

Michael W. Hassell

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File #: 2507-126978

June 19, 2007

VIA HAND DELIVERY

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

ORIGINAL

SECRETARY'S BUREAU

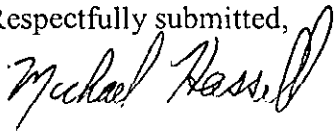
2007 JUN 19 PM 4: 26

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

Dear Secretary McNulty:

Enclosed for filing please find Appendices I, K and O to the Joint Petition for Settlement of Remand Proceeding. These Appendices are the Statements in Support of PPL Electric Utilities Corporation, the Office of Consumer Advocate and Mr. Eric Epstein, respectively.

Respectfully submitted,



Michael W. Hassell

MWH/skr

Enclosures

cc: Honorable Susan D. Colwell
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

ORIGINAL

v.

Docket No. R-00049255

PPL Electric Utilities Corporation

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**PPL ELECTRIC UTILITIES CORPORATION'S STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT OF REMAND PROCEEDING**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE SUSAN D. COLWELL:

I. INTRODUCTION

PPL Electric Utilities Corporation ("PPL Electric") hereby submits this Statement in Support of the Joint Petition for Settlement of Remand Proceeding ("Settlement") that was filed on June 15, 2007, in the above-captioned proceeding, by PPL Electric, the Office of Trial Staff ("OTS") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), PP&L Industrial Customer Alliance ("PPLICA"), U.S. Department of Defense ("USDOD") and Eric Epstein (hereafter referred to as "Joint Petitioners" or "Parties").¹

This proceeding arose as a result of the Commonwealth Court's decision in *Lloyd v. Pa. Public Utility Commission*, 904 A.2d 1010 (Pa. Cmwlth. 2006) ("*Lloyd*"). As explained herein, the Settlement resolves all issues resulting from the *Lloyd* decision. PPL Electric believes that the Settlement is in the best interest of PPL Electric and its customers, and respectfully requests that Administrative Law Judge Susan D. Colwell (the "ALJ") and the Commission expeditiously

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¹ As indicated in the Settlement, PECO Energy Company, also a party of record, does not oppose the Settlement. PPL Electric has sent a copy of the Settlement to the Honorable Phyllis Mundy. However, PPL Electric has not received a response from Ms. Mundy.

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approve the Settlement, so that Settlement rates can become effective for service rendered on and after August 1, 2007.

II. LLOYD AND THE APPLICABLE LEGAL PRINCIPLES

On December 22, 2004, the Commission entered a final order in PPL Electric's 2004 base rate proceeding at the above-captioned docket. In its Order, the Commission adopted PPL Electric's proposed rate design which moved each rate schedule closer to the system average rate of return on a relative rate of return basis, while limiting the overall increase for each schedule to no more than 10% of a total bill basis, based on principles of gradualism and rate stability. The Commission also: (1) adopted PPL Electric's proposal to allocate transmission charges to customers on a uniform per kWh basis across all rate schedules; (2) allowed PPL Electric to recover storm damage expenses for Hurricane Isabel; (3) approved funding of the Sustainable Energy Fund ("SEF") through December 2006; and (4) approved a two-year normalization of costs for low income program funding as proposed by the OCA and the OTS.

Four parties (OSBA, OCA, PPLICA and the Commission on Economic Opportunity ("CEO")) filed Petitions for Review of the Commission's December 22, 2004 Order. The OSBA appealed the Commission's decision with regard to the distribution rate design. PPLICA appealed the Commission's decision with regard to distribution and transmission rate design, allowance of storm damage expenses from Hurricane Isabel and SEF funding. OCA appealed the Commission's allowance of storm damage expenses from Hurricane Isabel. Finally, CEO appealed the Commission's decision regarding the level of funding for PPL Electric's customer assistance programs.

On August 1, 2006, the Commonwealth Court issued its *Lloyd* decision. In *Lloyd*, the Court vacated the Commission's Order with respect to transmission and distribution rate design and remanded these issues to the Commission to set non-discriminatory reasonable rates and rate

structure for each service. The Court held that limiting the rate increase to 10% for individual rate schedules, on a total bill basis, violated the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2801 *et seq.* (“Competition Act”), because it effectively “rebundled” distribution, transmission and generation charges in determining the allocation of the transmission and distribution rate increases. The Court also held that, while gradualism can be considered and weighed by the Commission in designing rates, it cannot trump all other ratemaking considerations, and that cost of service study results must be given proper consideration. *Lloyd* at 1020.

In addition to vacating and remanding the Commission’s decision with respect to transmission and distribution rate design issues, the Court also reversed the Commission’s Order as to the allowance of storm damage costs for Hurricane Isabel. The Court held that PPL Electric should not be allowed to recover these costs because they were incurred during the rate cap period under the Competition Act.²

The purpose of this proceeding is to establish transmission and distribution rates that are consistent with *Lloyd* and prior Court precedent regarding rate design. Although the *Lloyd* decision held that cost of service is an important factor to consider when designing rates, the Court did not overturn prior judicial precedent with regard to rate design and the applicability of cost of service studies. In *Executone of Philadelphia, Inc. v. Pa. P.U.C.*, 52 Pa. Cmwlth. 74, 79, 415 A.2d 445, 448 (1980), the Court stated as follows:

[T]here is no single correct cost study or methodology that can be used to answer all questions pertaining to costs; there are only appropriate and inappropriate cost analyses depending upon the type of service under study and the management and regulatory decision in question.

² The Court also upheld the Commission’s Order with respect to SEF and low income customer program funding levels. These issues are not relevant in this remand proceeding.

Likewise, in *Peoples Natural Gas Co. v. Pa. P.U.C.*, 47 Pa. Cmwlth. 512, 409 A.2d 446, 456 (1979), (“*Peoples*”), the Court stated as follows with respect to rate design:

... there is no set formula for determining proper ratios among the rates of different customer classes. *Natona Mills v. Pennsylvania Public Utility Commission*, 179 Pa. Super. 263, 116 A.2d 876 (1955). What is reasonable under the circumstances, the proper difference among rate classes, is an administrative question for the commission to decide. This court’s scope of review is limited.

Lloyd itself did not hold that the Commission must rely solely on cost of service studies to design rates. For example, the Court noted that:

... gradualism is but one of many factors to be considered and weighed by the Commission in determining rate designs ...

Similarly, in *Peoples*, the Court held that the Commission can consider factors other than cost of service when designing rates and stated as follows:

Petitioners have emphasized the cost of service study, to the exclusion of other equally appropriate factors. In *Philadelphia Suburban Transportation Co. v. Pennsylvania Public Utility Commission*, *supra*, this court approved the Commission’s consideration of factors including: quantity of electricity used, the nature of the use, time of the use, pattern of the use, differences in the conditions of service and cost of service, in addition to economic factors and circumstances which affect rates and services.

Peoples, 409 A.2d at 455-56.

In addition, the Commission has broad discretion in establishing a rate structure. In *Peoples*, the Court also stated:

It is well settled that the establishment of a rate structure is an administrative function peculiarly within the expertise of the Commission. *Pittsburgh v. Pennsylvania Public Utility Commission*, 168 Pa. Super. 95, 78 A.2d 35 (1951). Further, this court has continually recognized that the findings of the Commission, if supported by competent evidence, will not be disturbed. *United States Steel Corp. v. Pennsylvania Public Utility Commission*, 37 Pa. Cmwlth. 173, 390 A.2d 865 (1978); *Philadelphia Suburban Transportation Co. v. Pennsylvania Public Utility Commission*, 3 Pa. Cmwlth. 184, 192-94, 281 A.2d 179, 185 (1971).

Peoples, 47 Pa. Cmwlth., *supra* at 533, 409 A.2d at 456.

As *Lloyd* and the other cases cited above demonstrate, the Commission retains considerable discretion in designing rates, is not required to follow any particular cost of service study, and can consider other factors, including gradualism, in designing just and reasonable rates. As set forth in the Joint Petition, and as explained in further detail in this Statement in Support, the Settlement should be approved because the rate design proposed therein is fully consistent with the *Lloyd* decision and all other relevant precedent, and provides for just, reasonable and non-discriminatory rates.

III. TRANSMISSION CHARGES

A. PROSPECTIVE TRANSMISSION CHARGES

Pursuant to the Commission's December 22, 2004 Order, customers were charged a uniform kWh charge for transmission service under PPL Electric's Transmission Service Charge ("TSC"). The Court in *Lloyd* held that this rate structure was unreasonable. *Lloyd* at 1019-1021. In response to the *Lloyd* decision, the Settlement establishes new prospective rates that allocate costs to customer classes reflective of the manner in which PPL Electric is billed for transmission costs by the PJM Interconnection, LLC ("PJM"). See PPL Electric St. No. Remand-1, p. 5, Settlement Petition, pp. 7-8. In general, with regard to transmission costs, the Settlement adopts the Company's proposed re-allocation of transmission costs with modifications that substantially adopt positions advanced by the Large Commercial and Industrial ("Large C&I") customers.

Under the Settlement, customers are grouped into four transmission service classes, Residential, Small Commercial and Industrial ("Small C&I"), Large C&I-Primary and Large

C&I-Transmission.³ See Paragraph 23(a). Costs are then allocated to each class based upon the class contribution to the manner (demand or energy) in which PJM bills PPL Electric for transmission service.⁴ See PPL Electric St. No. Remand-1, p. 5, Settlement Petition, pp. 7-8, Appendix H, Third Revised p. 19Z, Second Revised p. 19Z.1. After the overall level of costs is determined for each class, rates are designed to recover these costs. With regard to rate design, TSC rates for Residential and Small C&I customers are set on a kWh basis, which is the current method of billing transmission costs to these classes. TSC rates for the Large C&I-Primary and Large C&I-Transmission customers will include both a kWh charge and a demand (kW) charge to reflect the widely varying load factors of individual customers. See PPLICA St. No. Remand-1, pp. 14-16; USDOD St. No. 1-Remand, pp. 8-9. For the Large C&I-Primary class, the demand charge will be based on the total of the monthly billing demands for all customers in the class, projected for the computation year. See Settlement Petition, Appendix H Second Revised p. 19Z.1. For the Large C&I-Transmission class, the demand charges will be based on the total of the monthly contributions of all customers in the class to the Company's five coincident peaks ("5CP") for the prior year used by PJM to establish such demand-related charges. See Settlement Petition, Appendix H Second Revised p. 19Z.1. The two demand charges are similar. The 5CP is a more precise allocation of costs, but uses individual customer data not usually retained by PPL Electric. The small number of customers in the Large C&I-Transmission class

³ The Large C&I group proposed by PPL Electric was divided into two groups, Large C&I – Primary and Large C&I – Transmission in response to concerns raised by Large C&I customers related to the different voltage levels at which these customer groups take service from the Company, and the resulting effect on transmission costs allocated to these groups related to differences in energy losses. See PPLICA St. No. Remand 1, pp. 14-16; USDOD St. No. 1-Remand, pp. 8-9.

⁴ For example, PPL Electric pays for Network Integration Transmission Service ("NITS") charges on a demand basis, and NITS charges are allocated to the four groups based on class demands. Similarly, PPL Electric pays for most ancillary services on a per kWh basis, and these costs are allocated to the four groups on a per kWh basis. See PPL Electric St. No. Remand-3, p. 23.

will allow PPL Electric to make the separate calculations needed to bill customers on a 5CP basis.

The prospective transmission rates under the Settlement fully comply with the *Lloyd* decision and prior Court precedent regarding rate design. The transmission rates reflect cost of service because they are determined based on the way that PPL Electric is billed for transmission service by PJM. In addition, transmission rates are set on a stand-alone basis without regard for distribution or generation rates, and without regard to the effect on customers' overall bills. Moreover, transmission rates can be set immediately to reflect cost of service without concerns about gradualism, because transmission costs are a relatively small part of the overall bill. For example, for a typical 1,000 kWh residential customer, the proposed change in transmission rates is \$1.82 per month, or about 1.9% of the customer's total monthly bill. The transmission rates under the Settlement are in the public interest and should be approved.

B. REFUND AND RECOUPMENT OF PRIOR PERIOD TRANSMISSION CHARGES

In addition to setting new prospective transmission service rates, the Settlement establishes a reconcilable rider, Remand Rider-1, to refund/recoup the difference between the per kWh TSC rates originally approved by the Commission in its December 22, 2004 Order and the new transmission rate design described above, as applied to the actual costs and demand/energy contributions of the four customer classes during the prior period. See Settlement Petition, pp. 8-9. The difference between the transmission rates approved by the Commission and the Settlement transmission rates will be refunded to, or recovered from, customers on a per kWh basis (which reflects how the costs were originally collected from customers). See Settlement Petition, p. 9.

The Settlement requests Commission approval for rates to become effective for service rendered on and after August 1, 2007. If Remand Rider-1 becomes effective on August 1, 2007, the refund/recoupment period will be for 29 months, i.e., through December 31, 2009, which closely tracks the 31-month period over which these charges were collected from customers. This is appropriate because it will mitigate rate impacts to customers resulting from the *Lloyd* decision. In addition, the recoupment period will end on the same date that the generation rate caps expire. For Residential customers, the conclusion of the recoupment of prior TSC and distribution charges on this date will, to a degree, mitigate the overall increase in bills that currently is anticipated due to rising energy costs when the generation rate caps expire. Moreover, as explained in the Settlement, the Settlement rates will take effect well in advance of the rates proposed in PPL Electric's current rate case at Docket No. R-00072155, which should limit customer confusion about rate changes. Settlement Petition, p. 16.

IV. DISTRIBUTION CHARGES

A. PROSPECTIVE DISTRIBUTION CHARGES

The distribution rates under the Settlement reflect a carefully balanced compromise of the Joint Petitioners' positions. In its testimony in this proceeding, PPL Electric proposed to move all major rate classes to cost of service rates over a period of three rate cases, including the 2004 case, the Company's 2007 rate case and the next distribution rate case after that.⁵ PPL Electric St. No. Remand-1, p. 11. Consistent with this Plan, the Company did not propose to redesign its distribution rates in this proceeding, except to refund storm damage costs associated with Hurricane Isabel solely to classes with above-system average returns under PPL Electric's preferred cost of service study. PPL Electric St. No. Remand-1, p. 15. OCA largely agreed with

⁵ This plan complies with the *Lloyd* decision because it establishes a definite plan to move to full cost of service rates. *Lloyd* at 1020.

the Company's proposal. OCA emphasized the imprecision inherent in any cost of service study, noting that under a Peak & Average cost allocation method, residential customers are paying above-system average returns (OCA St. 1-Remand, p. 6). In this regard, PPL Exhibit JMK-Remand 8 demonstrates, using four different cost allocation methods, that every major rate schedule with the exception of Rate Schedule GS-1 can be considered to have either above-average or below-average returns at the rate levels approved by the Commission in 2004. Other parties, including OSBA, PPLICA and USDOD, argued that PPL Electric should revise its 2004 distribution rates to move more rapidly to full cost of service. OSBA St. No. 1-Remand, pp. 2-3; PPLICA St. No. Remand 1, pp. 32-35; USDOD St. No. 1-Remand, pp. 5-6. Relying upon the Company's preferred cost of service study results, PPLICA and USDOD argued for substantial revenue decreases to the large commercial and industrial rate classes, with resulting larger revenue increases to the residential and street lighting classes. The OSBA argued in favor of what it referred to as a "do no harm" approach. (OSBA St. No. 1 Remand, p. 23). Under that approach, rate classes with returns above the system average that received revenue increases less than the system average in 2004 would remain the same, while all remaining rate schedules would receive an across-the-board revenue increase. As part of the Settlement, the Parties agreed to a compromise that adjusts distribution rates generally between the Company's original position and the OSBA's position, with additional adjustments to certain classes that were substantially above the system average indexed return.

The resulting Settlement rates significantly accelerate the movement to full cost of service. For example, based upon the Company's preferred cost of service study results, the following table shows the indexed rates of return for major rate classes at present rates in the

2004 rate case, compliance rates in the 2004 rate case, and the rates agreed to by the parties under the remand Settlement:⁶

	Present 2004 (1)	Compliance 2004 (2)	Settlement (3)
RS	53%	65%	70%
GS-1	223%	183%	175%
GS-3	213%	197%	183%
LP-4	213%	194%	182%
LP-5	632%	343%	162%
IST	2000%	632%	461%
ISP	286%	197%	192%
LP-6	2096%	699%	159%
GH	207%	187%	163%
SL/AL	55%	47%	58%

Rates under the Settlement are not moved to full cost of service due to the rate impacts this would have on customers. For example, for a typical 1000 kWh residential customer, an immediate move to full cost of service in this Settlement would have produced an additional 6% increase above the settlement position rates on a total bill basis. As indicated in its testimony in this proceeding, PPL Electric intends to move its distribution rates for all major rate classes to at or near full cost of service in three rate cases, including this proceeding, the recently filed 2007 base rate case and the case after that. PPL Electric St. No. Remand-1, p. 11. The Settlement rates reflect a considerable first step in PPL Electric's three-part plan. In addition, PPL Electric's three-part plan to gradually move customers to full cost of service rates fully complies with the *Lloyd* decision. In *Lloyd*, the Court indicated that the Commission can consider gradualism concerns, if there is an explanation for how rates will eventually reflect cost of service. *Lloyd* at 1020.

⁶ Data for columns 1 and 2 are taken from Exhibit JMK-2, and data for column 3 is taken from Appendix C to the Settlement.

The distribution rates under the Settlement are in the public interest and should be approved. The rates are acceptable to all of the Joint Petitioners in this proceeding. Although the distribution rates do not reflect a particular cost of service study, they do reflect a reasonable and considerable movement toward cost of service under the study submitted by PPL Electric. As explained above, PPL Electric has developed a three-part plan to move rates to at or near full cost of service. The Settlement rates reflect the revised first step in this plan. Further, as noted above, there is no set formula for designing rates, and the Commission has considerable discretion in designing rate structures. *Peoples*, 409 A.2d at 456. Likewise, different cost studies could support different distribution rate levels. The Commission has often recognized that a cost of service study is one of the most subjective elements in any rate case and are more accurately categorized as “engineering art” as opposed to science. *Pa. P.U.C. v. Metropolitan Edison Co.*, Docket No. R-842770, 60 Pa. PUC 349, 413 (Order entered October 25, 1985). Therefore, the Commission need not give too much weight to any particular cost of service study.

The Settlement rates reflect a reasonable compromise of the positions of all the Joint Petitioners, take significant steps to move individual rate schedules closer to the system average rate of return, were not set based on a total bill basis, and should be approved.

B. REFUND AND RECOUPMENT OF DISTRIBUTION CHARGES

Similar to Remand Rider–1 for transmission charges, the Settlement establishes a rider, Remand Rider–2, to refund/recoup the differences between distribution charges approved by the Commission in its December 22, 2004 Order and the Settlement rates that comply with the *Lloyd* decision. Settlement Petition, pp. 10-11. Unlike Remand Rider–1, however, Remand Rider–2 is non-reconcilable. Settlement Petition, p. 10. In addition, Remand Rider–2 will be recomputed

on January 1, 2008, and January 1, 2009, to reflect any revised projected rates, and also will be recomputed whenever distribution rates are revised. Settlement Petition, pp. 10-11.

As is the case for Remand Rider-1, Remand Rider-2 will expire on December 31, 2009. Settlement Petition, p. 11. If the Settlement rates become effective on August 1, 2007, this will provide a 29-month refund/recoupment period which very closely approximates the 31-month period over which the old rates were in effect. In addition, Remand Rider-2 will expire at the same time as the generation rate caps which should mitigate expected rate increases for Residential customers. Moreover, if the Settlement rates are approved, they will take effect several months prior to the rates under PPL Electric's 2007 base rate case at Docket No. R-00072155, which should limit customer confusion about rate changes.

Remand Rider-2 presents a reasonable approach for recovering and recouping the difference between the amounts collected from customers under the original rate design approved by the Commission in its December 22, 2004 Order and what would have been collected had the new rate design under the Settlement been in effect as of January 1, 2005. As such, Remand Rider-2 is in the public interest and should be approved.

C. REFUND OF STORM DAMAGE COSTS FOR HURRICANE ISABEL

In Lloyd, the Commonwealth Court reversed the Commission's decision to allow PPL Electric to recover storm damage costs for Hurricane Isabel. Under the Settlement, the distribution rates exclude recovery of storm damage costs for Hurricane Isabel. In addition, Hurricane Isabel costs, which were recovered from customers beginning January 1, 2005, are refunded, with interest, through Remand Rider-2 to customer classes that paid for these costs in the first instance. See Appendix H to the Settlement. This provision is in the public interest

because, in compliance with *Lloyd*, storm damage costs for Hurricane Isabel will be refunded to those customers that paid for these costs.

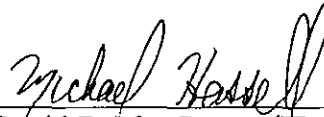
V. **THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED**

As explained above, the Settlement reflects a carefully balanced compromise of all Parties to this proceeding. The Settlement establishes prospective transmission and distribution rates that are fully consistent with the *Lloyd* decision. Likewise the Settlement refunds to and recoups from customers the difference between rates approved by the Commission in PPL Electric's 2004 rate case and the Settlement rates. Settlement Petition, pp. 8-11. The Settlement also fully refunds all storm damage costs recovered from customers for Hurricane Isabel. Settlement Petition, p. 10. The Settlement rates are based on cost of service principles and avoid disparate increases for customers. For example, as discussed above, an immediate move to full cost of service in this Settlement would have produced an additional 6% increase for a typical residential customer. In addition, as explained above, the Settlement rates are the first step in PPL Electric's three-part plan to move distribution rates to at or near full cost of service. The Settlement rates are just and reasonable and should be approved.

The Settlement was achieved after considerable litigation regarding these issues, including the fully litigated 2004 base rate proceeding, appeals to the Commonwealth Court and the Supreme Court of Pennsylvania, and this remand proceeding. During the course of these proceedings, the Parties have had extensive discussions and negotiations as to rate design and finally have reached a compromise of all issues. The Settlement, if approved by the ALJ and the Commission, will put an end to this extensively litigated proceeding and will reduce any continued expenses associated with preparing for additional hearings, briefs, reply briefs, exceptions, replies to exceptions, and the possibility of continued appellate litigation.

PPL Electric believes that a fair and reasonable compromise has been achieved in this case, as is evident by the unanimous support of the Joint Petitioners. PPL Electric fully supports the Settlement and respectfully requests that the ALJ and the Commission expeditiously review and approve the Settlement, including the tariff supplement attached as Appendix H, in order that rates may become effective for service rendered on and after August 1, 2007.

Respectfully submitted,



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Post & Schell, P.C.

Date: June 19, 2007

Attorneys for PPL Electric Utilities Corporation

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility
Commission

v.

PPL Electric Utilities Corp.

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Docket No. R-00049255
REMAND

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STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE IN
SUPPORT OF THE JOINT PETITION
FOR SETTLEMENT OF REMAND PROCEEDING

SECRETARY'S BUREAU

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The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement Of Remand Proceeding (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

As detailed in the Settlement, this Remand Proceeding is the result of the Commonwealth Court's decision in Lloyd v. Pa. Public Utility Commission, 904 A.2d 1010 (Pa. Cmwlth. 2006)(Lloyd). In Lloyd, the Court vacated rate distribution and transmission revenue allocation provisions of the Pennsylvania Public Utility Commission's (Commission) December 22, 2004 Order in this docket. In addition, the Court reversed the Commission's allowance of storm

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costs from Hurricane Isabel.

