 1,574,063	\$ 2,886,817	\$ 1,312,754	\$ 29,751,920	\$ 1,232,058	4.32%	0.0%
11	LPEP	\$ 4,786,940	\$ 38,803	\$ 406,080	\$ 367,477	\$ 5,134,417	\$ 443,738	9.40%	0.0%
12	ISA	\$ 5,597,112	\$ 357,135	\$ 357,135	\$ -	\$ 5,597,112	\$ -	0.00%	0.0%
13	IS-1	\$ 159,248	\$ 9,908	\$ 11,957	\$ 2,049	\$ 161,297	\$ 12,759	8.59%	0.0%
14	BL	\$ 806,735	\$ 37,319	\$ 35,870	\$ (1,448)	\$ 805,289	\$ 48,492	8.32%	0.0%
15	SA	\$ 4,574,910	\$ 81,045	\$ 131,835	\$ 50,790	\$ 4,825,700	\$ 385,454	8.58%	0.0%
16	SM	\$ 1,040,729	\$ 18,241	\$ 28,911	\$ 12,060	\$ 1,053,388	\$ 83,419	8.00%	0.0%
17	SHS	\$ 18,945,308	\$ 200,392	\$ 355,021	\$ 154,629	\$ 19,099,937	\$ 1,501,029	8.53%	0.0%
18	SE	\$ 969,434	\$ 82,845	\$ 110,880	\$ 48,038	\$ 1,007,469	\$ 85,162	9.23%	0.2%
19	TS	\$ 44,141	\$ 1,132	\$ 1,991	\$ 859	\$ 45,000	\$ 3,607	8.71%	0.0%
20	SH-1	\$ 22,738	\$ 302	\$ 536	\$ 233	\$ 22,971	\$ 1,811	8.50%	0.0%
21	GH-1	\$ 29,710,598	\$ 1,497,472	\$ 1,810,896	\$ 313,423	\$ 30,024,021	\$ 2,349,570	8.40%	5.8%
22	GH-2	\$ 6,523,255	\$ 338,448	\$ 407,530	\$ 69,082	\$ 6,592,337	\$ 519,558	8.56%	1.0%
23	Standby(LP5-S)	\$ 1,178,719	\$ 21,800	\$ 39,615	\$ 18,016	\$ 1,194,735	\$ 57,434	5.05%	0.0%
24	PRS	\$ 6,433,827	\$ 80,274	\$ 80,274	\$ -	\$ 6,433,827	\$ -	0.00%	0.0%
25	Rate Revenue	\$ 2,809,103,305	\$ 142,109,898	\$ 199,348,304	\$ 57,238,409	\$ 2,866,341,714	\$ 193,084,390	7.22%	
26									
27	Annualization Adjustment	\$ 13,807,272	\$ 693,867	\$ 779,345	\$ 85,479	\$ 13,892,751	\$ 1,344,964	10.72%	
28									
29	Total PUC Tariff Revenue	\$ 2,822,910,577	\$ 142,803,763	\$ 200,127,650	\$ 57,323,887	\$ 2,880,234,464	\$ 194,409,355	7.24%	
30									
31	Other Electric Revenues								
32	Late Payment	\$ 7,475,000	\$ 114,255	\$ 114,255	\$ -	\$ 7,475,000	\$ -	0.00%	
33	Misc. Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	
34	Rent	\$ 16,908,000	\$ -	\$ -	\$ -	\$ 16,908,000	\$ -	0.00%	
35	Other	\$ 16,492,971	\$ 15,807,971	\$ 15,807,971	\$ -	\$ 16,492,971	\$ -	0.00%	
36	Total Other	\$ 40,873,971	\$ 15,722,226	\$ 15,722,226	\$ -	\$ 40,873,971	\$ -	0.00%	
37									
38	Total Operating Revenue	\$ 2,863,784,548	\$ 158,525,989	\$ 215,849,876	\$ 57,323,887	\$ 2,921,108,435	\$ 194,409,355	7.13%	

Note 1: Col 11, page 7
 Note 2: Col 8, page 7
 Note 3: Col 5, page 8A x (1- col 10)
 Note 4: Col 5 - Col 4
 Note 5: Col 3 + Col 6
 Note 6: Col 7 - Col 11, page 4
 Note 7: Col 8 / Col 11, page 4 (%)
 Note 8: Percent customer shopping usage.

