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ORIGINAL

KJR

January 8, 1998

James J. McNulty, Prothonotary
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

CUMENT
LDER

By hand delivery

Re: Duquesne Light Company Restructuring Plan
Docket No. R-00974104

Dear Mr. McNulty:

Pursuant to the Sixth Interim Order in the above-referenced matter, enclosed for filing please find two (2) copies of the Rebuttal Testimony of Timothy Moran on behalf of International Brotherhood of Electrical Workers System Council U-10 (IBEW Statement No. 1), and one (1) copy of the First Joint Stipulation executed by the undersigned on behalf of IBEW.

As shown on the enclosed Certificate of Service, I am serving a copy of this letter and the first three pages of the First Joint Stipulation on each party of record. In addition, I am serving a copy of this letter and a complete copy of the First Joint Stipulation on Administrative Law Judge Corbett. Thank you for your prompt attention to this matter.

Sincerely,

Scott J. Rubin, Esq.

DOCUMENT
FOLDER

Enclosures

cc: All parties of record
Hon. John H. Corbett, Jr.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	)	
	)	
v.	)	**Docket No. R-00974104**
	)	
Duquesne Light Company Application to approve restructuring plan pursuant to 66 Pa. C.S. § 2806(d)	)	

FIRST JOINT STIPULATION

Pursuant to an agreement of all parties to this case and as required by the Sixth Interim Order issued by the Presiding Judge on December 30, 1997, Duquesne Light Company ("Duquesne") and the intervenor parties hereby agree and stipulate to the following:

1. Each party to this Stipulation agrees that the testimony and exhibits itemized on the Stipulation Exhibits attached hereto shall be admitted into the record of this case.

2. Each party to this Stipulation agrees to waive its right to cross-examine the witnesses sponsoring the testimony and exhibits itemized on the Stipulation Exhibits attached hereto.

3. Each party to this Stipulation agrees to execute a copy of this Stipulation by causing counsel of record for each party (or the party itself if that party is unrepresented by counsel) to place its signature on the appropriate line below. Each party further agrees to file an executed version thereof with the Commission's Secretary and Prothonotary at the time it submits two copies of its testimony and exhibits to the Secretary and Prothonotary, as prescribed by the Sixth Interim Order.

Counsel for Duquesne Light: _____
John S. Moot

Counsel for Intervenor Party: _____

Name of Intervenor Party: System Council U-10, IBEW

Dated: January 7, 1998

FIRST JOINT STIPULATION
INDICES OF TESTIMONY & EXHIBITS

Exhibit No.	Description
1	City of Pittsburgh
2	Duquesne Industrial Intervenors (DII)
3	Enron Power Marketing, Inc. (ENRON)
4	Environmentalists (ENV)
5	Hospital Shared Services & Administrative Resources, Inc. (HSS/ARI)
6	International Brotherhood of Electrical Workers (IBEW)
7	Mid-Atlantic Power Supply Association (MAPSA)
8	New Energy Ventures (NEV)
9	Office of Business Advocate (OSBA)
10	Office of Consumer Advocate (OCA)
11	Office of Trial Staff (OTS)
12	Pennsylvania Retailers Association (PRA)

FIRST JOINT STIPULATION
EXHIBIT NO. 1

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
DUQUESNE LIGHT COMPANY

Application of Duquesne Light Company
for Approval of a Restructuring Plan
Under Section 2806 of the Public Utility Code
Docket No. R-00974104

CITY OF PITTSBURGH
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Brief Description
City Statement No. 1	Direct Testimony of Christopher D. Seiple (addressing issues pertaining to the Company's general overview/recovery plan and stranded costs).
City Exhibit No. 1	Resource Data International Background & History.
City Exhibit No. 2	RDI Market & Competitor Intelligence
City Exhibit No. 3 (incl. Tables 1-3)	Capacity Factor Analysis
City Exhibit No. 4	Delivered Output Analysis
City Exhibit No. 5	Early Plant Shutdown Savings Analysis
City of Pittsburgh, *et al.* Statement No. 2	Direct Testimony of Roger D. Colton (addressing issues pertaining to universal service, low income programs, energy conservation, consumer education, and phase-in).
Exhibit RDC-1	Resume of Roger D. Colton
Exhibit RDC-2	Summary of Colton electricity restructuring experience.
Exhibit RDC-3	Summary of Colton experience pertaining to design of low-income affordability programs.
Exhibit RDC-4	Number and Percent of LIHEAP Recipients by Income Range and Annual Electric Burdens.
Exhibit RDC-5	Recommendations pertaining to utility universal service programs which can help increase incomes of low-income consumers.
Exhibit RDC-6	Estimate of Universal Service Costs at 50 Percent CAP Participation.

Exhibit RDC-7	Summary of Universal Service Recommendations.
Exhibit RDC-8	Recommendations for Consumer Research section of an Education Plan
Exhibit RDC-9	Model 4-Phase Consumer Education Program
Exhibit RDC-10	Proposed Evaluation Process for Consumer Education Activities
Exhibit RDC-11	Summary of Consumer Education Recommendations
Exhibit RDC-12	Proposed Budget for Universal Service Programs

FIRST JOINT STIPULATION
EXHIBIT NO. 2

DUQUESNE INDUSTRIAL INTERVENORS
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
DII Statement No. 1	**Direct Testimony of Stephen J. Baron (Summary of Stranded Cost Analysis; Regulatory Policy Issues; Rate Design Issues)**		
Exhibit SJB-1	Expert Testimony Appearances		
Exhibit SJB-2	DII Summary of Recommended Stranded Costs		
Exhibit SJB-3	Example of DII Stranded Generation Sharing Analysis		
Exhibit SJB-4	DII Calculation of Adjusted Rate of Return		
Exhibit SJB-5	DII Summary of Estimated CTC Revenues by Rate Class		
Exhibit SJB-6	DII Load-weighted Market Prices		
Exhibit SJB-7	DII Unbundling Analysis for Rate RS		
Exhibit SJB-8	DII Unbundling Analysis for Rate L		
Exhibit SJB-9	DII Unbundling Analysis for Rate HVPS		