In the original Commission Order, each customer class was limited to a rate increase of no more than ten percent on a total bill basis. The OCA supported the original Commission Order as a reasonable approach to allocating PPL's revenue increase at the time. The Commonwealth Court, however, reversed the Commission's Order on appeal, finding that the Commission's total bill analysis was improper. As a result of the Lloyd decision, the proceeding was remanded to the Commission for the setting of "non-discriminatory reasonable rates and rate structure for each service." Lloyd, at 1029.

The OCA submits that the proposed Settlement provides a reasonable way to resolve the issues remanded to the Commission in Lloyd, including the disallowance of Hurricane Isabel expenses. The proposed Settlement would produce rates that the parties have agreed would satisfy the Commonwealth Court's directive in this case and are the result of compromise among the parties. The OCA submits that the Settlement is in the public interest and should be approved.

II. SETTLEMENT

The proposed Settlement first provides for the charging of transmission-related costs to the various customer classes in the same manner as PPL is charged those costs by PJM. Under the Settlement, each class will pay cost based transmission rates that PPL Electric incurs as a result of providing default generation service to those customers. The residential rate classes, Rate RS and RTS, will be grouped so that all residential customers, including those customers receiving service under Rate RTS (thermal storage), will pay the same rate. By grouping the residential rate schedules, the resulting transmission rates should be more stable for residential customers.

Second, under the proposed Settlement, the parties have agreed to a modification of PPL's originally proposed distribution allocation. The resulting allocation results in reasonable distribution rates that are based on a review of the cost of service studies presented in this proceeding and that move all customer classes toward the system average rate of return. The final allocation of distribution revenues represents a compromise in the positions of all parties but still achieves significant progress toward the cost based rates as calculated under the cost of service studies developed in this proceeding. In addition, consistent with Lloyd, the distribution rates established through this Settlement have been reviewed apart from any other element of rates.

The proposed re-allocation will be applied retroactively, back to January 1, 2005, for the purposes of this proceeding. Importantly, under the proposed Settlement, rates will be modified at an earlier date, thereby reducing the interest expense accrued by those classes that will be seeing an increase in distribution and transmission rates as a result of implementation of the Commonwealth Court Order under the Settlement. An earlier effective date will help reduce the impact of the increase on those classes.

The proposed Settlement also fully complies with the decision in Lloyd by returning to customers the costs associated with Hurricane Isabel, plus interest, that have been recovered by PPL Electric since January 1, 2005.

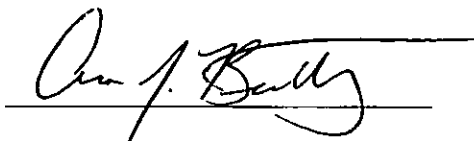
Overall, the impact of the revenue allocation agreement, the return of Hurricane Isabel charges to the customers that paid those costs, and an August 1, 2007 effective date, will be an increase of approximately 3.8% on a total bill basis for most residential customers. The OCA submits that this impact is within the range of possible outcomes from full litigation of this proceeding, but also represents a mitigation of interest expense as a result of the early implementation.

III. CONCLUSION

The terms and conditions of the proposed settlement of this Remand proceeding provide for a fair resolution of the issues before the Commission as a result of the Lloyd decision, and are in the public interest.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate believes that the proposed Settlement is in the public interest and in the best interest of ratepayers.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Tanya J. McCloskey", is written over a horizontal line.

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June 19, 2007

00094481

**BEFORE THE
Pennsylvania Public Utility Commission**

Eric Joseph Epstein, *Pro se*,
Statement in Support
of Joint Petition for Settlement
PPL Remand Proceeding, Docket No. R-00049225

I. History of the Proceeding

1) On February 7, 2007, the Pennsylvania Public Utility Commission ("PUC" or "Commission") Ordered, "that the issues of distribution and transmission rates is returned to the Office of Administrative Law Judge for findings and a recommended decision consistent with the opinion of Commonwealth Court."

2) Eric Joseph Epstein ("Epstein" or Mr. Epstein") was an active party to PPL Electric Utilities Corporation's ("PPL" or "the Company") March 29, 2004 filing, "Re: Supplement No. 38 to Tariff – Electric Pa. P.U.C. No. 201."

3) Mr. Epstein actively participated in settlement negotiations in the above-captioned proceeding.

II. Statement of Issues

4) The PUC's Order and Opinion, based on Pennsylvania Commonwealth Court's, *Lloyd v. Pa. PUC* 904 A2d 1010 (2006), defined the scope of the present Proceeding.

5) The issues of primary interest to Mr. Epstein relate to the allocation of the proposed distribution rate increase between and among customer classes, and ensuring a just, reasonable and nondiscriminatory protocol.

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III. The Joint Petition for Settlement

7) The Settlement is a reasonable compromise consistent with the Commonwealth Court's decision in *Lloyd*, provides a framework for cooperation and collaboration among the parties, and is the best interest of residential rate payers.

8) Eric Joseph Epstein recommends that Administrative Law Judge Colwell and the Pennsylvania Public Utility Commission Commission adopt the Joint Settlement in its entirety, and thereby place into effect both the transmission and distribution rates proposed therein.

Respectfully submitted,

Eric Joseph Epstein, *Pro se*
4100 Hillsdale Road
Harrisburg, PA 17112

Date: June 18, 2007

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Tanya J. McCloskey
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Eric Joseph Epstein
4100 Hillsdale Road
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Honorable Phyllis Mundy, Chair
Northeast Delegation
House Box 202020
Harrisburg, PA 17120-2020

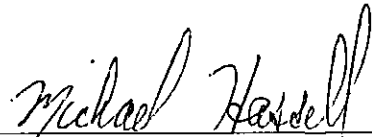
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James P. McCormick
Strategic Energy, LLC
1940 Robert Road
Meadowbrook, PA 19046

Date: June 18, 2007



Michael W. Hassell

SECRETARY'S OFFICE
2007 JUN 19 PM 4:26



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Michael W. Hassell

mhassell@postschell.com
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File #: 2507-126978

June 19, 2007

VIA HAND DELIVERY

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

DOCUMENT
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JUN 19 2007

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

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dear Administrative Law Judge Colwell:

Enclosed please find a copy of PPL Electric Utilities Corporation's ("PPL Electric") Motion to Admit Evidence by Affidavit ("Motion") in the above-referenced proceeding. In addition, PPL Electric is enclosing copies of the Direct Testimony and Exhibits of PPL Electric, the Office of Consumer Advocate, PP&L Industrial Customer Alliance, and the U.S. Department of Defense, along with supporting affidavits, for the record. PPL Electric understands that the Office of Small Business Advocate will submit its Direct Testimony and Exhibits separately, with supporting affidavits.

PPL Electric is filing the original Motion and three (3) copies with the Pennsylvania Public Utility Commission. However, copies of the testimony and exhibits are only being provided to Your Honor.

Please direct any questions with regard to this matter to the undersigned.

Respectfully submitted,

Michael W. Hassell

MWH/jl

Enclosures

cc: James J. McNulty, Secretary
Certificate of Service

ALLENTOWN HARRISBURG LANCASTER PHILADELPHIA PITTSBURGH PRINCETON WASHINGTON, D.C.

A PENNSYLVANIA PROFESSIONAL CORPORATION

CPH 387564v1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

RECEIVED
JUN 19 2007
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**PPL ELECTRIC UTILITIES CORPORATION'S
MOTION TO ADMIT EVIDENCE BY AFFIDAVIT**

TO ADMINISTRATIVE LAW JUDGE SUSAN D. COLWELL:

PPL Electric Utilities Corporation ("PPL Electric") hereby files this Motion to Admit Evidence by Affidavit ("Motion") in the above-captioned proceeding. On June 15, 2007, PPL Electric, the Office of Trial Staff ("OTS") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), PP&L Industrial Customer Alliance ("PPLICA"), U.S. Department of Defense ("USDOD"), and Eric Epstein (collectively, the "Parties") filed a Joint Petition for Settlement of Remand Proceeding ("Settlement Petition") in the above-captioned proceeding. Due to the Settlement Petition, hearings will not be necessary. In support of the Settlement Petition, the Parties wish to admit previously filed direct testimony and exhibits into the record. Therefore, PPL Electric is filing this Motion to request that Administrative Law Judge Susan D. Colwell (the "ALJ") admit the filed testimony and exhibits into the record by affidavit. PPL Electric notes that the Parties concur with the procedures proposed herein for the admission of evidence in this proceeding. In support of this Motion, PPL Electric states as follows:

1. On March 29, 2004, PPL Electric filed with the Commission a proposed general rate increase of \$164.4 million for distribution service, pursuant to Section 1308(d) of the Public Utility Code. In addition, PPL Electric notified the Commission and its customers of a projected

\$57.2 million increase in transmission charges that PPL Electric pays for transmission services it purchases from the PJM Interconnection, LLC (“PJM”) under tariffs regulated by the Federal Energy Regulatory Commission, and proposed to recover those transmission charges on an equal cents per kWh basis through a reconcilable Transmission Service Charge (“TSC”).

2. After full litigation, the Commission entered a final order on December 22, 2004, which, among other things, approved an increase in PPL Electric’s rates designed to produce \$137.1 million in additional annual operating revenues for distribution service (including PPL Electric’s request for storm damage expenses for Hurricane Isabel), approved recovery of the projected \$57.2 million increase in transmission service charges through the reconcilable TSC on an equal cents per kWh basis, and approved a proportional scale back of the allocation of the revenue increase proposed by PPL Electric.

3. Several parties, including the OSBA, the OCA and PPLICA, filed Petitions for Review of the Commission’s December 22, 2004 Order. After briefing and oral argument, the Commonwealth Court, *inter alia*, reversed the Commission’s storm damage expense allowance, vacated the Commission’s Order regarding the allocation of the distribution and transmission rates among customer classes and remanded the case for further proceedings. *Lloyd v. Pa. Public Utility Commission*, 904 A.2d 1010 (Pa. Cmwlth. 2006) (“*Lloyd*”).

4. Thereafter, PPL Electric and the Commission filed Petitions for Allowance of Appeal with the Pennsylvania Supreme Court seeking further judicial review of the *Lloyd* decision. On January 31, 2007, the Supreme Court denied these Petitions.

5. On February 8, 2007, the Commission entered an order on remand, which: (1) directed PPL Electric to file a refund plan within 30 days regarding storm damage expenses; and (2) returned the revenue allocation issues to the Office of Administrative Law Judge for findings

and a recommendation consistent with the *Lloyd* decision. The issues regarding refund of the storm damage expenses and revenue allocation subsequently were consolidated in the above-captioned proceeding.

6. A Prehearing Conference was held on March 7, 2007, at which time a litigation schedule was established for the above-captioned proceeding, including dates for submitting PPL Electric's direct testimony, other Parties' direct testimony, rebuttal testimony and surrebuttal testimony. Evidentiary hearing and briefing dates also were scheduled.

7. Pursuant to the schedule established at the Prehearing Conference, on April 13, 2007, PPL Electric filed its direct testimony and related exhibits.

8. Subsequently, on May 11, 2007, pursuant to the established schedule, OCA, OSBA, PPLICA and USDOD filed their direct testimony and exhibits.

9. The Parties held settlement discussions which produced a settlement in principle of all issues prior to the dates for rebuttal testimony or hearings. The Settlement Petition was filed with the Commission and submitted to the ALJ on June 15, 2007. In conjunction with the Settlement Petition, PPL Electric requests that the following testimony and exhibits be admitted into the record by stipulation:

A. PPL Electric Statements and Exhibits

PPL Electric Statement No. Remand-1: Remand Direct Testimony of Douglas A. Krall.

PPL Electric Statement No. Remand-2: Remand Direct Testimony of Oliver G. Kasper, including Exhibits OGK-Remand 1 through OGK-Remand 8.

PPL Electric Statement No. Remand-3: Remand Direct Testimony of Joseph M. Kleha, including Exhibits JMK-Remand 1 through JMK-Remand 10.

B. OCA Statement

OCA Statement No. 1-Remand: Remand Direct Testimony of Richard A. Galligan.

C. OSBA Statement and Exhibits

OSBA Statement No. 1-Remand: Remand Direct Testimony of Robert D. Knecht, including Exhibits IEC-Remand 1 through IEC-Remand 5.

D. PPLICA Statement and Exhibits

PPLICA Statement No. Remand 1: Remand Direct Testimony of Stephen J. Baron, including Remand Exhibits ___ (SJB-1) through (SJB-7).

E. USDOD Statement and Exhibits


Remand Direct Testimony of Kenneth L. Kincl, including Remand Exhibits KLK-1 through KLK-4.

10. The stipulation of the foregoing testimony and exhibits into the record is subject to and contingent upon the Commission's approval of the Settlement Petition without modification. As set forth in the Settlement Petition, the Parties reserve their respective rights to withdraw from the Settlement, submit rebuttal and surrebuttal testimony, and to cross-examine witnesses in the event the Settlement Petition is not approved.

11. With this Motion, PPL Electric has included copies of its testimony and exhibits, along with affidavits for each witness. PPL Electric also has included copies of PPLICA's, OCA's and USDOD's testimony and exhibits, along with affidavits for each witness. It is PPL Electric's understanding that the OSBA will file its testimony and exhibits separately, with a supporting affidavit.

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that Administrative Law Judge Susan D. Colwell admit the foregoing testimony and exhibits into the record in this proceeding by stipulation.

Respectfully submitted,



David B. MacGregor (ID # 28804)
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Paul E. Russell (ID # 21643)
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E-mail: perussell@pplweb.com

Of Counsel:
Post & Schell, P.C.

Date: June 19, 2007

Attorneys for PPL Electric Utilities Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

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Office of Trial Staff
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Northeast Delegation
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Date: June 19, 2007



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File #: 2507/126978

June 19, 2007

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JUN 19 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

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

Dear Judge Colwell:

This letter is provided in response to your request for additional citations to support certain statements made in the Joint Petition for Settlement of Remand Proceeding ("Settlement Petition") filed on June 15, 2007, in the above-referenced proceeding. Below, PPL Electric identifies certain paragraphs or statements made in the Settlement Petition followed by citations for each paragraph or statement.

Paragraph Number 19 of the Settlement Petition is cited as follows:

In its Direct Testimony, PPL Electric set forth its proposal to redesign its transmission and distribution rates and to refund Hurricane Isabel charges in order to comply with the *Lloyd* decision. With regard to transmission rate design, PPL Electric proposed to: (1) establish three separate TSCs, for residential, small commercial and industrial ("Small C&I") and large commercial and industrial ("Large C&I") customer classes,[footnote omitted] (2) allocate costs to these three classes in the same manner that PPL Electric is billed for transmission service from PJM and (3) establish a kWh charge for each customer class designed to recover the costs

allocated to each class. **PPL Electric St. No. Remand-1, p. 5.** PPL Electric proposed that the TSCs become effective for service rendered on and after January 1, 2008. **PPL Electric St. No. Remand-1, p. 5.** In addition, PPL Electric proposed to recalculate billed TSC charges for the three classes for the 2005-2007 period to reflect the prospective cost of service approach. **PPL Electric St. No. Remand-1, p. 5.** The differences between the class revenues resulting from these revised 2005-2007 cost of service rates and the revenues actually charged to customer classes during that period would be refunded to customer classes which had paid more than under the revised rates and recouped from customer classes which had paid less than under the revised rates, with interest, over the two-year period from January 1, 2008 through December 31, 2009. **PPL Electric St. No. Remand-1, p. 5.**

Paragraph Number 20 of the Settlement Petition is cited as follows:

With respect to distribution rates, the Company proposed to cease recovery of storm damage costs from Hurricane Isabel and to refund to customers, during 2008, amounts it collected from customers for Hurricane Isabel storm damage costs from 2005 through 2007, plus interest. **PPL Electric St. No. Remand-1, p. 15.** PPL Electric also proposed to move its distribution rates for all major rate classes to at or near full cost of service over the course of three rate cases, including the 2004 rate case.[footnote omitted] **PPL Electric St. No. Remand-1, p. 11.** PPL Electric did not propose to make any change to the allocation of the 2004 distribution rate increase, except for a proposal that the refund of Hurricane Isabel costs apply only to customers taking service under rate schedules which were providing an above system average return. **PPL Electric St. No. Remand-1, pp. 11, 15.**

Paragraph Number 23(a) of the Settlement Petition is cited as follows:

PPL Electric will establish four separate transmission service customer classes: Residential, Small C&I, Large Commercial and Industrial-Primary ("Large C&I-Primary") and Large Commercial and Industrial-Transmission ("Large C&I-Transmission"). The Residential and Small C&I customer classes will consist of the rate schedules as proposed by the Company. See **PPL Electric St. No. Remand-2, p. 3.** The Large C&I-Primary customer class will include Rate Schedules LP-4 and IS-P. The Large C&I-Transmission customer class will include Rate Schedules LP-5, LP-6, LPEP, IST, ISA and L5S.

Footnote Number 5 of the Settlement Petition is cited as follows:

The second step in this three case process was proposed in PPL Electric's pending base rate proceeding at Docket No. R-00072155. **PPL Electric St. No. Remand-1, p. 11.**

Paragraph Number 23(e) of the Settlement Petition is cited as follows:

Attached as Appendix A is a calculation of the prospective TSC costs and rates, by customer class, assuming new rates become effective August 1, 2007. As set forth in PPL Electric's direct testimony on remand, the actual costs and revenues by customer class will be reconciled, and amounts will be refunded or recouped, with interest, on a kWh basis through the TSC E-factor. **PPL Electric Statement No. Remand-1, p. 5.**

Paragraph Number 33 of the Settlement Petition is cited as follows:

In response, the proposed Settlement will establish new prospective transmission rates, effective August 1, 2007, which are based upon cost of service reflecting the manner in which PPL Electric pays these transmission costs to PJM. PJM bills certain transmission costs to PPL Electric based upon each class's peak demands and bills other costs based upon kWh usage. Under the Settlement, PPL Electric will allocate costs to each rate class based on how PPL Electric is billed from PJM so that the resulting rates reflect cost of service. To accomplish this result, the Settlement, for TSC purposes, groups customers into four classes, Residential, Small C&I, Large C&I-Primary, and Large C&I-Transmission. The Large C&I classes were divided into two groups, Large C&I-Primary and Large C&I-Transmission, in response to concerns raised by Large C&I customers related to the different voltage levels at which these customer groups take service from the Company. **See PPLICA St. No. Remand-1, pp. 14-16; USDOD St. No. 1-Remand, pp. 8-9.** Moreover, the rate design of the TSC for these two large groups has been revised to establish a demand rate and an energy rate in order to reflect the widely varying load factors of these customers. **See PPLICA St. No. Remand-1, pp. 14-16; USDOD St. No. 1-Remand, pp. 8-9.** The result is a rate design that more accurately reflects cost of service and is fully compliant with *Lloyd*. The proposed revision is revenue neutral to the Company but will change the transmission rates for each customer group as shown by the data set forth in Appendix A, page 2.

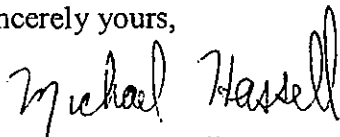
Paragraph Number 38 of the Settlement Petition is cited as follows:

The ending date for the refund/recoupment periods for the two retrospective remand riders also have been set at December 31, 2009, in consideration of the fact that PPL Electric's generation rate caps are scheduled to expire at that date. **PPL Electric St. No. 1-Remand, p. 6.** For residential customers in particular, the conclusion of the recoupment of prior period TSC and distribution charges will, to a degree, mitigate the overall increase in bills that currently is anticipated as a result of increases in energy costs following the conclusion of generation rate caps. It is to be emphasized that both remand riders are shopping neutral.

Honorable Susan D. Colwell
June 19, 2007
Page 4

Please direct any questions with regard to this matter to the undersigned.

Sincerely yours,

A handwritten signature in cursive script that reads "Michael Hassell". The signature is written in black ink and is positioned above the printed name.

Michael W. Hassell

MWH:skr

cc: James J. McNulty
Certificate of Service



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

IN REPLY PLEASE
REFER TO OUR FILE

June 19, 2007

Honorable Susan D. Colwell
Office of Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
PO Box 3265
Harrisburg, PA 17105-3265

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JUN 19 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Pennsylvania Public Utility Commission v.
PPL Electric Utilities Corporation

Docket No. R-00049255 et al.

DOCUMENT
FOLDER

Dear Judge Colwell:

Enclosed for filing, please find the original and three copies of the Office of Trial Staff's **Statement in Support** in the above-captioned proceeding.

Copies are being served upon all active parties of record.

Sincerely,

Richard A. Kanaskie
Prosecutor
Attorney ID #80409
Office of Trial Staff

Enclosure

RAK/clp

cc: Parties of Record

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PPL ELECTRIC UTILITIES
CORPORATION

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DOCKETED
JUN 20 2007

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R-00049255 et al.

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JUN 10 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DOCUMENT
FOLDER

STATEMENT IN SUPPORT
OF THE
OFFICE OF TRIAL STAFF

TO THE HONORABLE SUSAN D. COLWELL:

The Office of Trial Staff ("OTS") of the Pennsylvania Public Utility Commission ("Commission"), by and through its Prosecutor, Richard A. Kanaskie, hereby respectfully submit that the terms and conditions of the foregoing Settlement Agreement ("Settlement" or "Agreement") are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of PPL Utilities, Inc ("PPL" or "Company") and its customers. The parties to the Agreement have conducted numerous settlement conferences and as a result, a consensus has been reached and all active parties have agreed upon the terms embodied in the foregoing Agreement.

OTS, in its statutorily mandated role of representing the public interest, has participated in all settlement discussions. OTS did not submit testimony in this remanded proceeding but has examined the divergent positions of the parties and

maintains that the resulting Agreement contains adequate provisions to protect the ratepayers of the Company. OTS also opines that the Settlement is in accord with sound regulatory principles and satisfies the mandate of the Commonwealth Court.

I. BACKGROUND

On August 4, 2006, the Commonwealth Court of Pennsylvania issued its decision on the various issues presented on appeal by parties to the underlying proceeding. The case of *Lloyd v. Pa. Publ. Util. Comm'n* at 904 A.2d 1010 reversed in part, vacated in part and affirmed in part the decision of the Pennsylvania Public Utility Commission ("Commission") dated December 22, 2004.

On January 31, 2007, the Supreme Court of Pennsylvania decided not to review the decision of the Commonwealth Court. The Commission entered an Order addressing the remanded decision on February 8, 2007 and directed the Office of Administrative Law Judge to render a Recommended Decision consistent with the opinion of the Commonwealth Court. A Prehearing Conference was convened on March 9, 2007 at which time a procedural schedule was developed.

On April 13, 2007, the Company filed its Direct Testimony and accompanying Exhibits detailing its revised plan for compliance with the mandates of this remanded proceeding. In accordance with the procedural schedule, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the United States Department of Defense and the

PP&L Industrial Customer Alliance (“PPLICA”) filed Direct Testimony and supporting Exhibits on May 11, 2007. The Office of Trial Staff did not file testimony in this proceeding.

