

CORRECTED
CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00
2. BUREAU: OSA
3. SECTION(S):
5. APPROVED BY:
 DIRECTOR:
 SUPERVISOR:
6. PERSON IN CHARGE:
 DOCKET NO: A-110500 F0206
4. PUBLIC MEETING DATE:
 00/00/00
7. DATE FILED: 03/18/94
9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: PENNSYLVANIA POWER & LIGHT CO.

COMP/APP COUNTY:

UTILITY CODE: 110500

ALLEGATION OR SUBJECT

APPLICATION OF PENNSYLVANIA POWER & LIGHT COMPANY FOR APPROVAL, PURSUANT TO CHAPTER 11 OF THE PUBLIC UTILITY CODE, OF CERTAIN TRANSACTIONS IN CONNECTION WITH THE UTILITY'S ESTABLISHMENT OF A HOLDING COMPANY STRUCTURE.

DOCKETED
APR 19 1994

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FOLDER

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CAPTION SHEET

CASE MANAGEMENT SYSTEM

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PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: PENNSYLVANIA POWER & LIGHT CO.

COMP/APP COUNTY:

UTILITY CODE: 110500

ALLEGATION OR SUBJECT

APPLICATION OF PENNSYLVANIA POWER & LIGHT COMPANY FOR APPROVAL OF THE UTILITY'S ACQUISITION OF ALL THE VOTING STOCK OF PP&L RESOURCES, INC.

DOCKETED

MAR 29 1994

DOCUMENT FOLDER

ORIGINAL



Pennsylvania Power & Light Company

Two North Ninth Street • Allentown, PA 18101-1179 • 610/774-5151

Paul E. Russell
Associate General Counsel
610/774-4254

FAX: 610/774-6726

March 18, 1994

RECEIVED
MAR 19 11:59
REC'D CONTROL RM.

HAND DELIVERED

John G. Alford, Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, Pennsylvania 17105-3265

~~1050010206~~
G-00940388
M-00940535

Re: Application of Pennsylvania Power & Light Company for: (1) Pennsylvania Public Utility Commission Approval, Pursuant to Chapters 11, 19 and 21 of the Pennsylvania Public Utility Code, of Certain Transactions and Agreements to Be Undertaken in Connection with the Establishment of a Holding Company Structure; and (2) Pennsylvania Public Utility Commission Certification to the Securities and Exchange Commission Pursuant to Section 33(a) of the Public Utility Holding Company Act of 1935
Application Docket No.

DOCK
MAR 29 1994

Dear Mr. Alford:

Enclosed for filing on behalf of Pennsylvania Power & Light Company (PP&L) are an original and eight (8) copies of the above-captioned application. In this application, PP&L is requesting approval from the Pennsylvania Public Utility Commission (PUC) for certain transactions and agreements to be undertaken in connection with establishing a holding company structure to facilitate pursuit of unregulated business opportunities.

Specifically, PP&L is requesting that the PUC take four separate actions:

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FOLDER

March 18, 1994

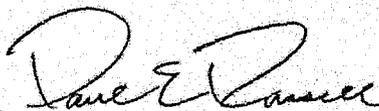
- Issue certificates of public convenience pursuant to Chapter 11 of the Public Utility Code (Code);
- Register a securities certificate pursuant to Chapter 19 of the Code;
- Approve affiliated interest agreements pursuant to Chapter 21 of the Code; and
- Issue a certification to the Securities and Exchange Commission pursuant to Section 33(a) of the Public Utility Holding Company Act of 1935.

PP&L has enclosed with this application two (2) checks for \$350 to cover the fees required for filings under Chapter 11 and Chapter 19 of the Code.

PP&L has provided a copy of the enclosed application to the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission's Office of Trial Staff and counsel for the Lehigh Valley Power Committee. In addition, PP&L is providing notice of this filing to all of its customers through an insert in each customer's April bill.

If you have any questions regarding the enclosed application, please call.

Very truly yours,



Paul E. Russell

Enclosures

cc: Irwin A. Popowsky, Esquire
Bernard A. Ryan, Jr., Esquire
Charles F. Hoffman, Esquire
David M. Kleppinger, Esquire



Pennsylvania Power & Light Company

Two North Ninth Street • Allentown, PA 18101-1179 • 215/774-5151

Paul E. Russell
Associate General Counsel
610/774-4254

FAX: 610/774-6726

March 22, 1994

FEDERAL EXPRESS

Frances A. Osman
Pennsylvania Public Utility Commission
North Office Building, B-20
Commonwealth Avenue and North Street
Harrisburg, Pennsylvania 17105-3265

RECEIVED
MAR 22 1994

Re: Application of Pennsylvania Power & Light Company for: (1) Pennsylvania Public Utility Commission Approval, Pursuant to Chapters 11, 19 and 21 of the Pennsylvania Public Utility Code, of Certain Transactions and Agreements to Be Undertaken in Connection with the Establishment of a Holding Company Structure; and (2) Pennsylvania Public Utility Commission Certification to the Securities and Exchange Commission Pursuant to Section 33(a) of the Public Utility Holding Company Act of 1935
Application Docket No.

SECRETARY'S OFFICE
Public Utility Commission

DOCKETED
MAR 29 1994

Dear Ms. Osman:

Pursuant to our discussion today, enclosed is an original copy of the above-captioned application, including an original of the affidavit.

If you have any additional questions regarding this filing, please call.

Very truly yours,

Paul E. Russell

Enclosure

**DOCUMENT
FOLDER**

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In Re: Application Of
Pennsylvania Power & Light
Company For:
(1) Pennsylvania Public
Utility Commission Approval,
Pursuant To Chapters 11,
19 And 21 Of The Pennsylvania
Public Utility Code, Of
Certain Transactions And
Agreements To Be Undertaken
In Connection With The
Establishment Of A Holding
Company Structure, And
(2) Pennsylvania Public Utility
Commission Certification
To The Securities And Exchange
Commission Pursuant To
Section 33(a) Of The Public
Utility Holding Company
Act Of 1935

Application Docket No.

A-110500 FC 206

RECEIVED
MAR 18 1994

SECRETARY'S OFFICE
Public Utility Commission

APPLICATION OF
PENNSYLVANIA POWER & LIGHT COMPANY

DOCKET

MAR 29 1994

David B. MacGregor
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

G. D. Caliendo
Paul E. Russell
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101

Counsel for Pennsylvania
Power & Light Company

OF COUNSEL:

MORGAN, LEWIS & BOCKIUS
2000 One Logan Square
Philadelphia, PA 19103

DATED: March 18, 1994

DOCUMENT
FOLDER

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In Re: Application Of :
Pennsylvania Power & Light :
Company For: :
(1) Pennsylvania Public :
Utility Commission Approval, : Application Docket No.
Pursuant To Chapters 11, :
19 And 21 Of The Pennsylvania :
Public Utility Code, Of :
Certain Transactions And :
Agreements To Be Undertaken :
In Connection With The :
Establishment Of A Holding :
Company Structure, And :
(2) Pennsylvania Public Utility :
Commission Certification :
To The Securities And Exchange :
Commission Pursuant To :
Section 33(a) Of The Public :
Utility Holding Company :
Act Of 1935 :

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. The name and address of the Applicant are:

Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101

2. The names and addresses of Applicant's attorneys are:

David B. MacGregor
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103
(215) 963-5448

G. D. Caliendo
Senior Vice President, General Counsel & Secretary
Paul E. Russell
Associate General Counsel
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101
(610) 774-4254

3. Pennsylvania Power & Light Company ("PP&L") is a corporation which was organized on June 4, 1920 under the laws of the Commonwealth of Pennsylvania to exist perpetually. PP&L is subject to the Pennsylvania Associations Code, 15 Pa.C.S. § 101 et seq., including the Pennsylvania Business Corporation Law of 1988, 15 Pa.C.S. § 1101 et seq., for the government and regulation of its affairs. PP&L is vested with lawful authority to supply and is supplying to the public electric light, heat and power service in twenty-nine counties in central eastern Pennsylvania. In providing this service, PP&L is subject to the Public Utility Code ("Code"), 66 Pa.C.S. § 101, et seq., and regulation by the Pennsylvania Public Utility Commission ("Commission") thereunder.

4. PP&L Resources, Inc. ("Resources") is a corporation organized under the Pennsylvania Business Corporation Law of 1988, 15 Pa.C.S. § 1101 et seq. Resources was incorporated on March 15, 1994. Pursuant to the terms of a subscription agreement dated March 16, 1994, Resources, upon appropriate Commission approval, will become a direct wholly-owned subsidiary of PP&L. A copy of this subscription agreement is attached as Appendix A. Thereafter, upon receiving shareholder and other appropriate regulatory approvals, Resources will become the holding company parent of PP&L.

5. After the creation of the holding company structure, PP&L and Resources will be affiliated companies under Chapter 21

of the Code by virtue of Resources' ownership of more than 5% of PP&L's common stock.

6. PP&L owns one-third of the capital stock, which represents one-half of the voting stock, of Safe Harbor Water Power Corporation ("Safe Harbor"). As a result, PP&L is a holding company under the Public Utility Holding Company Act of 1935, 15 U.S.C. § 79, et seq. ("Holding Company Act"). However, because it is predominantly a public utility company whose operations do not extend beyond Pennsylvania, PP&L is exempt from all of the provisions of the Holding Company Act except Section 9(a)(2) thereof. Resources also will be a holding company under the Holding Company Act but will qualify for an exemption because Resources and the electric utility subsidiaries in the holding company group (PP&L and Safe Harbor) are predominantly intrastate in character and carry on their businesses in Pennsylvania where all three companies are organized.

7. At December 31, 1993, PP&L served approximately 1.2 million customers. Attached as Appendix B is a table showing the number of customers, by classes, to whom PP&L furnishes electric utility service.

8. Attached as Appendix C is a balance sheet for PP&L as of December 31, 1993.

9. Attached as Appendix D is an income statement for PP&L for the 12 months ended December 31, 1993.

10. All the annual reports, tariffs, certificates of notification, applications for certificates of valuation, applications for approval of the issuance of securities, and securities certificates, filed with the Commission by PP&L and by its predecessor, constituent, and affiliated companies are made a part hereof by reference.

11. With the passage of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), and the Energy Policy Act of 1992 ("Energy Act"), the electric utility industry in general, and PP&L in particular, have experienced a significant increase in the level of competition in the market for the generation and sale of electricity. PP&L has already been required under PURPA to purchase substantial amounts of energy from non-utility generators. The Energy Act further reduces barriers to market entry for companies that wish to build, own and operate electric generating facilities. The Energy Act also promotes competition by authorizing the Federal Energy Regulatory Commission to require wheeling for wholesale power transactions. The clear intent of the Energy Act is to permit buyers of electricity to reach multiple sellers. The increased competition facing the electric utility industry has been well documented and is undoubtedly the most significant issue facing the industry today.

12. In order to respond effectively to this increased competition, PP&L, after extensive investigation and analysis, has determined that, in addition to responding to competition in

its existing markets, it also must position itself to explore and take advantage of potential business opportunities outside of its present markets in central eastern Pennsylvania. Pursuit of these opportunities will play an important role in maintaining PP&L's long-term financial viability, which is necessary for it to continue to provide reliable service to its retail customers.

13. PP&L is currently investigating a variety of business opportunities, both in domestic and international markets. PP&L has not yet determined what specific investments it will pursue, but is currently focusing on those opportunities which relate to its present core business--the generation, transmission and distribution of electric energy.

14. Initially, these unregulated business activities will be conducted through Power Markets Development Company ("Power Markets"), currently a wholly-owned subsidiary of CEP Group, Inc. ("CEP"), which in turn is a wholly-owned subsidiary of PP&L.^{1/} Power Markets was formed on March 9, 1994, and has been funded with a \$50 million capital contribution from PP&L's internally generated funds, in order to take advantage of business opportunities in the near term. PP&L expects that the amount invested in unregulated business activities may increase over time and anticipates that pursuit of these expanded activities may require the creation of additional subsidiaries.

^{1/} CEP was originally incorporated as a direct wholly-owned subsidiary of PP&L in the late 1960's under the name of Service Development Company ("SDC").

15. PP&L could continue to pursue unregulated business opportunities through Power Markets and other subsidiaries as second-tier subsidiaries of PP&L.^{2/} However, it is more desirable in the long run to conduct these unregulated activities through a holding company structure. The holding company structure is a well-established form of organization for those companies conducting multiple lines of business. It is a common form of organization for unregulated companies and for those regulated companies, e.g., telephone utilities and water utilities, which are not subject to the Holding Company Act. In addition, it is utilized by many electric companies which are involved in unregulated activities. In recognition of the increased competition in the electric utility industry, the Energy Act permits electric utilities to conduct certain business activities which were previously prohibited by the Holding Company Act. PP&L wishes to take advantage of this opportunity, and desires to do so by utilizing the most efficient and effective corporate structure.