DUQUESNE INDUSTRIAL INTERVENORS
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
DII Statement No. 1R	**Rebuttal Testimony of Stephen J. Baron (Universal Service Cost Recovery Mechanism; Issues Regarding the Calculation of Market Prices and Stranded Cost; Response to OCA Regarding Unbundling Issues)**		
DII Statement No. 1S	**Surrebuttal Testimony of Stephen J. Baron (Responses to Company Witnesses Regarding Divestiture, Stranded Cost Sharing, CTC Calculation, and Rate Design Issues; Response to OSBA Witness Regarding CTC Calculation and Recovery)**		
DII Statement No. 2	**Direct Testimony of Randall J. Falkenberg (Calculation of Company Generation Stranded Cost; Analysis of Duquesne and ECAR Market Prices)**		
Exhibit RJF-1	Qualifications of Randall J. Falkenberg		
Exhibit RJF-2	Production Cost Model Studies and Benchmarks		
Exhibit RJF-3	Comparison of Market Price Model Results of K&A Model v. MAPS, IPM and PMDAM		
Exhibit RJF-4	DII Calculation of Company's Annual Revenue Requirements for Generation		
Exhibit RJF-5a	DII Total Generation Stranded Cost Calculation		
Exhibit RJF-5b	DII Calculation of Net Present Value of Contribution Margins		
Exhibit RJF-5c	DII Summary of Market Prices, Fuel Cost, Operating Margin and Generation by Plant		

DUQUESNE INDUSTRIAL INTERVENORS
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
DII Statement No. 2S	**Surrebuttal Testimony of Randall J. Falkenberg (Updated Calculation of Generation Stranded Costs; Responses to Company Witnesses Regarding Market Price Forecasts)**		
Exhibit RJF-6a	DII Updated Total Generation Stranded Cost Calculation		
Exhibit RJF-6b	DII Updated Calculation of Net Present Value of Contribution Margins		
Exhibit RJF-6c	DII Updated Summary of Market Prices, Fuel Cost, Operating Margin and Generation by Plant		
DII Statement No. 3	**Direct Testimony of Lane Kollen (Regulatory Assets; Transition Costs; Fossil Decommissioning; Nuclear Decommissioning; Securitization)**		
Exhibit LK-1	Resume of Lane Kollen		
Exhibit LK-2	Excerpts from Company Exhibits Illustrating Double Counting of FAS 109 Asset Related to Perry and Beaver Valley 1		
Exhibit LK-3	Excerpt from Company First Quarter 1997 SEC 10-Q Related to Deferred Coal		
Exhibit LK-4	Net Present Value of Deferred Rate Synchronization Costs at 12/31/98		
Exhibit LK-5	Duquesne Nuclear Decommissioning for Stranded Cost and Revenue Requirement (Beaver Valley 1, Beaver Valley 2, and Perry)		

DUQUESNE INDUSTRIAL INTERVENORS
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
DII Statement No. 3S	**Surrebuttal Testimony of Lane Kollen (Responses to Company Witnesses Regarding Stranded Cost Methodology, Unamortized Debt Costs, Beaver Valley 2 Sale/Leaseback Refinancing Premium, Preaccrued Nuclear Outages, Deferred Employee Costs, Deferred Coal SFAS 106, Deferred Rate Synchronization Costs, Fossil Decommissioning, Securitization)**		
DII Cross Exh. 1	Response of Company Witness Hoffmann to Environmentalists' Interrogatories Set I, Number 23	12/18/97	12/18/97
DII Cross Exh. 2	Response of Company Witness Hoffmann to On-the-Record Data Request Concerning Customer Segment Contribution to Non-Coincident Peak Load		
DII Cross Exh. 3	Response of Company Witness Hoffmann to On-the-Record Data Request Concerning Mining, Construction, and Agriculture Customer Segments		

DUQUESNE LIGHT COMPANY

On-the-Record Data Requests

3. Provide a non-coincident peak calculation in form that is analogous to the coincident peak calculation provided in response to Data Request ENV-1-23.

Response:

Attached is a modified version of DLC's response to ENV-1-23 which list the non-coincidental peak load contribution for each customer group/segment associated with the proposed phase-in methodology.

Non-Coincidental Peak Load Contribution by Customer Class and Segment

Customer Class	Customer Group/Segment	Non-Coincidental Peak Contribution	Percentage Contribution to Non-Coincidental Peak
Residential	Group A - Accumulated Wealth	41	1.14%
	Group B - Mainstream Families	374	10.42%
	Group C - Mainstream Singles	273	7.60%
	Group D - Conservative Classics	49	1.36%
	Group E - Sustaining Families	49	1.36%
	Group F - Sustaining Singles	65	1.82%
	Group G - All Others	21	0.58%
	Subtotal Residential	**871**	**24.28%**
Commercial	Utility Services	155	4.33%
	Wholesale Trade	53	1.47%
	Retail Trade - Food	71	1.99%
	Retail Trade - Restaurants	85	2.36%
	Retail Trade - Merchandise	177	4.94%
	Office Buildings	399	11.13%
	Healthcare	142	3.95%
	Education	214	5.98%
	Services	283	7.89%
	Government	82	2.29%
	Small Business	324	9.04%
	Subtotal Commercial	**1,986**	**55.36%**
Industrial	Industrial - Chemical	68	1.88%
	Industrial - Plastic	14	0.39%
	Industrial - Glass	39	1.08%
	Industrial - Steel	449	12.52%
	Industrial - Other	161	4.48%
	Subtotal Industrial	**730**	**20.36%**
	TOTALS	**3,587**	**100.00%**

DUQUESNE LIGHT COMPANY

On-the-Record Data Requests

4. Provide breakdown of numbers for mining, construction and agriculture segments on FAH-4 in a manner comparable to that provided in response to ENV-1-23.

Response:

The market segments listed on FAH-4 as "Mining" and "Construction" are classified as "Industrial-Other" on the response to ENV-1-23. Similarly, "Agriculture" was classified within the "services" market segment.

FIRST JOINT STIPULATION
EXHIBIT NO. 3

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
DUQUESNE LIGHT COMPANY

Application for Approval of a Restructuring Plan
Pursuant to 66 Pa. C.S. § 2806(d)
Docket No. R-00974104

ENRON POWER MARKETING, INC.
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
Enron Cross Examination Exhibit No. 1	CFR Uniform System of Accounts: Accounts 908 and 909.	12/17/97	12/17/97
Enron Statement No. 1	**Direct Testimony of James D. Steffes** General overview of competitive services; the Portland General Code of Conduct.		
Exhibit 1 JDS-1	Market share of utilities/affiliates in Retail Access Programs.		
Exhibit 1 JDS-2	Portland General Electric Company Tariff Code of Conduct.		
Exhibit 1 JDS-3	Market share of affiliates in Retail Access Programs.		
Enron Statement No. 2	**Direct Testimony of Paul D. Reising** Rates for unbundled services of Transmission, Ancillary, Energy Delivery and Revenue cycles separately computed and stated.		
Exhibit 2 PDR-1	Educational and employment background of P.D. Reising.		
Exhibit 2 PDR-2	Definition and Description of Ancillary Services.		