II. DISCUSSION

The purpose of this remanded proceeding is to comply with the decision of the Commonwealth Court in the above referenced *Lloyd* case. Included in the resolution of this proceeding is the re-evaluation of the proposed revenue allocation as well as a comprehensive plan to refund Storm Damage costs associated with Hurricane Isabel.

OTS opines that the previously submitted Settlement Agreement complies with the mandates of the Commonwealth Court and represents an equitable resolution of the contested matters.

Paragraphs 33 and 34 specifically address the concerns with transmission rates. OTS maintains that this provision satisfies the public interest in that transmission rates will be based upon the cost of service that reflects how the Company pays these transmission costs to PJM. The resulting rate design will more accurately reflect the cost of service. Application of rates based on an accurate cost of service is in accord with sound regulatory principles.

Paragraphs 35 through 38 address distribution rates and adequately address the concerns of the Court by basing the revision on the distribution cost of service while respecting the principles of gradualism. Furthermore, the impact on the total customer bill was eliminated from consideration in the design of distribution rates.

Rate design is not an exact science. The resulting compromise by the parties respects the underlying principles and is in the public interest. Proper rate design moves customer's rates toward the cost of serving that particular class. The proposal in the submitted Settlement accomplishes this mandate while protecting ratepayers through a gradual transition. Subsequent rate cases will continue this process.

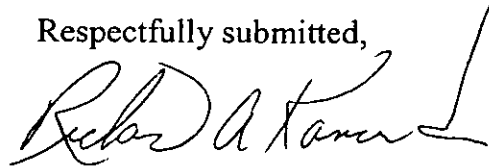
Paragraphs 39 and 40 resolve the disallowed recovery of Hurricane Isabel costs. As these costs were found to violate the rate caps of the Electricity Generation Customer Choice and Competition Act, continued recovery as well as refunds of collected funds needed to be addressed. The Settlement does exactly that through its refund plan, which includes an interest component, as well as its immediate discontinuance of the collection of these costs in future rates. OTS maintains that the public interest is protected by the revision to this portion of the Company's practices as it allows the recovery of only approved expenses. The inclusion of interest is in accord with prior Commission decisions.

The very nature of a negotiated settlement involves concessions on the part of the litigating parties. This proceeding, and the resulting Settlement Agreement, is a reflection of this successful application of this process. The broad ranges of interests in this proceeding were actively, and vigorously, represented. The culmination in a unanimous Agreement is indicative of the inherent equity of the Joint Petition for Settlement as presented by the parties.

III. CONCLUSION

WHEREFORE, the Commission's Office of Trial Staff represents that it supports the Settlement as being in the public interest and respectfully requests that Administrative Law Judge Susan D. Colwell recommend and the Commission subsequently approve the foregoing Settlement Agreement, including all terms and conditions contained therein.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard A. Kanaskie". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Richard A. Kanaskie
Prosecutor

Office of Trial Staff
Pennsylvania Public
Utility Commission

Dated: June 19, 2007

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Statement in Support**,
dated June 19, 2007, either personally, by first class mail, electronic mail, express mail
and/or by fax upon the persons listed below:

Hon. Susan D. Colwell
Office of Admin. Law Judge
PA Public Utility Commisison
PO Box 3265
Harrisburg, PA 17105-3265

Hon. Phyllis Mundy, Chair
Northeast Delegation
House of Representatives
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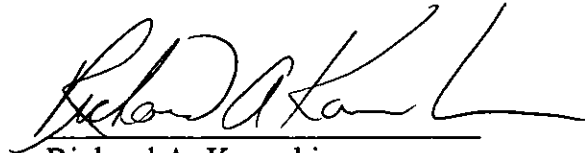
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Dated: June 19, 2007
Docket No. R-00049255



McNees Wallace & Nurick LLC
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ORIGINAL

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June 19, 2007

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

VIA HAND DELIVERY

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

Dear Secretary McNulty:

Enclosed please find the original and three (3) copies of the PP&L Industrial Customer Alliance's ("PPLICA") Statement in Support of Joint Petition for Settlement 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 document. Please date stamp the extra copy of this transmittal letter kindly return it to our messenger for our filing purposes. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By *Vasiliki Karandrikas*
Pamela C. Polacek (I.D. No. 78276)
Vasiliki Karandrikas (I.D. No. 89711)

Counsel to the PP&L Industrial
Customer Alliance

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S BUREAU

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Pennsylvania Public Utility
Commission

Docket No. R-00049255

v.

PPL Electric Utilities Corporation

ORIGINAL

**PP&L INDUSTRIAL CUSTOMER ALLIANCE STATEMENT
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT**

On June 15, 2007, the PP&L Industrial Customer Alliance ("PPLICA"), PPL Electric Utilities Corporation ("PPL Electric" or "Company"), the Office of Trial Staff ("OTS") of the Pennsylvania Public Utility Commission ("PUC" or "Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), U.S. Department of Defense ("USDOD"), and Eric Epstein submitted to the Commission a Joint Petition for Settlement ("Joint Petition" or "Settlement") proposing a negotiated resolution of all issues in the above-captioned proceeding. PPLICA hereby provides this Statement in Support, which explains the background and provisions of the Settlement, and establishes that approval of the Settlement without modification is appropriate and in the public interest.

I. INTRODUCTION AND BACKGROUND

On January 31, 2007, the Supreme Court of Pennsylvania issued Orders denying PPL Electric's and the PUC's requests to appeal the Commonwealth Court's decision related to PPL's 2004 Distribution Base Rate Proceeding. See Lloyd v. Pa. Pub. Util. Comm'n, 904 A.2d 1010 (Pa. Commw. Ct. 2006).

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In Lloyd, the Commonwealth Court rejected the PUC's Order authorizing PPL Electric to implement as of January 1, 2005, a Transmission Service Charge ("TSC") that allocated all transmission and ancillary service costs among PPL Electric's rate schedules on an energy (kWh) basis. The Court determined that the Commission must modify PPL Electric's TSC to reflect cost of service. The Court's ruling was consistent with PPLICA's argument during the original proceeding that the TSC allocation and rate design must accurately track the manner in which PPL Electric is assessed transmission and ancillary service charges by PJM Interconnection, L.L.C. ("PJM") for particular customers (i.e., on a demand and energy basis). In other words, a TSC must be based on cost of service, which is the "polestar" of ratemaking considerations. See Lloyd, 904 A.2d at 1020.

Similarly, Lloyd found that the application of the "total bill" basis approach to the allocation of the transmission and distribution rate increases also violated the Competition Act. According to Lloyd, this approach resulted in commercial and industrial ("C&I") customers paying rates that exceeded their cost of service. See Lloyd, 904 A.2d at 1019-1020. The Court also found that the Commission failed to explain how the acknowledged discriminatory rate class structures would be remediated. Id. at 1020. In the original proceeding, PPLICA advocated a systematic approach to move distribution rates for all rate schedules to cost of service over three years through automatic rate adjustments. Such a proposal not only would mitigate the substantial subsidies embedded in PPL Electric's distribution rates in a systematic manner, but also would obviate the problems associated with rate shock by gradually implementing proper cost-based rates over a three-year period. Such an outcome would afford fair treatment to all rate schedules paying rates in excess of cost of service.

At Public Meeting on February 8, 2007, the Commission acted to initiate the remand proceeding, pursuant to the Commonwealth Court's decision in Lloyd. The Commission

returned the issue of the distribution and transmission rates to the Office of Administrative Law Judge for findings and a Recommended Decision consistent with the opinion of the Commonwealth Court.

II. REASONS FOR SUPPORT OF SETTLEMENT

A. Proper Allocation of Transmission Service Costs and Transmission Rate Design

The proposed allocation of transmission service costs and transmission rate design set forth in the Settlement accurately track the manner in which PPL Electric is assessed transmission and ancillary service charges by PJM. Section 2804(6) mandates that PPL Electric provide transmission service to all retail customers in its service territory on "on rates, terms of access and conditions that are comparable to the utility's own use of the system." See 66 Pa. C.S. § 2804(6). PJM bills PPL Electric and other load-serving entities ("LSE") for transmission costs on both an energy and demand basis. See PPL Statement REMAND 1 at 8. The principal data used to allocate transmission costs among LSEs in PJM are their contributions to the 5 coincidental peaks ("5 CP") of PJM and their actual annual kWh usage. Id. at 8-9 & n.1.

The Settlement provides that PPL Electric will calculate the demand-related portion of allocated transmission costs based on the 5 CP contribution of each customer class. See Settlement, Paragraph 23(b). For recovery of such demand-related costs from the Large C&I – Primary customer class, PPL Electric will establish a billing demand-based (kW) charge. PPL Electric will establish a 5 CP demand-based (kW) charge for the Large C&I – Transmission class for recovery of demand-related costs. Id. The energy-related portion of transmission costs will be calculated separately for each customer class and any over- or under-collection of cost will be recovered on a kWh basis. Id. at Paragraph 23(c). The energy-related portion of the transmission costs allocated to the four customer classes will be based upon kWh usage and will be recovered on the basis of billed kWh sales. Id.

Furthermore, the Settlement provides that the energy-related portion of transmission costs will be based upon kWh usage, including distribution system losses. Id. Because PJM bills PPL Electric for transmission services on a kW-demand and kWh-energy basis at the transmission voltage level (i.e., 69 kV and higher), the actual cost to serve retail customers varies depending on the voltage at which such retail customers actually take transmission service on the Company's system. See PPLICA Statement No. REMAND 1 at 21-23. Accordingly, the TSC appropriately reflects the loss differentials for each service voltage, consistent with cost of service principles.

Thus, the Settlement responds to PPLICA's argument during the original proceeding that the TSC allocation and rate design must accurately track the manner in which PPL Electric is assessed transmission and ancillary service charges by PJM (i.e., on a demand and energy basis) in order to reflect cost of service.

B. Proper Allocation of Distribution Service Costs and Distribution Rate Design

The Settlement outlines a new allocation of the distribution rate increase (less Hurricane Isabel costs) adopted in the original phase of this proceeding that is not premised on a "total bill" approach. See Settlement, Paragraph 27. The new allocation moves PPL Electric's distribution rates closer to cost of service, thereby mitigating a portion of the substantial subsidies embedded in the Company's distribution rates for certain Large C&I customers (e.g., Rate Schedules LP-4 and LP-5). See id., Appendix D.

In the original proceeding, PPLICA advocated a systematic approach to move distribution rates for all rate schedules to cost of service over three years through automatic rate adjustments. The Settlement represents the first step in moving PPL Electric's distribution rates toward cost of service. As indicated by the Company in its currently pending distribution rate case proceeding at Docket No. R-00072155, two more steps must be taken in order to achieve

full cost of service distribution rates especially for those rate schedules such as IS-P and IS-T that did not receive as much benefit from the reallocation of the distribution increase under the Settlement.¹ Given the substantial levels of interclass subsidization that remain, particularly with respect to certain Large C&I rate schedules, the movement toward cost of service in the next proceedings will necessarily be more aggressive for such rate schedules. The next step toward cost of service will be PPL Electric's pending distribution rate case. See Settlement, Paragraph 20 & n.5.

Thus, PPLICA supports the Settlement as the beginning of a systematic process to eliminate interclass subsidies and, consequently, realize distribution rates that are reflective of cost of service.

C. Calculation of Appropriate Rate Adjustments to Refund or Credit Customers for the Payment of Unjust and Unreasonable Transmission and Distribution Rates, Effective as of January 1, 2005

The Commonwealth Court determined that customers have been paying unlawful distribution and transmission rates since January 1, 2005. As a result, in addition to correcting the rates on a going-forward basis as outlined in Sections II.A and B, the Settlement addresses the necessary rate adjustments to refund or charge customers as if the Settlement results had been properly implemented as of January 1, 2005. With respect to the refunding and crediting of previously paid transmission and distribution rates, PPLICA expressed concern regarding the method for calculating the rate adjustments, the amount to be paid, and the timing for implementing the rate adjustments. PPLICA also indicated that any adjustment must have a neutral impact on C&I customers' shopping decisions.

¹ For example, at the proposed Settlement rates, Rate Schedule IS-T continues to show a rate of return of 38.88% in comparison to the system average return of 8.43%. See Settlement, Appendix C. Targeted relief is necessary in the pending 2007 proceeding to address this lingering disparate treatment.

The Settlement provides that PPL Electric will recalculate billed TSC charges for the four customer classes for the 2005-2007 period to reflect the prospective cost of service approach. See Settlement, Paragraph 19. The differences between the class revenues resulting from these revised 2005-2007 cost of service rates and the revenues actually charged to the customer classes during that period would be refunded to customer classes which had paid more than under the revised rates and recouped from customers which had paid less than under the revised rates, with interest. Id. The refunds or credits will be reflected in a separate reconcilable rate rider that will be applied to all customers, both shopping and non-shopping, on the basis of billed kWh sales from the effective date through December 31, 2009, and will not be included in the Price-to-Compare. Id. at Paragraph 24(c).

As to distribution rates, the Settlement provides that PPL Electric will cease recovery of Hurricane Isabel costs and refund the amounts collected for such costs during the 2005-2007 period, plus interest. See Settlement, Paragraph 20. The refunds or credits will be reflected in a separate non-reconcilable rate rider. Id. at Paragraph 28. The rider will be calculated separately for each rate schedule as a percentage of prospective distribution revenues. Id. The Settlement proposes an effective date of August 1, 2007, for both the transmission and distribution riders. Id. The riders will be applied from the effective date through December 31, 2009. Id.

The Settlement adopts a reasonable methodology for calculating the amount to be refunded/credited and for implementing the transmission and distribution rate adjustments. Moreover, the Settlement ensures that the transmission credits or refunds are "shopping-neutral." For these reasons, PPLICA supports the Settlement.

III. CONCLUSION

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Commission approve the Joint Petition for Settlement without modification submitted in the above-captioned proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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Counsel to the PP&L Industrial Customer Alliance

Dated: June 19, 2007

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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Vasiliki Karandrikas

Counsel to the PP&L Industrial Customer Alliance

Dated this 19th day of June, 2007, at Harrisburg, Pennsylvania.



OFFICE OF SMALL BUSINESS ADVOCATE
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William R. Lloyd, Jr.
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June 21, 2007

HAND DELIVERY

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

ORIGINAL

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

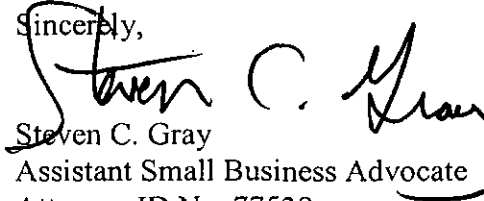
Dear Secretary McNulty:

I am delivering for filing today the original plus three copies of the Statement in Support, on behalf of the Office of Small Business Advocate in the above-captioned proceeding.

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

If you have any questions, please do not hesitate to contact me.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

SECRETARY'S BUREAU

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Enclosures

cc: Parties of Record
Robert D. Knecht

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PPL ELECTRIC UTILITIES
CORPORATION

Docket No. R-00049255

SECRETARY'S P.U.C. BUREAU

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**OFFICE OF SMALL BUSINESS ADVOCATE
STATEMENT IN SUPPORT**

Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate ("OSBA") filed a complaint at Docket No. R-00049255, the March 29, 2004, filing of Supplement No. 38 to Tariff-Electric Pa. P.U.C. No. 201 of PPL Electric Utilities Corporation ("PPL" or the "Company").

The OSBA actively participated in the negotiations that led to the proposed settlement, and is a signatory to the Joint Petition for Settlement of Remand Proceeding ("Joint Petition") filed on June 15, 2007. The OSBA submits this statement in support of the Joint Petition.

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History of the Proceeding

PPL's March 2004 filing before the Pennsylvania Public Utility Commission ("Commission") proposed a \$164 million increase in distribution rates and the flow-through of a \$57 million FERC-approved transmission rate increase. In addition, the Company proposed that the allocation of its proposed distribution and transmission rate increases should not result in a rate increase of 10% or more for any customer class on a "total-bill basis" (which included the default service generation rate, stranded cost recovery, transmission costs, and distribution costs).

The electric bill that a customer pays each month includes three basic charges related to the utility's ongoing cost of providing service. One of the charges is for the generation of the electricity itself. Another of the charges is for the transmission service that transports the electricity from the generation facilities to a receipt point on the utility's system. The final charge is for the distribution service that delivers the electricity from the receipt point to the customer's premises. In addition to these three charges, the customer's bill also includes a charge related to so-called "stranded costs" that the utility prudently incurred prior to electric restructuring but can not recover through market-determined prices. *See Indianapolis Power & Light Company v. Pennsylvania Public Utility Commission*, 711 A.2d 1071, 1073-1074 (Pa. Cmwlth. 1998); *ARIPPA v. Pennsylvania Public Utility Commission*, 792 A.2d 636, 642-643 (Pa. Cmwlth. 2002).

As part of PPL's March 2004 filing, the Company performed a cost of service study to determine what share of PPL's distribution costs are properly borne by each of the Company's various customer classes. Generally speaking, if a cost of service study

shows that a customer class is paying more than necessary to cover its share of that utility's costs, the customer class is said to be "overpaying its cost of service." On the other hand, if a cost of service study shows that a customer class is paying less than necessary to cover its share of that utility's costs, the customer class is said to be "underpaying its cost of service." In effect, a customer class that is "overpaying" its cost of service is providing a subsidy to the customer classes that are "underpaying" their cost of service. One goal of utility ratemaking is to eliminate, or at least reduce, such subsidies.

Although PPL did, in fact, perform a cost of service study for its distribution costs, the Company did not allocate its distribution rate increase on the basis of that study. Instead, the Company relied on the 10% total-bill basis as the primary constraint on its allocation of the distribution rate increase among the customer classes. This constraint, when coupled with the transmission rate increases, limited PPL's ability to correct interclass distribution revenue allocation inequities identified by the Company's cost of service study.

The Commission upheld PPL's interclass distribution revenue allocation by evaluating the rate increase on a total-bill basis. The Commission concluded that it is not necessary to adhere strictly to a cost of service study and that, on the facts of the case, sufficient progress was being made toward cost-based distribution rates. According to the Commission, it was relevant that PPL's generation rates were still capped.

In its appeal to the Commonwealth Court, the OSBA pointed to the commercial GS-1 customer class, which received a higher-than-system average distribution rate increase despite having an above-system average rate of return under the rates in effect at

the time of the March 2004 filing (*i.e.*, “present rates”). PP&L Industrial Customer Alliance (“PPLICA”) focused much of its challenge in the Commonwealth Court on the Commission’s decision to assure that no class received a rate increase of 10% or more on a total-bill basis.

PPLICA also appealed the allocation of transmission costs entirely on the basis of energy rather than on the basis of cost of service (*e.g.*, the mixture of energy and demand on which transmission is billed by PJM).

In reversing the Commission’s distribution and transmission revenue allocation decisions, the Commonwealth Court held “that rates and rate structures [must] be set for each service primarily on a cost-of-service study.” *Lloyd v. Pennsylvania Public Utility Commission*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006), *appeals denied*, 916 A.2d 1104 (Pa. 2007). Although the Court indicated that the Commission may consider other factors, such as gradualism, the Court characterized cost of service as the “polestar” of ratemaking concerns.¹ *Lloyd*, 904 A.2d at 1020. Significantly, Webster’s Third New International Dictionary defines “polestar” as “a directing or controlling principle.”

In addition, the Court rejected the Commission’s decision to limit the rate increase for each customer class to less than 10% on a total-bill basis. Although the Commission had attempted to justify the 10% rule on the grounds of gradualism, the Court stated that gradualism may not be permitted to trump cost of service. The Court also pointed out that the Commission had articulated no rationale for selecting 10% rather

¹ Specifically, the Court stated that “while permitted, gradualism is but one of many factors to be considered and weighed by the Commission in determining rate designs, and principles of gradualism cannot be allowed to trump all other valid ratemaking concerns.” *Lloyd*, 904 A.2d at 1020. The Court further concluded that principles of gradualism “do not justify allowing one class of customers to subsidize the cost of service for another class of customers over an extended period of time.” *Lloyd*, 904 A.2d at 1020. The Court also pointed out that the Commission had provided “no explanation how discrimination in distribution and transmission rate structures are eventually going to be gradually alleviated.” *Lloyd*, 904 A.2d at 1020.

than some other percentage. Finally, the Court held that evaluating distribution and transmission rate increases on a total-bill basis violated the mandate of Section 2804(3) of the Public Utility Code, 66 Pa. C.S. §2804(3), that generation, transmission, and distribution rates be unbundled. *Lloyd*, 904 A.2d at 1020-1021.

Rather than approving any party's proposed revenue allocation, the Court "vacated as to the appeals by PPLICA and the OSBA regarding the issue of the Distribution and Transmission Service Charges" and "remanded to the Commission to set non-discriminatory reasonable rates and rate structure for each service." *Lloyd*, 904 A.2d at 1029.

Issues not addressed in the Joint Petition

Paragraph 35 of the Joint Petition states:

While the parties disagreed on the application of the Commonwealth Court's Order to the facts of this case, the Settlement develops a new allocation of the distribution increase which: (1) does not consider total bill impacts; (2) is based on cost of service; and (3) appropriately reflects the principle of gradualism in rate design.

Joint Petition, at 13, Paragraph 35 (emphasis added). The OSBA observes that the "disagreement" among the parties includes such issues as the proper methodology to be used in a distribution cost of service study, and whether the "Indexed Rate of Return" has any validity whatsoever as a measure of a customer class' movement towards its cost of service.

However, on March 29, 2007, PPL filed Supplement No. 54 to PPL Electric's Tariff – Electric Pa. P.U.C. No. 201 with the Commission. The proposed Tariff, if approved by the Commission, would increase the retail distribution rates of PPL by \$83.6 million per year. Consequently, the OSBA is confident that the proper distribution cost

of service study methodology, as well as the validity of the Indexed Rate of Return, will be fully litigated in that proceeding. Nonetheless, the OSBA respectfully points out that neither issue is before the ALJ or the Commission in the Joint Petition.

The Joint Petition

The Joint Petition sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the Joint Petition was in the best interests of PPL's small business customers.

The Commercial GS-1 Customer Class

The Joint Petition states:

The parties have agreed to certain revisions to the allocation of the distribution rate increase from that originally adopted in the 2004 rate proceeding. These revisions are set forth in Appendix D and are summarized in the table below. These revisions are consistent with the *Lloyd* decision because they are based on a review of distribution rates only and do not reflect a total bill analysis, they are more reflective of cost of service, and they avoid disparate rate changes for any individual customer class (i.e., they consider gradualism).

Joint Petition, at 13-14, Paragraph 36 (table omitted).

In its originally filed case in March 2004, PPL proposed to increase its distribution charges by a system average of 32.8%. Even though the three different cost of service studies submitted by PPL, the Office of Consumer Advocate ("OCA"), and the OSBA showed that the commercial GS-1 customer class was already overpaying its

distribution cost of service², PPL proposed an increase to the distribution charges paid by the GS-1 class of 35.8%. OSBA Statement No. 1, at 26, Table IEc-7.

In this remand proceeding, PPL submitted an updated distribution cost of service study that excluded the Hurricane Isabel Storm Expense as required by the Commonwealth Court in *Lloyd*. In addition, the updated study was corrected to reflect errors previously identified by the OSBA witnesses. OSBA Statement No. 1 (Remand), at 3-4. PPL's updated distribution cost of service study is set forth in Exhibit JMK-Remand 2.