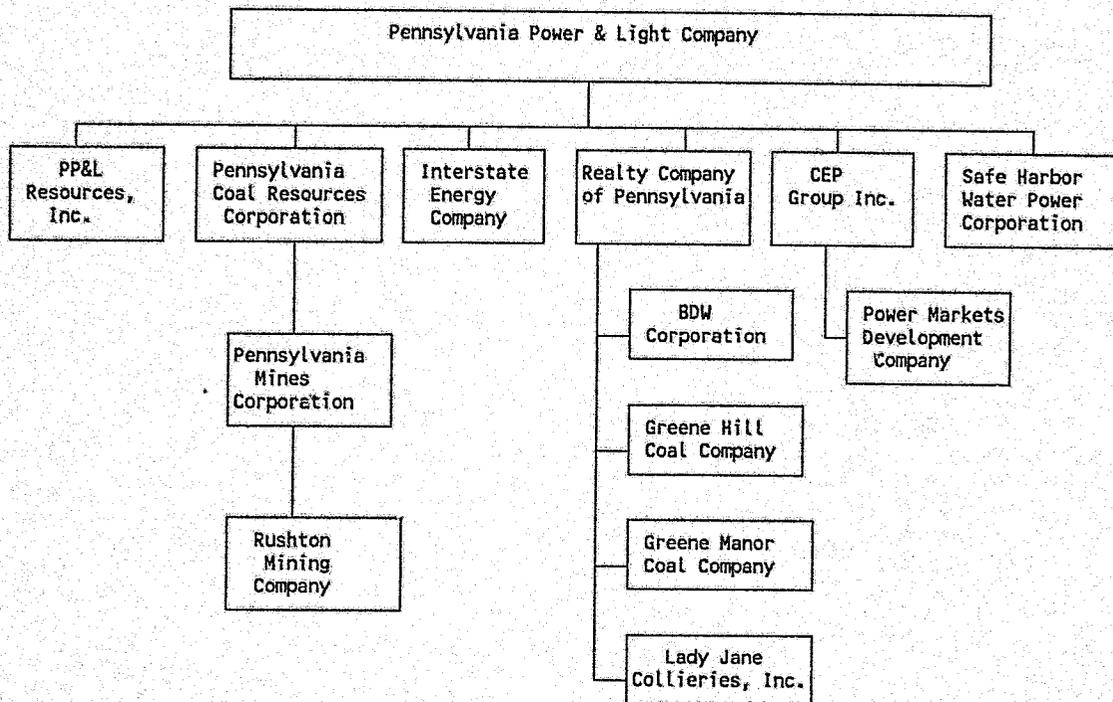
16. The benefits of a holding company structure are well established. The holding company structure fully separates the operations of regulated and unregulated businesses. As a result, it provides maximum protection to ratepayers and a better structure for regulators to assure that there is no cross-subsidization of costs or transfer of business risk from

^{2/} Because PP&L has created Power Markets as a second-tier subsidiary, Commission approval is not required.

unregulated to regulated lines of business. A holding company structure is preferred by the investment community because it is easier to analyze and value individual lines of business. Moreover, the use of a holding company structure provides legal protection against the imposition of liability on regulated utilities for the results of unregulated business activities. In short, the holding company structure is a highly desirable form of conducting regulated and unregulated businesses within the same corporate group.

17. The Commission is quite familiar with holding company structures and their operation. The Commission regulates many utilities which are part of holding company structures, including Citizens Utilities, Inc., Columbia Distribution Company, Duquesne Light Company, Equitable Gas Company, Metropolitan Edison Company, National Fuel Gas Distribution Company, the seven operating gas company subsidiaries of Penn Fuel Gas, Inc., Pennsylvania-American Water Company, Pennsylvania Electric Company, Pennsylvania Gas & Water Company, Pennsylvania Power Company, The Peoples Natural Gas Company, Philadelphia Suburban Water Company, Roaring Creek Water Company and UGI Utilities, Inc. Indeed, most utility operations in Pennsylvania are today conducted within a holding company structure.

18. PP&L's corporate structure immediately prior to the formation of the holding company structure will be as follows:^{3/}

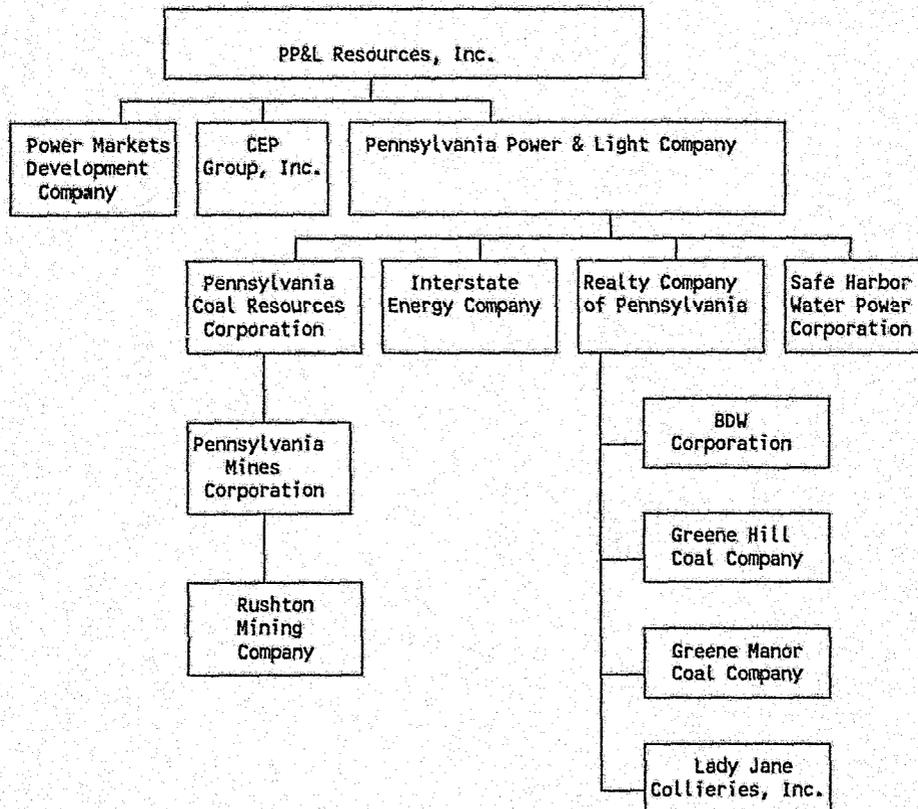


19. The holding company structure will be created through a share exchange, in which all the outstanding common stock of PP&L will be exchanged on a share-for-share basis for common stock of Resources. A summary of the steps entailed in the share exchange is provided in Appendix E. After the share exchange is completed, all of PP&L's common stock will be owned by Resources, and all of Resources' common stock will be owned by the former owners of PP&L's common stock.

^{3/} As explained above, Resources will become a first-tier subsidiary of PP&L upon Commission approval of the subscription agreement attached as Appendix A.

20. Following consummation of the share exchange, PP&L will transfer the common stock of its wholly-owned subsidiary, CEP, to Resources. CEP will then transfer the common stock of its wholly-owned subsidiary, Power Markets, to Resources. It is expected that these transfers will be made in the form of stock dividends.

21. After the above transactions, the new corporate structure will be as follows:



22. Pro forma balance sheets of PP&L and Resources reflecting these transactions are attached as Appendix F. The

transactions will have no pro forma effects on PP&L's or Resources' income statements.

23. The proposed transactions will have no effect on the service provided by PP&L to its customers or the rates charged for that service. PP&L will carefully separate non-regulated and regulated operations to assure that no cross-subsidization of costs or transfer of risk occurs. Services provided between PP&L and Resources, on behalf of itself and its other subsidiaries, will be provided at cost, pursuant to a Services Agreement. A draft of this agreement is attached as Appendix G.

24. The Commission has full authority and resources to protect Pennsylvania jurisdictional customers against any potential adverse consequences associated with unregulated operations. The Commission's authority and resources to address these issues are detailed in paragraph 27 below. The holding company structure proposed in this filing will in no way impair the Commission's ability to protect PP&L's retail customers. Indeed, by providing the maximum separation of regulated and unregulated lines of business, the holding company structure should enhance the Commission's ability to pursue its regulatory functions.

25. In connection with the transactions set forth above, PP&L seeks certain approvals by the Commission under Chapters 11, 19 and 21 of the Code.^{4/}

a. Chapter 11 Approvals. PP&L seeks two Chapter 11 approvals in connection with these transactions. First, the issuance of Resources common stock to PP&L will result in PP&L acquiring more than 5% of the voting capital stock of a corporation. This transaction requires Commission approval under Section 1102(a)(4) of the Code, 66 Pa.C.S. § 1102(a)(4). Second, the share exchange agreement described in Appendix E will result in a change of ownership of PP&L common stock -- from current shareholders to Resources -- and may require approval under Section 1102(a)(3), 66 Pa.C.S. § 1102(a)(3). Section 1102(a)(3) requires Commission approval for the transfer, by any means, of title, possession or use of public utility property used or useful in providing public service. It is the Company's position that the establishment of a holding company structure does not trigger Commission jurisdiction under Chapter 11 because there will be no transfer of the title, possession or use of public utility property. Both before and after the transaction, title, possession and use of all utility property will remain with PP&L. Nor will there be any change in control of this property. PP&L's common stock is currently owned by a large number of individual

^{4/} The establishment of the holding company structure also will require various filings with the Securities and Exchange Commission ("SEC"), the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission.

and institutional shareholders and is actively traded on the New York and Philadelphia Stock Exchanges. After the transaction all PP&L common stock will be owned by Resources, and all Resources common stock will be owned by the former PP&L common shareholders. Thus, ultimate control remains in the hands of the former PP&L common shareholders.

PP&L recognizes, however, that in a recent draft Policy Statement the Commission has interpreted Section 1102 as requiring approval for transactions such as the proposed share exchange. 24 Pa. Bulletin No. 3, p. 389 (Jan. 15, 1994). PP&L submits that Chapter 11 does not apply to the change in ownership of PP&L common stock described in the share exchange agreement. However, in order to avoid delay, to provide the Commission with a full opportunity to review all aspects of this transaction, and because other aspects of this transaction require Commission approval, PP&L requests that Commission approval of this Application be deemed approval under the draft Policy Statement.

b. Chapter 19 Approval. PP&L also seeks registration of a securities certificate in connection with the share exchange agreement described in Appendix E to this Application. The creation of the holding company structure may result in a change in a term of PP&L securities. Specifically, the issuer of the common stock will change from PP&L to Resources. However, this change has no effect on ratepayers, which are the class protected by this statute. Chapter 19 is not a "blue sky" law and is not

intended to protect utility shareholders. York Railways Co. v. Pa. P.U.C., 131 Pa. Super. 126, 198 A. 920 (1938). It is therefore PP&L's view that a securities certificate is not required.^{5/} However, in order to avoid delay, to provide the Commission with a full opportunity to review all aspects of this transaction, and because other aspects of this transaction require Commission approval, PP&L is seeking Commission registration of a securities certificate in connection with the share exchange. The securities certificate for the share exchange is attached as Appendix H.

Section 1903(a) of the Code, 66 Pa.C.S. § 1903(a), provides that a securities certificate will be deemed registered if the Commission has not rejected it within 30 days after filing or extended the period for consideration. PP&L recognizes that this Chapter 19 approval is one part of a larger transaction and that the Commission may not be in a position to rule on PP&L's application within 30 days. Accordingly, PP&L agrees to extend the 30-day consideration period until the Commission acts on this Application, or in the alternative, requests that the Commission issue an order providing for such an extension of the consideration period.

c. Chapter 21 Approvals. PP&L seeks approval of the share exchange agreement described in Appendix E and the Services

^{5/} Shareholder approval of the share exchange will be required under the Pennsylvania Business Corporation Law.

Agreement attached as Appendix G as affiliated interest agreements under Chapter 21 of the Code. At the time the share exchange agreement is presented to PP&L shareholders for approval, Resources will be a first-tier subsidiary of PP&L. Accordingly, PP&L and Resources will not be affiliated interests as that term is defined in the Code. It is, therefore, PP&L's view that approval of the share exchange agreement under Chapter 21 is not required. However, in order to avoid delay, to provide the Commission with a full opportunity to review all aspects of this transaction, and because other aspects of this transaction require Commission approval, PP&L requests that Commission approval of this Application be deemed approval of the share exchange agreement under Chapter 21 of the Code.

Section 2102(b) of the Code, 66 Pa.C.S. § 2102(b), provides that an affiliated interest agreement will be deemed approved if the Commission has not rejected it within 30 days after filing or extended the consideration period. PP&L recognizes that this Chapter 21 approval is one part of a larger transaction and that the Commission may not be in a position to rule on PP&L's application within 30 days. Accordingly, the Company agrees to extend the 30-day consideration period until the Commission acts on this Application or, in the alternative, requests that the Commission issue an order providing for such an extension of the consideration period.

d. Other Commission Approvals. To the extent required, PP&L requests any other Commission approvals required by Title 66 of the Pennsylvania Consolidated Statutes which may be necessary to consummate the transactions described in this Application.

26. In addition to the Chapter 11, 19 and 21 approvals set forth above, PP&L also seeks Commission certification under § 33(a) of the Holding Company Act. Section 33(a) provides that an exempt holding company which owns or operates generation, transmission or distribution facilities in a foreign country will not lose its exemption if the Commission certifies to the SEC that: (1) the Commission has the authority and resources to protect jurisdictional ratepayers; and (2) the Commission intends to exercise that authority. Because Power Markets will likely own or operate generation, transmission or distribution facilities in a foreign country, PP&L is requesting that the Commission issue a Section 33(a) certification so that exempt holding company status can be maintained. A draft certification to the SEC is attached as Appendix I.

27. The Commission clearly meets the criteria set forth in Section 33(a) and should provide the requested certification.

a. Commission Authority. The Commission has ample authority to protect ratepayers subject to its jurisdiction. The Code grants the Commission pervasive powers to, inter alia: investigate public utilities (§ 331); adopt all regulations and

orders necessary to carry out its statutory duties (§ 501(a)); supervise and regulate all public utilities (§ 501(b)); enforce its orders in the state courts (§ 502); obtain information required to value utility property (§ 505); inspect utility facilities and records (§ 506); hear and determine customer complaints against utilities (§ 701); approve the establishment and abandonment of service by public utilities (§§ 1102(a)(1)-(2)); approve the transfer of public utility property (§ 1102(a)(3)); approve the acquisition by a public utility of more than 5% of the voting stock of any corporation (§ 1102(a)(4)); approve the exercise of the power of eminent domain (§ 1104); establish just and reasonable rates (§ 1301); prevent unreasonable rate discrimination (§ 1304); fix the fair value of utility property (§ 1311); order refunds (§ 1312); ensure adequate, safe, efficient facilities and service (§ 1501); prevent discrimination in service (§ 1502); establish accounting and depreciation systems (§§ 1701, 1703); require maintenance of continuing property records (§ 1702); approve the issuance and assumption of securities (§§ 1901-1903); pre-approve affiliated interest agreements (§§ 2101-2107); and impose civil penalties (§ 3301) and seek criminal prosecution (§ 3302) for violations of its regulations and orders. Taken together, these and other provisions of the Code provide the Commission with broad authority to protect Pennsylvania ratepayers from any potential adverse consequences of any unregulated business activities, including foreign investments by affiliated companies.

b. Commission Resources. The Commission also has sufficient resources to exercise this authority on behalf of ratepayers. The Commission has an annual budget of over \$32 million to fund its regulatory oversight of the Commonwealth's public utilities. PUC Annual Report 1991-92, at 5. It has a staff of 581 employees, including attorneys, rate analysts, auditors, economists, engineers and enforcement officers. PUC Annual Report 1991-92, at 4.