Exhibit 2 PDR-3	Summary of Functional Costs.		
Exhibit 2 PDR-4	EPMI Proposed Class Rates		
Exhibit 2 PDR-5	EPMI Class Cost Summary		
Exhibit 2 PDR-6	pro forma Distribution Services Tariff		
Exhibit 2 PDR-7	Energy Delivery Rate Design		
Enron Statement No. 3	**Direct Testimony of Jeffrey A. Brown** Non-wire services, metering, meter-reading, billing and information services. "Open architecture" communication systems.		
Exhibit 3 JAB-1	Customer Account Services: Billing System Opportunities (representative example)		
Exhibit 3 JAB-2	Customer Account Services: Third Party Billing Services (representative example)		
Exhibit 3 JAB-3	Non-Wire Products and Services: "Endless Possibilities"		
Exhibit 3 JAB-4	Non-Wire Communications Network: Conceptual Model		
Exhibit 3 JAB-5	Metering and Billing Cycle		
Enron Statement No. 4	**Direct Testimony of Gayle Muench** Unbundling of billing and bill format; billing options ("Supplier Complete Bill Option"); phase-in of competition; customer selection and "slamming"; customer information ("Customer Education Program"); Duquesne's Universal Service Program in a competitive environment.		
Exhibit 4 GM-1	DQE Position on Competition		
Exhibit 4 GM-2	DQE Overview of Competition		
Enron Statement No. 5	**Direct Tetsimony of Lynn R. Coles** "Pro Forma Supplier Tariff." Access to point-to-point transmission service. EDC charges; minimum contract periods; planning reserves.		

Exhibit 5 LRC-1	Summary of educational background and general experience in electric utility industry.		
Exhibit 5 LRC-2	Proposed Electric Generation Supplier Tariff.		
Exhibit 5 LRC-3	GPU Market Line: Energy market prices; viability payments, all-in market line; market clearing prices.		
Enron Statement No. 1.1	**Surrebuttal Testimony of James D. Steffes** Response to Duquesne witnesses Hoffman and Allison.		
Enron Statement No. 2.1	**Surrebuttal Testimony of Paul D. Reising** Responses to rebuttal testimony of Duquesne witness Lahtinen; IBEW witness Moran; and OCA witness Alexander.		
Exhibit 2.1 PDR-8	Revised functional cost of service summary.		
Exhibit 2.1 PDR-9	Revised versions of class-based T & D charges (original Exhibit 2 PDR-4).		
Exhibit 2.1 PDR-10	Revised versions of voltage differentiated rates (original Exhibit 2 PDR-5).		
Enron Statement No. 3.1	**Surrebuttal Testimony of Jeffrey A. Brown** Responses to Duquesne witness Allison; and IBEW witnesses Schmidt and Moran.		
Enron Statement No. 4.1	**Surrebuttal Testimony of Gayle Muench** Responses to Duquesne witnesses Allison, Hoffman and Flynn; OCA witness Alexander; and IBEW witness Moran.		
Enron Statement No. 5.1	**Surrebuttal Testimony of Lynn R. Coles** Responses to rebuttal testimony of IBEW witness Moran; and witnesses Irvin and Karl.		

FIRST JOINT STIPULATION
EXHIBIT NO. 4

Roger E. Clark, Esq.

Attorney for The Environmentalists

905 Denston Drive
Ambler, PA 19002-3901
phone: 215.643.2364
fax: 215.628.2630
e-mail: rclark@libertynet.org

January 7, 1998

John Moot
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005-2111

Re: Duquesne Light Company Application for Approval of a Restructuring Plan, Docket No. R-0097104.

Dear Mr. Moot:

Thank you for catching our oversight regarding Roger Colton's surrebuttal testimony. In accordance with the Sixth Interim Order issued by Judge Corbett on December 30, 1997, I am sending you the following updated index of the Environmentalists' testimony and exhibits in the above-referenced proceeding:

Exhibit	Description	Date Identified	Date Admitted
Environmentalists' Statement No. 1	Direct Testimony of David Schoengold		
Ex. DS-1	Resume of David Schoengold		
Ex. DS-2	*Environmentalists' Vision for the New Electricity Marketplace*		
Ex. DS-3	Return on the Investment to Date for Stockholders		
Ex. DS-4	Total Return to Date for Stockholders		
Ex. DS-5	Methodology for Determining Total Return Of and On Investment for Stockholders Through End of Transition Period		
Ex. DS-6	Proposed Draft for Net Billing Tariff		

Environmentalists' Statement No. 1-S	Surrebuttal Testimony of David Schoengold		
Environmentalists' Statement No. 2	Direct Testimony of Bruce Biewald		
Ex. BEB-1	Resume of Bruce Biewald		
Ex. BEB-2	Graph of TLG Decommissioning Estimates: 1977-1995		
Ex. BEB-3	*Full Environmental Disclosure for Electricity: Tracking and Reporting Key Information*, March 1997		
Ex. BEB-4	Better Choice Plan - Three Examples		
Environmentalists' Statement 2-S	Surrebuttal Testimony of Bruce Biewald		
Ex. BEB-5	Economic Analysis of Duquesne Light Company's Perry 1 Investment		
Ex. BEB-6	Economic Analysis of Duquesne Light Company's Beaver Valley 2 Investment		
Ex. BEB-7	Assumptions for Economic Analysis for Perry 1 and Beaver Valley 2		
City of Pittsburgh *et al.* Statement No. 2 (cosponsored with the Environmentalists)	Direct Testimony of Roger Colton		
Ex. RDC-1	Resume of Roger Colton		
Ex. RDC-2	Summary of Roger Colton's Restructuring Work		
Ex. RDC-3	Summary of Roger Colton's Energy Efficiency Work		
Ex. RDC-4	Number and Percentage of LIHEAP Recipients by Income Range		

Ex. RDC-5	Summary of the BOSS and Earned Income Tax Credit Outreach		
Ex. RDC-6	Estimate of Universal Service Program Costs		
Ex. RDC-7	Summary of Universal Service Recommendations		
Ex. RDC-8	Summary of Consumer Research Section of Consumer Education Plan		
Ex. RDC-9	Four Phase Consumer Education Program		
Ex. RDC-10	Consumer Education Evaluation Process		
Ex. RDC-11	Summary of Consumer Education Recommendations		
Ex. RDC-12	Proposed Universal Service Budget		
City of Pittsburgh *et al.* Statement No. 3-S (cosponsored with the Environmentalists)	Surrebuttal Testimony of Roger Colton		
Ex. RDC-1-S	Memorandum of Residential Mobility and the Low Income Consumer		
Ex. RDC-2-S	Prepayment Meters and Low Income Consumers		

I have also sent this document to you by e-mail at "jmoot@skadden.com". Copies of this letter are being served on all parties of record by facsimile.