PPL Electric Utilities Corporation
Rate Schedule GS-1
Small General Service at Secondary Voltage
Calculation of Effect of Proposed Rate vs. Current Tariff
Based on bill frequency distribution for 12 months ended December 2003

PRESENT RATE	Units	Rate	Rate Revenue
Transmission - All KWH	1,854,198,162	\$0.00587	\$10,884,143
Distribution			
Total Bills	1,660,031	\$7.57	\$12,566,435
First 5 KW	8,300,156	\$0.00	\$0
Excess KW	5,291,251	\$1.88	\$9,947,552
First 150 Hours	1,266,581,146	\$0.01935	\$24,508,345
Excess KWH	587,617,016	\$0.01454	\$8,543,951
Subtotal	1,854,198,162		\$55,566,283
Energy and Capacity			
First 150 Hours	1,266,581,146	\$0.06026	\$76,324,180
Excess KWH	587,617,016	\$0.04382	\$25,749,378
Subtotal	1,854,198,162		\$102,073,558
Competitive Transition Charge			
First 150 Hours	1,266,581,146	\$0.00372	\$4,711,682
Excess KWH	587,617,016	\$0.00279	\$1,639,451
Subtotal	1,854,198,162		\$6,351,133
Intangible Transition Charge			
First 150 Hours	1,266,581,146	\$0.01367	\$17,314,164
Excess KWH	587,617,016	\$0.01027	\$6,034,827
Subtotal	1,854,198,162		\$23,348,991
T. O. D. Metering	10,465	\$15.14	\$158,440
Unmetered Credit	0	\$0.00000	\$0
GIV			\$1,846,325
GIC			\$277,832
Total Rate Revenue			\$200,506,705

PROPOSED RATE	Units	Rate	Rate Revenue
Transmission - All KWH	1,854,198,162	\$0.00564	\$10,457,678
Distribution			
Total Bills	1,660,031	\$11.45	\$19,007,355
First 5 KW	8,300,156	\$0.00	\$0
Excess KW	5,291,251	\$2.36	\$12,487,352
First 150 Hours	1,266,581,146	\$0.02461	\$31,170,562
Excess KWH	587,617,016	\$0.01698	\$9,977,737
Subtotal	1,854,198,162		\$72,643,006
Energy and Capacity			
First 150 Hours	1,266,581,146	\$0.06026	\$76,324,180
Excess KWH	587,617,016	\$0.04382	\$25,749,378
Subtotal	1,854,198,162		\$102,073,558
Competitive Transition Charge			
First 150 Hours	1,266,581,146	\$0.00372	\$4,711,682
Excess KWH	587,617,016	\$0.00279	\$1,639,451
Subtotal	1,854,198,162		\$6,351,133
Intangible Transition Charge			
First 150 Hours	1,266,581,146	\$0.01367	\$17,314,164
Excess KWH	587,617,016	\$0.01027	\$6,034,827
Subtotal	1,854,198,162		\$23,348,991
T. O. D. Metering	10,465	\$15.00	\$156,975
Unmetered Credit	40,000	(\$6.08000)	(\$243,200)
GIV			\$1,994,161
GIC			\$207,091
Total Rate Revenue			\$216,989,393

Summary of Total Revenues		
Total from bill distributions Proposed Rates		\$216,989,393
Total from bill distributions Present Rates		\$200,506,705
Rate Change Amount		\$16,482,688
Percent		8.22%
2003 Rate revenue under Present Rates		\$202,375,355
Rate Change Percent		8.22%
Amount		\$16,635,254
2003 Projected Revenue under Proposed Rates		\$219,010,609
2004 Rate revenue under Present Rates		\$217,363,810
Rate Change Percent		8.22%
Amount		\$17,867,305
2004 Projected Revenue under Proposed Rates		\$235,231,115

PPL Electric Utilities Corporation
Rate Schedule GS-3
Large General Service at Secondary Voltage
Calculation of Effect of Proposed Rate vs. Current Tariff
Based on bill frequency distribution for 12 months ended December 2003