The Commission's recent activities demonstrate that it will exercise its authority to protect customers. For example, during the 1991-92 fiscal year, the Commission completed 72 fixed utility rate cases, 187 audits and 14 Management Audits, and responded to 7,522 consumer complaints, 13,221 mediation requests and more than 5,000 consumer inquiries. PUC Annual Report 1991-92, at 1.

Moreover, the regulation of utilities which are part of a holding company structure is not new to the Commission. Most of the major utilities regulated by the Commission are part of holding companies (see paragraph 17, supra). The Commission is well versed in dealing with holding companies and is fully capable of assuring that jurisdictional utility customers are protected against any cross-subsidization of costs or transfer of risk which might occur.

c. Conclusion. The Commission has the authority, resources and experience to protect Pennsylvania ratepayers from

any potential adverse consequences of foreign investments by PP&L and/or its affiliated companies and should so certify to the SEC.

28. PP&L is providing notice of this filing to all of its customers through an insert in each customer's April bill. In addition, the Company has provided a copy of the application to the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission's Office of Trial Staff and counsel for the Lehigh Valley Power Committee -- a group of large industrial customers that traditionally participates in Commission proceedings involving PP&L.

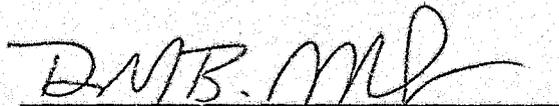
29. PP&L submits that this Application is in the public interest and should be approved. Competition in the electric utility industry is now a reality and must be faced directly. To compete on a fair and level playing field, PP&L must compete aggressively in its own service territory. PP&L also must explore opportunities in other markets to maintain the long-term financial viability necessary to provide reliable service to its retail customers in a competitive environment. The proposed holding company structure will permit PP&L to explore and enter the world-wide power market in a way that provides the maximum protection to its Pennsylvania customers.

30. PP&L requests expedited review of this Application. The electric utility industry is evolving rapidly, and there is an ever-increasing level of competition in the generation and sale of power. PP&L believes that it must move quickly to become

involved in the new electric marketplace and take advantage of emerging business opportunities. In addition, the use of a holding company structure is quite common in Pennsylvania and the Commission is well versed in dealing with holding companies. PP&L recognizes, however, that this Application is one of first impression and may raise public interest considerations that require Commission review. In an effort to balance its desire for timely action with the need for adequate review, PP&L respectfully requests that the Commission enter a final order approving this Application as expeditiously as possible.

WHEREFORE, for the reasons set forth above, Pennsylvania Power & Light Company requests that the Pennsylvania Public Utility Commission approve this Application, grant all of the specific approvals requested under Chapters 11, 19 and 21 of the Public Utility Code and any other Commission approvals which may be required by Title 66 of the Pennsylvania Consolidated Statutes to consummate the transactions described in this Application, and provide to the Securities and Exchange Commission the certification described in Section 33(a) of the Public Utility Holding Company Act of 1935.

Respectfully submitted,



David B. MacGregor
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

G. D. Caliendo
Paul E. Russell
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18101

Counsel for Pennsylvania
Power & Light Company

OF COUNSEL:

MORGAN, LEWIS & BOCKIUS
2000 One Logan Square
Philadelphia, PA 19103

DATED: March 18, 1994

Pennsylvania Power & Light Company
Holding Company Application
List of Appendices

<u>Appendix</u>	<u>Description</u>
A	PP&L - Resources Subscription Agreement
B	Table of Customers by Class
C	PP&L Balance Sheet as of December 31, 1993
D	PP&L Income Statement for 12 Months Ended December 31, 1993
E	Description of Share Exchange Agreement
F	Pro forma Balance Sheets for PP&L and Resources
G	PP&L - Resources Services Agreement
H	PUC Securities Certificate
I	PUC Certification to SEC

SUBSCRIPTION AGREEMENT

THIS AGREEMENT is made this 16th day of March, 1994, by and between PP&L Resources, Inc., a Pennsylvania corporation (the "Corporation"), and Pennsylvania Power & Light Company, a Pennsylvania corporation (the "Subscriber"), with reference to the following Recitals:

RECITALS

A. The Corporation was incorporated on March 15, 1994, under the laws of the Commonwealth of Pennsylvania.

B. At the date hereof no shares of the Capital Stock of the Corporation have been issued.

C. The Subscriber desires to purchase shares of the Corporation on the terms hereinafter set forth.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Upon receipt of appropriate approval of the Pennsylvania Public Utility Commission, the Corporation will authorize and issue to the Subscriber, and the Subscriber will purchase from the Corporation at the price of \$1.00 per share, 100 shares of Capital Stock of the Corporation.

2. The payment for the shares shall be made upon receipt of a certificate or certificates evidencing issue to the Subscriber of the appropriate number of fully paid and nonassessable shares of the Corporation.

3. The Subscriber acknowledges the following: The shares subscribed for hereunder may be deemed a "security" within the meaning of the act of December 5, 1972 (P.L. 1280, No. 284), known as the Pennsylvania Securities Act of 1972 (the "Pa. Securities Act"), and will be issued to the undersigned on the basis of an exemption from registration afforded by Section 203(f) of the Pa. Securities Act. Section 207(m) of the Pa. Securities Act provides that "[e]ach person who accepts an offer to purchase securities exempted from registration by Section 203(f) . . . directly from an issuer . . . shall have the right to withdraw his acceptance without incurring any liability to the seller, underwriter (if any) or any other person, within two business days from the date of receipt by the issuer of his written binding contract of purchase or, in the case of a transaction in which there is no written binding contract of purchase . . . within two business days after he makes the initial payment for the securities being offered." If the undersigned desires to withdraw in accordance with the foregoing, the undersigned must:

(i) cause a written notice of the undersigned's intention to withdraw to be received by the Corporation at Two North Ninth Street, Allentown, PA 18101-1179, or

(ii) deliver such notice of intention to withdraw to a telegraph office or other message service for transmittal to the above Corporation at the foregoing address, or

(iii) deposit such notice to withdraw in the United States mails (either registered or certified mail) addressed to the Corporation at the foregoing address,

within two business days from the date this Subscription Agreement as executed by the undersigned is accepted by the Corporation. All telegraph, postage or other transmittal fees shall be paid by the undersigned.

4. The Subscriber hereby represents and warrants to the Corporation that the shares subscribed for hereunder are being acquired by the Subscriber for investment and not with a view to the distribution or resale thereof, the effect of which is that such shares must be held indefinitely unless subsequently registered under the Securities Act of 1933, as amended, or an exemption from such registration is available.

5. The Subscriber hereby agrees that certificates representing shares subscribed for hereunder may bear the following legend:

THE SHARES REPRESENTED BY THIS
CERTIFICATE HAVE NOT BEEN REGISTERED UNDER
THE SECURITIES ACT OF 1933. SUCH SHARES HAVE
BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE
SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN
THE ABSENCE OF AN EFFECTIVE REGISTRATION
STATEMENT FOR SUCH SHARES UNDER THE
SECURITIES ACT OF 1933, UNLESS, IN THE
OPINION (WHICH SHALL BE IN FORM AND SUBSTANCE
SATISFACTORY TO THE CORPORATION) OF COUNSEL
SATISFACTORY TO THE CORPORATION, SUCH
REGISTRATION IS NOT REQUIRED.

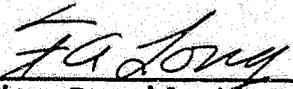
6. This agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law thereof.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first above written.

Pennsylvania Power & Light
Company

By: 
Senior Vice President,
General Counsel and
Secretary

PP&L Resources, Inc.

By: 
Vice President, Treasurer
and Secretary

Year-end 1993 Customers

Residential	1,059,690
General Service (GS-1,GS-3 GH, Stltg.,BL)	142,466
LP-4	830
LP-5	<u>126</u>
PPUC	1,203,112
FERC	<u>19</u>
Total System	1,203,131

CONSOLIDATED BALANCE SHEET AT DECEMBER 31

Pennsylvania Power & Light Company and Subsidiaries

Assets	1993	1992
	<i>(Thousands of Dollars)</i>	
Property, Plant and Equipment		
Electric utility plant in service—at original cost.....	\$8,912,473	\$8,591,544
Accumulated depreciation (Notes 1 and 10).....	(2,686,967)	(2,495,972)
Deferred depreciation (Notes 1 and 10)	282,115	296,285
	<u>6,507,621</u>	<u>6,391,857</u>
Construction work in progress—at cost	238,600	211,534
Nuclear fuel owned and leased—net of amortization (Note 9)	174,979	174,368
Other leased property—net of amortization (Note 9)	75,630	76,974
	<u>6,996,830</u>	<u>6,854,733</u>
Electric utility plant—net	6,996,830	6,854,733
Other property—net of depreciation, amortization and depletion (1993, \$49,166; 1992, \$64,286)	148,751	164,771
	<u>7,145,581</u>	<u>7,019,504</u>
Investments		
Associated company—at equity	17,069	17,088
Nuclear plant decommissioning trust fund (Notes 1 and 6).....	76,913	65,159
Financial investments (Notes 1 and 7)	140,569	121,500
Other—at cost or less (Note 7)	31,249	33,657
	<u>265,800</u>	<u>237,404</u>
Current Assets		
Cash and cash equivalents (Note 1)	8,271	15,110
Accounts receivable (less reserve: 1993, \$29,429; 1992, \$27,660)		
Customers	183,364	184,149
Interchange power sales		7,261
Other	17,502	14,128
Unbilled revenues.....	120,589	109,906
Fuel (coal and oil)—at average cost	95,702	142,374
Materials and supplies—at average cost	125,676	139,360
Common stock held for dividend reinvestment plan—at cost (Note 8)	15,937	14,383
Deferred income taxes (Note 5).....	12,688	6,776
Other	37,083	52,153
	<u>616,812</u>	<u>685,600</u>
Deferred Debits		
Utility plant carrying charges—net of amortization (Notes 1 and 10).....	24,097	24,965
Reacquired debt costs (Notes 1 and 10).....	101,836	78,917
Assessment for decommissioning uranium enrichment facilities (Notes 3 and 10).....	33,710	38,925
Retired miners' health care benefits (Notes 3 and 10).....	24,096	36,600
Taxes recoverable through future rates (Notes 5 and 10).....	1,166,118	
Postretirement benefits other than pensions (Notes 10 and 13).....	14,855	
Other.....	61,208	69,853
	<u>1,425,920</u>	<u>249,260</u>
	<u>\$9,454,113</u>	<u>\$8,191,768</u>

See accompanying Notes to Financial Statements.

Liabilities	1993	1992
	(Thousands of Dollars)	
Capitalization		
Common equity		
Common stock	\$1,370,783	\$1,364,148
Capital stock expense	(10,906)	(11,969)
Earnings reinvested	1,065,958	1,014,760
	<u>2,425,835</u>	<u>2,366,939</u>
Preferred and preference stock		
With sinking fund requirements	335,000	325,600
Without sinking fund requirements	171,375	223,612
Long-term debt	2,618,031	2,620,720
	<u>5,550,241</u>	<u>5,536,871</u>
Current Liabilities		
Commercial paper (Note 12)	117,000	67,000
Bank loans (Note 12)	85,260	92,348
Long-term debt due within one year	44,539	6,439
Capital lease obligations due within one year (Note 9)	78,740	86,899
Accounts payable	156,992	147,001
Taxes accrued	62,721	63,067
Interest accrued	60,373	59,429
Dividends payable	70,410	70,556
Accrued mine closing costs - current	7,842	20,296
Other	88,791	91,105
	<u>772,668</u>	<u>704,140</u>
Deferred Credits and Other Noncurrent Liabilities		
Deferred investment tax credits (Note 5)	242,317	255,823
Deferred income taxes (Note 5)	2,269,648	1,079,744
Capital lease obligations (Note 9)	170,285	164,159
Unamortized cost of power plant spare parts (Note 3)	51,147	75,457
Accrued nuclear plant decommissioning costs (Notes 1 and 6)	78,947	67,435
Accrued mine closing costs	55,876	61,841
Contract settlement proceeds to be credited to customers (Note 3).....	43,894	55,794
Accrued pension costs (Note 13).....	92,024	73,902
Accrued assessment for decommissioning uranium enrichment facilities (Note 3).....	31,871	39,600
Accrued retired miners' health care benefits (Note 3).....	38,751	36,600
Accrued postretirement benefits other than pensions and postemployment benefits (Note 13).....	9,862	
Other.....	46,582	40,402
	<u>3,131,204</u>	<u>1,950,757</u>
Commitments and Contingent Liabilities (Note 15)		
	<u>\$9,454,113</u>	<u>\$8,191,768</u>

See accompanying Notes to Financial Statements.