Sincerely,

Roger E. Clark

Roger E. Clark
Attorney for the Environmentalists

Copies: All parties of record

FIRST JOINT STIPULATION
EXHIBIT NO. 5

HSS AND ARI
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
	Prepared Direct Testimony of Dr. Robert B. Weisenmiller, Volume I		
RBW-1	Supplemental Response to Item Nos. HSS-1-001, 21 (Supp.), etc. (corrections to Duquesne's case-in-chief)		
RBW-2	Skadden, Arps letter forwarding narrative prepared by Northbridge Group regarding discovery requests HSS-3-008 and HSS-3-009		
RBW-3	"Generating Assets," April 1995 (Duquesne study re: possible sales of its generating assets)		
RBW-4	Chart, "Best Practices Reduce Total Personnel By 45%"		
RBW-5	Duquesne Fossil Generating Business Unit, Development of a GENCO, Dec. 1996		
RBW-6	Presentation to Project Lead Team - Project Update, July 15, 1996		
RBW-7	Presentation to Project Lead Team - Preliminary Valuation and Operating Cost Allocation, August 5, 1996		
RBW-8	Presentation to Project Lead Team - Asset Valuation and Strategic Options, August 16, 1996		
RBW-9	Presentation to Project Lead Team - Regulatory Recommendations and GENCO Structure, Sept. 13, 1996		
RBW-10	CS First Boston, Materials Prepared for Discussion, Nov. 21, 1996		
RBW-11	Charts, "Generating Costs For Duquesne"		
RBW-12	Table, To Go Cost of Generation, etc.		
RBW-13	Chart, Duquesne System Lambda, 1996		
RBW-14	Duquesne Response to Interrogatory No. HSS-1-72/73 (revised) and attachments (re: RFP bids, etc.)		
RBW-15	Duquesne letter regarding RFPs and bid forms		

Exhibit	Description	Date Identified	Date Admitted
RBW-16	Duquesne Response to Interrogatory No. HSS-1-016 (revised) (Testimony of D.W. Marshall, Investigation into Electric Power Competition, I-940032, filed Nov. 6, 1995)		
RBW-17	West Penn Power Docket No. R-00973981 Interrogatories (AYP Energy, Inc.'s RFP bids)		
RBW-18	Duquesne Response to Interrogatory No. OCA-3-016 (current ECR charge is 12.822 mill/kWh)		
RBW-19	Duquesne Response to Interrogatory No. HSS-1-026		
RBW-20	Excerpts from Alexander Galatic, Written Rebuttal Testimony on Behalf of West Penn Power Company		
RBW-21	Duquesne's Response to HSS-1-015 (revised) -- **Protected Materials**		
RBW-22	Duquesne's Response to HSS-1-015 (revised) -- **Protected Materials**		
RBW-23	Duquesne Response to Interrogatory No. OCA-3-001 (credit rating reports)		
RBW-24	Table, Utility Comparison		
RBW-25	Chart, Ranking of DLCo & APS Coal Plants with PJM Coal Plants, Based on Total Expenditures per Net MWh - 1995		
RBW-26	A Report on The Review of Potential Stranded Costs, Duquesne Light Company, August 1997		
RBW-27	Duquesne Response to Interrogatory No. DH-1-28 (settlement agreement between GE and *inter alia*, Duquesne)		
RBW-28	Executive Summary, Duquesne Light Company (1996 rating agency presentation)		
RBW-29	Tables, DQE 12-month Results; Continued Earnings and Dividend Growth; Consistent Financial Performance -- NatWest Securities Mid-Atlantic/New England Utility Seminar, Sept. 23, 1997		
RBW-30	Duquesne Financial, Sales and Operating Information (1996 rating agency presentation)		
RBW-31	Duquesne Rating Agency Presentation, August 1996		

Exhibit	Description	Date Identified	Date Admitted
RBW-32	Duquesne Response to Interrogatory Nos. HSS-3-01 and HSS-3-02 (explanation of ratepayer benefits)		
RBW-33	Duquesne Response to Interrogatory No. OCA-1-007 (regulatory assets and decommissioning expenses)		
RBW-34	Duquesne Response to Interrogatory No. HSS-1-044 (regulatory assets in rate base)		
RBW-35	Duquesne Response to Interrogatory No. HSS-1-043 (Supp.) (authorization for claimed regulatory assets: excerpts from 860378 order)		
RBW-36	Duquesne Response to Interrogatory No. HSS-1-043 (Supp.) (authorization for claimed regulatory assets: excerpts from R-870222 order)		
RBW-37	Duquesne Response to Interrogatory of David Hughes Set 1, Item No. DH-1-10 (excerpts from Duquesne's 1995 and 1995 Form 10-Ks)		
RBW-38	Duquesne Response to Interrogatory No. HSS-1-030 (revised) (excerpts from Ft. Martin amended proposal re: deferred costs)		
RBW-39	Excerpts from Duquesne 1996 Form 10-K		
RBW-40	Excerpts from Duquesne Response to Interrogatory No. DH-1-18 (Feb. 17, 1983 letter to Duquesne Shareholders)		
RBW-41	Duquesne Response to Interrogatory No DH-1-10 (excerpts from Duquesne's 1995 and 1995 Form 10-Ks)		
RBW-42	Duquesne Response to Interrogatory No. OCA-1-040 (Brunot Island rate base treatment)		
RBW-43	Duquesne Response to Interrogatory No. OCA-3-042 (Brunot Island and Phillips units--no plans to return cold service units to service)		
RBW-44	Duquesne Response to Interrogatory No. ENV-1-024 (excerpts from Sept. 1997 Integrated Resource Plan)		
RBW-45	Duquesne Response to Interrogatory No. HSS-3-03 (excerpts from Pennsylvania PUC Order in P-900485)		
RBW-46	Duquesne Response to Interrogatory No. OCA-1-018 (future use or sale of Brunot Island and Phillips units)		

