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November 26, 2008

VIA HAND DELIVERY

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: PPL Electric Utilities Corporation
Docket No. ER08-1457-____
Compliance Filing**

Dear Secretary Bose:

In compliance with the order of the Federal Energy Regulatory Commission (“Commission”) issued on October 29, 2008 in the above-referenced proceeding,¹ PPL Electric Utilities Corporation (“PPL Electric”) submits for filing substitute tariff sheets for Attachment H-8H to the PJM Interconnection, L.L.C. (“PJM”) Open Access Transmission Tariff (“Tariff”).

I. BACKGROUND

On August 28, 2008, as amended August 29, 2008, PPL Electric filed proposed revisions to the PJM Tariff to implement a cost of service formula transmission rate for PPL Electric’s current and future transmission service. As part of those revisions, PPL Electric also proposed to include, as Attachment H-8H of the PJM Tariff, formula rate protocols for populating and updating the formula rate template on an annual basis. The protocols provide procedures for interested parties to review, challenge and, if necessary, file a complaint pursuant to Section 206 of the Federal Power Act (“FPA”) regarding PPL Electric’s calculations and cost support. The proposed protocols included a cut-off date after which the annual update becomes final and no longer subject to challenge.

¹ *PPL Elec. Utils. Corp.*, 125 FERC ¶ 61,121 (2008) (“October 29 Order”).

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In the October 29 Order, the Commission accepted and suspended the revised tariff sheets to become effective November 1, 2008, subject to refund and condition and the outcome of hearing and settlement judge proceedings.² The Commission also made specific findings with respect to the formula rate protocols and ordered PPL Electric to make a compliance filing revising the formula rate protocols consistent with the Commission's findings within 30 days of the October 29 Order.³ Specifically, noting that Section 206 of the FPA gives parties "the right to challenge the inputs to or the implementation of the formula at whatever time they discover errors in the inputs to or implementation of the formula[.]" the Commission ordered PPL Electric to "revise the protocols so that they do not limit a customer's or the Commission's right with respect to challenges to the inputs into the formula rate."⁴ The Commission also ordered PPL Electric to modify Section 1.b of its protocols to delete the words "be noticed nor."⁵

II. COMPLIANCE FILING

This compliance filing addresses the Commission's directives set forth in the October 29 Order. First, PPL Electric deletes the language "be noticed nor" from Section 1.b of its protocols. The removal of "be noticed nor" in Section 1.b of PPL Electric's protocols results in a provision that reads "[t]he submission of such information with FERC shall not require any action by the agency."

Second, PPL Electric deletes the phrase "or by any other means by FERC or any other entity" from Section 4.d and "[e]xcept as specifically provided herein" from Section 4.e to make clear that nothing in the protocols shall limit a party's or the Commission's rights to challenge formula rate inputs under Section 206 of the FPA at whatever time they discover errors in the inputs to or implementation of the formula.

III. PARTIES UPON WHOM FILING WAS SERVED

PPL Electric will serve a copy of this filing on all parties on the official service list for this proceeding. In addition, in accordance with Part 35 of the Commission's regulations, 18 C.F.R. Part 35 (2008), PPL Electric will have copies of this filing available for inspection at PPL Electric's corporate headquarters in Allentown, Pennsylvania. PPL Electric has also provided a copy of this filing to PJM, so that PJM

² *Id.* at P 1.

³ *Id.* at Ordering Para. B.

⁴ *Id.* at P 36.

⁵ *Id.* at P 38.

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may serve a copy of this filing on all PJM members (which include all affected transmission customers) and upon the state utility regulatory commissions in the PJM region by posting this filing on its website (<http://www.pjm.com>) and providing a link to such posting via email. Accordingly, PPL Electric requests a waiver of the requirement to serve this filing on transmission customers and state commissions in the PJM region by mailing paper copies.

IV. CONTENTS OF FILING

The following documents are submitted with this filing:

- Redlined Tariff Sheets (Attachment A)
- Clean Tariff Sheets (Attachment B)

V. CONCLUSION

For the reasons discussed above, PPL Electric respectfully requests that the Commission accept these substitute tariff sheets as consistent with its directives in the October 29 Order.