PENNSYLVANIA POWER & LIGHT COMPANY
BALANCE SHEET ACCOUNTS
ASSETS AND OTHER DEBITS

ACCT. NO.	<u>TITLE OF ACCOUNT</u>	<u>DECEMBER 31, 1993</u>
	UTILITY PLANT	
101	UTILITY PLANT IN SERVICE	\$8,879,601,553.46
101.1	PROPERTY UNDER CAPITAL LEASES	75,629,908.33
105	UTILITY PLANT HELD FOR FUTURE USE	32,871,545.37
107	CONSTRUCTION WORK IN PROGRESS	238,600,061.26
	GROSS UTILITY PLANT	9,226,703,068.42
108/111	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT IN SERVICE	(2,404,852,089.61)
	NET UTILITY PLANT, LESS NUCLEAR FUEL	6,821,850,978.81
120.1	NUCLEAR FUEL IN PROCESS	1,584,283.03
120.6	NUCLEAR FUEL UNDER CAPITAL LEASES	173,394,572.08
	NET UTILITY PLANT	6,996,829,833.92
	OTHER PROPERTY AND INVESTMENTS	
121	NONUTILITY PROPERTY	3,633,847.80
122	ACCUMULATED PROVISION FOR DEPRECIATION OF NONUTILITY PROPERTY	(401,494.14)
	NET NONUTILITY PROPERTY	3,232,353.66
123.1	INVESTMENT IN SUBSIDIARY COMPANIES	49,044,411.79
124	OTHER INVESTMENTS	22,239,861.31
128	OTHER SPECIAL FUNDS	101,705,547.98
	TOTAL OTHER PROPERTY AND INVESTMENTS	176,222,274.74
	CURRENT AND ACCRUED ASSETS	
131	CASH	2,197,909.17
132	INTEREST SPECIAL DEPOSITS	2,451.96
134	OTHER SPECIAL DEPOSITS	575.00
135	WORKING FUNDS	1,522,408.06
	NOTES AND ACCOUNTS RECEIVABLE	
141	NOTES RECEIVABLE	10,169.67
142	CUSTOMER ACCOUNTS RECEIVABLE	212,600,102.63
143	OTHER ACCOUNTS RECEIVABLE	9,870,263.67
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CREDIT	(29,429,084.29)
	TOTAL NOTES AND ACCOUNTS RECEIVABLE	193,051,451.68
	RECEIVABLES FROM ASSOCIATED COMPANIES	
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	67,161,248.50
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	835,190.95
	TOTAL RECEIVABLES FROM ASSOCIATED COMPANIES	67,996,439.45
	MATERIALS AND SUPPLIES	
151	FUEL STOCK	94,843,052.38
152	FUEL STOCK EXPENSES UNDISTRIBUTED	621,594.40
154	PLANT MATERIALS AND OPERATING SUPPLIES	124,133,045.61
163	STORES EXPENSE UNDISTRIBUTED	1,516,098.35
	TOTAL MATERIALS AND SUPPLIES	\$221,213,790.74

PENNSYLVANIA POWER & LIGHT COMPANY
BALANCE SHEET ACCOUNTS
ASSETS AND OTHER DEBITS

ACCT. NO.	<u>TITLE OF ACCOUNT</u>	<u>DECEMBER 31, 1993</u>
	CURRENT AND ACCRUED ASSETS (CONTINUED)	
165	PREPAYMENTS	\$8,898,098.95
	OTHER CURRENT AND ACCRUED ASSETS	
171	INTEREST AND DIVIDENDS RECEIVABLE	98,133.04
172	RENTS RECEIVABLE	7,125,133.83
173	ACCRUED UTILITY REVENUES	120,588,654.31
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	15,581,339.76
190	ACCUMULATED DEFERRED INCOME TAXES (CURRENT)	28,119,715.00
	TOTAL OTHER CURRENT AND ACCRUED ASSETS	<u>171,512,975.94</u>
	TOTAL CURRENT AND ACCRUED ASSETS	<u>666,396,100.95</u>
	DEFERRED DEBITS	
181	UNAMORTIZED DEBT EXPENSE	3,957,157.12
182.3	OTHER REGULATORY ASSETS	1,559,707,432.52
183	PRELIMINARY SURVEY AND INVESTIGATION CHARGES	1,088,807.19
184	CLEARING ACCOUNTS	(241,891.86)
185	TEMPORARY FACILITIES	(7,549.91)
186	MISCELLANEOUS DEFERRED DEBITS	28,386,178.91
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	101,836,052.00
190	ACCUMULATED DEFERRED INCOME TAXES	328,353,200.00
	LESS CURRENT ACCUMULATED DEFERRED INCOME TAXES	28,119,715.00
	TOTAL ACCUMULATED DEFERRED INCOME TAXES (NONCURRENT)	<u>301,233,485.00</u>
	TOTAL DEFERRED DEBITS	<u>1,995,959,670.97</u>
	TOTAL ASSETS AND OTHER DEBITS	<u>\$9,835,407,880.58</u>

PENNSYLVANIA POWER & LIGHT COMPANY
BALANCE SHEET ACCOUNTS
LIABILITIES AND OTHER CREDITS

ACCT. NO.	<u>TITLE OF ACCOUNT</u>	<u>DECEMBER 31, 1993</u>
PROPRIETARY CAPITAL		
201	COMMON STOCK ISSUED	\$1,370,782,933.48
204	PREFERRED STOCK ISSUED	506,374,500.00
207	PREMIUM ON CAPITAL STOCK	87,000.00
214	CAPITAL STOCK EXPENSE	(10,993,425.71)
216	EARNINGS REINVESTED	1,048,908,545.98
215.1	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE-FEDERAL	3,062,823.32
216.1	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	13,986,511.31
	TOTAL PROPRIETARY CAPITAL	<u>2,932,208,888.38</u>
LONG-TERM DEBT		
221	BONDS	2,673,750,000.00
224	OTHER LONG-TERM DEBT	77,480.00
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	124,686.84
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT-DEBIT	(24,981,722.85)
		<u>2,648,970,443.99</u>
	LESS AMOUNT DUE WITHIN ONE YEAR	
221	BONDS	30,900,000.00
224	OTHER LONG-TERM DEBT	38,740.00
		<u>30,938,740.00</u>
	TOTAL LONG-TERM DEBT	<u>2,618,031,703.99</u>
OTHER NONCURRENT LIABILITIES		
227	OBLIGATIONS UNDER CAPITAL LEASES-NONCURRENT	170,284,913.32
	TOTAL OTHER NONCURRENT LIABILITIES	<u>170,284,913.32</u>
CURRENT AND ACCRUED LIABILITIES		
LONG-TERM DEBT DUE WITHIN ONE YEAR		
221	BONDS	30,900,000.00
224	OTHER LONG-TERM DEBT	38,740.00
229	ACCUMULATED PROVISION FOR RATE REFUNDS	12,745,756.00
231	NOTES PAYABLE	117,000,000.00
232	ACCOUNTS PAYABLE	146,759,360.05
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	2,459,499.92
235	CUSTOMER DEPOSITS	1,108,943.29
236	TAXES ACCRUED	61,390,033.12
237	INTEREST ACCRUED	59,564,144.36
238	DIVIDENDS DECLARED	70,409,819.38
240	MATURED INTEREST	2,451.96
241	TAX COLLECTIONS PAYABLE	4,424,617.86
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	73,920,437.11
243	OBLIGATIONS UNDER CAPITAL LEASES-CURRENT	78,739,567.09
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	17,375,117.00
	TOTAL CURRENT AND ACCRUED LIABILITIES	<u>\$676,838,487.14</u>

PENNSYLVANIA POWER & LIGHT COMPANY
 BALANCE SHEET ACCOUNTS
 LIABILITIES AND OTHER CREDITS

ACCT. NO.	<u>TITLE OF ACCOUNT</u>	<u>DECEMBER 31, 1993</u>
	DEFERRED CREDITS	
228.4	ACCRUED MISCELLANEOUS OPERATING PROVISION—D&D FUND	\$31,870,800.00
252	CUSTOMER ADVANCES FOR CONSTRUCTION	35,716.69
253	OTHER DEFERRED CREDITS	235,728,777.40
254	OTHER REGULATORY LIABILITIES	364,021,256.36
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	239,940,390.30
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY	622,160.00
282	ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY	1,927,038,194.00
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER	656,161,710.00
	LESS ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	17,375,117.00
	TOTAL ACCUMULATED DEFERRED INCOME TAXES-OTHER (NONCURRENT)	<u>638,786,593.00</u>
	TOTAL DEFERRED CREDITS	<u>3,438,043,887.75</u>
	TOTAL LIABILITIES AND OTHER CREDITS	<u>\$9,835,407,880.58</u>

CONSOLIDATED STATEMENT OF INCOME
Pennsylvania Power & Light Company and Subsidiaries

	1993	1992	1991
	<i>(Thousands of Dollars)</i>		
Operating Revenues (Notes 1, 2, 3 and 4).....	<u>\$2,727,002</u>	<u>\$2,744,122</u>	<u>\$2,740,715</u>
Operating Expenses			
Operation			
Fuel.....	506,900	545,361	588,325
Power purchases.....	278,800	275,499	258,320
Other.....	460,482	452,999	461,921
Maintenance.....	193,242	201,254	206,881
Depreciation (Notes 1 and 10).....	271,390	258,357	246,212
Amortized (deferred) depreciation (Notes 1 and 10).....	14,249	3,563	(7,047)
Income taxes (Note 5).....	235,164	228,340	217,366
Taxes, other than income (Note 5).....	203,967	205,318	190,426
	<u>2,164,194</u>	<u>2,170,691</u>	<u>2,158,364</u>
Operating Income.....	<u>562,808</u>	<u>573,431</u>	<u>582,331</u>
Other Income and (Deductions)			
Allowance for equity funds used during construction (Note 1).....	7,981	6,771	2,981
Income tax credits (expense) (Note 5).....	1,280	(322)	903
Other—net.....	8,700	12,337	7,616
	<u>17,961</u>	<u>18,786</u>	<u>11,480</u>
Income Before Interest Charges.....	<u>580,769</u>	<u>592,217</u>	<u>593,811</u>
Interest Charges			
Long-term debt.....	225,800	240,260	232,092
Short-term debt and other.....	14,443	13,402	22,254
Allowance for borrowed funds used during construction and interest capitalized (Note 1).....	(7,600)	(8,169)	(8,949)
	<u>232,643</u>	<u>245,493</u>	<u>245,397</u>
Net Income.....	<u>348,126</u>	<u>346,724</u>	<u>348,414</u>
Dividends on Preferred and Preference Stock.....	33,885	40,495	44,687
Earnings Applicable to Common Stock.....	<u>\$314,241</u>	<u>\$306,229</u>	<u>\$303,727</u>
Earnings Per Share of Common Stock (a).....	<u>\$2.07</u>	<u>\$2.02</u>	<u>\$2.01</u>
Average Number of Shares Outstanding (thousands).....	151,904	151,676	151,382
Dividends Declared Per Share of Common Stock.....	\$1.65	\$1.60	\$1.55

(a) Based on average number of shares outstanding.

See accompanying Notes to Financial Statements.

PENNSYLVANIA POWER & LIGHT COMPANY
STATEMENT OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 1993

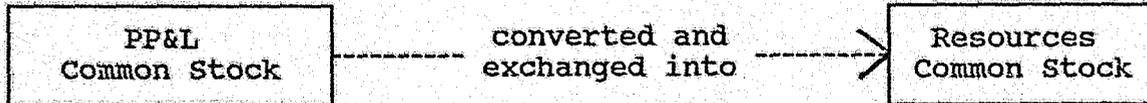
ACCT. NO.		
	UTILITY OPERATING INCOME	
400	OPERATING REVENUES	<u>\$2,725,738,679.51</u>
	OPERATING EXPENSES	
401	OPERATION EXPENSES	1,258,902,122.91
402	MAINTENANCE EXPENSES	230,502,908.81
403/406	DEPRECIATION EXPENSES AND AMORTIZATION OF ELECTRIC PLANT ACQUISITION ADJUSTMENTS	285,371,766.67
407.4	REGULATORY CREDITS	(51,833,003.72)
408.1	TAXES OTHER THAN INCOME TAXES	
	STATE GROSS RECEIPTS	98,173,129.00
	STATE CAPITAL STOCK	35,943,121.00
	STATE UTILITY REAL ESTATE	45,282,599.00
	OTHER	24,431,944.27
409.1	INCOME TAXES	
	FEDERAL	162,565,830.00
	STATE	63,009,637.00
410.1	PROVISION FOR DEFERRED INCOME TAXES	
	FEDERAL	103,373,793.00
	STATE	21,416,356.00
411.1	PROVISION FOR DEFERRED INCOME TAXES-CREDIT	
	FEDERAL	(80,536,528.00)
	STATE	(21,041,470.00)
411.4	INVESTMENT TAX CREDIT ADJUSTMENT-NET	(13,369,711.00)
411.7	LOSSES FROM DISPOSITION OF UTILITY PLANT	15,967.76
411.8	GAINS FROM DISPOSITION OF EMISSION ALLOWANCES	(408,848.53)
	TOTAL UTILITY OPERATING EXPENSES	<u>2,161,799,616.17</u>
	NET UTILITY OPERATING INCOME	<u>563,939,063.34</u>
	OTHER INCOME AND DEDUCTIONS	
	OTHER INCOME	
418	NONOPERATING RENTAL INCOME	(58,565.36)
418.1	EQUITY IN EARNINGS OF SUBSIDIARY COMPANIES	5,353,535.35
419	INTEREST AND DIVIDEND INCOME	3,869,726.49
419.1	ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	7,981,293.22
421	MISCELLANEOUS NONOPERATING INCOME	42,865.19
421.1	GAIN ON DISPOSITION OF PROPERTY	220,041.16
	TOTAL OTHER INCOME	<u>17,408,896.05</u>
	OTHER INCOME DEDUCTIONS	
421.2	LOSS ON DISPOSITION OF PROPERTY	40,658.94
426.1-426.5	MISCELLANEOUS INCOME DEDUCTIONS	6,548,033.68
	TOTAL OTHER INCOME DEDUCTIONS	<u>\$6,588,742.62</u>