Exhibit	Description	Date Identified	Date Admitted
RBW-47	Duquesne Response to Interrogatory No. OCA-1-008 (Chart, Annual Amortization Amounts)		
RBW-48	Table, All-In Costs of Combined Cycle Plants		
RBW-49	Duquesne Response to Interrogatory No. HSS-1-091 (Schnitzer's natural gas market price forecasts)		
RBW-50	Tables, Wellhead (lower 48) Natural Gas Price Projections (1995)		
RBW-51	Duquesne Response to Interrogatory No. HSS-2-38 (gas transportation costs forecast)		
RBW-52	Duquesne Response to Interrogatory No. HSS-2-34 (2.5% inflation factor sources)		
RBW-53	Table, Percent Change from Previous Period--GDP PPD		
RBW-54	Excerpts from Duquesne Resource Planning Report, July 1, 1996		
RBW-55	Presentation to Project Lead Team - Preliminary Recommendations, August 30, 1996		
RBW-56	Presentation to DQE, Inc. Regarding the Sale of Certain Generating Assets, June 16, 1995		
RBW-57	Table, Comparison of Estimates of Market-Clearing Prices		
	Prepared Surrebuttal Testimony of Dr. Robert B. Weisenmiller, Volume IV		
RBW-58	Presentation to Gary Brandenberger - Draft Presentation for Fall Planning Council, Sept. 5, 1996 (Metzler)		
RBW-59	Presentation to Gary Brandenberger - Draft Presentation for Fall Planning Council, Sept. 5, 1996 (Metzler)		
RBW-60	Petition of Duquesne to discontinue normal operation of Phillips Power Station, South Heights, Pennsylvania		
RBW-61	Calpine Acquires 120 MW Gas-Fired Facility, Non-Nuclear Electric Power Generation, etc.		

Exhibit	Description	Date Identified	Date Admitted
RBW-62	Errata to Prepared Testimony of Dr. Robert B. Weisenmiller		

ERRATA

The following corrections should be made to the testimony of Dr. Robert B. Weisenmiller:

(a) Prepared Direct Testimony:

1. At page 41, line 12, after "effect." insert "See Exh. RBW-18."

2. At page 118, line 16, change "West Penn's" to read "Duquesne's".

3. At page 123, line 5, change "EIA, Penelec, PECO, AYP" to read "EIA, Penelec, AYP".

(b) Prepared Surrebuttal Testimony:

1. At page 1, add the following entities to the list of HSS and ARI members sponsoring Dr. Weisenmiller's testimony:

South Hills Health System (all locations)
University of Pittsburgh Medical Center (all locations)

FIRST JOINT STIPULATION
EXHIBIT NO. 6

SYSTEM COUNCIL U-10, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	*Description*	*Date Identified*	*Date Admitted*
IBEW Statement No. 1	**Rebuttal Testimony of Timothy Moran (Generation suppliers should not be allowed to provide metering, billing, and other customer service functions. Duquesne should not be required to sell or shut down any of its power plants.)**		
Schedule TM-1	Rebuttal testimony of William Schmitt from the PP&L Restructuring Case		
Schedule TM-2	Number of Duquesne Light Company employees by year from 1986-1996 (HSS-2-017)		
Schedule TM-3	Duquesne Light Company Distribution of Salaries and Wages for 1996 (FERC Form 1, pages 354-355)		

FIRST JOINT STIPULATION
EXHIBIT NO. 7

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
DUQUESNE LIGHT COMPANY

Application for Approval of a Restructuring Plan
Pursuant to 66 Pa. C.S. §2806(d)
Docket No. R-00974104

INDEX OF MAPSA TESTIMONY AND EXHIBITS

Exhibit	***Description***	***Date Identified***	***Date Admitted***
MAPSA Statement No. 1	Direct Testimony of Whitfield A. Russell (Addressing competitive issues raised by Duquesne's Customer Choice Plan)		
Exhibit WAR-1	Whitfield A. Russell Curriculum Vitae		
Exhibit WAR-2	Chart Showing Monthly Firm Available Transmission Capacity for Allegheny Power		
Exhibit WAR-3	1996 Duquesne System Lambda		
Exhibit WAR-4	Calculation of Duquesne CGC Based Upon 1999 CCGT [1]		
Exhibit WAR-5	ERRATA to Prepared Direct Testimony of Whitfield A. Russell		
MAPSA Statement No.1-SR	Prepared Surrebuttal Testimony of Whitfield A. Russell		

FIRST JOINT STIPULATION
EXHIBIT NO. 8

INDEX OF TESTIMONY AND EXHIBITS
OF INTERVENOR NEV EAST, L.L.C.,
SUBMITTED PURSUANT TO SIXTH INTERIM ORDER

Statement/Exhibit	*Description*
NEV Statement No. 1	Direct Testimony of David Magnus Boonin (regarding the unbundled rate for generation, CTC methodology, unbundling of all tariffs, and billing and metering issues)
Exhibit NEV/DMB #1	Resume of David Magnus Boonin
Exhibit NEV/DMB #2	Chart setting forth methodology for reconciling the CTC
NEV Statement No. 2	Direct Testimony of Nancy I. Day (regarding the importance of unbundling distribution services to the formation of a competitive energy market)
Exhibit NEV/NID #1	Resume of Nancy I. Day

*Pursuant to the December 30, 1997 Order of Administrative Law Judge John H. Corbett, Jr. and agreement of the parties, the foregoing testimony will be admitted into the record by stipulation and without cross-examination.

FIRST JOINT STIPULATION
EXHIBIT NO. 9

OFFICE OF SMALL BUSINESS ADVOCATE
INDEX OF TESTIMONY AND EXHIBITS

Statement/Exhibit	Description
OSBA Statement No. 1*	Direct testimony and Exhibit of Brian Kalcic (recommending adjustments in Duquesne's distribution-related revenue requirements and its rate redesign plan, and offering comments on Duquesne's proposed Phase-In plan.)
OSBA Exhibit No. 1* (with Schedules BK-1, BK-2 and BK-3)	Schedules summarizing Duquesne's functionalized revenue requirements including OSBA's proposed adjustments
OSBA Statement No. 1R**	Rebuttal Testimony and Exhibit of Brian Kalcic (addressing issues raised by other witnesses regarding the pace of stranded cost recovery, the determination of CTC, allocation of universal service costs and proposals for phase-in)
OSBA Exhibit No. 1R** (Schedule BK-1R)	Amortization of DII recommended stranded costs over 4 versus 7 years
OSBA Statement No. 1S***	Surrebuttal Testimony of Brian Kalcic (responding to Co. witness Lahtinen regarding use of realized rather than claimed rate of return for unbundling rates and DII witness Baron regarding allocation of CTC revenue responsibility to all classes)

* Served November 7, 1997
** Served December 2, 1997
*** Served December 11, 1997