PRESENT RATE	Units	Rate	Rate Revenue
Transmission - All KWH	8,053,120,700	\$0.00467	\$37,608,074
Distribution			
All KW	23,263,514	\$2.87	\$66,766,285
First 200 Hours	4,438,512,482	\$0.00153	\$6,790,924
Next 200 Hours	2,809,600,773	\$0.00120	\$3,371,521
Excess KWH	805,007,445	\$0.00115	\$925,759
Subtotal	8,053,120,700		\$77,854,489
Energy & Capacity			
All KW	23,263,514	\$4.148	\$96,497,056
First 200 Hours	4,438,512,482	\$0.04315	\$191,521,814
Next 200 Hours	2,809,600,773	\$0.03278	\$92,098,713
Excess KWH	805,007,445	\$0.03131	\$25,204,783
Subtotal	8,053,120,700		\$405,322,366
Competitive Transition Charge			
First 200 Hours	4,438,512,482	\$0.00336	\$14,913,402
Next 200 Hours	2,809,600,773	\$0.00263	\$7,389,250
Excess KWH	805,007,445	\$0.00253	\$2,036,669
Subtotal	8,053,120,700		\$24,339,321
Intangible Transition Charge			
First 200 Hours	4,438,512,482	\$0.01241	\$55,081,940
Next 200 Hours	2,809,600,773	\$0.00972	\$27,309,320
Excess KWH	805,007,445	\$0.00934	\$7,518,770
Subtotal	8,053,120,700		\$89,910,030
T. O. D. Metering	30,202	\$15.14	\$457,258
G3V			\$415,785
G3C			\$1,271,294
Econ. Dev. Credits			(\$3,973,948)
Total Rate Revenue			\$633,204,669

PROPOSED RATE	Units	Rate	Rate Revenue
Transmission - All KWH	8,053,120,700	\$0.00564	\$45,419,601
Distribution			
All KW	23,263,514	\$4.466	\$103,894,854
First 200 Hours	4,438,512,482	\$0.00092	\$4,083,431
Next 200 Hours	2,809,600,773	\$0.00073	\$2,051,009
Excess KWH	805,007,445	\$0.00060	\$483,004
Subtotal	8,053,120,700		\$110,512,298
Energy & Capacity			
All KW	23,263,514	\$4.148	\$96,497,056
First 200 Hours	4,438,512,482	\$0.04315	\$191,521,814
Next 200 Hours	2,809,600,773	\$0.03278	\$92,098,713
Excess KWH	805,007,445	\$0.03131	\$25,204,783
Subtotal	8,053,120,700		\$405,322,366
Competitive Transition Charge			
First 200 Hours	4,438,512,482	\$0.00336	\$14,913,402
Next 200 Hours	2,809,600,773	\$0.00263	\$7,389,250
Excess KWH	805,007,445	\$0.00253	\$2,036,669
Subtotal	8,053,120,700		\$24,339,321
Intangible Transition Charge			
First 200 Hours	4,438,512,482	\$0.01241	\$55,081,940
Next 200 Hours	2,809,600,773	\$0.00972	\$27,309,320
Excess KWH	805,007,445	\$0.00934	\$7,518,770
Subtotal	8,053,120,700		\$89,910,030
T. O. D. Metering	30,202	\$15.00	\$453,030
G3V			\$448,442
G3C			\$1,481,141
Econ. Dev. Credits			(\$3,396,066)
Total Rate Revenue			\$674,490,163

Summary of Total Revenues

Total from bill distributions Proposed Rates	\$674,490,163
Total from bill distributions Present Rates	\$633,204,669
Rate Change Amount	\$41,285,494
Percent	6.52%
2003 Rate revenue under Present Rates	\$608,858,566
Rate Change Percent	6.52%
Amount	\$39,697,579
2003 Projected Revenue under Proposed Rates	\$648,556,145
2004 Rate revenue under Present Rates	\$680,140,479
Rate Change Percent	6.52%
Amount	\$44,345,159
2004 Projected Revenue under Proposed Rates	\$724,485,638

PPL Electric Utilities Corporation
Rate Schedule LP-5
Large General Service at 69,000 Volts or Higher
Calculation of Effect of Proposed Rate vs. Current Tariff
Based on bill frequency distribution for 12 months ended December 2003