PENNSYLVANIA POWER & LIGHT COMPANY
STATEMENT OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 1993

ACCT. <u>NO.</u>		
	OTHER INCOME AND DEDUCTIONS (CONTINUED)	
	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	
408.2	TAXES OTHER THAN INCOME TAXES	\$84,000.00
409.2	INCOME TAXES	
	FEDERAL	(355,212.00)
	STATE	(142,413.00)
410.2/411.2	PROVISION FOR DEFERRED INCOME TAXES-NET	
	FEDERAL	(1,393,306.00)
	STATE	(555,436.00)
	TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	<u>(2,362,367.00)</u>
	NET OTHER INCOME AND DEDUCTIONS	<u>13,182,520.43</u>
	INCOME BEFORE INTEREST CHARGES	<u>577,121,583.77</u>
	INTEREST CHARGES	
427	INTEREST ON LONG-TERM DEBT	224,415,520.30
428	AMORTIZATION OF DEBT DISCOUNT AND EXPENSE	1,840,759.96
428.1	AMORTIZATION OF LOSS ON REACQUIRED DEBT	5,237,178.14
429	AMORTIZATION OF PREMIUM ON DEBT-CREDIT	(42,965.04)
431	OTHER INTEREST CHARGES	4,545,176.51
432	ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION	(6,999,869.83)
	NET INTEREST CHARGES	<u>228,995,800.04</u>
	NET INCOME	<u><u>\$348,125,783.73</u></u>

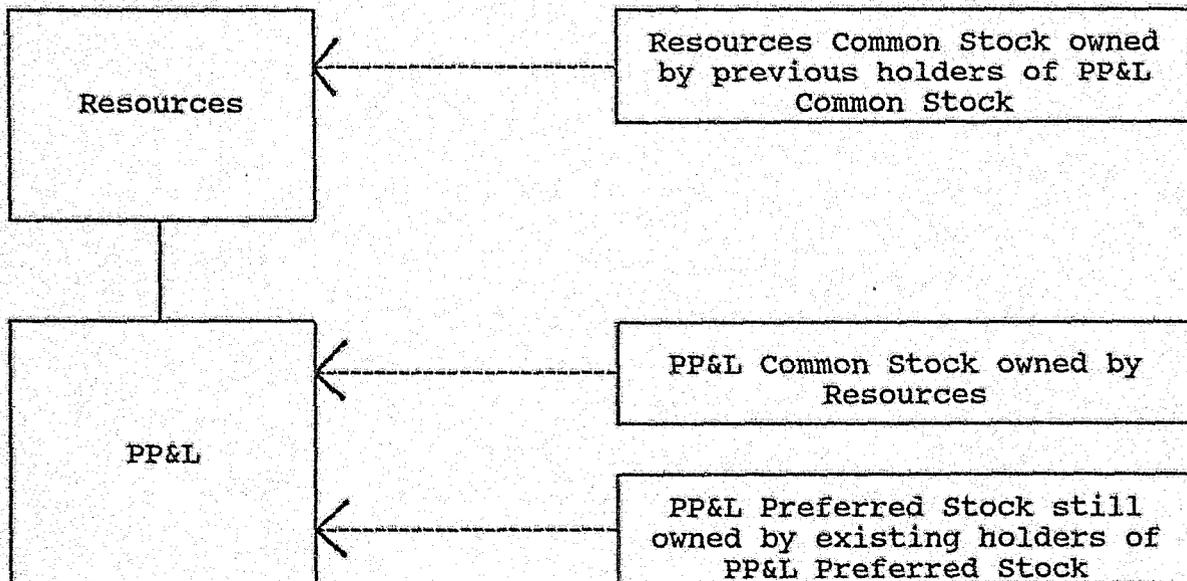
Steps Entailed in Resources - PP&L Share Exchange

1. Under the share exchange agreement, all outstanding Common Stock of PP&L will be exchanged and converted into Common Stock of Resources.



2. As a result, PP&L will become a subsidiary of Resources.

3. Following consummation of the share exchange, the former shareholders of PP&L Common Stock will own Common Stock of Resources. Resources, in turn, will own all the Common Stock of PP&L. The outstanding Preferred Stock of PP&L will be unaffected by the plan of exchange. Therefore, existing holders of PP&L Preferred Stock will remain holders of PP&L Preferred Stock following consummation of the share exchange. The corporate stock ownership of Resources and PP&L will be as follows:



PP&L Resources, Inc.
Pro Forma Balance Sheet

	Actual December 31, 1993	Adjustments	Pro Forma December 31, 1993
ASSETS			
Investments in Subsidiary Companies--			
Pennsylvania Power & Light Company	\$0.00	\$2,425,834,388.38 (1) (\$81,724,065.13) (2)	\$2,344,110,323.25
CEP Group, Inc.	0.00	81,724,065.13 (2) (50,000,000.00) (3)	31,724,065.13
Power Markets Development Company	0.00	50,000,000.00 (3)	50,000,000.00
Total Assets	\$0.00	\$2,425,834,388.38	\$2,425,834,388.38
EQUITY			
Common Stock Issued	\$0.00	\$2,425,834,388.38 (1)	\$2,425,834,388.38
Total Equity	\$0.00	\$2,425,834,388.38	\$2,425,834,388.38

(1) To reflect the stock exchange agreement in which PP&L shareholders transfer their common stock to PP&L Resources, Inc.

(2) To reflect the dividend distribution by PP&L of its common stock and equity investment in CEP Group, Inc. to PP&L Resources, Inc.

(3) To reflect the dividend distribution by CEP Group, Inc. of its common stock and equity investment in Power Markets Development Company to PP&L Resources, Inc.

PENNSYLVANIA POWER & LIGHT COMPANY
BALANCE SHEET ACCOUNTS
ASSETS AND OTHER DEBITS

ACCT. NO.	TITLE OF ACCOUNT	ACTUAL DECEMBER 31, 1993	ADJUSTMENTS	PRO FORMA DECEMBER 31, 1993
	UTILITY PLANT			
101	UTILITY PLANT IN SERVICE	\$8,879,601,553.46		\$8,879,601,553.46
101.1	PROPERTY UNDER CAPITAL LEASES	75,629,908.33		75,629,908.33
105	UTILITY PLANT HELD FOR FUTURE USE	32,871,545.37		32,871,545.37
107	CONSTRUCTION WORK IN PROGRESS	238,600,061.26		238,600,061.26
	GROSS UTILITY PLANT	9,228,703,068.42		9,228,703,068.42
108/111	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT IN SERVICE	(2,404,852,089.61)		(2,404,852,089.61)
	NET UTILITY PLANT, LESS NUCLEAR FUEL	6,821,850,978.81		6,821,850,978.81
120.1	NUCLEAR FUEL IN PROCESS	1,584,283.03		1,584,283.03
120.6	NUCLEAR FUEL UNDER CAPITAL LEASES	173,394,572.08		173,394,572.08
	NET UTILITY PLANT	6,996,829,833.92		6,996,829,833.92
	OTHER PROPERTY AND INVESTMENTS			
121	NONUTILITY PROPERTY	3,633,847.80		3,633,847.80
122	ACCUMULATED PROVISION FOR DEPRECIATION OF NONUTILITY PROPERTY	(401,494.14)		(401,494.14)
	NET NONUTILITY PROPERTY	3,232,353.66		3,232,353.66
123.1	INVESTMENT IN SUBSIDIARY COMPANIES	49,044,411.79	\$50,000,000.00 (1)	17,320,346.66
			(81,724,065.13) (2)	
124	OTHER INVESTMENTS	22,239,961.31		22,239,961.31
128	OTHER SPECIAL FUNDS	101,705,547.96		101,705,547.96
	TOTAL OTHER PROPERTY AND INVESTMENTS	176,222,274.74	(31,724,065.13)	144,498,209.61
	CURRENT AND ACCRUED ASSETS			
131	CASH	2,197,909.17		2,197,909.17
132	INTEREST SPECIAL DEPOSITS	2,451.96		2,451.96
134	OTHER SPECIAL DEPOSITS	575.00		575.00
135	WORKING FUNDS	1,522,408.06		1,522,408.06
	NOTES AND ACCOUNTS RECEIVABLE			
141	NOTES RECEIVABLE	10,169.67		10,169.67
142	CUSTOMER ACCOUNTS RECEIVABLE	212,600,102.63		212,600,102.63
143	OTHER ACCOUNTS RECEIVABLE	9,870,263.67		9,870,263.67
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CREDIT	(29,429,084.29)		(29,429,084.29)
	TOTAL NOTES AND ACCOUNTS RECEIVABLE	193,051,451.68		193,051,451.68
	RECEIVABLES FROM ASSOCIATED COMPANIES			
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	67,161,248.50		67,161,248.50
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	835,190.95		835,190.95
	TOTAL RECEIVABLES FROM ASSOCIATED COMPANIES	67,996,439.45		67,996,439.45
	MATERIALS AND SUPPLIES			
151	FUEL STOCK	94,943,052.38		94,943,052.38
152	FUEL STOCK EXPENSES UNDISTRIBUTED	621,594.40		621,594.40
154	PLANT MATERIALS AND OPERATING SUPPLIES	124,133,045.61		124,133,045.61
163	STORES EXPENSE UNDISTRIBUTED	1,516,098.35		1,516,098.35
	TOTAL MATERIALS AND SUPPLIES	\$221,213,790.74		\$221,213,790.74

PENNSYLVANIA POWER & LIGHT COMPANY
 BALANCE SHEET ACCOUNTS
 ASSETS AND OTHER DEBITS

ACCT. NO.	TITLE OF ACCOUNT	ACTUAL DECEMBER 31, 1993	ADJUSTMENTS	PRO FORMA DECEMBER 31, 1993
	CURRENT AND ACCRUED ASSETS (CONTINUED)			
165	PREPAYMENTS	\$8,898,098.95		\$8,898,098.95
171	OTHER CURRENT AND ACCRUED ASSETS	98,133.04		98,133.04
172	INTEREST AND DIVIDENDS RECEIVABLE	7,125,133.83		7,125,133.83
173	RENTS RECEIVABLE	120,588,654.31		120,588,654.31
174	ACCRUED UTILITY REVENUES	15,581,339.76		15,581,339.76
190	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	28,119,715.00		28,119,715.00
	ACCUMULATED DEFERRED INCOME TAXES (CURRENT)	171,512,915.94		171,512,915.94
	TOTAL OTHER CURRENT AND ACCRUED ASSETS	666,396,100.95		666,396,100.95
	DEFERRED DEBITS			
181	UNAMORTIZED DEBT EXPENSE	3,957,157.12		3,957,157.12
182.3	OTHER REGULATORY ASSETS	1,559,707,432.52		1,559,707,432.52
183	PRELIMINARY SURVEY AND INVESTIGATION CHARGES	1,088,807.19		1,088,807.19
184	CLEARING ACCOUNTS	(241,891.86)		(241,891.86)
185	TEMPORARY FACILITIES	(7,549.91)		(7,549.91)
186	MISCELLANEOUS DEFERRED DEBITS	28,386,178.91		28,386,178.91
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	101,838,052.00		101,838,052.00
190	ACCUMULATED DEFERRED INCOME TAXES	329,353,200.00		329,353,200.00
	LESS CURRENT ACCUMULATED DEFERRED INCOME TAXES	28,119,715.00		28,119,715.00
	TOTAL ACCUMULATED DEFERRED INCOME TAXES (NONCURRENT)	301,233,485.00		301,233,485.00
	TOTAL DEFERRED DEBITS	1,895,859,670.97		1,895,859,670.97
	TOTAL ASSETS AND OTHER DEBITS	\$9,835,407,880.58	\$(31,724,065.13)	\$9,803,683,815.45

PENNSYLVANIA POWER & LIGHT COMPANY
BALANCE SHEET ACCOUNTS
LIABILITIES AND OTHER CREDITS

ACCT. NO.	TITLE OF ACCOUNT	ACTUAL DECEMBER 31, 1993	ADJUSTMENTS	PRO FORMA DECEMBER 31, 1993
	PROPRIETARY CAPITAL			
201	COMMON STOCK ISSUED	\$1,370,782,933.48		\$1,370,782,933.48
204	PREFERRED STOCK ISSUED	506,374,500.00		506,374,500.00
207	PREMIUM ON CAPITAL STOCK	87,000.00		87,000.00
214	CAPITAL STOCK EXPENSE	(10,993,425.71)		(10,993,425.71)
216	EARNINGS REINVESTED	1,048,908,545.98		967,184,480.85
215.1	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE-FEDERAL	3,062,823.32	\$(81,724,065.13) (2)	3,062,823.32
216.1	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	13,986,511.31		13,986,511.31
	TOTAL PROPRIETARY CAPITAL	2,932,208,888.38	(81,724,065.13)	2,850,484,823.25
	LONG-TERM DEBT			
221	BONDS	2,673,750,000.00		2,673,750,000.00
224	OTHER LONG-TERM DEBT	77,480.00		77,480.00
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	124,686.84		124,686.84
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT-DEBIT	(24,981,722.85)		(24,981,722.85)
	LESS AMOUNT DUE WITHIN ONE YEAR	2,648,970,443.99		2,648,970,443.99
221	BONDS	30,900,000.00		30,900,000.00
224	OTHER LONG-TERM DEBT	38,740.00		38,740.00
	TOTAL LONG-TERM DEBT	30,938,740.00		30,938,740.00
	OTHER NONCURRENT LIABILITIES	2,618,031,703.99		2,618,031,703.99
227	OBLIGATIONS UNDER CAPITAL LEASES-NONCURRENT	170,284,913.32		170,284,913.32
	TOTAL OTHER NONCURRENT LIABILITIES	170,284,913.32		170,284,913.32
	CURRENT AND ACCRUED LIABILITIES			
	LONG-TERM DEBT DUE WITHIN ONE YEAR			
221	BONDS	30,900,000.00		30,900,000.00
224	OTHER LONG-TERM DEBT	38,740.00		38,740.00
229	ACCUMULATED PROVISION FOR RATE REFUNDS	12,745,756.00		12,745,756.00
231	NOTES PAYABLE	117,000,000.00		167,000,000.00
232	ACCOUNTS PAYABLE	146,759,360.05		146,759,360.05
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	2,459,499.92		2,459,499.92
235	CUSTOMER DEPOSITS	1,108,943.29		1,108,943.29
236	TAXES ACCRUED	61,390,033.12		61,390,033.12
237	INTEREST ACCRUED	59,564,144.36		59,564,144.36
238	DIVIDENDS DECLARED	70,409,819.38		70,409,819.38
240	MATURED INTEREST	2,451.96		2,451.96
241	TAX COLLECTIONS PAYABLE	4,424,617.86		4,424,617.86
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	73,920,437.11		73,920,437.11
243	OBLIGATIONS UNDER CAPITAL LEASES-CURRENT	78,739,567.09		78,739,567.09
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	17,375,117.00		17,375,117.00
	TOTAL CURRENT AND ACCRUED LIABILITIES	\$676,838,487.14	\$50,000,000.00 (1)	\$726,838,487.14