Sincerely,



Donald A. Kaplan
Andrew B. Young
William M. Keyser

Attorneys for PPL Electric Utilities Corporation

Attachment A

PPL Electric Utilities Corporation

Attachment H-8H

(Redline version)

ATTACHMENT H-8H

FORMULA RATE IMPLEMENTATION PROTOCOLS

Section 1: Annual Updates

- a. The Annual Transmission Revenue Requirement (“ATRR”) calculated under Attachment H-8G shall be applicable to services on and after November 1, 2008 through May 31, 2009, and shall be applicable thereafter for services on and after each June 1 of a given calendar year through May 31 of the next calendar year (the “Rate Year”).
- b. On or before May 15 of each year, PPL Electric shall recalculate its ATRR, producing the “Annual Update” for the upcoming Rate Year, and cause it to be posted on the website of PJM Interconnection, L.L.C. (<http://www.PJM.com>, or successor thereto (“PJM Website”)), and filed with the Federal Energy Regulatory Commission (“FERC”) for informational purposes only. The submission of such informational filing with FERC shall not be noticed nor require any action by the agency. As part of the Annual Update, PPL Electric shall include information in workpapers regarding projected costs of plant in forecasted rate base, expected construction schedules and in-service dates. All inputs shall be provided in sufficient detail to identify the components of PPL Electric’s net revenue requirement.
- c. If the date referenced in Section 1.b falls on a weekend or a holiday recognized by FERC, then PPL Electric shall cause the publication of such information on the next business day.
- d. The date on which the last of the events listed in Section 1.b or 1.c occurs shall be that Rate Year’s “Publication Date.”
- e. Upon written request for a particular Rate Year’s Annual Update by any wholesale customer, load serving entity whose customers are allocated costs of the PPL Electric facilities, any state utility commission of a state in which customers that are allocated costs of the PPL Electric facilities are located, or any of the state consumer advocates who represent customers that are allocated costs of the PPL Electric facilities, and any party having standing under Section 206 of the Federal Power Act (collectively “Interested Parties”), PPL Electric will promptly make available to such Interested Parties a “workable” Excel file containing that year’s Annual Update. Upon written request, PPL Electric will provide to Interested Parties a description of the basis upon which transmission projects were planned either by PJM or PPL Electric.
- f. Within two business days of the Publication Date, PPL Electric shall also provide notice on the PJM Website of the time, date and location of an open meeting among Interested Parties (“Annual Meeting”). The Annual Meeting shall take place no sooner than ten (10) days after posting of the notice of the Annual Meeting and no later than thirty (30) days after the Publication Date. This Annual Meeting shall

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Vice President, Federal Government Policy

Effective Date: November 1, 2008

Issued On: ~~November 26, 2008~~ August 28, 2008

Filed to comply with order of Federal Energy Regulatory Commission, Docket Nos. ER08-1457-000, ER08-1457-001, issued October 29, 2008, 125 FERC ¶ 61,121.

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- b. Any response by PPL Electric to a Formal Challenge must be submitted to FERC within twenty (20) days of the date of the filing of the Formal Challenge (consistent with 18 C.F.R. § 385.206(f)), and shall be served on the filing party or parties by electronic service on the date of such filing.
- c. Except as provided in Section 3.e, in any proceeding initiated by FERC concerning the Annual Update or in response to a Formal Challenge, PPL Electric shall bear the burden of proving that it has reasonably applied the terms of the Formula Rate, and the applicable procedures in these Formula Rate Implementation Protocols, in that year's Annual Update.
- d. Subject to judicial review of FERC orders, each Annual Update shall become final and no longer subject to challenge pursuant to these Annual Review Protocols ~~or by any other means by FERC or any other entity on the later to occur~~ of (i) passage of the twenty-one (21) day period (or extended period, if applicable) following the Review Period for making a Formal Challenge if no such challenge has been made and FERC has not initiated a proceeding to consider the Annual Update; or (ii) a final FERC order issued in response to a Formal Challenge or a proceeding initiated by FERC to consider the Annual Update.
- e. ~~Except as specifically provided herein, n~~Nothing herein shall be deemed to limit in any way the right of PPL Electric to file unilaterally, pursuant to Section 205 of the Federal Power Act and the regulations thereunder, changes to the Formula Rate or any of its inputs, or the right of any other party to request such changes pursuant to Section 206 of the Federal Power Act and the regulations thereunder.
- f. Subject to Section 3.e, it is recognized that resolution of Formal Challenges concerning Material Accounting Changes may necessitate adjustments to the Formula Rate input data for the applicable Annual Update or changes to the rate formula to achieve a just and reasonable end result consistent with the intent of the Formula Rate.

Section 5: Changes to Annual Informational Filings

Any changes to the data inputs, including but not limited to revisions to PPL Electric's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual Update, or as a result of the procedures set forth herein, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate (with interest determined based on 18 C.F.R. § 35.19a) in the Annual Update for the next effective Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any refunds or surcharges. However, actual refunds or surcharges (with interest determined based on 18 C.F.R. § 35.19a) for the then current Rate Year shall be made in the event that the Formula Rate is replaced by a stated rate by PPL Electric.

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Attachment B

PPL Electric Utilities Corporation

Attachment H-8H

(Clean version)

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding by either U.S. Mail or electronic service, as appropriate.

Dated this 26th day of November, 2008



Grace Su