PPL also prepared three alternative distribution cost of service studies to illustrate the effect of differing cost of service methodologies. PPL Statement No. Remand-3, at 19-20. The results are summarized in Exhibit JMK-Remand 8.

In addition, PPL submitted its proposal for the allocation of the distribution revenue increase. Specifically, PPL proposed to increase its distribution charges by a system average of 27.2%. However, *the Company once again proposed to assign a greater than system average increase of 29.3% to the commercial GS-1 customer class.* See OSBA Statement No. 1 (Remand), at 10, Table IEc-Remand-2. In other words, PPL again attempted to make the GS-1 class overpay by even more, in spite of the fact that *all* seven distribution cost of service studies submitted throughout the history of this docket show that the Commercial GS-1 customer class is already overpaying its distribution cost of service.³

² See PPL Exhibit JMK-2, at 8, line 30; OCA Statement No. 4, Schedule RAG-1; OSBA Statement No. 1, at 13.

³ The seven cost of service studies are: 1) PPL's original; 2) PPL's updated; 3) OCA's original; 4) OSBA's original; and 5), 6), and 7) the three alternatives set forth in Exhibit JMK-Remand 2.

This inequitable and illegal treatment of the commercial GS-1 customer class is addressed by the Joint Petition. Appendix D to the Joint Petition sets forth the proposed allocation of the distribution revenue increase among PPL's customer classes (the commercial GS-1 customer class is listed under "Line Number 4"). Under the heading "Distribution Percent Change Remand," the GS-1 class is now assigned a 25.71% distribution rate increase, which is below the system average increase of 27.17%.

The Joint Petition finally provides a measure of relief by giving an overpaying customer class a below system average increase. Naturally, the relief provided to the commercial GS-1 customer class does not result in that class paying its distribution cost of service and not one penny more. In other words, the GS-1 customer class is still overpaying its distribution cost of service. However, progress towards cost of service is obtained in this remand proceeding as a result of the Joint Petition.

Furthermore, PPL stated that the Company has developed a specific plan to "move its distribution rates for all major rate classes to at or near full cost of service in three rate cases, including the 2004 rate case." PPL Statement No. Remand-1, at 11. Thus, the progress that the commercial GS-1 customer class has made in this remand proceeding will continue in both the Company's current 2007 base rates case filing as well as PPL's next base rates case.

Therefore, the OSBA respectfully submits that the Joint Petition's proposal to provide the overpaying GS-1 customer class with relief in this proceeding (*i.e.*, by reducing its distribution rate increase to a level below the system average distribution rate increase) is a just and reasonable result. Furthermore, because every distribution cost of service study ever submitted at this docket shows that GS-1 overpays its distribution cost

of service, further relief must be provided for the commercial GS-1 customer class in the 2007 and future PPL base rates cases.

The Commercial GS-3 and GH Customer Classes

The commercial GS-1 customer class has been shown to be overpaying its distribution cost of service under all seven cost of service studies that have been submitted in this proceeding. However, that is not the case with the commercial GS-3 and GH customer classes.

Specifically, under most distribution cost of service studies, the GS-3 class is overpaying its cost of service. *See, e.g.*, Exhibit JMK-Remand 2, which shows that the commercial GS-3 customer class has a distribution rate of return of 16.69%, much higher than the system average of 8.47%. However, under certain OCA distribution cost of service studies, such as the “50-50 Demand-Energy Allocators” study summarized in Exhibit JMK-Remand 8, the commercial GS-3 customer class is actually *under*-paying its cost of service. Similarly, the commercial GH customer class, while overpaying under the PPL study (15.85% versus 8.47%), is essentially *at* the distribution cost of service under the OCA study. *See* Exhibit JMK-Remand 8.⁴

Consequently, with the determination of the “correct” methodology for a distribution cost of service study in dispute, the OSBA is satisfied to obtain relief for both the commercial GS-3 and GH customer classes in this remand proceeding in comparison to the rate increases imposed on them in 2004, and proposed by PPL in this remand proceeding. Specifically, PPL’s remand filing assigned a 42.0% distribution rate increase to the GS-3 class, and a 39.3% distribution rate increase to the GH class. *See* OSBA

⁴ The differing results obtained by the various distribution cost of service studies demonstrate why the issue of the proper cost of service methodology must be litigated in the PPL 2007 base rates case.

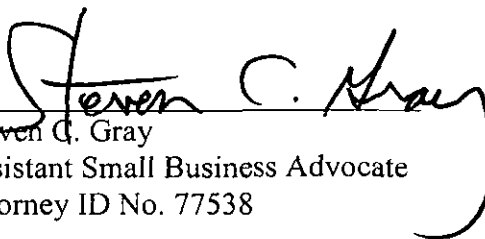
Statement No. 1 (Remand), at 10, Table IEC-Remand-2. Appendix D to the Joint Petition sets forth the proposed allocation under the settlement, whereby the GS-3 class is assigned a 35.37% distribution rate increase (Line 5), the GH-1 class is assigned a 27.34% increase (Line 21), and the GH-2 class is assigned a 26.56% increase (Line 22).

The OSBA respectfully submits that the Joint Petition assigns a just and reasonable distribution rate increase to the commercial GS-3 and GH customer classes, particularly in light of the unresolved issue of cost of service methodology. Two customer classes that most distribution cost of service studies show are overpaying their cost of service are granted relief by the Joint Petition. Litigation of this issue at other dockets will address whether the commercial GS-3 and GH classes should obtain more rate relief in the future.

Conclusion

For the reasons set forth in the Joint Petition, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed Joint Petition and respectfully requests that the ALJ and the Commission approve the Joint Petition in its entirety.

Respectfully submitted,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

For:

William R. Lloyd, Jr.
Small Business Advocate
Attorney ID No. 16452

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Dated: June 20, 2007

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14100
SECRETARY'S BUREAU

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 Remand Statement in Support, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise indicated) upon the persons addressed below:

Hon. Susan D. Colwell
Administrative Law Judge
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SECRETARY'S BUREAU

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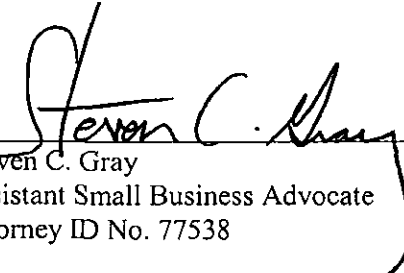
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Date: June 22, 2007

Michael W. Hassell

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File #: 2507-126978

ORIGINAL

June 26, 2007

VIA HAND DELIVERY

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

**DOCUMENT
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2007 JUN 26 P11 3:48
SECRETARY'S BUREAU

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

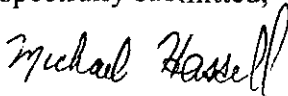
Dear Secretary McNulty:

Enclosed for filing please find three (3) copies of a revised Appendix F to the Joint Petition for Settlement of Remand Proceeding filed June 15, 2007 at the above-referenced docket. The revision corrects certain errors in the Appendix.

Also enclosed for filing please find four (4) pages to be included in the form of tariff attached as Appendix H to the Settlement. The first two pages (pages 2 and 3B) are to be substituted for pages originally filed. Pages 25B and 27C were inadvertently omitted from the filed Settlement and therefore are to be added to Appendix H.

If you have any questions regarding the enclosed, please contact the undersigned.

Respectfully submitted,



Michael W. Hassell

MWH/skr

Enclosures

cc: Honorable Susan D. Colwell

Certificate of Service

ALLENTOWN HARRISBURG LANCASTER PHILADELPHIA PITTSBURGH PRINCETON WASHINGTON, D.C.

A PENNSYLVANIA PROFESSIONAL CORPORATION

DOCKETED
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21

**Appendix F
DOE - SEF Refund Adjustments**

Rate	Component	Remand Rate	DIST DOE SEF CHANGE	DOE SEF RATE
RS	Customer	\$8.00	\$0.04000	\$7.96
	First 200 KWH	\$0.02275	\$0.00010	\$0.02265
	Next 600 KWH	\$0.02057	\$0.00009	\$0.02048
	Excess KWH	\$0.01931	\$0.00007	\$0.01924
RWO	Customer	\$15.52	\$0.03000	\$15.45
	All KWH	\$0.01984	\$0.00129	\$0.01855
RW1	Customer	\$15.52	\$0.07000	\$15.45
	First 200 KWH	\$0.02275	\$0.00010	\$0.02265
	Next 400 KWH	\$0.02057	\$0.00009	\$0.02048
	Next 600 KWH	\$0.02057	\$0.00009	\$0.02048
	Excess KWH	\$0.01931	\$0.00007	\$0.01924
RTS	Customer	\$16.59	\$0.14	\$16.45000
	First 2 on-peak KW	\$0.00	\$0.00	\$0.00000
	Excess on-peak KW	\$1.452	\$0.010	\$1.44200
	Allkwh			
RTD	Customer	\$15.96	\$0.07	\$15.89
	On-peak KWH	\$0.04061	\$0.00018	\$0.04043
	Off-peak KWH	\$0.01220	\$0.00005	\$0.01215
GS1	Customer	\$11.07	\$0.04	\$11.03
	First 5 KW	\$0.00	\$0.00	\$0.00
	Excess KW	\$2.28	\$0.01	\$2.27
	First 150 Hours	0.02379	\$0.00008	\$0.02371
	Excess KWH	0.01641	\$0.00003	\$0.01638
	T. O. D. Metering	\$14.50	\$0.05	\$14.45
	Unmetered Credit	(\$5.88000)	\$0.39000	(\$5.49000)
G1V	Customer	\$8.00	\$0.04	\$7.96
	First 200 KWH	\$0.02275	\$0.00010	\$0.02265
	Next 600 KWH	\$0.02057	\$0.00009	\$0.02048
	Excess KWH	\$0.01931	\$0.00007	\$0.01924
	Excess KW	\$ 20.20	\$0.06	\$ 20.14
	All KWH	\$0.01220	\$0.00004	\$ 0.01216
	T. O. D. Metering	\$ 15.00	\$0.05	\$ 14.95

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Appendix F
DOE - SEF Refund Adjustments

Rate	Component	Remand Rate	DIST DOE SEF CHANGE	DOE SEF RATE
GS3	All KW	\$4.234	\$0.041	\$4.193
	First 200 Hours	\$0.00087	\$0.00001	\$0.00086
	Next 200 Hours	\$0.00069	\$0.00001	\$0.00068
	Excess KWH	\$0.00057	\$0.00000	\$0.00057
	T. O. D. Metering	\$14.22	\$0.14	\$14.08
G3V	Customer	\$8.00	\$0.04	\$7.96
	First 200 KWH	\$0.02275	\$0.00010	\$0.02265
	Next 600 KWH	\$0.02057	\$0.00009	\$0.02048
	Excess KWH	\$0.01931	\$0.00007	\$0.01924
G3C	Excess KW	\$20.20	\$0.19	\$20.01
	All KWH	\$0.01220	\$0.00011	\$0.01209
	T. O. D. Metering	\$15.00	\$0.14000	\$14.86
LP4	All KW	\$2.369	\$0.057	2.312
	First 200 Hours	\$0.00000	\$0.00000	\$0.00000
	Next 200 Hours	\$0.00000	\$0.00000	\$0.00000
	Excess KWH	\$0.00000	\$0.00000	\$0.00000
	T. O. D. Metering	\$14.30	\$0.350	13.950
L4C	All KW	\$2.486	\$0.057	\$2.429
	All KWH	\$0.00396	\$0.00009	\$0.00387
	T. O. D. Metering	\$15.00	\$0.35	\$14.65
ISP	All KW	4.879	\$0.121	4.758
	First 400 KWH	\$0.00000	\$0.00000	\$0.00000
	Excess KWH	\$0.00000	\$0.00000	\$0.00000
	T. O. D. Metering	\$14.70	\$0.370	14.33
LP5	All KW	\$0.230	\$0.058	\$0.172
	First 200 Hours	\$0.00000	\$0.00000	\$0.00000
	Next 200 Hours	\$0.00000	\$0.00000	\$0.00000
	Excess KWH	\$0.00000	\$0.00000	\$0.00000
	T. O. D. Metering	\$10.80	\$2.750	\$8.05
IST	All KW	\$0.836	\$0.251	\$0.585
	First 400 KWH	\$0.00000	\$0.00000	0.00000
	Excess KWH	\$0.00000	\$0.00000	0.00000
	T. O. D. Metering	\$12.23	\$3.670	\$8.560

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Appendix F
DOE - SEF Refund Adjustments

Rate	Component	Remand Rate	DIST DOE SEF CHANGE	DOE SEF RATE
LP6	All KW	\$0.109	\$0.067	\$0.042
	First 400 Hours	\$0.00000	\$0.00000	\$0.00000
	Next 200 Hours	\$0.00000	\$0.00000	\$0.00000
	Excess KWH	\$0.00000	\$0.00000	\$0.00000
	T. O. D. Metering	\$7.05	\$4.37	\$2.68
LEP	Facility Charge	\$3,410.00	\$80.89	\$3,329.11
	All KW	\$1.378	\$0.033	\$1.345
	First 60 Hours	\$0.00000	\$0.000	\$0.00
	Next 250 Hours	\$0.00000	\$0.000	\$0.00
	Excess KWH	\$0.00000	\$0.000	\$0.00
	T. O. D. Metering	\$15.00	\$0.36	\$14.64
	230 KV Credit	\$0.00	\$0.00	\$0.00
ISA	Customer Charge	\$21,340.00	\$1,517.27	\$19,822.73
	All KW	\$3.28	\$0.230	\$3.05
	Firm KWH	\$0.00019	\$0.00001	\$0.00018
	Interruptible KWH	\$0.00000	\$0.00	\$0.00000
IS1	Customer	\$850.00	\$4.61	\$845.39
	All KW	\$0.000	\$0.000	\$0.000
	First 730 Hours	\$0.00000	\$0.00000	\$0.00000
	Excess KWH	\$0.00000	\$0.00000	\$0.00000
BL	All KWH	\$0.04037	\$0.00012	\$0.04025
GH1	Customer	\$18.34	\$0.12	\$18.22
	All KW	\$2.22	\$0.01	\$2.21
	First 150 Hours	\$0.01539	\$0.00010	\$0.01529
	Excess KWH	\$0.00835	\$0.00005	\$0.00830
	T. O. D. Metering	\$13.62	\$0.05	\$13.57
GH2	Customer	\$18.30	\$0.12	\$18.18
	First 200 KWH	\$0.00000	\$0.00000	\$0.00000
	Excess KWH	\$0.01203	\$0.00008	\$0.01195

Appendix F
DOE - SEF Refund Adjustments

Rate	Component	Remand Rate	DIST DOE SEF CHANGE	DOE SEF RATE
Standby	<u>Back-Up Power Distribution Charge:</u>			
	Service at 480 Volts or Less - All KW	1.495	\$0.0000	1.495
	Service at 480 Volts or Less - All KWH	\$0.00232	\$0.0000	0.00232
	Service at 12 KV - All KW	0.968	\$0.0000	0.968
	Service at 12 KV - All KWH	\$0.00042	\$0.0000	0.00042
	Service at 69 KV or Higher - All KW	\$0.089	\$0.0020	0.087
	Service at 69 KV or Higher - All KWH	\$0.00000	\$0.0000	0.00000
	<u>Maintenance Power Distribution Charge:</u>			
	Service at 480 Volts or Less - All KWH	\$0.00232	\$0.00000	\$0.00232
	Service at 12 KV - All KWH	\$0.00042	\$0.00000	\$0.00042
	Service at 69 KV or Higher - All KWH	\$0.00000	\$0.00000	\$0.00000

Appendix F
DOE - SEF Refund Adjustments

RATE SCHEDULE SA

<u>TYPE OF SERVICE</u>	<u>LUMEN</u>	<u>NUMBER</u>	<u>ANNUAL</u>	<u>MONTHLY RATE</u>		
				<u>DIST RMD</u>	<u>DIST DOE SEF</u>	<u>DOE SEF</u>
			<u>KWH</u>	<u>CHARGE</u>	<u>CHANGE</u>	<u>RATE</u>
OVERHEAD						
WOOD POLE	6650	19,690	15,499,968	\$ 10.390	\$ 0.008	\$ 10.382
	9500	9,305	7,324,896	\$ 10.390	\$ 0.008	\$ 10.382
			22,824,864			

Appendix F
DOE - SEF Refund Adjustments

RATE SCHEDULE SM

TYPE OF SERVICE	LUMEN	NUMBER	ANNUAL KWH	MONTHLY RATE		
				DIST RMD CHARGE	DIST DOE SEF CHANGE	PROPOSED
						DOE SEF RATE
OVERHEAD						
WOOD POLE	3350	1,598	941,222	\$ 8.487	\$ 0.006	\$ 8.481
	6650	1,570	1,444,400	\$ 10.516	\$ 0.008	\$ 10.508
	10500	23	29,578	\$ 13.541	\$ 0.010	\$ 13.531
	20000	67	136,546	\$ 17.356	\$ 0.013	\$ 17.343
	34000	3	10,422	\$ 28.475	\$ 0.021	\$ 28.454
	51000	10	48,010	\$ 36.216	\$ 0.027	\$ 36.189
METAL POLE	6650	4	3,680	\$ 16.444	\$ 0.012	\$ 16.432
	10500	8	10,288	\$ 19.320	\$ 0.015	\$ 19.305
	20000	11	22,418	\$ 23.238	\$ 0.018	\$ 23.220
	34000	0	0	\$ 34.540	\$ 0.026	\$ 34.514
	51000	0	0	\$ 42.577	\$ 0.032	\$ 42.545
UNDERGROUND						
WOOD POLE	3350	13	7,657	\$ 13.758	\$ 0.010	\$ 13.748
	6650	301	276,920	\$ 16.097	\$ 0.012	\$ 16.085
LOW MOUNT	3350	412	242,668	\$ 15.078	\$ 0.011	\$ 15.067
	6650	335	308,200	\$ 17.374	\$ 0.013	\$ 17.361
HIGH MOUNT	6650	12	11,040	\$ 19.400	\$ 0.007	\$ 19.393
	10500	0	0	\$ 22.106	\$ 0.017	\$ 22.089
	20000	362	737,756	\$ 26.230	\$ 0.020	\$ 26.210
	34000	9	31,266	\$ 38.420	\$ 0.029	\$ 38.391
	51000	10	48,010	\$ 46.437	\$ 0.035	\$ 46.402
MULTIPLE UNIT	6650	5	4,600	\$ 8.791	\$ 0.007	\$ 8.784
	10500	0	0	\$ 12.343	\$ 0.009	\$ 12.334
	20000	10	20,380	\$ 15.450	\$ 0.012	\$ 15.438
	34000	0	0	\$ 26.728	\$ 0.020	\$ 26.708
	51000	0	0	\$ 34.474	\$ 0.026	\$ 34.448
CUSTOMER OWNI	3350	95	55,955	\$ 4.901	\$ 0.004	\$ 4.897
	6650	31	28,520	\$ 7.024	\$ 0.005	\$ 7.019
	10500	0	0	\$ 9.444	\$ 0.007	\$ 9.437
	20000	7	14,266	\$ 13.569	\$ 0.010	\$ 13.559

REVISED 6/26/07

Appendix F
DOE - SEF Refund Adjustments
 RATE SCHEDULE SHS

TYPE OF SERVICE	LUMEN	NUMBER	ANNUAL KWH	MONTHLY RATE		
				DIST RMD CHARGE	DIST DOE SEF CHANGE	DOE SEF RATE
OVERHEAD						
WOOD POLE	5800	26,505	9,462,285	\$ 8.364	\$ 0.004	\$ 8.360
	9500	31,149	15,948,288	\$ 9.389	\$ 0.005	\$ 9.384
	16000	7,267	5,472,051	\$ 10.570	\$ 0.005	\$ 10.565
	25500	2,724	3,701,916	\$ 14.847	\$ 0.007	\$ 14.840
	50000	542	1,156,086	\$ 19.542	\$ 0.010	\$ 19.532
METAL POLE	5800	148	52,836	\$ 11.792	\$ 0.006	\$ 11.786
	9500	499	255,488	\$ 12.574	\$ 0.006	\$ 12.568
	16000	194	146,082	\$ 13.608	\$ 0.007	\$ 13.601
	25500	126	171,234	\$ 17.495	\$ 0.009	\$ 17.486
	50000	6	12,798	\$ 21.833	\$ 0.011	\$ 21.822
UNDERGROUND						\$ -
WOOD POLE	5800	1,163	415,191	\$ 13.726	\$ 0.007	\$ 13.719
	9500	3,286	1,682,432	\$ 14.908	\$ 0.008	\$ 14.900
LOW MOUNT	5800	4,822	1,721,454	\$ 13.853	\$ 0.007	\$ 13.846
	9500	10,562	5,407,744	\$ 14.995	\$ 0.008	\$ 14.987
HIGH MOUNT	9500	1,270	650,240	\$ 18.144	\$ 0.009	\$ 18.135
	16000	1,112	837,336	\$ 19.161	\$ 0.010	\$ 19.151
	25500	913	1,240,767	\$ 26.580	\$ 0.013	\$ 26.567
	50000	345	735,885	\$ 31.057	\$ 0.016	\$ 31.041
MULTIPLE UNIT	5800	61	21,777	\$ 7.487	\$ 0.004	\$ 7.483
	9500	225	115,200	\$ 8.470	\$ 0.004	\$ 8.466
	16000	146	109,938	\$ 8.888	\$ 0.004	\$ 8.884
	25500	140	190,260	\$ 12.245	\$ 0.006	\$ 12.239
	50000	85	181,305	\$ 15.047	\$ 0.008	\$ 15.039
				49,688.593		