FIRST JOINT STIPULATION
EXHIBIT NO. 10

OFFICE OF CONSUMER ADVOCATE
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	*Description*	*Date Identified*	*Date Admitted*
OCA Statement No. 1	**Direct Testimony of Matthew I. Kahal (Evaluation of Duquesne's proposed stranded cost plan)**		
Schedule MIK-1	OCA Overall Stranded Cost Summary		
Schedule MIK-2	Excess Pre-Tax Earnings During Transition Period		
Schedule MIK-3	Retail Rate Comparisons for 1996		
Schedule MIK-4	DRI vs. Duquesne Inflation Rate Forecasts		
Schedule MIK-5	Derivation of the Discount Rate		
Schedule MIK-6	Productivity Enhancement Savings		
Schedule MIK-7	PECO and West Penn Power Life-Extension Costs for Coal Plants		
Schedule MIK-8	Cheswick Life Extension Costs and Net Benefits		
Schedule MIK-9	Generation Net Merger		
OCA Statement No. 1S	**Surrebuttal Testimony of Matthew I. Kahal (Response to Rebuttal Testimony on stranded cost issues)**		
Schedule MIK-1 UPDATE	OCA Overall Stranded Cost Summary		
Schedule MIK-6 UPDATE	Productivity Enhancement Savings		
Schedule MIK-10	Projected Pre-Tax Operating Losses During Transition		
OCA Statement No. 2	**Direct Testimony of Douglas C. Smith (Market Price Analysis)**		
Exhibit DCS-1	Resume of Douglas C. Smith		
Exhibit DCS-2A	New Combined Cycle Non-Fuel Cost Assumptions		

Exhibit DCS-2B	New Combustion Turbine Non-Fuel Cost Assumptions		
Exhibit DCS-3	Spring 1997 DRI Fuel Price Escalation Rates		
Exhibit DCS-4	APS-DQL Market Price Estimate		
Exhibit DCS-5	DQL Weighted Generation Price		
OCA Statement No. 2S	**Surrebuttal Testimony of Douglas C. Smith (Response to rebuttal testimony on market price issues)**		
OCA Statement No. 3	**Direct Testimony of Thomas S. Catlin (Regulatory asset issues, nuclear and fossil decommissioning, taxes and other transition costs)**		
Schedule TSC-1	Summary of Regulatory Assets and Other Transition Expenses		
Schedule TSC-2	Summary of Decommissioning Funding Requirements as of 12/31/98		
OCA Statement No. 3S	**Surrebuttal Testimony of Thomas S. Catlin (Response to rebuttal testimony on prescribed nuclear outage costs and unamortized debt costs)**		
OCA Statement No. 4	**Direct Testimony of Lee Smith (Rate design, unbundling, cost allocation, and CTC design)**		
Exhibit LS-1	Summary of Qualifications and Experience		
Exhibit LS-2	Calculation of Market Price		
Exhibit LS-3	1996 Administrative & General Expenses		
Exhibit LS-4	Retail Cost of Service CTC Proposal		
Exhibit LS-5	Retail CTC/Calculation of Levelized CTC		
Exhibit LS-6	Unbundled Rate Design Residential - Rate RS		
OCA Statement No. 4S	**Surrebuttal Testimony of Lee Smith (Response to testimony on treatment of ancillary service costs, line losses, A&G adder, and rates of return)**		
Exhibit LS-7	Revised LS-4 (Retail Cost of Service)		

Exhibit LS-8	Revised LS-2 (Calculation of Market Price)		
Exhibit LS-9	Revised LS-5 (Retail CTC)		
Exhibit LS-10	Revised LS-6 (Unbundled Rate Design)		
OCA Statement No. 5	**Direct Testimony of Barbara Alexander (Consumer education and consumer protection issues)**		
Exhibit BA-1	Resume of Barbara Alexander		
Exhibit BA-2	Vermont Consumer Information and Education Plan		
Exhibit BA-3	California Statewide Consumer Education Plan		
Exhibit BA-4	Massachusetts Department of Public Utilities Code of Conduct		
OCA Statement No. 5R	**Rebuttal Testimony of Barbara Alexander (Response to testimony on provision of generation services to default customers and supplier-only bill option)**		
OCA Statement No. 5S	**Surrebuttal Testimony of Barbara Alexander**		
Exhibit BA-S-1	Executive Summary of New Hampshire Pilot Program Survey Report		
Exhibit BA-S-2	CAPUC Fact Sheets on Consumer Education Plan		
Exhibit BA-S-3	Recommendations of the Maine Consumer Education Advisory Board		
OCA Statement No. 6	**Direct Testimony of Nancy Brockway (Universal Service Issues)**		
Exhibit NB-Duq-1	Resume and Curriculum Vitae of Nancy Brockway		
Exhibit NB-Duq-2	Duquesne Estimation of Potential CAP Eligible Customers		
Exhibit NB-Duq-3	Universal Service Costs - Per kWh Allocator		
Exhibit NB-Duq-4	Development of Non-Production Revenue Allocator		

Exhibit LS-8	Revised LS-2 (Calculation of Market Price)		
Exhibit LS-9	Revised LS-5 (Retail CTC)		
Exhibit LS-10	Revised LS-6 (Unbundled Rate Design)		
OCA Statement No. 5	**Direct Testimony of Barbara Alexander (Consumer education and consumer protection issues)**		
Exhibit BA-1	Resume of Barbara Alexander		
Exhibit BA-2	Vermont Consumer Information and Education Plan		
Exhibit BA-3	California Statewide Consumer Education Plan		
Exhibit BA-4	Massachusetts Department of Public Utilities Code of Conduct		
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Exhibit NB-Duq-2	Duquesne Estimation of Potential CAP Eligible Customers		
Exhibit NB-Duq-3	Universal Service Costs - Per kWh Allocator		
Exhibit NB-Duq-4	Development of Non-Production Revenue Allocator		

OCA Statement No. 6S	**Surrebuttal Testimony of Nancy Brockway (Universal Service Issues)**		

FIRST JOINT STIPULATION
EXHIBIT NO. 11

Pennsylvania Public Utility Commission
v.
Duquesne Light Company

Docket No. R-00974104

Index* of OTS Testimony And Exhibits Not Yet Admitted

Exhibit	Description	Date Identified	Date Admitted
OTS Statement No. 3	Direct Testimony of Paul M. Yarolin (concerning Universal Service and rate unbundling)		
OTS Cross Examination Exhibit No. 3	On-the-Record Data Request Response (O'Brien Number 1) concerning the difference in balances associated with cold reserve units		
OTS Cross Examination Exhibit No. 4	On-the-Record Data Request Response (O'Brien Number 4) concerning recovery of decommissioning costs		
OTS Cross Examination Exhibit No. 5	On-the-Record Data Request Response (O'Brien Number 5)** concerning recovery of decommissioning costs		

* OTS reserves the right to request admission of additional exhibits upon receipt of all responses to On-the-Record Data Requests.

