

May 1, 2009

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Via Electronic Filing

Honorable Chief Administrative
Law Judge Curtis L. Wagner, Jr.
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: *PPL Electric Utilities Corporation*, Docket Nos. ER08-1457-000, *et al.*
Unopposed Motion for Interim Rates and Request for Expedited Action

Dear Judge Wagner:

PPL Electric Utilities Corporation (“PPL Electric”) hereby submits for filing this Motion for Interim Rates (“Motion”). In this Motion, PPL Electric requests approval on an interim basis of its transmission cost of service formula rate and formula rate implementation protocols (“Protocols”) incorporated in the Offer of Settlement (“Settlement”) between the Settling Parties filed contemporaneously in this proceeding.¹ PPL Electric requests that Your Honor rule on this motion by May 14, 2009, in order to permit PPL Electric to begin the processes under the Settlement Protocols to allow the interim rates to go into effect as of June 1, 2009 (pending approval of the Settlement). All active participants in this proceeding have indicated they do not oppose the Motion.

A copy of the attached Motion will be provided to Settlement Judge Bruce L. Birchman and is being served on all parties in 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 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 e-mail. 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.

¹ The Settling Parties include: PPL Electric, American Municipal Power-Ohio, Inc., PPL Industrial Customer Alliance, and Citizens’ Electric Company.

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If you should have any questions regarding this Motion, please do not hesitate to contact the undersigned.

Sincerely,

/s/ Donald A. Kaplan

Donald A. Kaplan
Andrew B. Young
William M. Keyser
Attorneys for PPL Electric Utilities Corporation

cc: Secretary
Hon. Bruce Birchman
Official Service List, Docket No. ER08-1457

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PPL Electric Utilities Corporation)	Docket Nos. ER08-1457-000
)	ER08-1457-001

**UNOPPOSED MOTION OF
PPL ELECTRIC UTILITIES CORPORATION FOR INTERIM RATES
AND REQUEST FOR EXPEDITED ACTION**

To: Chief Administrative Law Judge Curtis L. Wagner, Jr.

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.212 (2008), PPL Electric Utilities Corporation (“PPL Electric”) submits this Unopposed Motion for Interim Rates and Request for Expedited Action (“Motion”) as contemplated by the Offer of Settlement (“Settlement”) filed contemporaneously in this proceeding.¹ On an interim basis, PPL Electric seeks to implement, as necessary pending Commission approval of the Settlement, its revised transmission cost-of-service formula rate (“Formula Rate”) and formula rate implementation protocols (“Protocols”) as revised by the Settlement. Granting this Motion will not prejudice any party to this proceeding and is in the public interest. PPL Electric is authorized to state that all active parties in this proceeding do not oppose this Motion.

I. PROCEDURAL HISTORY

On August 28, 2008, as amended August 29, 2008, in Docket No. ER08-1457, PPL Electric filed proposed revisions to the PJM Interconnection, L.L.C. (“PJM”) Open

¹ *PPL Elec. Utils. Corp.*, Offer of Settlement, Docket Nos. ER08-1457-000, *et al.* (filed May 1, 2009).

Access Transmission Tariff (“PJM Tariff”) to implement a cost-of-service formula transmission rate for transmission service under the PJM Tariff using PPL Electric’s transmission facilities.² PPL Electric requested a November 1, 2008 effective date for the revised tariff sheets. On October 29, 2008, the Commission issued an order accepting PPL Electric’s proposed Formula Rate subject to a nominal suspension, refund, certain conditions, and the outcome of hearing and settlement judge proceedings.³ The Commission also granted PPL Electric’s request for waiver of certain of the Commission’s regulations under Part 35. Settlement conferences before Judge Bruce L. Birchman were held on November 20, 2008, January 13, 2009, January 22, 2009, and April 6, 2009. Discussions during these conferences led to the Settlement, which resolves all outstanding issues in this proceeding.

II. THE NEED FOR INTERIM RATES

The Settlement adopts certain revisions to the Formula Rate and Protocols originally proposed by PPL Electric. Appendix A to the Settlement contains modifications, as agreed to by the Settling Parties, to Attachment H-8G of the PJM Tariff (PPL Electric’s Formula Rate) and Attachment H-8H of the PJM Tariff (Protocols). The Settlement provides that PJM shall begin billing under the revised PJM Tariff sheets included in Appendix A to the Settlement at the first available billing opportunity, but no later than sixty days following the effective date of the Settlement.⁴ However, under PPL Electric’s Formula Rate and Protocols, PPL Electric’s transmission cost of service is

² *PPL Elec. Utils. Corp.*, Proposed Revisions to the PJM Interconnection, L.L.C. Open Access Transmission Tariff, Docket Nos. ER08-1457-000 and ER08-1457-001 (filed Aug. 28, 2008).

³ *PPL Elec. Utils. Corp.*, 125 FERC ¶ 61,121 (2008) (“October 29 Order”).