Appendix F
DOE - SEF Refund Adjustments
RATE SCHEDULE SE

TYPE OF SERVICE	LUMEN	NUMBER	ANNUAL KWH	MONTHLY RATE		
				DIST RMD CHARGE	DIST DOE SEF CHANGE	DOE SEF RATE
UTILITY POLE	3350	115	67,735	\$ 0.06680	\$ 0.00018	\$ 0.06662
	6650	63	57,960	\$ 0.06680	\$ 0.00018	\$ 0.06662
	5800	6,691	2,388,687	\$ 0.06680	\$ 0.00018	\$ 0.06662
	9500	13,172	6,744,064	\$ 0.06680	\$ 0.00018	\$ 0.06662
	10500	40	51,440	\$ 0.06680	\$ 0.00018	\$ 0.06662
	16000	5,296	3,987,888	\$ 0.06680	\$ 0.00018	\$ 0.06662
	20000	256	521,728	\$ 0.06680	\$ 0.00018	\$ 0.06662
	25500	1,628	2,212,452	\$ 0.06680	\$ 0.00018	\$ 0.06662
	34000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	50000	90	191,970	\$ 0.06680	\$ 0.00018	\$ 0.06662
	51000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	7900	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	21000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	22000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	14000	3	2,709	\$ 0.06680	\$ 0.00018	\$ 0.06662
	19000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	36000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	37000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	3500	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
	6500	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662
8000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662	
12000	0	0	\$ 0.06680	\$ 0.00018	\$ 0.06662	
CUSTOMER POLE	3350	28	16,492	\$ 0.02977	\$ 0.00008	\$ 0.02969
	6650	758	697,360	\$ 0.02977	\$ 0.00008	\$ 0.02969
	10500	703	904,058	\$ 0.02977	\$ 0.00008	\$ 0.02969
	20000	477	972,126	\$ 0.02977	\$ 0.00008	\$ 0.02969
	34000	1	3,474	\$ 0.02977	\$ 0.00008	\$ 0.02969
	51000	137	657,737	\$ 0.02977	\$ 0.00008	\$ 0.02969
	5800	1,937	691,509	\$ 0.02977	\$ 0.00008	\$ 0.02969
	9500	4,160	2,129,920	\$ 0.02977	\$ 0.00008	\$ 0.02969
	16000	3,474	2,615,922	\$ 0.02977	\$ 0.00008	\$ 0.02969
	25500	2,453	3,333,627	\$ 0.02977	\$ 0.00008	\$ 0.02969
	50000	2,411	5,142,663	\$ 0.02977	\$ 0.00008	\$ 0.02969
	21000	20	24,940	\$ 0.02977	\$ 0.00008	\$ 0.02969
	22000	1,767	1,747,563	\$ 0.02977	\$ 0.00008	\$ 0.02969
	7900	478	265,290	\$ 0.02977	\$ 0.00008	\$ 0.02969
	14000	306	276,318	\$ 0.02977	\$ 0.00008	\$ 0.02969
	19000	54	53,784	\$ 0.02977	\$ 0.00008	\$ 0.02969
	36000	42	82,362	\$ 0.02977	\$ 0.00008	\$ 0.02969
	37000	28	43,960	\$ 0.02977	\$ 0.00008	\$ 0.02969
	3500	0	0	\$ 0.02977	\$ 0.00008	\$ 0.02969

REVISED 6/26/07

Appendix F
DOE - SEF Refund Adjustments

6500	0	0	\$ 0.02977	\$	0.00008	\$ 0.02969
8000	0	0	\$ 0.02977	\$	0.00008	\$ 0.02969
12000	0	0	\$ 0.02977	\$	0.00008	\$ 0.02969
<hr/>						
			35,885,738			

Appendix F DOE - SEF Refund Adjustments

RATE SCHEDULE TS(R)

TYPE OF SERVICE	WATTS	NUMBER	ANNUAL KWH	MONTHLY RATE		
				DIST RMD CHARGE	PROPOSED	
					DIST DOE SEF CHANGE	DOE SEF RATE
TRAFFIC SIGNAL						
	25	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	50	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	60	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	67	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	69	417	252,202	\$ 0.05471	\$ 0.00009	\$ 0.05462
	100	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	104	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	107	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	116	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	125	0	0	\$ 0.05471	\$ 0.00009	\$ 0.05462
	134	59	69,242	\$ 0.05471	\$ 0.00009	\$ 0.05462
			321,444			

Appendix F
DOE - SEF Refund Adjustments
RATE SCHEDULE SI-1(R)

<u>TYPE OF SERVICE</u>	<u>LUMEN</u>	<u>NUMBER</u>	<u>ANNUAL</u>	<u>MONTHLY RATE</u>		
				<u>DIST RMD</u>	<u>DIST DOE SEF</u>	<u>DOE SEF</u>
			<u>KWH</u>	<u>CHARGE</u>	<u>CHANGE</u>	<u>RATE</u>
OVERHEAD						
WOOD POLE	600	195	48,555	\$ 4.723	\$ 0.003	\$ 4.720
	1000	17	7,531	\$ 5.854	\$ 0.004	\$ 5.850
UNDERGROUND						
LOW MOUNT	4000	19	26,714	\$ 17.437	\$ 0.011	\$ 17.426
			82,800			

LIST OF CHANGES MADE BY THIS SUPPLEMENT

CHANGES:

Rate Schedules RS, RTS(R), RTD(R), SA, SM, SHS, SE, TS(R), and SI-1 Under the Net Monthly Rate, the Distribution Charge, effective August 1, 2007, is increased.

Page Nos. 20, 20B, 21, 22, 22A, 34, 35, 35F, 36, 37, 39, and 40

Rule 6A and Rate Schedules GS-1, GS-3, LP-4, LP-5, LP-6, IS-P(R), IS-T(R), BL, GH-1(R), and GH-2(R) Under the Net Monthly Rate, the Distribution Charge, effective August 1, 2007, is decreased. However, for service to Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services, the Net Monthly Distribution Charge is increased.

Page Nos. 10D, 24, 24A, 24B, 24C, 25, 25C, 25D, 27, 27C, 28, 28A.1, 28B, 28D, 30A, 30B.1, 30C, 41, 41B, 42, and 42A

Rate Schedules LP-5, LP-6, IS-P(R), IS-T(R), and GH-1(R) Under Time-of-Date Metering and Billing, the Monthly charge, effective August 1, 2007, is decreased.

Page Nos. 24B, 28A.1, 28D, 30B.1, 30E, and 41B

Transmission Service Charge The Transmission Service Charge definition is revised to include charges computed separately for four customer classes.

Page Nos. 19Z and 19Z.1

Remand Rider-1 (RR-1) The new rider, stated on a KWH basis, shall be applied to the energy-related distribution charges for the four customer classes. It provides for the reallocation of transmission service revenues during the January 1, 2005 through July 31, 2007.

Page Nos. 18B

Remand Rider-2 (RR-2) The new rider, stated on a percentage basis, shall be applied to all of the distribution charges for the four customer classes. It provides for the reallocation of distribution service during the January 1, 2005 through July 31, 2007 period.

Page Nos. 18C and 18D

SECRETARY'S OFFICE
 2007 JUN 26 PM 3:49



TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>	<u>Revision</u>
RTD(R) - Residential Service - Time of Day -----	22	Sixteenth
	22A	Fifteenth
	22B	Fifth
	22C	Seventh
	22D	Third
	22E	First
-----	23	Second
GS-1 - Small General Service - Sec. Voltage -----	24	Seventeenth
	24A	Sixteenth
	24B	Ninth
	24C	Eleventh
	24D	Twelfth
	24E	Tenth
	24F	Ninth
	24G	Fifth
	24H	Fourth
	24I	Fifth
	24J	Second
GS-3 - Large General Service - Sec. Voltage -----	25	Sixteenth
	25A	Eleventh
	25B	Twelfth
	25C	Ninth
	25D	Tenth
	25E	Tenth
	25F	Tenth
	25G	Seventh
	25H	Seventh
	25I	Third
	25J	Fifth
	25K	Fourth
	25L	First
-----	26	Second
LP-4 - Large General Service - 12 KV -----	27	Fourteenth
	27A	Ninth
	27B	Eleventh
	27C	Ninth
	27D	Fourth
	27E	Eighth
	27F	Sixth
	27G	Fifth
	27H	First
LP-5 - Large General Service - 69 KV or Higher -----	28	Fifteenth
	28A	Ninth
	28A.1	Fifteenth
	28A.2	Fourth
	28A.3	Fourth
	28A.4	Fourth
	28A.5	Sixth
	28A.6	First
LP-6 - Large General Service - 69 KV or Higher -----	28B	Fourteenth
	28C	Ninth
	28D	Fifteenth
	28E	Fourth
	28F	Fourth
	28G	Third
	28H	Fifth
	28I	First

RATE SCHEDULE GS-3 (CONTINUED)

(C)

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)

\$4.451 per kilowatt for all kilowatts of the Billing KW.

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

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

3.693 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 25 KW.

The Monthly Minimum Distribution Charge is 25 KW times the demand step of the effective Distribution Charge, and the Monthly Minimum Capacity and Energy Charge is 25 KW times the demand step of the effective Capacity and Energy Charge.

Monthly Minimums apply to services provided by the Company.

BILLING KW

The Billing KW is the average number of kilowatts supplied during the 15 minute period of maximum use during the current billing period.

Time-of-Day metering and billing is available on request for an additional charge of \$14.08 per month for a minimum period of one year. The Billing KW applicable to the charges under this Rate Schedule is the average number of kilowatts supplied during the 15 minute period of maximum use during the on-peak hours of the current billing period. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the Commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(D)

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 3 p.m., 8 a.m. to 4 p.m., or 9 a.m. to 5 p.m. local time at the option of the customer, Mondays to Fridays inclusive, except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Company's system on-peak period is 7 a.m. to 9 p.m. local time.

INDUSTRIAL DEVELOPMENT INITIATIVES RIDER

The Industrial Development Initiatives Rider included in this Tariff applies to eligible customers served under this Rate Schedule, except for customers served under the Economic Development Initiatives Rider.

(Continued)

RATE SCHEDULE LP-4 (CONTINUED)

(C)

BILLING KW (Continued)

Time-of-Day metering and billing is available on request for an additional charge of \$13.95 per month for a minimum period of one year. The Billing KW applicable to the charges under this Rate Schedule is the average number of kilowatts supplied during the 15 minute period of maximum use during the on-peak hours of the current billing period. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(D)

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 3 p.m., 8 a.m. to 4 p.m., or 9 a.m. to 5 p.m. local time, at the option of the customer, Mondays to Fridays inclusive except, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The Company's system on-peak period is 7 a.m. to 9 p.m. local time.

INDUSTRIAL DEVELOPMENT INITIATIVES RIDER

The Industrial Development Initiatives Rider included in this Tariff applies to eligible customers served under this Rate Schedule, except for customers served under the Economic Development Initiatives Rider.

ECONOMIC DEVELOPMENT INITIATIVES RIDER

The Economic Development Initiatives Rider included in this Tariff applies to eligible customers served under this Rate Schedule, except for customers served under the Industrial Development Initiatives Rider.

OFF-PEAK SPACE CONDITIONING AND WATER HEATING (Effective 1-1-05)

For customers served under this Rate Schedule, off-peak energy for storage space conditioning and/or water heating may be supplied exclusively through a separate submeter and billed separately at a charge of \$14.65 per month, plus a Distribution Charge of 0.387 cts. per KWH, plus the following Competitive Transition Charge, Intangible Transition Charge and, for customers who receive Basic Utility Supply Service from the Company, the following Capacity and Energy Charge, with a monthly minimum charge of \$14.65. Any billing KW resulting from usage during on-peak hours is billed at Rate Schedule charges. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(Continued)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA EMAIL AND HAND DELIVERY

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

2007 JUN 26 PM 3:48
SECRETARY'S BUREAU

VIA EMAIL FIRST CLASS MAIL

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

Anthony Gay
Exelon Business Services Company
Legal Department
2301 Market Street, S23-1
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Philadelphia, PA 19101-8699

William R. Lloyd, Jr.
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Office of Small Business Advocate
Commerce Building Suite 1102
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US Army Legal Services Agency
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Office of Trial Staff
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PO Box 3265
Harrisburg, PA 17105-3265

Eric Joseph Epstein
4100 Hillsdale Road
Harrisburg, PA 17112

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

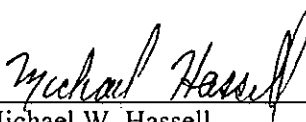
Pamela C. Polacek
Vasiliki Karandrikis
McNees Wallace & Nurick
100 Pine Street
PO Box 1166
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Stephen J. Baron
J. Kennedy & Associates, Inc.
570 Colonial Park Drive
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Robert D. Knecht
Industrial Economics Incorp.
2067 Massachusetts Avenue
Cambridge, PA 02140

James P. McCormick
Strategic Energy, LLC
1940 Robert Road
Meadowbrook, PA 19046

Date: June 26, 2007


Michael W. Hassell



DOCUMENT FOLDER

17 North Second Street
12th Floor
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717-731-1970 Main
717-731-1985 Fax
www.postschell.com

Michael W. Hassell
mhassell@postschell.com
717-612-6029 Direct
File #: 2507/126978

June 27, 2007

VIA HAND DELIVERY

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

RECEIVED

JUN 28 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Dear Judge Colwell:

In response to your request, enclosed please find two additional copies of each of the following:

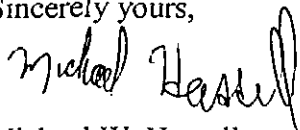
1. Remand Direct Testimony and Exhibits on Behalf of PPL Electric Utilities Corporation, Vol. I and Vol. II;
2. Remand Direct Testimony and Exhibits on Behalf of PP&L Industrial Customer Alliance;
3. Remand Direct Testimony and Exhibits on Behalf of Pennsylvania Office of Small Business Advocate;
4. Remand Direct Testimony on Behalf of Pennsylvania Office of Consumer Advocate; and
5. Remand Direct Testimony and Exhibits on behalf of Department of Defense.

Please let me know if I can be of any further assistance.

RECEIVED
JUN 28 2007 7:56
PA PUC

Honorable Susan D. Colwell
June 27, 2007
Page 2

Sincerely yours,

A handwritten signature in cursive script that reads "Michael Hassell". The signature is written in black ink and is positioned above the printed name.

Michael W. Hassell

MWH:skr
Enclosures



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Fax
www.postschell.com

Michael W. Hassell

mhassell@postschell.com
717-612-6029 Direct
File #: 2507/126978

June 28, 2007

DOCUMENT
FOLDER

VIA HAND DELIVERY

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

RECEIVED

JUN 29 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Dear Judge Colwell:

Enclosed please find a bound copy of the complete Joint Petition for Settlement of Remand Proceeding in the above-referenced proceeding. This copy includes all appendices, including corrected Appendix F and Appendix H.

Please let me know if I can be of any further assistance.

Sincerely yours,

Michael W. Hassell

MWH:skr

Enclosure

cc: Certificate of Service

RECEIVED
OFFICE OF THE SECRETARY
07 JUN 29 11:08:10
PA PUC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

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

William R. Lloyd, Jr.
Steven C. Gray
Office of Small Business Advocate
Commerce Building Suite 1102
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Pamela C. Polacek
Vasiliki Karandrikis
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Honorable Phyllis Mundy, Chair
Northeast Delegation
House Box 202020
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J. Kennedy & Associates, Inc.
570 Colonial Park Drive
Suite 305
Roswell, GA 30075-3770

James P. McCormick
Strategic Energy, LLC
1940 Robert Road
Meadowbrook, PA 19046

Date: June 28, 2007



Michael W. Hassell



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560 (in PA only)

IRWINA. POPOWSKY
Consumer Advocate

FAX (717) 783-7152
consumer@paoca.org

July 6, 2007

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
P.O. Box 3265
Harrisburg, PA 17120

ORIGINAL

Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Rate Increase (**BACK ON REMAND**)
Docket No. R-00049255

Dear Secretary McNulty:

Please be advised that the Office of Consumer Advocate will not be filing Exceptions in the above-referenced matter.

Copies have been served to the parties of record as indicated on the enclosed Certificate of Service.

**DOCUMENT
FOLDER**

Sincerely,

Aron J. Beatty
Assistant Consumer Advocate
PA Attorney I.D. #86625

Enclosures

cc: All Parties of Record
Hon. Susan D. Colwell
Office of Special Assistants

80924.doc

DOCKETED
JUL 09 2007

2007 JUL -6 PM 3:59
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

2007 JUL -6 P11 3: 59
SECRETARY'S BUREAU

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-00049255
 :
 PPL Electric Utilities Corporation :
 Rate Increase (**REMAND**) :

I hereby certify that I have this day served a true copy of the foregoing Office of Consumer Advocate's Letter Re: Not Filing Exceptions, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 6th day of July, 2007.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Richard A. Kanaskie, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17105-3265
Counsel for: *Office of Trial Staff*

SERVICE BY E-MAIL & FIRST CLASS MAIL

Paul E. Russell, Esquire
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18106
Counsel for: *PPL Electric Utilities Corporation*

Michael W. Hassell, Esquire
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
Counsel for: *PPL Electric Utilities Corporation*

David B. MacGregor, Esquire
Post & Schell, P.C.
Four Penn Center
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Philadelphia, PA 19103-2808
Counsel for: *PPL Electric Utilities Corporation*
Pamela C. Polacek, Esquire

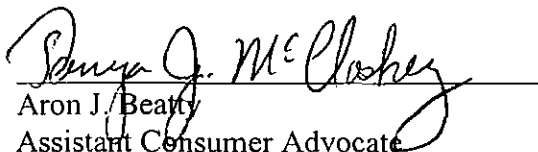
Steven C. Gray
Assistant Small Business Advocate
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101
Counsel for: *Office of Small Business Advocate*

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McNees Wallace & Nurick, LLC
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17108-1166
Counsel for: *PP&L Industrial Customer Alliance*

David McCormick, Esquire
U.S. Army Legal Services Agency
901 North Stuart Street
Room 713
Arlington, VA 22203-1837
Counsel for: *United States Department of Defense*

Eric Epstein
411 Hillsdale Road
Harrisburg, PA 17112
For: *Pro Se*

Anthony Gay
Exelon Business Services Company
Legal Dept.
2301 Market Street, S23-1
P.O. Box 8699
Philadelphia, PA 19101-8699



Aron J. Beatty
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E-Mail: ABeatty@paoca.org
Tanya J. McCloskey
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50044
E-Mail: TMcCloskey@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

00092785.DOC



McNees Wallace & Nurick LLC
attorneys at law



ORIGINAL

2007 JUL -6 Pii 2:19
SECURITY BUREAU

VASILIKI KARANDRIKAS
DIRECT DIAL: (717) 237-5274
DIRECT FAX: (717) 260-1707
E-MAIL ADDRESS: VKARANDRIKAS@MWN.COM

July 6, 2007

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

VIA HAND DELIVERY

RE: Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation; Docket Nos. R-00049255 and R-00049255C0001-C0020

Dear Secretary McNulty:

Please be advised that the PP&L Industrial Customer Alliance ("PPLICA") will not be filing Exceptions to the Recommended Decision on Remand issued in the above-referenced proceeding. PPLICA reserves the right, however, to file Reply Exceptions in response to other parties' Exceptions.

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

Very truly yours,

McNEES WALLACE & NURICK LLC

**DOCUMENT
FOLDER**

DOCKETED
JUL 09 2007

By *Vasiliki Karandrikas*
Vasiliki Karandrikas (Pa. I.D. No. 89711)

Counsel to the PP&L Industrial Customer Alliance

VK/sds

Enclosure

c: Certificate of Service
Administrative Law Judge Susan D. Colwell (via Hand Delivery)
Cheryl Walker Davis, Director, Office of Special Assistants (via Hand Delivery)

34

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).

VIA E-MAIL AND FIRST CLASS MAIL

Steven C. Gray, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Peter Q. Nyce, General Attorney
The Department of Defense and Federal
Executive Agencies
Regulatory Law Office
U.S. Army Legal Services Agency
Department of the Army (JALS-RL)
901 North Stuart Street, Room 713
Arlington, VA 22203-1837

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James A. Mullins, Esq.
Aron Beatty, Esq.
Office of Consumer Advocate
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Post & Schell PC
Four Penn Center
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Philadelphia, PA 19103

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

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John H. Isom, Esq.
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Office of Trial Staff
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Eric Joseph Epstein
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Harrisburg, PA 17112

Stephen J. Baron, President
J. Kennedy and Associates, Inc.
570 Colonial Park Drive, Suite 305
Roswell, GA 30075-3770

Kent D. Murphy, Esq.
Exelon Business Services Co.
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Philadelphia, PA 19101-8699

Mr. Robert D. Knecht
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140

SECRETARY'S BUREAU

2007 JUL -6 PM 2:19

Certificate of Service

Page 2

Docket No. R-00049255 et al.

Paul E. Russell, Esquire
Office of General Counsel
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101-1179

Mr. Thomas Caitlin
Exeter Associates
5565 Sterrett Place
Suite 310
Columbia, MD 21044



Vasiliki Karandrikas

Counsel to the PP&L Industrial Customer Alliance


Dated this 6th day of July, 2007, at Harrisburg, Pennsylvania.

2007 JUL -6 PM 2:19
SECRETARY'S BUREAU

DATE: July 9, 2007

SUBJECT: R-00049255

DOCUMENT
FOLDER

TO:  Office of Administrative Law Judge
Susan Hoffner

FROM: James J. McNulty
Secretary

DOCKETED
JUL 16 2007

Pennsylvania Public Utility Commission
VS.
PPL Electric Utilities Corporation

Copies of the Recommended Decision have been served upon all parties.

No exceptions have been received by the Commission. This matter is referred to your office for whatever action you deem necessary.

cc: Office of Special Assistants

P.S. Please note that exceptions or reply exceptions may come in timely with certificate of mailings. A second memo will not be released for these exceptions.



Paul B. Russell
Associate General Counsel

ORIGINAL

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com



FEDERAL EXPRESS

July 26, 2007

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

R-00049255

**DOCUMENT
FOLDER**

RECEIVED

JUL 26 2007
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Pennsylvania Public Utility Commission
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. 58 to PPL Electric's Tariff - Electric Pa. P.U.C. No. 201. The enclosed tariff supplement is being filed in compliance with the Commission's Order, entered on July 25, 2007, approving the Joint Petition for Settlement in the above-captioned proceeding.

Attached is a certificate of service evidencing service of this filing upon all active parties in the above-captioned proceeding.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on July 26, 2007 which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

Handwritten mark resembling a stylized '7' or '1' in the bottom right corner.

James J. McNulty, Esquire

- 2 -

July 26, 2007

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 tariff supplement, please call me or Joseph M. Kleha, PPL Electric's Manager - Regulatory Projects at (610) 774-4486.

Very truly yours,

Paul E. Russell/dlw

Paul E. Russell

Enclosures

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

ORIGINAL

Supplement No. 58
Electric Pa. P.U.C. No. 201



**DOCUMENT
FOLDER**

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.

RECEIVED

JUL 26 2007

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

ISSUED: July 26, 2007

EFFECTIVE: August 1, 2007

This Tariff Supplement is being filed
in compliance with the Commission's
order, entered on July 25, 2007,
approving the Joint Petition for
Settlement at Docket No. R-00049255.

Issued by
DAVID G. DeCAMPLI, PRESIDENT
Two North Ninth Street
Allentown, PA 18101-1179

NOTICE

DOCKETED
AUG 07 2007

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

LIST OF CHANGES MADE BY THIS SUPPLEMENT

CHANGES:

Rate Schedules RS, RTS(R), RTD(R), SA, SM, SHS, SE, TS(R), and SI-1 Under the Net Monthly Rate, the Distribution Charge, effective August 1, 2007, is increased.

Page Nos. 20, 20B, 21, 22, 22A, 34, 35, 35F, 36, 37, 39, and 40

Rule 6A and Rate Schedules GS-1, GS-3, LP-4, LP-5, LP-6, IS-P(R), IS-T(R), BL, GH-1(R), and GH-2(R) Under the Net Monthly Rate, the Distribution Charge, effective August 1, 2007, is decreased. However, for service to Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services, the Net Monthly Distribution Charge is increased.

Page Nos. 10D, 24, 24A, 24C, 25, 25B, 25D, 27, 27C, 28, 28B, 30A, 30C, 41, 41B, 42, and 42A

Rate Schedules GS-1, LP-5, LP-6, IS-P(R), IS-T(R), and GH-1(R) Under Time-of-Date Metering and Billing, the Monthly charge, effective August 1, 2007, is decreased.

Page Nos. 24B, 28A.1, 28D, 30B.1, 30E, and 41B

Transmission Service Charge The Transmission Service Charge definition is revised to include charges computed separately for four customer classes.