PENNSYLVANIA POWER & LIGHT COMPANY
BALANCE SHEET ACCOUNTS
LIABILITIES AND OTHER CREDITS

ACCT. NO.	TITLE OF ACCOUNT	ACTUAL DECEMBER 31, 1993	ADJUSTMENTS	PRO FORMA DECEMBER 31, 1993
	DEFERRED CREDITS			
228.4	ACCRUED MISCELLANEOUS OPERATING PROVISION-D&D FUND	\$31,870,800.00		\$31,870,800.00
252	CUSTOMER ADVANCES FOR CONSTRUCTION	35,716.69		35,716.69
253	OTHER DEFERRED CREDITS	235,728,777.40		235,728,777.40
254	OTHER REGULATORY LIABILITIES	384,021,256.36		384,021,256.36
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	239,940,390.30		239,940,390.30
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY	622,160.00		622,160.00
282	ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY	1,927,038,194.00		1,927,038,194.00
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER LESS ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	656,161,710.00		656,161,710.00
	TOTAL ACCUMULATED DEFERRED INCOME TAXES-OTHER (NONCURRENT)	17,375,117.00		17,375,117.00
	TOTAL DEFERRED CREDITS	<u>638,786,593.00</u>		<u>638,786,593.00</u>
		<u>3,438,043,887.75</u>		<u>3,438,043,887.75</u>
	TOTAL LIABILITIES AND OTHER CREDITS	\$9,835,407,880.58	\$(31,724,065.13)	\$9,803,683,815.45

(1) TO REFLECT THE CAPITAL CONTRIBUTION BY PP&L TO CEP GROUP, INC. TO FUND A CAPITAL CONTRIBUTION TO POWER MARKETS DEVELOPMENT COMPANY. ALTHOUGH THE SOURCE OF FUNDS WILL BE AN ALLOCATION OF INTERNALLY GENERATED FUNDS, FOR PURPOSES OF THIS PRO FORMA ADJUSTMENT, THE SOURCE OF FUNDS IS SHOWN AS A TEMPORARY INCREASE IN SHORT-TERM NOTES PAYABLE.

(2) TO REFLECT THE DIVIDEND DISTRIBUTION BY PP&L OF ITS COMMON STOCK AND EQUITY INVESTMENT IN CEP GROUP, INC. TO PP&L RESOURCES, INC. PP&L'S COMMON STOCK AND EQUITY INVESTMENT IN CEP GROUP, INC. CONSISTS OF THE \$50,000,000.00 CAPITAL CONTRIBUTION FOR POWER MARKETS DEVELOPMENT COMPANY AND A \$31,724,065.13 INVESTMENT AT DECEMBER 31, 1993.

DRAFT
Services Agreement

This Agreement is made as of _____, 1994, by and between PP&L Resources, Inc., a Pennsylvania corporation ("Resources"), and Pennsylvania Power & Light Company, a Pennsylvania corporation ("PP&L").

WHEREAS, Resources, under its articles, may engage in any lawful act concerning any lawful business for which corporations may be incorporated under the Pennsylvania Business Corporation Law and was formed for the purpose of separating PP&L's regulated and unregulated business activities; and

WHEREAS, PP&L is a subsidiary of Resources and is engaged in providing electric utility service to customers in portions of central eastern Pennsylvania subject to regulation by the Pennsylvania Public Utility Commission; and

WHEREAS, Resources and PP&L each possess knowledge and skill in various aspects of business operations; and

WHEREAS, the provision of certain services between Resources and PP&L will enable the parties to obtain these services effectively and efficiently; and

WHEREAS, Resources desires to procure services from PP&L on a non-exclusive basis, and PP&L is willing to provide these services; and

WHEREAS, PP&L desires to procure services from Resources on a non-exclusive basis, and Resources is willing to provide these services; and

NOW, THEREFORE, in consideration of the agreements set forth herein and intending to be legally bound hereby, Resources and PP&L agree as follows:

A. Services

1. Resources agrees to provide, on an as-available basis, such services as may from time to time be requested by PP&L. These services may include any services necessary and appropriate to the safe, efficient and cost effective operation of PP&L's business, including but not limited to, executive management, administration, accounting, finance, legal, communications, purchasing, billing, information systems, corporate secretarial, human resources, insurance and other similar types of services.

2. PP&L agrees to provide, on an as-available basis, such services as may from time to time be requested by Resources. These services may include any services necessary and appropriate to the safe, efficient and cost effective operation of Resources' business, including but not limited to, executive management, administration, accounting, finance, legal, communications, purchasing, billing, information systems, corporate secretarial, human resources, insurance and other similar types of services.

3. Resources and PP&L may request services of this nature from time to time on an as-needed basis. Neither Resources nor PP&L is under any obligation to procure a set amount of services pursuant to this Agreement. In addition, neither Resources nor PP&L is obligated to procure these types of

services solely from the other party to this Agreement. If they so desire, Resources and PP&L may procure these or similar service from third-party providers.

B. Costs and Accounting

1. Services provided pursuant to Section A of this Agreement are to be charged to the recipient at their full cost to the provider.

a. Direct Costs

If costs can be determined with reasonable certainty, these costs will be assumed to be the direct and full costs of providing the services at issue.

b. Indirect Costs

Costs shall include applicable indirect costs such as overhead, to the extent that such costs can be calculated with reasonable certainty and are readily ascertainable. For example, costs associated with an individual's time may include a component for additional, related costs, as appropriate (e.g., applicable employee benefit costs).

c. Allocation

If charges cannot be directly assigned to one party, they will be allocated between the parties based on a reasonable approximation of the costs attributable to each party.

2. All costs incurred by the providing party shall be determined in accordance with generally accepted accounting principles and shall include reasonable indirect costs, including overhead, as set forth in Section A of this Agreement.

C. Billing and Payment

1. The party providing services under Section A of this Agreement shall submit invoices on a monthly or more frequent basis to the party receiving such services. Such invoices shall reference the service provided and the associated costs, which shall be determined in accordance with Section B of this Agreement.

2. Invoices shall be due and payable within sixty (60) days after receipt.

D. General

1. Subsidiary Participation

"Resources" as used in this Agreement includes all subsidiary and affiliated companies of PP&L Resources, Inc. other than PP&L and its subsidiaries.

2. Term

The term of this Agreement shall commence on the date first set forth above or the date on which the Pennsylvania Public Utility Commission approves this Agreement, whichever is later. Thereafter, this Agreement shall continue in full force and effect until terminated by either of the parties upon 15 days' written notice to the other party of its election to do so.

3. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties have executed this Agreement as set forth below.

PP&L RESOURCES, INC.

By: _____
(Name)
(Title)

PENNSYLVANIA POWER & LIGHT COMPANY

By: _____
(Name)
(Title)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In Re: Securities Certificate Of :
 Pennsylvania Power & Light :
 Company In Respect Of The : Securities Certificate
 Proposed Plan Of Share Exchange : No. _____
 In Connection With The :
 Establishment Of A Holding :
 Company Structure :

To The Pennsylvania Public Utility Commission:

1. The name of the public utility filing this Securities Certificate is Pennsylvania Power & Light Company ("PP&L" or the "Company") and its address is Two North Ninth Street, Allentown, Pennsylvania.

2. The names and addresses of the Company's attorneys are:

David B. MacGregor
 Morgan, Lewis & Bockius
 2000 One Logan Square
 Philadelphia, PA 19103
 (215) 963-5448

G. D. Caliendo
 Senior Vice President, General Counsel & Secretary
 Paul E. Russell
 Associate General Counsel
 Pennsylvania Power & Light Company
 Two North Ninth Street
 Allentown, PA 18101
 (610) 774-4254

3. PP&L is a corporation which was organized on June 4, 1920 under the laws of the Commonwealth of Pennsylvania to exist perpetually. The Company is subject to the Pennsylvania Associations Code, 15 Pa.C.S. §§ 101 et seq., including the Pennsylvania Business Corporation Law of 1988, 15 Pa.C.S. §§ 1101 et

seq., for the government and regulation of its affairs. PP&L is vested with lawful authority to supply and is supplying to the public electric light, heat and power service in twenty-nine (29) counties in central eastern Pennsylvania. At December 31, 1993, the Company had approximately 1.2 million customers. In providing this service, PP&L is subject to the Public Utility Code ("Code"), 66 Pa.C.S. §§ 101 et. seq., and regulation by the Pennsylvania Public Utility Commission ("Commission") thereunder.

4. At the time of filing of this Securities Certificate, PP&L is not controlled, directly or indirectly, by any corporation. PP&L Resources, Inc. ("Resources") is a corporation organized under the Pennsylvania Business Corporation Law of 1988. 15 Pa.C.S. §§ 1101 et seq. Pursuant to the terms of a subscription agreement dated March 16, 1994, Resources, upon appropriate Commission approval, will become a direct wholly-owned subsidiary of PP&L. Thereafter, upon receiving shareholder and other appropriate regulatory approvals, Resources will become the holding company parent of PP&L. The Company's corporate structure immediately prior to, and after the formation of the holding company structure is described in an Application filed by PP&L with the Commission on March 18, 1994.^{1/}

^{1/} Application Of Pennsylvania Power & Light Company For: (1) Pennsylvania Public Utility Commission Approval, Pursuant To Chapters 11, 19 And 21 Of The Pennsylvania Public Utility Code, Of Certain Transactions And Agreement To Be Undertaken In Connection With The Establishment Of A Holding Company Structure; And (2) Pennsylvania Public Utility Commission Certification To The Securities And Exchange Commission Pursuant To Section 33(a) Of The Public Utility Holding

5. PP&L has determined that it is appropriate and in the public interest to reorganize its operations into a holding company structure. A detailed description of this proposed corporate reorganization and the reasons for it are fully set forth in PP&L's Application.

The holding company structure will be created through a share exchange, in which all the outstanding common stock of PP&L will be exchanged on a share-for-share basis for common stock of Resources. A summary of the steps entailed in the share exchange is provided in Appendix E of the Application. After the share exchange is completed, all of PP&L's common stock will be owned by Resources, and all of Resources' common stock will be owned by the former owners of PP&L common stock.

The share exchange outlined above may result in a change in the term of PP&L's common stock. While the issuer of the common stock will change from PP&L to Resources, this change will have no effect on ratepayers. Chapter 19 of the Code is designed to protect ratepayers. Chapter 19 is not a "blue sky" law and is not intended to protect utility shareholders. York Railways Co. v. Pa. P.U.C., 131 Pa. Super. 126, 198 A. 920 (1938). Shareholder interests will be fully protected because shareholders must approve the share exchange under the Pennsylvania Business Corporation Law. In addition, PP&L must file a Form U-1, registration statement and

Company Act of 1935, filed on March 18, 1994
("Application").

prospectus with the Securities and Exchange Commission ("SEC") in connection with the establishment of the holding company structure. It is therefore PP&L's view that a securities certificate is not required. However, in order to avoid delay, to provide the Commission with a full opportunity to review all aspects of this transaction, and because other aspects of this transaction require Commission approval, PP&L is seeking Commission registration of this securities certificate in connection with the share exchange.

6. A detailed description of the share exchange is included as Appendix E to the Application and is incorporated herein by reference.

7. The purposes for which PP&L and Resources propose to enter into the share exchange agreement are set forth in detail in the Application.

8. The establishment of a holding company structure will require the approval of the SEC through the filing of a Form U-1. In addition, the share exchange constitutes a public offering of the common stock of Resources under the provisions of the Securities Act of 1935 and will require the filing of a registration statement and prospectus with the SEC. Copies of these filings will be supplied to the Commission.

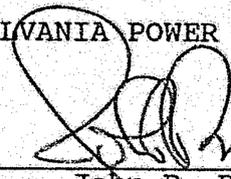
9. The following either are appended to this Securities Certificate as Exhibits, incorporated by reference from the Application, or will be supplied when available:

- A. A balance sheet of the Company as of December 31, 1993, is included as Appendix B to the Company's Application and is incorporated herein by reference. A pro forma balance sheet of PP&L and Resources giving effect to the proposed transaction is included as Appendix F to the Application and is incorporated herein by reference.
- B. A statement of income of the Company for the 12 months ended December 31, 1993, is included as Appendix C to the Company's Application, and is incorporated herein by reference.
- C. A statement of utility plant of the Company at original cost as of December 31, 1993, is attached as Exhibit C.
- D. A statement of securities of other corporations owned by the Company as of December 31, 1993, is attached as Exhibit D.
- E. A statement showing the status of the funded debt of the Company as of December 31, 1993, is attached as Exhibit E.
- F. A statement showing the status of outstanding capital stock of the Company outstanding as of December 31, 1993, is attached as Exhibit F.
- G. Copies of the registration statement and prospectus to be filed with the Securities and Exchange Commission in connection with the establishment of the holding company structure will be provided to the Commission when available.
- H. A copy of SEC Form U-1 will be supplied to the Commission when available.
- I. A copy of resolutions of the Board of Directors of the Company authorizing the proposed plan of share exchange will be supplied when available.
- J. Under the share exchange agreement, the certificates for common stock will remain unchanged, except that the issuer will be Resources in place of PP&L. PP&L's form of common stock certificate was filed as Exhibit (J) to Securities Certificate S-80124630 and is incorporated herein by reference.
- K. The only PP&L journal entries associated with the share exchange will be the appropriate entries to reflect the acquisition and disposition of the common stock of Resources (100 shares, \$1.00 per share), as discussed in the Application.