⁴ Settlement, Art. 2.5.

updated as of June 1 of each year for the coming year (“Rate Year”). Under the terms of the Settlement and the revised Formula Rate and Protocols, on or about May 15, 2009, the Protocols require PPL Electric to begin the annual update process for the upcoming Rate Year, in which PPL Electric posts the proposed changes in the formula rate inputs and provides an opportunity for interested parties to obtain additional information (“Annual Update”). The Settlement specifies that a base return on equity (“Base ROE”) of 11.14% will be used in the Formula Rate beginning on June 1, 2009.⁵ Given the time required to receive comments on the Settlement and for the Settlement Judge to certify the settlement to the Commission, the Commission will not be able to approve the Settlement before the May 15th annual update process must begin.

PPL Electric seeks approval for the terms of the Settlement and the revised Formula Rate and Protocols to go into effect on an interim basis so that PPL Electric can conduct the Annual Update process, and implement the Formula Rate as if the Settlement were in effect. Without the relief sought by this Motion or approval of the Settlement by the Commission, PPL Electric would have to conduct the Annual Update under a set of protocols that will be amended by the Settlement and would have to continue charging customers the higher Base ROE of 12.34% that is currently in effect. Alternatively, PPL Electric would be required to conduct annual updates under differing Protocols and Formula Rates. Reconciling the as-filed Formula Rate and Protocols with the changes proposed in the Settlement after the start of the Annual Update and implementation of the Formula Rate for the upcoming Rate Year would cause undue hardship on PPL Electric

⁵ Settlement, Art. 3.1.

and its customers, and PJM, which administers the PJM Tariff. Such undue hardship can be avoided by granting the relief sought by this Motion.

III. REQUEST FOR RELIEF

Upon a showing of good cause, the Commission may authorize a public utility to collect a rate different than the rate on file with the Commission.⁶ Under Section 375.307(a)(1)(iv) of the Commission's regulations and Order No. 699,⁷ the Chief Judge may act on uncontested motions that would result in lower interim settlement rates, pending Commission action on settlement agreements.⁸ Accordingly, PPL Electric requests that, pending Commission action on the Settlement, the Formula Rate take effect on an interim basis on June 1, 2009, the first day of the next Rate Year. If such relief is granted, PPL Electric will conduct the Annual Update under the Settlement Protocols, rather than under the Protocols that the Commission permitted to go into effect in the October 29 Order. Finally, PPL Electric requests waiver of any applicable requirements, including waiver of the 60-day notice and filing requirement, necessary to permit the Settlement Formula Rate and Protocols to go into effect as of June 1, 2009.

Good cause exists for granting this Motion. The Formula Rate and Protocols that are the subject of this Motion have been agreed upon and resolved pursuant to the pending Settlement. The Settlement contemplates that PPL Electric will seek interim approval of the Formula Rate and Protocols. As provided for in the Settlement, interim

⁶ 18 C.F.R. § 35.1(e).

⁷ 18 C.F.R. § 375.307(a)(1)(iv); *Conforming Changes*, Order No. 699, 72 Fed. Reg. 45,320 (Aug. 6, 2007), FERC Stats. & Regs. ¶ 31,254 (2007) ("Order No. 699").

⁸ *Potomac-Appalachian Highline, L.L.C.*, Docket No. ER08-386-000, Order of Chief Judge Granting Motion for Interim Rates (Dec. 16, 2008); *Westar Energy, Inc., et al.*, Docket Nos. EL08-31-000 and ER08-396-000, Order of Chief Judge Granting Motion for Interim Rate Relief (Oct. 1, 2008).

approval of PPL Electric's Formula Rate will permit a lower Base ROE and lower annual transmission revenue requirement from that currently in place to take effect on June 1, 2009. Interim approval of PPL Electric's revised Protocols will permit PPL Electric to conduct the upcoming Annual Update process in accordance with the modifications made to the Protocols pursuant to the Settlement. All parties to this proceeding will benefit by the relief sought by this Motion so that certain actions required by the Settlement on specific dates can proceed as if the Settlement were in effect. Therefore, it is in the public interest to place the Formula Rate and Protocols into effect, pending Commission approval of the Settlement.

IV. REQUEST FOR EXPEDITED TREATMENT

PPL Electric requests that the Chief Judge establish a shortened notice period of 10 days for responses to this Motion, making such responses due on May 11, 2009. The parties to this proceeding have indicated, as provided for by the Settlement, that they do not oppose this Motion. PPL Electric therefore anticipates no opposition and requests the Chief Judge to grant this Motion no later than May 14, 2009. PPL Electric also requests a waiver of any applicable requirements, including waiver of the 60-day notice and filing requirement, necessary to permit the Formula Rate to go into effect as of June 1, 2009, as described above.

V. CONCLUSION

For the reasons stated above, PPL Electric requests that the Chief Judge grant its unopposed request to implement, on an interim basis, its Formula Rate and Protocols, as modified by the Settlement.

Respectfully submitted,

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Allentown, PA 18101

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Dated: May 1, 2009

By /s/ Donald A. Kaplan
Counsel for PPL Electric Utilities Corp.

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing pleading this 1st day of May, 2009 upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ J. Timothy Hobbs

J. Timothy Hobbs, Esq.