Page Nos. 19Z and 19Z.1

Remand Rider-1 (RR-1) The new rider, stated on a KWH basis, shall be applied to the energy-related distribution charges for the four customer classes. It provides for the reallocation of transmission service revenues during the January 1, 2005 through July 31, 2007 period.

Page Nos. 18B

Remand Rider-2 (RR-2) The new rider, stated on a percentage basis, shall be applied to all of the distribution charges for the four customer classes. It provides for the reallocation of distribution service during the January 1, 2005 through July 31, 2007 period.

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RULE 6A - STAND-BY SERVICE
 FOR QUALIFYING FACILITIES (CONTINUED)

(C)

RATES FOR STAND-BY SERVICE (Continued)

(c) Back-up Power will be billed using the following charges:

	Service at 480 Volts or Less	Service at 12,470 Volts	Service at 69,000 Volts or Higher	
Distribution Charge	\$1.495/KW 0.232¢/KWH	\$0.968/KW 0.042¢/KWH	\$0.087/KW 0.000¢/KWH	(D)
Competitive Transition Charge (Effective 1-1-05 through 12-31-05)	-0.646¢/KWH	-0.628¢/KWH	-0.526¢/KWH	
Competitive Transition Charge (Effective 1-1-06 through 12-31-06)	-0.202¢/KWH	-0.198¢/KWH	-0.169¢/KWH	
Competitive Transition Charge (Effective 1-1-07 through 12-31-07)	-1.276¢/KWH	-1.239¢/KWH	-1.050¢/KWH	
Competitive Transition Charge (Effective 1-1-08 through 12-31-08)	0.477¢/KWH	0.462¢/KWH	0.397¢/KWH	
Competitive Transition Charge (Effective 1-1-09 through 12-31-09)	2.889¢/KWH	2.789¢/KWH	2.416¢/KWH	

The Competitive Transition Charge Reconciliation Rider included in this Tariff applies to the above Competitive Transition Charges.

	Service at 480 Volts or Less	Service at 12,470 Volts	Service at 69,000 Volts or Higher
Intangible Transition Charge (Effective 1-1-05 through 12-31-05)	4.102¢/KWH	3.984¢/KWH	3.333¢/KWH
Intangible Transition Charge (Effective 1-1-06 through 12-31-06)	3.643¢/KWH	3.538¢/KWH	3.031¢/KWH
Intangible Transition Charge (Effective 1-1-07 through 12-31-07)	4.655¢/KWH	4.517¢/KWH	3.816¢/KWH
Intangible Transition Charge (Effective 1-1-08 through 12-31-08)	2.563¢/KWH	2.482¢/KWH	2.131¢/KWH
Intangible Transition Charge (Effective 1-1-09 through 12-31-09)	0.000¢/KWH	0.000¢/KWH	0.000¢/KWH

The Intangible Transition Charge Reconciliation Rider included in this Tariff applies to the above Intangible Transition Charges.

(Continued)

REMAND RIDER-1

The Remand Rider-1 (RR-1), stated on a kWh basis, shall be applied, on a non-bypassable basis, to the kWh sales of each customer who takes distribution service from the Company. Pursuant to the terms of the Commission order entered on July 25, 2007 at Docket No. R-00049255, the RR-1 provides for reallocation among customer classes of charges for transmission service billed by the Company during the period January 1, 2005 through July 31, 2007. The State Tax Adjustment Surcharge included in this Tariff is applied to charges under this Rider.

The RR-1, inclusive of calculated interest, initially shall be established at the following levels:

Customer Class	8/1/07 – 12/31/07	1/1/08 – 12/31/08	1/1/09 – 12/31/09
Residential (Rate Schedules RS, RTS (R), and RTD (R))	0.123	0.136	0.135
Small Commercial and Industrial (Rate Schedules GS-1, GS-3, IS-1 (R), BL, SA, SM, SHS, SE, TS (R), SI-1 (R), GH-1 (R), and GH-2 (R))	-0.025	-0.030	-0.029
Large Commercial and Industrial – Primary (Rate Schedules LP-4 and IS-P (R))	-0.087	-0.103	-0.102
Large Commercial and Industrial – Transmission (Rate Schedules LP-5, LP-6, LPEP, IS-T (R), ISA (R), L5S)	-0.135	-0.171	-0.170

On December 1, 2007, December 1, 2008 and December 1, 2009, the Company shall file a recomputation of the RR-1 to reflect over or under recoveries of charges or refunds during the preceding application period and changes to estimated sales in the application period. The recomputed RR-1 shall become effective for service rendered on or after the following January 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission.

The Company will file with the Pennsylvania Public Utility Commission by December 1 of each year an annual reconciliation of the RR-1 revenue reallocation during the immediately preceding application period, pursuant to 66 Pa. C.S. §1307. The reconciliation shall become effective for service rendered on and after January 1 and shall remain in effect for a period of one year, or until new RR-1 rates are approved by the Commission.

The RR-1 shall terminate on December 31, 2009. Final reconciliation of charges and refunds by customer class of the RR-1 shall be calculated and remaining amounts will be reflected in the Transmission Service Charge (TSC) E-factor for each customer class effective January 1, 2010.

REMAND RIDER-2

The Remand Rider-2 (RR-2), stated on a percentage basis, shall be applied, on a non-bypassable basis, to all of the distribution charges of each customer who takes distribution service from the Company. Pursuant to the terms of the Commission order entered on July 25, 2007 at Docket No. R-00049255, the RR-2 provides for the refund of Hurricane Isabel costs and the reallocation among customer classes of charges for distribution service billed by the Company during the period January 1, 2005 through July 31, 2007. The State Tax Adjustment Surcharge included in this Tariff is applied to charges under this Rider.

The RR-2, inclusion of calculated interest, initially shall be established at the following levels:

Customer Class	8/1/07 – 12/31/07	1/1/08 – 12/31/08	1/1/09 – 12/31/09
Large Commercial and Industrial – Transmission (Rate Schedule L5S)	-41.97	-40.73	-39.83
Large Commercial and Industrial – Transmission (Rate Schedule ISA (R))	0.00	0.00	0.00
Residential (Rate Schedule RS)	3.16	3.02	2.99
Residential (Rate Schedule RTS (R))	9.58	9.74	9.73
Residential (Rate Schedule RTD (R))	3.67	3.41	3.39
Small Commercial and Industrial (Rate Schedule GS-1)	-3.75	-3.73	-3.65
Small Commercial and Industrial (Rate Schedule GS-3)	-6.71	-6.59	-6.47
Large Commercial and Industrial – Primary (Rate Schedule LP-4)	-5.85	-5.80	-5.72
Large Commercial and Industrial – Transmission (Rate Schedule LP-5)	-40.80	-38.06	-37.60
Large Commercial and Industrial – Transmission (Rate Schedule LP-6)	-100.98	-90.97	-89.36
Large Commercial and Industrial – Transmission (Rate Schedule LPEP)	-0.38	-0.38	-0.38
Small Commercial and Industrial – Primary (Rate Schedule IS-1 (R))	-0.11	-0.11	-0.11
Large Commercial and Industrial – Primary (Rate Schedule IS-P (R))	-9.80	-9.74	-9.73
Large Commercial and Industrial – Transmission (Rate Schedule IS-T (R))	-18.08	-15.59	-15.52
Small Commercial and Industrial (Rate Schedule BL)	-0.14	-0.14	-0.14

(Continued)

REMAND RIDER-2

Customer Class	8/1/07 – 12/31/07	1/1/08 – 12/31/08	1/1/09 – 12/31/09
Small Commercial and Industrial (Rate Schedule SA)	6.42	6.42	6.42
Small Commercial and Industrial (Rate Schedule SM)	5.42	5.48	5.48
Small Commercial and Industrial (Rate Schedule SHS)	8.32	8.48	8.48
Small Commercial and Industrial (Rate Schedule SE)	1.73	1.78	1.78
Small Commercial and Industrial (Rate Schedule TS (R))	8.92	9.09	9.09
Small Commercial and Industrial (Rate Schedule SI-1 (R))	7.39	7.47	7.47
Small Commercial and Industrial (Rate Schedule GH-1 (R))	-20.40	-20.48	-20.07
Small Commercial and Industrial (Rate Schedule GH-2 (R))	-18.12	-19.01	-18.62

On December 1, 2007, December 1, 2008 and December 1, 2009, the Company shall file a recomputation of the RR-2 to reflect changes to estimated sales in the application period or changes to distribution rates in the application period. The recomputed RR-2 shall become effective for service rendered on or after the following January 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission.

The RR-2 shall terminate on December 31, 2009.

TRANSMISSION SERVICE CHARGE

A Transmission Service Charge (TSC) shall be applied to charges for electricity supplied to customers who receive Basic Utility Supply Service ("BUSS"), as defined in Rule 1B(1), from the Company under this Tariff.

The TSC shall be computed separately for each of the following four customer classes:

- (1) Residential: Consisting of Rate Schedules RS, RTS (R), and RTD (R),
- (2) Small Commercial and Industrial: Consisting Rate Schedules GS-1, GS-3, IS-1 (R), BL, SA, SM, SHS, SE, TS (R), SI-1 (R), GH-1 (R), and GH-2 (R) (Small C&I),
- (3) Large Commercial and Industrial – Primary: Consisting of Rate Schedules LP-4 and IS-P (R) (Large C&I – Primary), and
- (4) Large Commercial and Industrial – Transmission Rate Schedules LP-5, LP-6, LPEP, IS-T (R), ISA (R), and L5S (Large C&I – Transmission).

The TSC, computed using the formulae described below, shall be applied to the monthly bill of each customer receiving BUSS service from the Company and shall be reconciled on an annual basis for undercollections and overcollections experienced during the previous year.

The TSC for the Residential class and the Small C&I class shall be computed using the following formula:

$$TSC = [TCe/S + TCd/S - E/S] \times 1/(1-T)$$

The TSC for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formulae:

$$TSC = TSCd + TSCe$$

The demand – related portion of the TSC (TSCd) for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formula:

$$TSCd = [TCd/D] \times 1/(1-T)$$

The other portion of the TSC (TSCe) for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formula:

$$TSCe = [TCe/S - E/S] \times 1/(1-T)$$

Where:

TCd = The demand-related (kW) portion of the charges that the Company incurs to provide transmission service (including ancillary service charges) to customers who receive BUSS service from the Company. These charges are all Federal Energy Regulatory Commission (FERC)-approved charges imposed by PJM Interconnection, LLC (PJM) on a kW basis. These charges are allocated to each customer class based upon the contribution of that class to the 5 coincident peaks used by PJM to establish such demand – related charges.

(Continued)

TRANSMISSION SERVICE CHARGE (CONTINUED)

- TCe = All other charges not recovered through TCd that the Company incurs to provide transmission service (including ancillary service charges) to customers who receive BUSS service from the Company. These charges are all FERC-approved charges imposed by PJM on any basis other than a kW basis. These charges are allocated to each customer class based upon the projected kWh usage of that class, including estimated distribution system losses during the computation year.
- D = For the Large C&I – Primary customer class, the total of the monthly billing demands for all customers in the class, projected for the computation year. For the Large C&I – Transmission customer class, the total of the monthly contributions of all customers in the class to the Company's 5 coincident peaks used by PJM to establish such demand – related charges.
- E = Net over or undercollection of the TCe and TCd charges associated with the acquisition of transmission service as of the end of the 12-month period ending November 30 immediately preceding the computation year, including applicable interest. Reconciliation of the TSC will be conducted separately for each of the four customer classes. Interest shall be computed monthly at the appropriate rate, as provided for in Section 1308(d) of the Public Utility Code, from the month the over or undercollection occurs to the effective month that the overcollection is refunded or the undercollection is recouped.
- S = The Company's total retail KWH sales to customers in each customer class who receive BUSS under this tariff (including distribution losses), projected for the computation year.
- T= The total Pennsylvania gross receipts tax rate in effect during the billing period, expressed in decimal form.

The TSC shall be filed with the Pennsylvania Public Utility Commission (Commission) by December 1 of each year. The TSC rate shall become effective for transmission service acquired on behalf of BUSS customers and rendered to those customers on or after the following January 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that a customer class's TSC, if left unchanged, would result in a material over or undercollection of all transmission service charges incurred or expected to be incurred during the current 12-month period ending November 30, the Company may file with the Commission for an interim revision of the TSC to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

Minimum bills shall not be reduced by reason of the TSC, nor shall charges hereunder be a part of the monthly rate schedule minimum. The TSC shall not be subject to any credits or discounts and shall not be affected by the State Tax Adjustment Surcharge (STAS).

The Company shall file a report of collections under the TSC within thirty (30) days following the conclusion of each computation-year quarter. These reports will be in a form prescribed by the Commission. The third-quarter report shall be accompanied by a preliminary forecast of the TSC for the next computation year.

Application of the TSC shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the TSC and the costs included therein.

RATE SCHEDULE RS
RESIDENTIAL SERVICE

(C)

APPLICATION RATE SCHEDULE RS

This Rate Schedule is for single phase residential service in accordance with the APPLICATION PROVISIONS hereof. The Multiple Dwelling Unit Application is restricted to eight or less dwelling units for applications after August 26, 1976, and further to buildings converted to multiple dwelling units for applications after June 28, 1980. Separate Water Heating Service is available only to service locations served under this application on and continuously after April 26, 1985.

NET MONTHLY RATE

Distribution Charge

\$7.96 per month plus

2.265 cts. per KWH for the first 200 KWH

(I)

2.048 cts. per KWH for the next 600 KWH

(I)

1.924 cts. per KWH for all additional KWH.

(I)

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

0.230 cts. per KWH for the first 200 KWH.

0.203 cts. per KWH for the next 600 KWH.

0.188 cts. per KWH for all additional KWH.

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

0.237 cts. per KWH for the first 200 KWH.

0.210 cts. per KWH for the next 600 KWH.

0.194 cts. per KWH for all additional KWH.

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

0.237 cts. per KWH for the first 200 KWH.

0.210 cts. per KWH for the next 600 KWH.

0.194 cts. per KWH for all additional KWH.

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

0.214 cts. per KWH for the first 200 KWH.

0.190 cts. per KWH for the next 600 KWH.

0.175 cts. per KWH for all additional KWH.

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

1.293 cts. per KWH for the first 200 KWH.

1.147 cts. per KWH for the next 600 KWH.

1.059 cts. per KWH for all additional KWH.

(Continued)

RATE SCHEDULE RS (CONTINUED)

(C)

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)
 5.949 cts. per KWH for the first 200 KWH.
 5.231 cts. per KWH for the next 600 KWH.
 4.800 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 MINIMUM

The Monthly Minimum Distribution Charge is \$7.96. Monthly Minimums apply to services provided by the Company.

OFF-PEAK WATER HEATING (Effective 1-1-05)

When a customer has an electric water heater supplied through the Rate Schedule RS meter which meets all the requirements of this provision, the per month charge of the Distribution Charge rate and the Monthly Minimum are decreased to \$15.45 per month, and a block of 400 KWH is billed at the Distribution Charge rate of 2.048 cts. per KWH, plus the following Competitive Transition Charge and Intangible Transition Charge rates and, for customers who receive Basic Utility Supply Service from the Company, the following Capacity and Energy Charge rate after the first 200 KWH is billed under these rates. All additional KWH is billed at the trailing steps of the Distribution Charge, Competitive Transition Charge, Intangible Transition Charge, and Capacity and Energy Charge rates. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the Commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(I)

<u>Effective</u>	<u>Competitive Transition Charge</u>	<u>Intangible Transition Charge</u>	<u>Capacity and Energy Charge</u>
1-1-05 through 12-31-05	0.220 cts. per KWH	1.084 cts. per KWH	1.329 cts. per KWH
1-1-06 through 12-31-06	0.224 cts. per KWH	1.085 cts. per KWH	1.457 cts. per KWH
1-1-07 through 12-31-07	0.213 cts. per KWH	1.044 cts. per KWH	1.517 cts. per KWH
1-1-08 through 12-31-08	0.189 cts. per KWH	1.022 cts. per KWH	1.603 cts. per KWH
1-1-09 through 12-31-09	1.144 cts. per KWH	0.000 cts. per KWH	1.802 cts. per KWH

When the regular blocks of the Distribution Charge, Competitive Transition Charge, Intangible Transition Charge, and Capacity and Energy Charge rates are increased by the multiple dwelling unit application, the \$15.45 charge is applied only once to the Distribution Charge rate, and the 400 KWH water heating block is applied only once after the multiple application of the 200 KWH block in the Distribution Charge, Competitive Transition Charge, Intangible Transition Charge, and Capacity and Energy Charge rates.

(Continued)

RATE SCHEDULE RTS (R)

(C)

RESIDENTIAL SERVICE - THERMAL STORAGE

Applications for service under this Rate Schedule for new service locations will be accepted only until December 31, 1995. Service will be provided to existing service locations supplied hereunder through the life of the existing thermal storage units.

APPLICATION RATE SCHEDULE RTS (R)

This Rate Schedule is for single phase residential service in accordance with load management capabilities in accordance with the APPLICATION PROVISIONS hereof.

NET MONTHLY RATE

Distribution Charge

\$16.45 per month plus

\$1.442 per kilowatt of on-peak billing KW in excess of 2 KW.

(I)

Competitive Transition Charge (Effective 1-1-05 through 12-31-05)
0.127 cts. per KWH for all KWH.

Competitive Transition Charge (Effective 1-1-06 through 12-31-06)
0.114 cts. per KWH for all KWH.

Competitive Transition Charge (Effective 1-1-07 through 12-31-07)
0.032 cts. per KWH for all KWH.

Competitive Transition Charge (Effective 1-1-08 through 12-31-08)
0.119 cts. per KWH for all KWH.

Competitive Transition Charge (Effective 1-1-09 through 12-31-09)
0.719 cts. per KWH for all KWH.

Intangible Transition Charge (Effective 1-1-05 through 12-31-05)
0.745 cts. per KWH for all KWH.

Intangible Transition Charge (Effective 1-1-06 through 12-31-06)
0.766 cts. per KWH for all KWH.

Intangible Transition Charge (Effective 1-1-07 through 12-31-07)
0.810 cts. per KWH for all KWH.

Intangible Transition Charge (Effective 1-1-08 through 12-31-08)
0.641 cts. per KWH for all KWH.

Intangible Transition Charge (Effective 1-1-09 through 12-31-09)
0.000 cts. per KWH for all 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.

(Continued)

(I) Indicates Increase **(D)** Indicates Decrease **(C)** Indicates Change

RATE SCHEDULE RTD (R)
RESIDENTIAL SERVICE - TIME-OF-DAY

(C)

New applications for service under the Rate Schedule are limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the Commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

APPLICATION RATE SCHEDULE RTD (R)

This Rate Schedule is for single phase residential service metered and billed to recognize time-of-day use in accordance with the APPLICATION PROVISIONS hereof.

NET MONTHLY RATE

Distribution Charge

\$15.89 per month

4.043 cts. per KWH for all on-peak KWH.

1.215 cts. per KWH for all off-peak KWH.

(I)
(I)
(I)

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

0.516 cts. per KWH for all on-peak KWH.

0.168 cts. per KWH for all off-peak KWH.

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

0.472 cts. per KWH for all on-peak KWH.

0.158 cts. per KWH for all off-peak KWH.

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

0.256 cts. per KWH for all on-peak KWH.

0.088 cts. per KWH for all off-peak KWH.

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

0.407 cts. per KWH for all on-peak KWH.

0.133 cts. per KWH for all off-peak KWH.

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

2.314 cts. per KWH for all on-peak KWH.

0.753 cts. per KWH for all off-peak KWH.

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

2.478 cts. per KWH for all on-peak KWH.

0.806 cts. per KWH for all off-peak KWH.

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

2.530 cts. per KWH for all on-peak KWH.

0.819 cts. per KWH for all off-peak KWH

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

2.623 cts. per KWH for all on-peak KWH.

0.849 cts. per KWH for all off-peak KWH.

(Continued)

(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

RATE SCHEDULE RTD (R) (CONTINUED)

(C)

Intangible Transition Charge (Effective 1-1-08 through 12-31-08)
2.188 cts. per KWH for all on-peak KWH.
0.712 cts. per KWH for all off-peak KWH.

Intangible Transition Charge (Effective 1-1-09 through 12-31-09)
0.000 cts. per KWH for all on-peak KWH.
0.000 cts. per KWH for all off-peak 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)
8.893 cts. per KWH for all on-peak KWH.
2.635 cts. per KWH for all off-peak KWH.

Capacity and Energy Charge (Effective 1-1-06 through 12-31-06)
9.84 cts. per KWH for all on-peak KWH.
2.917 cts. per KWH for all off-peak KWH.

Capacity and Energy Charge (Effective 1-1-07 through 12-31-07)
9.965 cts. per KWH for all on-peak KWH.
2.958 cts. per KWH for all off-peak KWH.

Capacity and Energy Charge (Effective 1-1-08 through 12-31-08)
10.17 cts. per KWH for all on-peak KWH.
3.025 cts. per KWH for all off-peak KWH.

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)
10.528 cts. per KWH for all on-peak KWH.
3.143 cts. per KWH for all off-peak 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 MINIMUM

The Monthly Minimum Distribution Charge is \$15.89. Monthly Minimums apply to services provided by the Company.

(I)

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 5 p.m., 8 a.m. to 6 p.m., or 9 a.m. to 7 p.m. local time at the option of the customer, Mondays to Fridays inclusive except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

BUDGET BILLING

Budget Billing is available at the option of the customer for charges under this Rate Schedule.

(Continued)

**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

\$11.03 per month plus

\$2.27 per kilowatt for all Billing KW in excess of 5 KW.

2.371 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.

1.638 cts. per KWH for all additional KWH.

(D)
(D)
(D)
(D)

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)

0.372 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.

0.279 cts. per KWH for all additional KWH.

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

0.407 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.

0.305 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)

1.384 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.

1.038 cts. per KWH for all additional KWH.

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

1.351 cts. per KWH for the first 150 KWH per kilowatt of the Billing KW.

1.013 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 \$11.03.

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-1 (CONTINUED)

(C)

BILLING KW (Continued)

The Company installs a demand meter when it estimates that the demand exceeds 5 KW. The Billing KW is the average number of kilowatts supplied during the 15 minute period of maximum use during the current billing period taken to the nearest ½ kilowatt.

Time-of-Day metering and billing is available on request for an additional charge of \$14.45 per month for a minimum period of one year. The Billing KW applicable to the charges under this Rate Schedule is the average number of kilowatts supplied during the 15 minute period of maximum use during the on-peak hours of the current billing period. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the Commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(D)

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 3 p.m., 8 a.m. to 4 p.m., or 9 a.m. to 5 p.m. local time at the option of the customer, Mondays to Fridays inclusive, except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Company's system on-peak period is 7 a.m. to 9 p.m. local time.