- L. A copy of the share exchange agreement will be supplied when available.

WHEREFORE, Pennsylvania Power & Light Company requests that the Commission register this Securities Certificate pursuant to the provisions of the Public Utility Code and evidence such registration by an Order.

PENNSYLVANIA POWER & LIGHT COMPANY

By: 

John R. Biggar
Vice President - Finance

Dated: March 18, 1994

PENNSYLVANIA POWER & LIGHT COMPANY
UTILITY PLANT ACCOUNTS

<u>Acct. No.</u>		<u>December 31, 1993</u>
101	Utility plant in service	
	Electric plant in service	
	Intangible plant	\$ 15,006,114.10
	Production plant	
	Steam production	\$1,794,602,118.62
	Nuclear production	3,967,483,653.35
	Hydraulic production	79,952,613.39
	Other production	<u>34,816,706.12</u>
	Total production plant	5,876,855,091.48
	Transmission plant	423,731,612.16
	Distribution plant	2,291,838,525.25
	General plant	<u>272,170,210.47</u>
	Electric plant in service	8,879,601,553.46
101.1	Property under capital leases	<u>75,629,908.33</u>
	Total utility plant in service	<u>8,955,231,461.79</u>
105	Electric plant held for future use	32,871,545.37
107	Construction work in progress	<u>238,600,061.26</u>
	Total utility plant, less nuclear fuel	9,226,703,068.42
108	Accumulated provision for depreciation of utility plant	(2,396,033,569.32)
111	Accumulated provision for amortization of utility plant	<u>(8,818,520.29)</u>
	Net utility plant, less nuclear fuel	<u>6,821,850,978.81</u>
120.1	Nuclear fuel in process	1,584,283.03
120.6	Nuclear fuel under capital leases	<u>173,394,572.08</u>
	Net utility plant	<u>\$6,996,829,833.92</u>

PENNSYLVANIA POWER & LIGHT COMPANY
STATEMENT OF SECURITIES OF OTHER CORPORATIONS OWNED
AS OF DECEMBER 31, 1993

Name of Issuer	Title of Security	Number of Shares or Principal Amount	Date Acquired	Price Paid	Book Value	Approximate Value Indicated by Market Quotations December 31, 1993
Securities of Subsidiary Corporations						
BDW Corp	Note	\$ 609,000.00	12-19-86	\$ 609,000.00	\$ 609,000.00	Not Available
CEP Group, Inc	Common Stock	100 shares	12-31-66	10,000.00	10,000.00	Not Available
	Capital Contributions	\$ 25,481,462.90	Various	25,481,462.90	25,481,462.90	Not Available
	Undistributed Earnings				6,232,602.23	Not Available
	Note	51,461,800.00	12-30-93	51,461,800.00	51,461,800.00	Not Available
Interstate Energy Company	Common Stock	1,000 shares	3-1-80	1,000.00	1,000.00	Not Available
Pennsylvania Coal Resources Corporation	Common Stock	10 shares	12-29-83	85,001.00	85,001.00	Not Available
Realty Company of Pennsylvania	Common Stock	150 shares	4-23-51	15,000.00	15,000.00	Not Available
	Capital Contributions	\$ 100,940.69	Various	100,940.69	100,940.69	Not Available
	Advances-Open Account	49,000.00	Various	49,000.00	49,000.00	Not Available
	Note	15,090,448.50	10-31-87	15,090,448.50	15,090,448.50	Not Available
Safe Harbor Water Power Corporation	Common Class "B" Stock (Voting)	100,000 shares	6-1-55	3,315,496.48	3,315,496.48	Not Available
	Capital Contributions	\$ 6,000,000.00	Various	6,000,000.00	6,000,000.00	Not Available
	Undistributed Earnings				7,753,908.49	Not Available
				<u>\$102,219,149.57</u>	<u>\$116,205,660.29</u>	
Other Corporate Securities						
Mortgages						
Greater Hazleton Community Area	Mortgage	\$ 30,022.50	6-29-64	\$ 30,022.50	\$ 30,022.50	Not Available
New Development Organization, Inc.	"	20,000.00	5-20-65	20,000.00	20,000.00	Not Available
Greater Pittston Chamber of Commerce	"	174,825.00	3-2-66	174,825.00	174,825.00	Not Available
Greater Tamaqua Industrial Development Enterprise	"	58,217.50	2-21-74	58,217.50	58,217.50	Not Available
Greater Wilkes-Barre Industrial Fund	"	755,000.00	9-3-92	755,000.00	755,000.00	Not Available

PENNSYLVANIA POWER & LIGHT COMPANY
STATEMENT OF SECURITIES OF OTHER CORPORATIONS OWNED

AS OF DECEMBER 31, 1993

Name of Issuer	Title of Security	Number of Shares or Principal Amount	Date Acquired	Price Paid	Book Value	Approximate Value Indicated by Market Quotations December 31, 1993
Other Corporate Securities - Continued						
Mortgages - Continued						
Mahanoy Area Joint Industrial Corporation	Mortgage	\$ 12,390.00	8-31-71	\$ 12,390.00	\$ 12,390.00	Not Available
Mount Carmel District Industrial Fund Incorporated	"	59,500.00	5-17-67	59,500.00	59,500.00	Not Available
Pocono Mountain Industries	"	551,250.00	8-11-92	551,250.00	551,250.00	Not Available
Schuylkill County Industrial Development Authority	"	15,000.00	3-11-76	15,000.00	15,000.00	Not Available
Schuylkill Economic Development Corp	"	140,000.00	11-17-92	140,000.00	140,000.00	Not Available
Total Mortgages				\$ 1,816,205.00	\$ 1,816,205.00	
Bonds						
Harrisburg Area Industrial Development Corporation	Bonds	\$ 8,000.00	7-1-64 to 1-1-69	\$ 8,000.00	\$ 8,000.00	Not Available
Total Bonds				\$ 8,000.00	\$ 8,000.00	
Stocks						
American Casualty Excess Insurance Company Limited	Capital Stock	90,570 shares	11-21-85	\$ 458,950.00	\$ 458,950.00	\$2,618,991.00
Renovo Community Trade Association	Common Stock	1 share	12-30-47	200.00	200.00	Not Available
Total Stocks				\$ 459,150.00	\$ 459,150.00	
Securities of Other Corporations						
Written-Off to Nominal Value	Various	Various	Various	Not Applicable	\$ 22.00	
Total Other Corporate Securities				\$ 2,283,355.00	\$ 2,283,377.00	
Total Securities of Other Corporations Owned				\$104,502,504.57	\$118,489,037.29	

PENNSYLVANIA POWER & LIGHT COMPANY
STATEMENT SHOWING THE STATUS OF THE FUNDED DEBT
AS OF DECEMBER 31, 1993

Name and Description of Obligation (a)	Interest		Term at Date of Issue (Years) (d)	Date of Maturity (e)	Total Principal Amount Authorized (f)	Total Principal Amount Outstanding (Not Held by the Public Utility) (g)	Total Principal Amount Held by the Public Utility		
	Rate (b)	Dates Payable (c)					Reacquired and Held in Treasury (h)	Pledged (i)	In Sinking or Other Funds (j)
First Mortgage Bonds (1)					\$ 30,000,000	\$ 30,000,000.00	None	None	None
4-5/8% Series due 1994	4-5/8%	Mar. 1 & Sep. 1	30	Mar. 1, 1994	30,000,000	30,000,000.00	None	None	None
5-5/8% Series due 1996	5-5/8%	June 1 & Dec. 1	30	June 1, 1996	30,000,000	30,000,000.00	None	None	None
6-3/4% Series due 1997	6-3/4%	May 1 & Nov. 1	30	Nov. 1, 1997	30,000,000	30,000,000.00	None	None	None
5-1/2% Series due 1998	5-1/2%	April 1 & Oct. 1	5	Apr. 1, 1998	150,000,000	150,000,000.00	None	None	None
7% Series due 1999	7%	Jan. 1 & July 1	30	Jan. 1, 1999	40,000,000	40,000,000.00	None	None	None
6-1/8% Series due 1999	6-1/8%	June 1 & Dec. 1	30	June 1, 1999	40,000,000	40,000,000.00	None	None	None
9% Series due 2000	9%	Mar. 1 & Sep. 1	30	Mar. 1, 2000	50,000,000	50,000,000.00	None	None	None
6% Series due 2000	6%	June 1 & Dec. 1	7	June 1, 2000	125,000,000	125,000,000.00	None	None	None
7-1/4% Series due 2001	7-1/4%	Feb. 1 & Aug. 1	30	Feb. 1, 2001	60,000,000	60,000,000.00	None	None	None
7-5/8% Series due 2002	7-5/8%	Feb. 1 & Aug. 1	30	Feb. 1, 2002	75,000,000	75,000,000.00	None	None	None
7-3/4% Series due 2002	7-3/4%	May 1 & Nov. 1	10	May 1, 2002	150,000,000	150,000,000.00	None	None	None
7-1/2% Series due 2003	7-1/2%	Jan. 1 & July 1	30	Jan. 1, 2003	80,000,000	80,000,000.00	None	None	None
6-7/8% Series due 2003	6-7/8%	Feb. 1 & Aug. 1	10	Feb. 1, 2003	100,000,000	100,000,000.00	None	None	None
6-1/2% Series due 2005	6-1/2%	April 1 & Oct. 1	12	Apr. 1, 2005	125,000,000	125,000,000.00	None	None	None
8-1/4% Series due 2006	8-1/4%	June 1 & Dec. 1	30	Dec. 1, 2006	150,000,000	150,000,000.00	None	None	None
8-1/2% Series due 2007	8-1/2%	June 1 & Dec. 1	30	Dec. 1, 2007	100,000,000	100,000,000.00	None	None	None
10% Series due 2019	10%	Jan. 1 & July 1	30	Jan. 1, 2019	125,000,000	125,000,000.00	None	None	None
9-1/4% Series due 2019	9-1/4%	Apr. 1 & Oct. 1	30	Oct. 1, 2019	250,000,000	250,000,000.00	None	None	None
9-3/8% Series due 2021	9-3/8%	Jan. 1 & July 1	30	July 1, 2021	150,000,000	150,000,000.00	None	None	None
8-1/2% Series due 2022	8-1/2%	May 1 & Nov. 1	30	May 1, 2022	150,000,000	150,000,000.00	None	None	None
7-7/8% Series due 2023	7-7/8%	Feb. 1 & Aug. 1	30	Feb. 1, 2023	200,000,000	200,000,000.00	None	None	None
6-3/4% Series due 2023	6-3/4%	April 1 & Oct. 1	30	Oct. 1, 2023	150,000,000	150,000,000.00	None	None	None

PENNSYLVANIA POWER & LIGHT COMPANY
STATEMENT SHOWING THE STATUS OF THE FUNDED DEBT
AS OF DECEMBER 31, 1993

Name and Description of Obligation (a)	Rate (b)	Interest Dates Payable (c)	Term at Date of Issue (Years) (d)	Date of Maturity (e)	Total Principal Amount Authorized (1) (f)	Total Principal Amount Outstanding (Not Held by the Public Utility) (g)	Total Principal Amount Held by the Public Utility			
							Reacquired and Held in Treasury (h)	Pledged (i)	In Sinking or Other Funds (j)	
First Mortgage Bonds (1) (Continued)										
Pollitoni control bonds										
5-5/8% Series A	5-5/8%	May 1 & Nov 1	7 to 30	May 1, 1994- May 1, 2003	\$ 28,000,000	\$ 15,500,000.00	None	None	None	None
10-5/8% Series E due 2014	10-5/8%	Mar 1 & Sep 1	30	Mar. 1, 2014	37,750,000	37,750,000.00	None	None	None	None
10-5/8% Series F due 2014	10-5/8%	Mar 1 & Sep 1	30	Sep. 1, 2014	115,500,000	115,500,000.00	None	None	None	None
9-3/8% Series G due 2015	9-3/8%	Jan 1 & July 1	30	July 1, 2015	55,000,000	55,000,000.00	None	None	None	None
6 40% Series H due 2021	6 40%	May 1 & Nov. 1	29	Nov. 1, 2021	90,000,000	90,000,000.00	None	None	None	None
						2,673,750,000.00				
Misc. Promissory Note	Various	Various	Various	Various	Not Applicable	77,480.00	None	None	None	None
Unamortized Premium on Long-Term Debt	-	-	-	-	-	124,686.84				
Unamortized Discount on Long-Term Debt	-	-	-	-	-	(24,981,722.85)				
Total Funded Debt						\$2,648,970,443.99				

(1) The amount of additional mortgage bonds that may be issued is limited by property, earnings and other provisions of the mortgage.