PRESENT RATE	Units	Rate	Rate Revenue
Transmission - All KWH	3,252,778,729	\$0.00308	\$10,018,558
Distribution			
All KWH	6,306,101	\$0.292	\$1,841,381
First 200 Hours	1,217,956,886	\$0.00000	\$0
Next 200 Hours	1,129,681,471	\$0.00000	\$0
Excess KWH	905,140,372	\$0.00000	\$0
Subtotal	3,252,778,729		\$1,841,381
Energy & Capacity			
All KWH	6,306,101	\$4.482	\$28,263,945
First 200 Hours	1,217,956,886	\$0.03954	\$48,158,015
Next 200 Hours	1,129,681,471	\$0.03326	\$37,573,206
Excess KWH	905,140,372	\$0.02856	\$25,850,809
Subtotal	3,252,778,729		\$139,845,975
Competitive Transition Charge			
All KWH	6,306,101	\$0.263	\$1,658,505
First 200 Hours	1,217,956,886	\$0.00252	\$3,069,251
Next 200 Hours	1,129,681,471	\$0.00215	\$2,428,815
Excess KWH	905,140,372	\$0.00187	\$1,692,612
Subtotal	3,252,778,729		\$8,849,183
Intangible Transition Charge			
All KWH	6,306,101	\$0.922	\$5,814,225
First 200 Hours	1,217,956,886	\$0.00871	\$10,608,404
Next 200 Hours	1,129,681,471	\$0.00743	\$8,393,533
Excess KWH	905,140,372	\$0.00646	\$5,847,207
Subtotal	3,252,778,729		\$30,663,369
T. O. D. Metering	801	\$15.14	\$12,127
Eco. Dev. Credits			(\$14,504,078)
Total Rate Revenue			\$176,726,515

PROPOSED RATE	Units	Rate	Rate Revenue
Transmission - All KWH	3,252,778,729	\$0.00564	\$18,345,672
Distribution			
All KWH	6,306,101	\$0.319	\$2,011,646
First 200 Hours	1,217,956,886	\$0.00000	\$0
Next 200 Hours	1,129,681,471	\$0.00000	\$0
Excess KWH	905,140,372	\$0.00000	\$0
Subtotal	3,252,778,729		\$2,011,646
Energy & Capacity			
All KWH	6,306,101	\$4.482	\$28,263,945
First 200 Hours	1,217,956,886	\$0.03954	\$48,158,015
Next 200 Hours	1,129,681,471	\$0.03326	\$37,573,206
Excess KWH	905,140,372	\$0.02856	\$25,850,809
Subtotal	3,252,778,729		\$139,845,975
Competitive Transition Charge			
All KWH	6,306,101	\$0.263	\$1,658,505
First 200 Hours	1,217,956,886	\$0.00252	\$3,069,251
Next 200 Hours	1,129,681,471	\$0.00215	\$2,428,815
Excess KWH	905,140,372	\$0.00187	\$1,692,612
Subtotal	3,252,778,729		\$8,849,183
Intangible Transition Charge			
All KWH	6,306,101	\$0.922	\$5,814,225
First 200 Hours	1,217,956,886	\$0.00871	\$10,608,404
Next 200 Hours	1,129,681,471	\$0.00743	\$8,393,533
Excess KWH	905,140,372	\$0.00646	\$5,847,207
Subtotal	3,252,778,729		\$30,663,369
T. O. D. Metering	801	\$15.00	\$12,015
Eco. Dev. Credits			(\$14,356,086)
Total Rate Revenue			\$185,371,774

Summary of Total Revenues

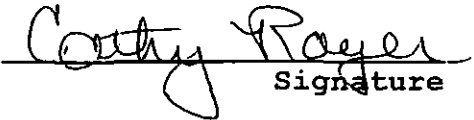
Total from bill distributions Proposed Rates	\$185,371,774
Total from bill distributions Present Rates	\$176,726,515
Rate Change Amount	\$8,645,259
Percent	4.89%
2003 Rate revenue under Present Rates	\$162,377,414
Rate Change Percent	4.89%
Amount	\$7,940,256
2003 Projected Revenue under Proposed Rates	\$170,317,670
2004 Rate revenue under Present Rates	\$173,341,229
Rate Change Percent	4.89%
Amount	\$8,476,386
2004 Projected Revenue under Proposed Rates	\$181,817,615

ACKNOWLEDGEMENT OF RECEIPT & ACCEPTANCE OF SERVICE

AND NOW, to wit, this 4th day of April, 2005,

the undersigned, as evidenced by execution hereof, acknowledges receipt, and accepts service of an Opinion and Order an official Commission document entered, issued, or otherwise promulgated under date of March 23, 2005 at Docket No. R-00049255, R-00049255C0001-C0020 on behalf of:

RICHARD A KANASKIE JOHNNIE E SIMMS ES
PA PUC
PO BOX 3265
HARRISBURG PA 17105-3265


Signature

Kindly sign and date this acceptance of service and acknowledgement of receipt, and, return the same for filing to:

SECRETARY'S BUREAU RECORD RETENTION
PA PUBLIC UTILITY COMMISSION
KEYSTONE BUILDING 2ND FLOOR
400 NORTH STREET
Harrisburg, PA 17105-3265

SECRETARY'S BUREAU

2005 APR -4 PM 3:28

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