OFF-PEAK SPACE CONDITIONING AND WATER HEATING (Effective 1-1-05)

For customers served under this Rate Schedule, off-peak energy for storage space conditioning and/or water heating may be supplied exclusively through a separate meter and billed separately at a charge of \$14.95 per month, plus a Distribution Charge of 1.216 cts. per KWH, plus the following Competitive Transition Charge, Intangible Transition Charge and, for customers who receive Basic Utility Supply Service from the Company, the following Capacity and Energy Charge, with a monthly minimum charge of \$14.95. Any Billing KW resulting from usage during on-peak hours is billed at the rate \$20.14 per KW. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the Commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

<u>Effective</u>	<u>Competitive Transition Charge</u>	<u>Intangible Transition Charge</u>	<u>Capacity and Energy Charge</u>
1-1-05 through 12-31-05	0.000 cts. per KWH	0.236 cts. per KWH	0.000 cts. per KWH
1-1-06 through 12-31-06	0.000 cts. per KWH	0.236 cts. per KWH	0.000 cts. per KWH
1-1-06 through 12-31-07	0.000 cts. per KWH	0.236 cts. per KWH	0.000 cts. per KWH
1-1-08 through 12-31-08	0.000 cts. per KWH	0.236 cts. per KWH	0.000 cts. per KWH
1-1-09 through 12-31-09	0.236 cts. per KWH	0.000 cts. per KWH	0.000 cts. per KWH

(Continued)

RATE SCHEDULE GS-1 (CONTINUED)

(C)

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.

Service through the separate meter may be used between the off-peak hours of 7 p.m. to 7 a.m. local time, Mondays to Fridays inclusive, and all day Saturday, Sunday and the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

SERVICE TO VOLUNTEER FIRE COMPANIES, NON-PROFIT SENIOR CITIZEN CENTERS, NON-PROFIT RESCUE SQUADS, AND NON-PROFIT AMBULANCE SERVICES

Upon application and acceptance by the Company, Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-profit Ambulance Services may, for a minimum one year period, elect to have electric service rendered pursuant to the following charges.

Distribution Charge

\$7.96 per month plus

- 2.265 cts. per KWH for the first 200 KWH.
- 2.048 cts. per KWH for the next 600 KWH.
- 1.924 cts. per KWH for all additional KWH.

(I)
(I)
(I)

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

- 0.230 cts. per KWH for the first 200 KWH.
- 0.203 cts. per KWH for the next 600 KWH.
- 0.188 cts. per KWH for all additional KWH.

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

- 0.237 cts. per KWH for the first 200 KWH.
- 0.210 cts. per KWH for the next 600 KWH.
- 0.194 cts. per KWH for all additional KWH.

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

- 0.237 cts. per KWH for the first 200 KWH.
- 0.210 cts. per KWH for the next 600 KWH.
- 0.194 cts. per KWH for all additional KWH.

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

- 0.214 cts. per KWH for the first 200 KWH.
- 0.190 cts. per KWH for the next 600 KWH.
- 0.175 cts. per KWH for all additional KWH.

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

- 1.293 cts. per KWH for the first 200 KWH.
- 1.147 cts. per KWH for the next 600 KWH.
- 1.059 cts. per KWH for all additional KWH.

(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

- \$4.193 per kilowatt for all kilowatts of the Billing KW **(D)**
- 0.086 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW **(D)**
- 0.068 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW **(D)**
- 0.057 cts. per KWH for all additional KWH. **(D)**

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)

- 0.243 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.
- 0.192 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.185 cts. per KWH for all additional KWH.

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

- 0.209 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.
- 0.165 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.160 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 GS-3 (CONTINUED)

(C)

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)

- \$4.451 per kilowatt for all kilowatts of the Billing KW.
- 5.073 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.
- 3.864 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 3.693 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 25 KW.

The Monthly Minimum Distribution Charge is 25 KW times the demand step of the effective Distribution Charge, and the Monthly Minimum Capacity and Energy Charge is 25 KW times the demand step of the effective Capacity and Energy Charge.

Monthly Minimums apply to services provided by the Company.

BILLING KW

The Billing KW is the average number of kilowatts supplied during the 15 minute period of maximum use during the current billing period.

Time-of-Day metering and billing is available on request for an additional charge of \$14.08 per month for a minimum period of one year. The Billing KW applicable to the charges under this Rate Schedule is the average number of kilowatts supplied during the 15 minute period of maximum use during the on-peak hours of the current billing period. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the Commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(D)

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 3 p.m., 8 a.m. to 4 p.m., or 9 a.m. to 5 p.m. local time at the option of the customer, Mondays to Fridays inclusive, except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Company's system on-peak period is 7 a.m. to 9 p.m. local time.

INDUSTRIAL DEVELOPMENT INITIATIVES RIDER

The Industrial Development Initiatives Rider included in this Tariff applies to eligible customers served under this Rate Schedule, except for customers served under the Economic Development Initiatives Rider.

(Continued)

RATE SCHEDULE GS-3 (CONTINUED)

(C)

Distribution Charge

\$7.96 per month plus

- 2.265 cts. per KWH for the first 200 KWH
- 2.048 cts. per KWH for the next 600 KWH.
- 1.924 cts. per KWH for all additional KWH.

(I)
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(I)

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

- 0.230 cts. per KWH for the first 200 KWH.
- 0.203 cts. per KWH for the next 600 KWH.
- 0.188 cts. per KWH for all additional KWH.

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

- 0.237 cts. per KWH for the first 200 KWH.
- 0.210 cts. per KWH for the next 600 KWH.
- 0.194 cts. per KWH for all additional KWH.

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

- 0.237 cts. per KWH for the first 200 KWH.
- 0.210 cts. per KWH for the next 600 KWH.
- 0.194 cts. per KWH for all additional KWH.

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

- 0.214 cts. per KWH for the first 200 KWH.
- 0.190 cts. per KWH for the next 600 KWH.
- 0.175 cts. per KWH for all additional KWH.

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

- 1.293 cts. per KWH for the first 200 KWH.
- 1.147 cts. per KWH for the next 600 KWH.
- 1.059 cts. per KWH for all additional KWH.

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

- 1.099 cts. per KWH for the first 200 KWH.
- 0.975 cts. per KWH for the next 600 KWH.
- 0.900 cts. per KWH for all additional KWH.

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

- 1.124 cts. per KWH for the first 200 KWH.
- 0.996 cts. per KWH for the next 600 KWH.
- 0.920 cts. per KWH for all additional KWH.

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

- 1.101 cts. per KWH for the first 200 KWH.
- 0.976 cts. per KWH for the next 600 KWH.
- 0.901 cts. per KWH for all additional KWH.

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

- 1.154 cts. per KWH for the first 200 KWH.
- 1.024 cts. per KWH for the next 600 KWH.
- 0.946 cts. per KWH for all additional KWH.

(Continued)

**RATE SCHEDULE LP-4
LARGE GENERAL SERVICE AT 12,470 VOLTS**

(C)

APPLICATION RATE SCHEDULE LP-4

This Rate Schedule is for large general service supplied from available lines of 12,470 volts when the customer furnishes and maintains all equipment necessary to transform the energy from line voltage. New applications with voltage levels higher or lower than 12,470 volts will not be accepted after January 1, 2005.

NET MONTHLY RATE

Distribution Charge

\$2.312 per kilowatt for all kilowatts of the Billing KW.

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

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

0.000 cts. per KWH for all additional KWH.

(D)

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

\$0.231 per kilowatt for all kilowatts of the Billing KW.

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

0.231 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)

\$0.238 per kilowatt for all kilowatts of the Billing KW.

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

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

0.202 cts. per KWH for all additional KWH.

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

\$0.232 per kilowatt for all kilowatts of the Billing KW.

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

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

0.195 cts. per KWH for all additional KWH.

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

\$0.139 per kilowatt for all kilowatts of the Billing KW.

0.172 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.

0.116 cts. per KWH for all additional KWH.

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

\$0.809 per kilowatt for all kilowatts of the Billing KW.

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

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

0.682 cts. per KWH for all additional KWH.

(Continued)

RATE SCHEDULE LP-4 (CONTINUED)

(C)

BILLING KW (Continued)

Time-of-Day metering and billing is available on request for an additional charge of \$13.95 per month for a minimum period of one year. The Billing KW applicable to the charges under this Rate Schedule is the average number of kilowatts supplied during the 15 minute period of maximum use during the on-peak hours of the current billing period. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(D)

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 3 p.m., 8 a.m. to 4 p.m., or 9 a.m. to 5 p.m. local time, at the option of the customer, Mondays to Fridays inclusive except, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The Company's system on-peak period is 7 a.m. to 9 p.m. local time.

INDUSTRIAL DEVELOPMENT INITIATIVES RIDER

The Industrial Development Initiatives Rider included in this Tariff applies to eligible customers served under this Rate Schedule, except for customers served under the Economic Development Initiatives Rider.

ECONOMIC DEVELOPMENT INITIATIVES RIDER

The Economic Development Initiatives Rider included in this Tariff applies to eligible customers served under this Rate Schedule, except for customers served under the Industrial Development Initiatives Rider.

OFF-PEAK SPACE CONDITIONING AND WATER HEATING (Effective 1-1-05)

For customers served under this Rate Schedule, off-peak energy for storage space conditioning and/or water heating may be supplied exclusively through a separate submeter and billed separately at a charge of \$14.65 per month, plus a Distribution Charge of 0.387 cts. per KWH, plus the following Competitive Transition Charge, Intangible Transition Charge and, for customers who receive Basic Utility Supply Service from the Company, the following Capacity and Energy Charge, with a monthly minimum charge of \$14.65. Any billing KW resulting from usage during on-peak hours is billed at Rate Schedule charges. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(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

- \$0.172 per kilowatt for all kilowatts of the Billing KW.
- 0.000 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.
- 0.000 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.000 cts. per KWH for all additional KWH.

(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)

- \$0.305 per kilowatt for all kilowatts of the Billing KW.
- 0.286 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.
- 0.244 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.212 cts. per KWH for all additional KWH.

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

- \$0.292 per kilowatt for all kilowatts of the Billing KW.
- 0.278 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.
- 0.237 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.206 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)

RATE SCHEDULE LP-5 (CONTINUED)

(C)

Capacity and Energy Charge (Effective 1-1-08 through 12-31-08)

- \$4.975 per kilowatt for all kilowatts of the Billing KW.
- 4.423 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.
- 3.723 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 3.199 cts. per KWH for all additional KWH.

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)

- \$5.076 per kilowatt for all kilowatts of the Billing KW.
- 4.523 cts. per KWH for the first 200 KWH per kilowatt of the Billing KW.
- 3.808 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 3.273 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 300 KW.

The Monthly Minimum Distribution Charge is 300 KW times the demand step of the effective Distribution Charge. The Monthly Minimum Competitive Transition Charge is 300 KW times the demand step of the effective Competitive Transition Charge. The Monthly Minimum Intangible Transition Charge is 300 KW times the demand step of the effective Intangible Transition Charge. The Monthly Minimum Capacity and Energy Charge is 300 KW times the demand step of the effective Capacity and Energy Charge.

Monthly Minimums apply to services provided by the Company.

BILLING KW

The Billing KW is the average number of kilowatts supplied during the 15 minute period of maximum use during the current billing period.

Time-of-Day metering and billing is available on request for an additional charge of \$8.05 per month for a minimum period of one year. The Billing KW applicable to the charges under this Rate Schedule is the average number of kilowatts supplied during the 15 minute period of maximum use during the on-peak hours of the current billing period. For new applications, this provision is limited to customers of the company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the commission's order at docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(D)

(Continued)

RATE SCHEDULE LP-6
LARGE GENERAL SERVICE AT 69,000 VOLTS OR HIGHER

(C)

APPLICATION RATE SCHEDULE LP-6

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.

NET MONTHLY RATE

Distribution Charge

- \$0.042 per kilowatt for all kilowatts of the Billing KW.
- 0.000 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 0.000 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.000 cts. per KWH for all additional KWH.

(D)

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

- \$0.356 per kilowatt for all kilowatts of the Billing KW.
- 0.293 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 0.182 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.149 cts. per KWH for all additional KWH.

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

- \$0.875 per kilowatt for all kilowatts of the Billing KW.
- 0.711 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 0.440 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.354 cts. per KWH for all additional KWH.

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

- \$0.451 per kilowatt for all kilowatts of the Billing KW.
- 0.366 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 0.227 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.182 cts. per KWH for all additional KWH.

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

- \$0.178 per kilowatt for all kilowatts of the Billing KW.
- 0.145 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 0.090 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.073 cts. per KWH for all additional KWH.

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

- \$1.062 per kilowatt for all kilowatts of the Billing KW.
- 0.865 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 0.538 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.435 cts. per KWH for all additional KWH.

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

- \$1.661 per kilowatt for all kilowatts of the Billing KW.
- 1.364 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 0.849 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 0.686 cts. per KWH for all additional KWH.

(Continued)

(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

RATE SCHEDULE LP-6 (CONTINUED)

(C)

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)

- \$4.996 per kilowatt for all kilowatts of the Billing KW.
- 4.164 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 2.468 cts. per KWH for the next 200 KWH per kilowatt of the Billing KW.
- 1.930 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 10,000 KW. The minimum billing usage is 400 KWH per kilowatt of the Billing KW.

The Monthly Minimum Distribution Charge is 10,000 KW times the demand step of the effective Distribution Charge. The Monthly Minimum Competitive Transition Charge is 10,000 KW times the demand step of the effective Competitive Transition Charge. The Monthly Minimum Intangible Transition Charge is 10,000 KW times the demand step of the effective Intangible Transition Charge. The Monthly Minimum Capacity and Energy Charge is 10,000 KW times the demand step of the effective Capacity and Energy Charge.

Monthly Minimums apply to services provided by the Company.

BILLING KW

The Billing KW is the average number of kilowatts supplied during the 15 minute period maximum use during the current billing period.

Time-of-Day metering and billing is available on request for an additional charge of \$2.68 per month for a minimum period of one year. The Billing KW applicable to the charges under this Rate Schedule is the average number of kilowatts supplied during the 15 minute period of maximum use during the on-peak hours of the current billing period. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(D)

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 3 p.m., 8 a.m. to 4 p.m., or 9 a.m. to 5 p.m. local time, at the option of the customer, Mondays to Fridays inclusive except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Company's system on-peak period is 7 a.m. to 9 p.m. local time.

(Continued)

RATE SCHEDULE IS-P(R)

(C)

INTERRUPTIBLE LARGE GENERAL SERVICE AT 12,470 VOLTS OR HIGHER

New applications for service under the Rate Schedule are limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the Commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

APPLICATION RATE SCHEDULE IS-P(R)

This Rate Schedule is for interruptible large general service supplied from available lines of 12,470 volts or higher when customer furnishes and maintains all equipment necessary to transform the energy from line voltage.

INTERRUPTIBLE POWER

Interruptible service under this Rate Schedule is available to customers with at least 1,000 KW of year-round Interruptible Power who contract to accept interruptible service for at least one year, as detailed in this Rate Schedule.

The Company will not enter into new contracts for interruptible service if the amount of interruptible power from all customers served under Rate Schedules IS-1, IS-P, IS-T, PR-2(R), the Competitive Rate Rider, and Interruptible Service by Agreement exceeds a total of 500 MW.

NET MONTHLY RATE

Distribution Charge

- \$4.758 per kilowatts for all kilowatts of the Billing KW.
- 0.000 cts. per KWH for the first 400 hours use of Billing KW.
- 0.000 cts. per KWH for all additional KWH.

(D)

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

- \$0.040 per kilowatts for all kilowatts of the Billing KW.
- 0.040 cts. per KWH for the first 400 hours use of Billing KW.
- 0.026 cts. per KWH for all additional KWH.

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

- \$0.041 per kilowatts for all kilowatts of the Billing KW.
- 0.050 cts. per KWH for the first 400 hours use of Billing KW.
- 0.032 cts. per KWH for all additional KWH.

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

- \$0.091 per kilowatts for all kilowatts of the Billing KW.
- 0.119 cts. per KWH for the first 400 hours use of Billing KW.
- 0.075 cts. per KWH for all additional KWH.

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

- \$0.111 per kilowatts for all kilowatts of the Billing KW.
- 0.124 cts. per KWH for the first 400 hours use of Billing KW.
- 0.079 cts. per KWH for all additional KWH.

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

- \$0.658 per kilowatts for all kilowatts of the Billing KW.
- 0.748 cts. per KWH for the first 400 hours use of Billing KW.
- 0.471 cts. per KWH for all additional KWH.

(Continued)

(I) Indicates Increase **(D)** Indicates Decrease **(C)** Indicates Change

RATE SCHEDULE IS-P (R) (CONTINUED)

(C)

Capacity and Energy Charge (Effective 1-1-08 through 12-31-08)

- \$3.733 per kilowatt for all kilowatts of the Billing KW.
- 4.452 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 2.662 cts. per KWH for all additional KWH.

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)

- \$3.804 per kilowatt for all kilowatts of the Billing KW.
- 4.533 cts. per KWH for the first 400 KWH per kilowatt of the Billing KW.
- 2.712 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 25 KW.

The Monthly Minimum Distribution Charge is 25 KW times the demand step of the effective Distribution Charge. The Monthly Minimum Competitive Transition Charge is 25 KW times the demand step of the effective Competitive Transition Charge. The Monthly Minimum Intangible Transition Charge is 25 KW times the demand step of the effective Intangible Transition Charge. The Monthly Minimum Capacity and Energy Charge is 25 KW times the demand step of the effective Capacity and Energy Charge.

Monthly Minimums apply to services provided by the Company.

TIME-OF-DAY METERING AND BILLING CHARGE

In addition to the above charges, the customer pays to the Company \$14.33 per month for Time-of-Day metering and billing.

(D)

BILLING KW

The monthly Billing KW is calculated as:

$$\text{Billing KW} = \text{Firm Power} + [\text{Interruptible Power} \times (1 - \text{Average On-peak Load Factor})]$$

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 7 p.m. local time, Mondays to Fridays inclusive except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

MAXIMUM ON-PEAK DEMAND

Maximum On-peak Demand is the average number of kilowatts supplied during the 15 minute period of maximum use during the On-peak Hours of the current billing period.

(Continued)

RATE SCHEDULE IS-T(R)
INTERRUPTIBLE LARGE GENERAL SERVICE AT 69,000 VOLTS OR HIGHER

(C)

New applications for service under this Rate Schedule are limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the commission's order at docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

APPLICATION RATE SCHEDULE IS-T(R)

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

INTERRUPTIBLE POWER

Interruptible service under this Rate Schedule is available to customers with at least 1,000 KW of year-round Interruptible Power who contract to accept interruptible service for at least one year, as detailed in this rate schedule.

The Company will not enter into new contracts for interruptible service if the amount of interruptible power from all customers served under Rate Schedules IS-1, IS-P, IS-T, PR-2(R), the Competitive Rate Rider, and Interruptible Service by Agreement exceeds a total of 500 MW.

NET MONTHLY RATE

Distribution Charge

- \$0.585 per kilowatt for all kilowatts of the Billing KW.
- 0.000 cts. per KWH for the first 400 hours use of Billing KW.
- 0.000 cts. per KWH for all additional KWH.

(D)

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

- \$0.081 per kilowatt for all kilowatts of the Billing KW.
- 0.060 cts. per KWH for the first 400 hours use of Billing KW.
- 0.040 cts. per KWH for all additional KWH.

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

- \$0.016 per kilowatt for all kilowatts of the Billing KW.
- 0.017 cts. per KWH for the first 400 hours use of Billing KW.
- 0.011 cts. per KWH for all additional KWH.

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

- \$0.068 per kilowatt for all kilowatts of the Billing KW.
- 0.044 cts. per KWH for the first 400 hours use of Billing KW.
- 0.028 cts. per KWH for all additional KWH.

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

- \$0.172 per kilowatt for all kilowatts of the Billing KW.
- 0.113 cts. per KWH for the first 400 hours use of Billing KW.
- 0.076 cts. per KWH for all additional KWH.

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

- \$1.012 per kilowatt for all kilowatts of the Billing KW.
- 0.684 cts. per KWH for the first 400 hours use of Billing KW.
- 0.457 cts. per KWH for all additional KWH.

(Continued)

RATE SCHEDULE IS-T (R) (CONTINUED)

(C)

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 300 KW.

The Monthly Minimum Distribution Charge is 300 KW times the demand step of the effective Distribution Charge. The Monthly Minimum Competitive Transition Charge is 300 KW times the demand step of the effective Competitive Transition Charge. The Monthly Minimum Intangible Transition Charge is 300 KW times the demand step of the effective Intangible Transition Charge. The Monthly Minimum Capacity and Energy Charge is 300 KW times the demand step of the effective Capacity and Energy Charge.

Monthly Minimums apply to services provided by the Company.

TIME-OF-DAY METERING AND BILLING CHARGE

In addition to the above charges, the customer pays to the Company \$8.56 per month for Time-of-Day metering and billing.

(D)

BILLING KW

The monthly Billing KW is calculated as:

$$\text{Billing KW} = \text{Firm Power} + [\text{Interruptible Power} \times (1 - \text{Average On-peak Load Factor})]$$

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 7 p.m. local time, Mondays to Fridays inclusive except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

MAXIMUM ON-PEAK DEMAND

Maximum On-peak Demand is the average number of kilowatts supplied during the 15 minute period (1 hr. period for 230,000 volt service) of maximum use during the On-peak Hours of the current billing period, except that where a 1 hour period of maximum use was in effect as of August 28, 1981, it may be continued for that customer.

ON-PEAK LOAD FACTOR

On-peak Load Factor for billing purposes is the ratio of the kilowatt-hours supplied during the On-peak Hours to the product of the Maximum On-peak Demand and the number of On-peak Hours for a billing period.

(Continued)

**RATE SCHEDULE SA
PRIVATE AREA LIGHTING SERVICE**

(C)

APPLICATION OF RATE SCHEDULE SA

This Rate Schedule is for the lighting of yards, private roadways, alleys and other areas supplied from existing overhead secondary distribution.

NET MONTHLY RATE

Distribution Charge
\$10.382 per lamp.

(I)

Competitive Transition Charge (Effective 1-1-05 through 12-31-05)
-\$0.019 per lamp.

Competitive Transition Charge (Effective 1-1-06 through 12-31-06)
-\$0.022 per lamp.

Competitive Transition Charge (Effective 1-1-07 through 12-31-07)
-\$0.041 per lamp.

Competitive Transition Charge (Effective 1-1-08 through 12-31-08)
\$0.104 per lamp.

Competitive Transition Charge (Effective 1-1-09 through 12-31-09)
\$0.599 per lamp.

Intangible Transition Charge (Effective 1-1-05 through 12-31-05)
\$0.782 per lamp.

Intangible Transition Charge (Effective 1-1-06 through 12-31-06)
\$0.783 per lamp.

Intangible Transition Charge (Effective 1-1-07 through 12-31-07)
\$0.759 per lamp.

Intangible Transition Charge (Effective 1-1-08 through 12-31-08)
\$0.541 per lamp.

Intangible Transition Charge (Effective 1-1-09 through 12-31-09)
\$0.000 per lamp.

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)
\$2.158 per lamp.

Capacity and Energy Charge (Effective 1-1-06 through 12-31-06)
\$2.769 per lamp.

(Continued)

**RATE SCHEDULE SM
 MERCURY VAPOR STREET LIGHTING SERVICE**

(C)

The application of this Rate Schedule to all service is limited as indicated in the Application section of Rate Schedule SM.

APPLICATION RATE SCHEDULE SM

This Rate Schedule is for lighting service from overhead or underground facilities on public areas such as streets, highways, bridges and parks, to municipalities, other governmental agencies, or private property customers, when all such service is supplied under Company's standard form of contract in accordance with the various laws applicable thereto.