** OTS has requested that this On-the-Record Data Request Response be supplemented to properly respond to the request.

FIRST JOINT STIPULATION
EXHIBIT NO. 12

PENNSYLVANIA RETAILERS ASSOCIATION
INDEX OF TESTIMONY

EXHIBIT	DESCRIPTION	DATE IDENTIFIED	DATE ADMITTED
PRA Statement No. 1	Direct Testimony of Chris K. Albrecht (Phase-in Procedure for retail competition)		

IBEW Statement No. 1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Duquesne Light Company for	:	
Approval of its Restructuring Plan under	:	Docket No. R-00974104
Section 2806 of the Public Utility Code	:	

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REBUTTAL TESTIMONY OF TIMOTHY MORAN

ON BEHALF OF
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
SYSTEM COUNCIL U-10

December 2, 1997

Q. Please state your name, position, and business address.

A. Timothy Moran, System Council U-10 IBEW, 986 Greentree Road, Pittsburgh, Pennsylvania.

Q. By whom are you employed and in what capacity?

A. I am the Business Manager of System Council U-10, International Brotherhood of Electrical Workers. The System Council is comprised of six IBEW locals in the greater Pittsburgh area. We are the authorized bargaining representative for the approximately 2000 unionized employees of Duquesne Light Company ("Duquesne").

Q. Please briefly describe your background and experience.

A. I have been employed by Duquesne for almost 35 years. I have spent all of that time in the Finance Department, with approximately 20 years spent as a property analyst in the valuation and property records section. I served as Vice President of Local 149 for eight years, and I have been the Business Manager of the System Council since 1991. I also have held union steward positions several times over the years.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the members and retirees of IBEW. In addition, I would mention that I am expressing concerns of our members both as employees (or retirees) of Duquesne and in their role as customers of Duquesne.

Q. What is the purpose of this rebuttal testimony?

A. In the first part of my testimony, I will be responding to the testimony of several witnesses who are proposing that electric generation suppliers and other companies should be allowed to provide metering, billing, and other customer service functions to Duquesne's customers. Specifically, in the first part of my testimony, I am responding to

testimony that was filed by the following witnesses: Enron Power Marketing, Inc. ("Enron") witnesses Steffes, Reising, Brown, Muench, and Coles; New Energy Ventures, Inc. ("NEV") witness Day; Mid-Atlantic Power Supply Association ("MAPSA") witness Russell; and Office of Trial Staff ("OTS") witness Yarolin.

In the second part of my testimony, I will be responding to the testimony of several witnesses who suggest that Duquesne and its customers would be better off if Duquesne sold or retired some of its power plants. Specifically, in the second part of my testimony, I am responding to testimony that was filed by the following witnesses: City of Pittsburgh ("City") witness Seiple, MAPSA witness Russell, and Hospital Shared Services and Administrative Resources, Inc. ("HSS") witness Weisenmiller.

Metering, Billing, and Customer Service

Q. The witnesses that you just listed testified that metering, billing, and other customer services do not need to be provided by Duquesne as the electric distribution company. Do you agree?

A. No, I do not. I believe that adopting these proposals would have several serious effects on Duquesne's customers and employees. In August 1997, William Schmitt, the President of IBEW Local 1600 which represents the employees of Pennsylvania Power and Light Company ("PP&L") testified before this Commission in PP&L's restructuring case, Docket No. R-00973954. Mr. Schmitt addressed many of the same issues in rebuttal to these same parties (Enron, NEV, and others). I have reviewed Mr. Schmitt's testimony and I agree with all aspects of his testimony. Rather than attempting to put his testimony into new words, I am adopting his testimony as my own in this case. His statements about the impact of Enron's (and others') proposals on PP&L's customers and

employees also hold true for the impact on Duquesne's customers and employees. I have attached a copy of his testimony as Schedule TM-1.

Q. Are you prepared to respond to cross-examination and discovery requests about all substantive matters raised in Mr. Schmitt's testimony?

A. Yes, I am. Mr. Schmitt and I work together on IBEW's Pennsylvania Utility Caucus and the responses that he gives to these issues in his testimony accurately express the concerns that I and other officials of IBEW have about the provision of metering, billing, and other customer services.

Q. Enron's witness, Mr. Reising, proposes a Distribution Services Tariff in his Exhibit 2, PDR-6. Have you reviewed that tariff?

A. Yes, I have.

Q. In your opinion, should that tariff be adopted?

A. No. Enron's proposed Distribution Services Tariff should not be adopted. I believe that this tariff is not in the best interests of Duquesne's customers and employees, and that it could result in serious problems with the safety and reliability of electric service to Duquesne's customers.

Q. Why do you say that?

A. Enron's proposed tariff places the generation supplier in the position of being the only customer of the distribution utility. That is, the distribution utility would lose direct contact with, and responsibility for, the actual user of electricity. Even the wording of Enron's proposed tariff reinforces this problem. The tariff refers to the generation supplier as the "Customer" while the real customer is referred to as the "End User." I find this language to be very misleading and potentially confusing to the public.

Beyond the choice of language, though, I find the provisions of the tariff to be detrimental to Duquesne's customers and employees. First, the proposed tariff places the supplier between the utility and the actual customer, not only for payment but also for issues affecting the safety of electric service. Section 2.3 of the proposed tariff (page 8 of Exhibit 2, PDR-6), for example, requires the "Customer" (the supplier) to "ensure that the End User is responsible for safekeeping of the property of the EDC." In other words, if the real customer fails to keep its property safe, the distribution utility doesn't know whether to contact the supplier or the actual customer.

This same provision also allows the supplier to gain access to the customer's property, to break seals on the utility's equipment, and to perform work on the utility's equipment. That section also requires the customer to give notice *to the supplier* "of any changes that might affect safety of personnel or property of the EDC."

Other provisions place the obligation on the supplier to inspect the end user's facilities and to ensure that the end user's facilities are safe (section 5.5). Enron's proposed tariff also requires the end user to go through the supplier to arrange for new service and to specify the location of service delivery points (sections 5.1 and 5.2).