PENNSYLVANIA POWER & LIGHT COMPANY

STATEMENT SHOWING THE STATUS OF OUTSTANDING CAPITAL STOCK

AS OF DECEMBER 31, 1993

Designation of Kind and Class (a)	Number of Shares Authorized (b)	Par Value Per Share (c)	Amount Authorized (d)	Total Par Value, or Number of Shares if Without Par Value				Pledged (g)	In Sinking or Other Funds (h)	Stated Book Value of Outstanding Stock Having No Par Value As of Date of Balance Sheet (i)
				Amount Outstanding (Not Held by the Public Utility) (e)	Reacquired and Held in Treasury (f)	Held by the Public Utility				
Preferred Stock, \$100 per, cumulative										
4-1/2% Series	629,936	\$100	\$ 62,993,600.00	\$ 53,018,900.00	None	None	None	None		
3.35%	10,000,000	\$100	\$1,000,000,000.00	\$ 4,178,300.00	None	None	None	None		
4.40%				22,877,300.00	None	None	None	None		
4.60%				6,300,000.00	None	None	None	None		
6.125%				115,000,000.00	None	None	None	None		
6.33%				100,000,000.00	None	None	None	None		
6.75%				85,000,000.00	None	None	None	None		
6.875%				40,000,000.00	None	None	None	None		
7.00%(1)				80,000,000.00	None	None	None	None		
				\$506,374,500.00						
Preference Stock, no par, cumulative	5,000,000		5,000,000 shares	0 shares	None	None	None	None	\$ 0.00	
Common Stock, no par	170,000,000		170,000,000 shares	152,132,089 shares	None	None	None	None	\$1,370,782,833.48	

(1) On January 1, 1994, the Company redeemed through sinking fund provisions 200,000 shares of the 7.00% Series Preferred Stock.

PENNSYLVANIA POWER & LIGHT COMPANY
 Five Largest Holders of Each Class of Capital Stock as of December 10, 1993

COMMON		Shares	4.40% SERIES PREFERRED		Shares
Cede & Co. -M- Box 20 Bowling Green Station New York, NY 10004	67,230,703	10,759	Cede & Co. -M- Box 20 Bowling Green Station New York, NY 10004	83,472	
PP&L Agent c/o John P. Kierzkowski Vice President and Treasurer Pennsylvania Power & Light Co Two North Ninth Street Allentown, PA 18101	21,748,457	2,233	Philadep & Co. P.O. Box 8500 (S-1300) Philadelphia, PA 19178	12,278	
Trustees for Pennsylvania Power & Light Company Employee Stock Ownership Plan U/A DTD 1-1-87 c/o John P. Kierzkowski Vice President and Treasurer Pennsylvania Power & Light Co. Two North Ninth St. Allentown, PA 18101	5,370,849	752	Kray & Co. Dividend Accounting Dept. One Financial Place 440 S. Lasalle St. Chicago, IL 60605	5,403	
Kray & Co Dividend Accounting Dept One Financial Place 440 S. Lasalle St. Chicago, IL 60605	1,802,385	525	Pioneer Associates, Inc. c/o Williams Electric Co Attn: J. S. Williams P. O. Box 2267 Shelby, NC 28151	2,500	
Philadep & Co. P.O. Box 8500 (S-1300) Philadelphia, PA 19178	470,369	500	Ralph H. Swanger & Charlotte E. Swanger as Joint Tenants 3831 Oakwood Trail Allentown, PA 18103	1,200	
4.50% PREFERRED		Shares	6.125% SERIES PREFERRED		Shares
Kray & Co. Dividend Accounting Dept. One Financial Place 440 S. Lasalle St. Chicago, IL 60605	64,397	20,749	Cede & Co. -M- Box 20 Bowling Green Station New York, NY 10004	1,065,000	
Cede & Co. Box 20 Bowling Green Station New York, NY 10004	42,397	1,381	Household Finance Corporation Attn: Ron Saba & Tom Claeys 2700 Sanders Road Prospect Heights, IL 60070	85,000	
Philadep & Co. P.O. Box 8500 (S-1300) Philadelphia, PA 19178	5,592	1,005			
MAC & Co. c/o Mellon Bank P. O. Box 360796M Pittsburgh, PA 15251	5,045	440			
Shearson Lehman Brothers Inc. c/o Smith Barney Shearson Inc. 388 Greenwich St. New York, NY 10013-2396	4,500	438			

PENNSYLVANIA POWER & LIGHT COMPANY
 Five Largest Holders of Each Class of Capital Stock as of December 10, 1993

6.33% SERIES PREFERRED		6.75% SERIES PREFERRED		6.875% SERIES PREFERRED	
Cede & Co. -M-	Shares	Cede & Co. -M-	Shares	Cede & Co. -M-	Shares
Box 20 Bowling Green Station New York, NY 10004	767,500	Box 20 Bowling Green Station New York, NY 10004	844,410	Box 20 Bowling Green Station New York, NY 10004	399,200
U.S. Leasing International Inc. c/o U.S. Corp. Financing Attn: George Blufowick 615 Battery St., 2nd Fl. San Francisco, CA 94119	118,750	Furben & Co. P. O. Box 405 Schuylkill Haven, PA 17972-0405	1,700	First State Investment Co. Inc. Attn: Ira Woberman, President 4261 Rt 9 North Howell, NJ 07731	800
Household Finance Corporation c/o Household Commercial Attn: Ron Saba 2700 Sanders Road Prospect Hts., IL 60070	111,750	Harry E. Gochtauer 3001 Lritz Pike P. O. Box 5093 Lancaster, PA 17606	1,000		
Century Surety Company c/o Independence Bank Cust 4401 Rockside Rd. Independence, OH 44131	2,000	William K Erdman and Rachael M Erdman Ten Ent 325 Market St Bloomsburg, PA 17815	400		
		Schuylkill Haven Trust Co c/o Trust Dept. Attn: Cathy Krause Box 405 Schuylkill Haven, PA 17972	350		

7.00% SERIES PREFERRED	
Cede & Co. -M-	Shares
Box 20 Bowling Green Station New York, NY 10004	792,500
SEIDCO P.O. Box 54986 Terminal Annex Los Angeles, CA 90054	3,400
Philadep & Co. P.O. Box 6500 (S-1300) Philadelphia, PA 19178	1,500
First State Investment Co., Inc. Attn: Ira Woberman, Pres. 4261 Rt 9 North Howell, NJ 07731	1,400
NBD N/O Pfeiffer Lincoln Mercury A/C #27000-935495-1 200 Ottawa Ave NW Grand Rapids, MI 49503	800

_____, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

Re: Pennsylvania Public Utility Commission
Certification Pursuant to § 33(a) of the
Public Utility Holding Company Act of 1935

Dear Sir or Madam:

Pursuant to Section 33(a) of the Public Utility Holding Company Act of 1935 ("Holding Company Act"), the Pennsylvania Public Utility Commission ("PUC" or the "Commission") hereby certifies that, with regard to foreign business activities entered into by Pennsylvania Power & Light Company ("PP&L" or the "Company") and/or its affiliates, the PUC has the authority and resources to protect ratepayers subject to its jurisdiction and intends to exercise that authority.

PP&L is an investor-owned electric public utility incorporated in the Commonwealth of Pennsylvania. PP&L provides electric service to more than 1 million customers in a service territory of approximately 10,000 square miles located within 29 counties in central eastern Pennsylvania. All of PP&L's electric

utility operations are subject to regulation by the PUC pursuant to the Public Utility Code (Code), 66 Pa.C.S. § 101, et seq.

On March 18, 1994, PP&L filed an application with the Commission requesting approval of the establishment of a holding company structure. PP&L indicated that it would create a holding company (PP&L Resources, Inc.) to own PP&L and Power Markets Development Company, a newly-created corporation. Power Markets Development Company will pursue unregulated business opportunities both domestically and internationally. On _____, the PUC granted PP&L's application.

The Commission has ample authority to protect ratepayers subject to its jurisdiction. The Code grants the Commission pervasive powers to, inter alia: investigate public utilities (§ 331); adopt all regulations and orders necessary to carry out its statutory duties (§ 501(a)); supervise and regulate all public utilities (§ 501(b)); enforce its orders in the state courts (§ 502); obtain information required to value utility property (§ 505); inspect utility facilities and records (§ 506); hear and determine customer complaints against utilities (§ 701); approve the establishment and abandonment of service by public utilities (§§ 1102(a)(1)-(2)); approve the transfer of public utility property (§ 1102(a)(3)); approve the acquisition by a public utility of more than 5% of the voting stock of any

corporation (§ 1102(a)(4)); approve the exercise of the power of eminent domain (§ 1104); establish just and reasonable rates (§ 1301); prevent unreasonable rate discrimination (§ 1304); fix the fair value of utility property (§ 1311); order refunds (§ 1312); ensure adequate, safe, efficient facilities and service (§ 1501); prevent discrimination in service (§ 1502); establish accounting and depreciation systems (§§ 1701, 1703); require maintenance of continuing property records (§ 1702); approve the issuance and assumption of securities (§§ 1901-1903); pre-approve affiliated interest agreements (§§ 2101-2107); and impose civil penalties (§ 3301) and seek criminal prosecution (§ 3302) for violations of its regulations and orders. Taken together, these and other provisions of the Code provide the Commission with broad authority to protect Pennsylvania ratepayers from any potential adverse consequences of any unregulated business activities, including foreign investments by affiliated companies.

The Commission also has sufficient resources to exercise this authority on behalf of ratepayers. The Commission has an annual budget of over \$32 million to fund its regulatory oversight of the Commonwealth's public utilities. PUC Annual Report 1991-92, at 5. It has a staff of 581 employees, including

COMMONWEALTH OF PENNSYLVANIA
Public Utility Commission

DATE: March 29, 1994
SUBJECT: Filing(s) of PP&L concerning
formation of a holding company

~~XXXXXXXXXXXX~~
G-00940388
M-00940535

RECEIVED
MAR 29 1994

TO: Fran Osman
Document Filing
FROM: Doug Beebe
Securities Section, OSA

DYB

SECRETARY'S OFFICE
Public Utility Commission

After discussing the above filing with OSA's attorney, Alphonse Arnold, and with officials at PP&L, I suggest accepting from the utility 3 filings, captioned as follows:

- | | | |
|---|------------|-------|
| Application of Pennsylvania Power & Light Company for approval of the utility's acquisition of all the voting stock of PP&L Resources, Inc. | A- | F.xxx |
| Services Agreement between Pennsylvania Power & Light Company and PP&L Resources, Inc. | G-0094xxxx | |
| Request of Pennsylvania Power & Light Company for the Commission's Certification of its authority to the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935. | M-0094xxxx | |

DOCUMENT
FOLDER

The transfer of stock that is the subject of the above-captioned application is not the transfer of the stock of the jurisdictional utility, PP&L, so it appears that a folder in the 5000 series is not called for.

We do not believe we need to ask PP&L to make any additional filings, as the necessary material is all here in the utility's omnibus "application". If your bureau disagrees, we will ask PP&L to file the Services Agreement as a separate affiliated interest agreement, and the SEC certification request as some sort of separate filing. The utility has offered to make such separate filings if that is the Commission's preference.

Contrary to the opinion of the utility's outside counsel, we do not believe there is anything in the proposed series of transactions that constitutes the issuance of securities within the meaning of 66 Pa. C.S. §1901, and consequently no securities certificate is required. We ask that you delay returning the utility's filing fee, however, until the Commission has entered an order evidencing its opinion that no securities certificate is required. We expect to have such an order before the Commission for Public Meeting scheduled for April 14, 1993.

Neither do we believe the Stock Exchange Agreement between PP&L and PP&L Resources constitutes an affiliated interest agreement requiring prior Commission approval. This, too, will be addressed in our order to be prepared for the April 14 meeting.

We also intend by the April 14 order to consolidate the three filings captioned above.

cc: Alphonse Arnold, OSA
Bob Wilson, OSA



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

March 29, 1994

IN REPLY PLEASE
REFER TO OUR FILE

A-110500F0206

■
PAUL E. RUSSELL, ASSOCIATE GENERAL COUNSEL
PENNSYLVANIA POWER & LIGHT CO
TWO NORTH NINTH ST
ALLENTOWN PA 18101
■

**DOCUMENT
FOLDER**

Application of Pennsylvania Power & Light Company for approval of
the Utility's acquisition of all the voting stock of PP&L Resources,
Inc.

Dear Mr. Russell:

Receipt is acknowledged of the application of Pennsylvania
Power & Light Company which has been captioned and docketed to the
above number.

We are returning one \$350. check pending a Commission Order
confirming its opinion that no securities certificate is required.

The matter will receive the attention of the Commission
and you will be advised of its action.

Very truly yours,

for John Alford
Secretary

fao

Certified Mail

DOCKETED
MAR 30 1994

FILE

PENNSYLVANIA PUBLIC UTILITY COMMISSION



The addressee named hereunder has paid Pennsylvania Public Utility Commission for the following bill, subject to final collection of check or money order tendered for such payment.

RECEIPT

RECEIVED

94 APR -4 PM 3:25

PA. P. U. C.
INFO. CONTROL DIV.

PAUL E RUSSELL,
PA POWER & LIGHT COMPANY
TWO NORTH NINTH STREET
ALLENTOWN PA 18101-1179

Date March 30, 1994

CR 150939 A

DOCUMENT
FOLDER

DOCKETED

APR 5 1994

In re Application For of Pennsylvania Power & Light Company
A-110500, R0206.....\$350.00

Revenue account 001780-017601-102 (ks)

CK# 1054752
Revenue account \$350.00

Checks 50:26
Currency 50:26

Utility account _____

C. Joseph Nelsinger

For Department of Revenue

PENNSYLVANIA PUBLIC UTILITY COMMISSION

NOTICE TO BE PUBLISHED

Notice is hereby given that application has been made to the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Code, by PENNSYLVANIA POWER & LIGHT COMPANY for approval, pursuant to Chapter 11 of the Public Utility Code, of certain transactions in connection with the utility's establishment of a holding company structure. (A-110500F0206).

Notice is hereby also given that this application may be considered by the Commission without a hearing. Protests or petitions to intervene may, however, be filed with the Public Utility Commission, Harrisburg, with copy served upon applicant on or before May 16, 1994 pursuant to Title 52 of the Pennsylvania Code.

PENNSYLVANIA POWER & LIGHT COMPANY

Counsel for applicant

PAUL E RUSSELL, ASSO. GENERAL COUNSEL
PENNSYLVANIA POWER & LIGHT COMPANY
TWO NORTH NINTH STREET
ALLENTOWN PA 18101-1179

DOCKETED

APR 18 1994