The application of this Rate Schedule is limited as follows:

- (a) 10,500 lumen and 34,000 lumen mercury vapor lamps -- fixtures installed on or before and supplied continuously after June 2, 1973, and also prospective fixtures where a definite rate commitment has been made as of that date as long as service is continuous thereafter, and fixtures previously supplied under Hershey Electric Company SMVO rate.
- (b) metal pole overhead -- poles installed on or before and in service continuously after June 2, 1973, and fixtures previously supplied under Hershey Electric Company SMVO and S rates.
- (c) customer-owned equipment -- customers served on or before and supplied continuously after August 26, 1976.
- (d) 20,000 lumen and 51,000 lumen mercury vapor lamps -- fixtures installed on or before and supplied continuously after August 22, 1983, and additions at locations adjacent to such existing installations.
- (e) 3,350 lumen and 6,650 lumen mercury vapor lamps -- fixtures installed on or before and supplied continuously after April 28, 1987, and additions at locations adjacent to or interspersed with such existing installations.

NET MONTHLY RATE

Distribution Charge

(I)

<u>LAMP DESCRIPTION</u>			<u>OVERHEAD SUPPLY</u>		<u>UNDERGROUND SUPPLY</u>			<u>MULTIPLE UNITS</u>
<u>Type</u>	<u>Nominal Lumens</u>	<u>Wattage</u>	<u>Wood Pole</u>	<u>Metal Pole</u>	<u>Wood Pole</u>	<u>Low Mounting</u>	<u>High Mounting</u>	<u>Additional Luminaire/Pole</u>
Mercury Vapor	3,350	100	\$8.481	---	\$13.748	\$15.067	---	---
Mercury Vapor	6,650	175	\$10.508	\$16.432	\$16.085	\$17.361	\$19.393	\$8.784
Mercury Vapor	10,500	250	\$13.531	\$19.305	---	---	\$22.089	\$12.334
Mercury Vapor	20,000	400	\$17.343	\$23.220	---	---	\$26.210	\$15.438
Mercury Vapor	34,000	700	\$28.454	\$34.514	---	---	\$38.391	\$26.708
Mercury Vapor	51,000	1,100	\$36.189	\$42.545	---	---	\$46.402	\$34.448

(Continued)

(C) Indicates Change

RATE SCHEDULE SM (CONTINUED)

(C)

REMOVALS

If customer requests Company to remove any part of a mercury vapor street lighting system to install another mercury vapor street lighting system or any other type of street lighting system and if the mercury vapor luminaires, supporting brackets, poles and/or conductors which are removed as a result of any requested removal, are less than ten years old, Company will charge for and Customer shall pay for such a change. The charge will be based upon Company's estimated costs for removal and rehabilitation plus the estimated remaining life value of the removed equipment less salvage. However, if the Customer's request is made to upgrade the lighting on the street to Illuminating Engineering Society standards, the Company may waive the charge calculated hereunder.

CUSTOMER-OWNED EQUIPMENT

Whenever the customer furnishes, installs and owns the entire lighting system using equipment approved by and installed in a manner acceptable to the Company, the Company may, at its discretion, operate and maintain the system at the following net monthly rates.

Distribution Charge

(I)

<u>Wattage</u>	<u>Lamp Size</u>		<u>Customer Owns and Company Operates & Maintains</u>
	<u>Minimum</u>	<u>Initial Lumens</u>	
100	3,350		\$4.897
175	6,650		\$7.019
250	10,500		\$9.437
400	20,000		\$13.559

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

<u>Wattage</u>	<u>Lamp Size</u>		<u>Customer Owns and Company Operates & Maintains</u>
	<u>Minimum</u>	<u>Initial Lumens</u>	
100	3,350		-\$0.179
175	6,650		-0.278
250	10,500		-0.389
400	20,000		-0.617

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

<u>Wattage</u>	<u>Lamp Size</u>		<u>Customer Owns and Company Operates & Maintains</u>
	<u>Minimum</u>	<u>Initial Lumens</u>	
100	3,350		-\$0.219
175	6,650		-0.342
250	10,500		-0.478
400	20,000		-0.758

(Continued)

**RATE SCHEDULE SHS
 HIGH PRESSURE SODIUM STREET LIGHTING SERVICE**

(C)

APPLICATION OF RATE SCHEDULE SHS

This Rate Schedule is for lighting service from overhead or underground facilities on public areas such as streets, highways, bridges and parks, to municipalities, other governmental agencies, or private property customers when all such service is supplied under Company's standard form of contract in accordance with the various laws applicable thereto.

The application of this Rate Schedule is limited as follows:

- (a) metal pole overhead - existing locations served under another of the Company's street lighting rate schedules and locations previously served under Hershey Electric Company Rate Schedule SMVO.

NET MONTHLY RATE

(1) Lamp Prices

Distribution Charge

(I)

<u>LAMP DESCRIPTION</u>			<u>OVERHEAD SUPPLY</u>		<u>UNDERGROUND SUPPLY</u>			<u>MULTIPLE UNITS</u>
<u>Type</u>	<u>Nominal Lumens</u>	<u>Wattage</u>	<u>Wood Pole</u>	<u>Metal Pole</u>	<u>Wood Pole</u>	<u>Low Mounting</u>	<u>High Mounting</u>	<u>Additional Luminaire/Pole</u>
H.P.Sodium	5,800	70	\$8.360	\$11.786	\$13.719	\$13.846	---	\$7.483
H.P.Sodium	9,500	100	\$9.384	\$12.568	\$14.900	\$14.987	\$18.135	\$8.466
H.P.Sodium	16,000	150	\$10.565	\$13.601	---	---	\$19.151	\$8.884
H.P.Sodium	25,500	250	\$14.840	\$17.486	---	---	\$26.567	\$12.239
H.P.Sodium	50,000	400	\$19.532	\$21.822	---	---	\$31.041	\$15.039

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

<u>LAMP DESCRIPTION</u>			<u>OVERHEAD SUPPLY</u>		<u>UNDERGROUND SUPPLY</u>			<u>MULTIPLE UNITS</u>
<u>Type</u>	<u>Nominal Lumens</u>	<u>Wattage</u>	<u>Wood Pole</u>	<u>Metal Pole</u>	<u>Wood Pole</u>	<u>Low Mounting</u>	<u>High Mounting</u>	<u>Additional Luminaire/Pole</u>
H.P.Sodium	5,800	70	\$0.017	\$0.017	\$0.017	\$0.017	---	\$0.017
H.P.Sodium	9,500	100	0.022	0.022	0.022	0.022	\$0.022	0.022
H.P.Sodium	16,000	150	0.032	0.032	---	---	0.032	0.032
H.P.Sodium	25,500	250	0.060	0.060	---	---	0.060	0.060
H.P.Sodium	50,000	400	0.097	0.097	---	---	0.097	0.097

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

<u>LAMP DESCRIPTION</u>			<u>OVERHEAD SUPPLY</u>		<u>UNDERGROUND SUPPLY</u>			<u>MULTIPLE UNITS</u>
<u>Type</u>	<u>Nominal Lumens</u>	<u>Wattage</u>	<u>Wood Pole</u>	<u>Metal Pole</u>	<u>Wood Pole</u>	<u>Low Mounting</u>	<u>High Mounting</u>	<u>Additional Luminaire/Pole</u>
H.P.Sodium	5,800	70	-\$0.057	-\$0.057	-\$0.057	-\$0.057	---	-\$0.057
H.P.Sodium	9,500	100	-0.083	-0.083	-0.083	-0.083	-\$0.083	-0.083
H.P.Sodium	16,000	150	-0.120	-0.120	---	---	-0.120	-0.120
H.P.Sodium	25,500	250	-0.217	-0.217	---	---	-0.217	-0.217
H.P.Sodium	50,000	400	-0.314	-0.314	---	---	-0.314	-0.314

(Continued)

(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

RATE SCHEDULE SE
ENERGY ONLY STREET LIGHTING SERVICE

(C)

APPLICATION OF RATE SCHEDULE SE

This Rate Schedule is available only to municipalities or other governmental agencies for the operation of mercury vapor, high pressure sodium, or metal halide street lighting systems on public areas such as streets, highways, bridges and parks where the municipality or other governmental agency provides for the installation, ownership, operation and maintenance of the street lighting equipment.

NET MONTHLY RATE

Distribution Charge		
Street Lighting Equipment on Company Pole.....	6.662 cts. per KWH	(I)
Street Lighting Equipment on Customer Pole or Support.....	2.969 cts. per KWH	
Competitive Transition Charge (Effective 1-1-05 through 12-31-05)		
Street Lighting Equipment on Company Pole.....	0.000 cts. per KWH	
Street Lighting Equipment on Customer Pole or Support.....	0.000 cts. per KWH	
Competitive Transition Charge (Effective 1-1-06 through 12-31-06)		
Street Lighting Equipment on Company Pole.....	0.020 cts. per KWH	
Street Lighting Equipment on Customer Pole or Support.....	0.016 cts. per KWH	
Competitive Transition Charge (Effective 1-1-07 through 12-31-07)		
Street Lighting Equipment on Company Pole.....	0.043 cts. per KWH	
Street Lighting Equipment on Customer Pole or Support.....	0.035 cts. per KWH	
Competitive Transition Charge (Effective 1-1-08 through 12-31-08)		
Street Lighting Equipment on Company Pole.....	0.099 cts. per KWH	
Street Lighting Equipment on Customer Pole or Support.....	0.089 cts. per KWH	
Competitive Transition Charge (Effective 1-1-09 through 12-31-09)		
Street Lighting Equipment on Company Pole.....	0.831 cts. per KWH	
Street Lighting Equipment on Customer Pole or Support.....	0.830 cts. per KWH	
Intangible Transition Charge (Effective 1-1-05 through 12-31-05)		
Street Lighting Equipment on Company Pole.....	0.776 cts. per KWH	
Street Lighting Equipment on Customer Pole or Support.....	0.345 cts. per KWH	
Intangible Transition Charge (Effective 1-1-06 through 12-31-06)		
Street Lighting Equipment on Company Pole.....	0.345 cts. per KWH	
Street Lighting Equipment on Customer Pole or Support.....	0.272 cts. per KWH	
Intangible Transition Charge (Effective 1-1-07 through 12-31-07)		
Street Lighting Equipment on Company Pole.....	0.325 cts. per KWH	
Street Lighting Equipment on Customer Pole or Support.....	0.270 cts. per KWH	

(Continued)

(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

RATE SCHEDULE TS(R)
MUNICIPAL TRAFFIC SIGNAL LIGHTING SERVICE

(C)

This Rate Schedule is in the process of elimination and service hereunder is available only to existing locations continuously supplied hereunder as of August 26, 1976.

APPLICATION OF RATE SCHEDULE TS(R)

This Rate Schedule is for traffic signal lighting service to cities, boroughs, and townships. The minimum under this rate schedule is 50 watts.

NET MONTHLY RATE

Distribution Charge
5.462 cts. per watt of connected load.

(I)

Competitive Transition Charge (Effective 1-1-05 through 12-31-05)
-0.304 cts. per watt of connected load.

Competitive Transition Charge (Effective 1-1-06 through 12-31-06)
-0.400 cts. per watt of connected load.

Competitive Transition Charge (Effective 1-1-07 through 12-31-07)
-0.398 cts. per watt of connected load.

Competitive Transition Charge (Effective 1-1-08 through 12-31-08)
0.105 cts. per watt of connected load.

Competitive Transition Charge (Effective 1-1-09 through 12-31-09)
0.606 cts. per watt of connected load.

Intangible Transition Charge (Effective 1-1-05 through 12-31-05)
1.076 cts. per watt of connected load.

Intangible Transition Charge (Effective 1-1-06 through 12-31-06)
1.170 cts. per watt of connected load.

Intangible Transition Charge (Effective 1-1-07 through 12-31-07)
1.127 cts. per watt of connected load.

Intangible Transition Charge (Effective 1-1-08 through 12-31-08)
0.547 cts. per watt of connected load.

Intangible Transition Charge (Effective 1-1-09 through 12-31-09)
0.000 cts. per watt of connected load.

(Continued)

RATE SCHEDULE SI-1(R)
MUNICIPAL STREET LIGHTING SERVICE

(C)

The rates for available incandescent lamps are limited to those fixtures and lamp sizes installed on or before and supplied continuously after March 28, 1972. No new incandescent street lighting installations will be provided by the Company.

APPLICATION OF RATE SCHEDULE SI-1(R)

This Rate Schedule is for municipal lighting service on public streets, highways, bridges, parks, etc., to municipalities or other governmental agencies when all such service is supplied under the Company's standard form of contract in accordance with the various laws applicable thereto.

NET MONTHLY RATE

Distribution Charge

(I)

<u>LAMP DESCRIPTION</u>		<u>OVERHEAD SUPPLY</u>	<u>UNDERGROUND SUPPLY</u>
<u>Type</u>	<u>Lumens</u>	<u>Wood Pole</u>	<u>Low Mounting</u>
Incandescent	600	\$4.720	----
Incandescent	1,000	5.850	----
Incandescent	4,000	----	\$17.426

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

<u>LAMP DESCRIPTION</u>		<u>OVERHEAD SUPPLY</u>	<u>UNDERGROUND SUPPLY</u>
<u>Type</u>	<u>Lumens</u>	<u>Wood Pole</u>	<u>Low Mounting</u>
Incandescent	600	-\$0.207	----
Incandescent	1,000	-0.368	----
Incandescent	4,000	----	-\$1.170

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

<u>LAMP DESCRIPTION</u>		<u>OVERHEAD SUPPLY</u>	<u>UNDERGROUND SUPPLY</u>
<u>Type</u>	<u>Lumens</u>	<u>Wood Pole</u>	<u>Low Mounting</u>
Incandescent	600	-\$0.085	----
Incandescent	1,000	-0.151	----
Incandescent	4,000	----	-\$0.478

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

<u>LAMP DESCRIPTION</u>		<u>OVERHEAD SUPPLY</u>	<u>UNDERGROUND SUPPLY</u>
<u>Type</u>	<u>Lumens</u>	<u>Wood Pole</u>	<u>Low Mounting</u>
Incandescent	600	-\$0.259	----
Incandescent	1,000	-0.461	----
Incandescent	4,000	----	-\$1.462

(Continued)

**RATE SCHEDULE GH-1(R)
 SINGLE METER COMMERCIAL SPACE HEATING SERVICE**

(C)

This Rate Schedule is in the process of elimination and is available only to service locations supplied hereunder continuously on or after August 21, 1972, and to locations served under discontinued Rate Schedule GH-4 as of September 26, 1984.

APPLICATION RATE SCHEDULE GH-1(R)

This Rate Schedule is for all electric commercial service supplied through one meter when electricity is the sole source of all of the customer's energy requirements including electric space heating in accordance with the APPLICATION PROVISIONS hereof. Applications may include wholesale and retail trade and associated warehousing operations, office buildings, and establishments providing professional, personal or business services.

Electric space heating facilities shall be permanently installed and operated for personal comfort. Service hereunder is supplied at secondary voltage or at a higher voltage at Company's option, is available only for service supplied continuously throughout the year and is not available for temporary service for less than one year.

NET MONTHLY RATE

Distribution Charge

- \$18.22 per month plus **(D)**
- \$2.21 per KW of the Billing KW. **(D)**
- 1.529 cts. per KWH for the first 150 KWH per kilowatt of Billing KW but not more than 6000 KWH. **(D)**
- 0.830 cts. per KWH for all additional KWH. **(D)**

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

- 0.054 cts. per KWH for the first 150 KWH per kilowatt of Billing KW but not more than 6000 KWH.
- 0.045 cts. per KWH for all additional KWH.

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

- 0.073 cts. per KWH for the first 150 KWH per kilowatt of Billing KW but not more than 6000 KWH.
- 0.062 cts. per KWH for all additional KWH.

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

- 0.317 cts. per KWH for the first 150 KWH per kilowatt of Billing KW but not more than 6000 KWH.
- 0.272 cts. per KWH for all additional KWH.

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

- 0.337 cts. per KWH for the first 150 KWH per kilowatt of Billing KW but not more than 6000 KWH.
- 0.290 cts. per KWH for all additional KWH.

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

- 2.054 cts. per KWH for the first 150 KWH per kilowatt of Billing KW but not more than 6000 KWH.
- 1.772 cts. per KWH for all additional KWH.

(Continued)

RATE SCHEDULE GH-1(R) (CONTINUED)

(C)

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.

Net Monthly Billing is reduced by 0.00 cts. per KWH for customers, formerly on Rate Schedule GH-3(R) Total Electric Service – Schools and Churches, taking primary service at 12,000 volts or higher, but billing may not be reduced below the minimum provisions hereof.

MONTHLY MINIMUM

The Monthly Minimum Distribution Charge is \$18.22. Monthly Minimums apply to services provided by the Company.

(D)

BILLING KW

The Billing KW is the average kilowatts supplied during the 15 minute period of maximum use during the current billing period.

Time-of-Day metering and billing is available on request for an additional charge of \$13.57 per month for a minimum period of one year. The Billing KW applicable to the charges under this Rate Schedule is the average number of kilowatts supplied during the 15 minute period of maximum use during the on-peak hours of the current billing period. For new applications, this provision is limited to customers of the Company who have not had the opportunity to purchase capacity and energy from their choice of electric generation supplier pursuant to the enrollment procedures contained in the commission's order at Docket Nos. M-00960890F.0014 and M-00960890F.0015. No new applications will be accepted after January 1, 2000.

(D)

ON-PEAK HOURS

On-peak hours for billing purposes are 7 a.m. to 3 p.m., 8 a.m. to 4 p.m., or 9 a.m. to 5 p.m. local time, at the option of the customer, Mondays to Fridays inclusive, except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The Company's system on-peak period is 7 a.m. to 9 p.m. local time.

BUDGET BILLING

Budget Billing is available at the option of the customer for charges under this Rate Schedule.

COMPETITIVE TRANSITION CHARGE RECONCILIATION RIDER

The Competitive Transition Charge Reconciliation Rider included in this Tariff applies to the Competitive Transition Charges under this Rate Schedule.

INTANGIBLE TRANSITION CHARGE RECONCILIATION RIDER

The Intangible Transition Charge Reconciliation Rider included in this Tariff applies to the Intangible Transition Charges under this Rate Schedule.

(Continued)

**RATE SCHEDULE GH-2(R)
 SEPARATE METER GENERAL SPACE HEATING SERVICE**

(C)

This Rate Schedule is in the process of elimination and is available only to service locations supplied hereunder continuously on or after August 21, 1972, and also to prospective service locations where a definite rate commitment has been made as of that date for so long as service is continuous thereafter.

APPLICATION OF RATE SCHEDULE GH-2(R)

This Rate Schedule is for separately metered electric space heating service to customers whose general use is supplied under some other general service rate schedule in accordance with the APPLICATION PROVISIONS hereof and may include service for general use in an all electric apartment building when individual living units in the building are metered separately under a residential rate schedule.

Electric space heating facilities shall be permanently installed and operated for personal comfort. Service hereunder is supplied at secondary voltage or at a higher voltage at Company's option, is available only for service supplied continuously throughout the year and is not available for temporary service for less than one year.

NET MONTHLY RATE

Distribution Charge

\$18.18 per month plus

0.000 cts. per KWH for the first 200 KWH.

1.195 cts. per KWH for all KWH in excess of 200 KWH.

(D)

(D)

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

0.005 cts. per KWH for all KWH in excess of 200 KWH.

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

-0.027 cts. per KWH for all KWH in excess of 200 KWH.

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

-0.176 cts. per KWH for all KWH in excess of 200 KWH.

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

0.321 cts. per KWH for all KWH in excess of 200 KWH.

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

1.957 cts. per KWH for all KWH in excess of 200 KWH.

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

2.269 cts. per KWH for all KWH in excess of 200 KWH.

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

2.346 cts. per KWH for all KWH in excess of 200 KWH.

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

2.422 cts. per KWH for all KWH in excess of 200 KWH.

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

1.728 cts. per KWH for all KWH in excess of 200 KWH.

(Continued)

RATE SCHEDULE GH-2(R) (CONTINUED)

(C)

Intangible Transition Charge (Effective 1-1-09 through 12-31-09)
0.000 cts. per KWH for all KWH in excess of 200 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)
-0.468 cts. per KWH for first 200 KWH.
4.703 cts. per KWH for all KWH in excess of 200 KWH.

Capacity and Energy Charge (Effective 1-1-06 through 12-31-06)
-0.514 cts. per KWH for first 200 KWH.
5.110 cts. per KWH for all KWH in excess of 200 KWH.

Capacity and Energy Charge (Effective 1-1-07 through 12-31-07)
-0.513 cts. per KWH for first 200 KWH.
5.183 cts. per KWH for all KWH in excess of 200 KWH.

Capacity and Energy Charge (Effective 1-1-08 through 12-31-08)
-0.512 cts. per KWH for first 200 KWH.
5.296 cts. per KWH for all KWH in excess of 200 KWH.

Capacity and Energy Charge (Effective 1-1-09 through 12-31-09)
-0.511 cts. per KWH for first 200 KWH.
5.473 cts. per KWH for all KWH in excess of 200 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 MINIMUM

The Monthly Minimum Distribution Demand Charge is \$18.18. Monthly Minimums apply to services provided by the Company.

(D)

BUDGET BILLING

Budget Billing is available at the option of the customer for charges under this Rate Schedule.

COMPETITIVE TRANSITION CHARGE RECONCILIATION RIDER

The Competitive Transition Charge Reconciliation Rider included in this Tariff applies to the Competitive Transition Charges under this Rate Schedule.

(Continued)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATION OF SERVICE

Via FedEx

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

VIA FEDERAL EXPRESS

Honorable Susan D. Colwell
Administrative Law Judge
Pennsylvania Public Utility Commission
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Dated: July 26, 2007

Paul E. Russell/dlw
Paul E. Russell



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

IN REPLY PLEASE
REFER TO OUR FILE

September 6, 2007

Robert A. Rosenthal, Director
Bureau of Fixed Utility Services
Pa. Public Utility Commission
P.O. Box 3261
Harrisburg PA 17105-3265

DOCUMENT
FOLDER

RE: PPL Rate Case Remand
R-00049255

Dear Director Rosenthal:

As you know, the Commission voted on the above-captioned case earlier this summer, which effectively removed the possibility that it would be remanded to me for any purpose. This also means that the assignment of Paul Diskin, as staff advisor, has come to a close.

~~Thank you for assigning Mr. Diskin to this case. Not only was he pleasant and easy to work with, but his familiarity with the subject matter, tariffs, rate case information and tables made his assistance invaluable. The deadlines for review and input, were extremely short due to the pending rate case filed by the Company, and Mr. Diskin beat them effortlessly. He caught a few of the Company's errors, and they were rectified prior to issuance of my recommendation. His assistance made it possible for me to write my recommendation to the Commission with more confidence, since I knew that he would keep me from making glaring errors.~~

I believe that the decision issued, and ultimately adopted by the Commission, was better for having Mr. Diskin's aid, and did not want his work to be unrecognized.

Thank you again,

Very truly yours,

Susan D. Colwell
Administrative Law Judge

Cc: Paul Diskin
Veronica Smith, CALJ