Q. As a utility employee, are you concerned about these provisions?

A. Absolutely. I am very concerned about the potentially disastrous consequences of poor, or even delayed, communication between a supplier and the utility. If a customer gives notice to its supplier of a dangerous condition, there is a very real risk that the utility itself might not be notified in a timely fashion. Further, if suppliers are allowed to perform work on the utility's equipment, there is a further danger to employees of both the utility and the supplier that poor communication or different procedures could lead to

unsafe conditions. It is vitally important for utility employees to know the precise status of any potentially unsafe or dangerous conditions. Allowing non-utilities to have access to the utility's facilities makes it more likely that a dangerous condition will go uncorrected or unnoticed for an extended period of time.

Q. Are there other portions of Enron's proposed tariff that cause you concern?

A. Yes, there are. These types of coordination issues exist throughout Enron's proposed tariffs and I have not tried to list them all here. One additional area of concern, though, are Enron's proposed metering and meter reading provisions (sections 10 and 11 of Exhibit 2, PDR-6). These provisions permit the supplier to decide who will "provide, own, and maintain" each end user's electric meter. If the supplier chooses not to provide the meter, then the distribution utility will have to provide the meter. Further, if the supplier chooses to provide the meter, then both the supplier and the utility "shall have access at all reasonable times for the purpose of installing, testing, inspecting, repairing, removing or changing any or all [metering] equipment."

These and related provisions would require the distribution utility to maintain the infrastructure to install, repair, and read meters, but provide no way for the utility to recover its costs of doing so. Enron proposes that the utility has to stand ready to supply all of these services, but that the utility's rates should be set so that only the entity providing the meter to the particular customer could recover meter-related costs. For example, if Enron provides a customer with a meter, Duquesne could not bill the customer for meter-related services. But Duquesne would have to stand ready to provide each and every customer with a meter (including testing and meter reading services). This places Duquesne in an impossible position.

Q. Can you summarize your concerns with Enron's proposed distribution services tariff?

A. Enron's proposed distribution services tariff would jeopardize the safety of utility employees, lead to confusion among utility customers (and those who must work with the customers' electricity, such as contractors), and place Duquesne in the position of being unable to provide reliable service at a reasonable cost. I do not see any benefits to Enron's proposal. It appears to me that the proposal would increase costs and decrease safety and reliability for everyone involved.

Q. Enron's witness, Mr. Coles, proposes an Electric Generation Supplier Tariff in his Exhibit 5, LRC-2. Have you reviewed that tariff?

A. Yes, I have.

Q. In your opinion, should that tariff be adopted?

A. No. Enron's proposed Electric Generation Supplier Tariff should not be adopted. I believe that this tariff is not in the best interests of Duquesne's customers and employees, and that it could result in serious problems with the safety and reliability of electric service to Duquesne's customers.

Q. What problems do you see with Enron's proposed Electric Generation Supplier Tariff?

A. I will limit my discussion to the billing, metering, and collection portion of this tariff (sections 4.5 and 4.6, beginning on page 6 of Enron Exhibit 5, LRC-2). These sections of the tariff fail to give the customer the right to choose its billing option. In particular, Enron's proposed tariff states: "Suppliers shall be responsible for billing all services to the Customer, including the EDC's charges ... unless the Supplier elects: (1) to have the EDC bill its charges separately to the Customer or (2) to have the EDC bill all charges including all of the Supplier's charges." As I understand this portion of the proposed

tariff, Enron would have the right to bill for Duquesne's charges, whether or not Duquesne and the customer wanted Enron to do so. Enron also would be able to select other billing options, again without Duquesne or the customer having any say in the matter.

Q. What problems would this create?

A. This would give rise to the same types of problems that I mentioned earlier with Enron's distribution services tariff. Here, Duquesne would be required to maintain its entire billing and customer service infrastructure, but without any guarantee that it would be able to issue bills to any of its customers. The supplier would decide which customers Duquesne would be allowed to bill. Duquesne would have to incur all of the costs to stand ready to provide this service on a moment's notice, but it would not be able to recover those costs from its customers.

Q. Does Enron's proposed supplier tariff give rise to other concerns?

A. Yes, it does. Section 4.6 of the tariff would give the supplier the right to order the distribution utility to terminate service to a customer. I have serious concerns about the effect this would have, both on customers and on the utility employees who have to terminate service. This type of provision would place the utility in the position of just carrying out the supplier's orders. This puts the utility, and its employees, in a difficult position. We would have no way to determine if the supplier may have made a mistake (for example, if the customer has a valid medical waiver), which could result in a life-threatening situation.

Q. Several of the witnesses have stated that providing metering and billing services should not be a monopoly. Do you agree?

A. No, I do not. I think it is very important to keep the meter and billing activities with the local utility companies, and I think my testimony and Mr. Schmitt's testimony in the PP&L case provide several examples of the reasons why this is so important.

I also would point out that the Duquesne employees who perform customer service work are very well trained and have been selected for their reliability and professionalism. They live and work in the community and try to meet the needs of our customers to provide the best possible service. This is true for people involved in billing, metering, and other customer service functions. This is not a case where regulation doesn't work. In fact, even though Duquesne is a regulated utility, our customers are receiving high-quality service: service orders are filled on time, metering and billing are performed accurately and on-time every month, payments are processed promptly and accurately, and customers can contact us 24 hours a day, 7 days a week.

Plant Sales or Closing

Q. Witnesses for the City, MAPSA, and HSS recommend that Duquesne sell or close some or all of its generating plants. Do you agree with their recommendation?

A. No, I do not. I will not respond to the details of the analyses that were conducted by these witnesses. Instead, I will discuss the impact that their recommendations would have on Duquesne's employees and on the communities where those plants are located. I also will discuss the additional transition costs that would occur in the event of plant closings or sales, which these witnesses did not take into account in making their recommendations.

Q. Please begin by discussing the impact that closing or selling Duquesne's plants would have on Duquesne's employees.

A. The impact of selling or closing the generating plants could be very severe. Duquesne employs more than 1500 people – almost one-half of its total work force – at its power plants. See Schedule TM-2. According to Duquesne's annual report to the Federal Energy Regulatory Commission, in 1996, these people received wages of more than $42 million (see Schedule TM-3, line 18). These 1500 people live and work in the greater Pittsburgh area and make a significant contribution to the local economy. In fact, if Office of Consumer Advocate witness Kahal is correct in his testimony filed in the Duquesne-Allegheny Power merger case, these Duquesne employees have an impact on the Pittsburgh-area economy that is at least three times the number of utility employees affected – a potential impact of more than 4,500 jobs.[1] Many of these related jobs are located in small businesses throughout the Pittsburgh area where Duquesne's employees shop. I think it's fair to say that the people that are employed at Duquesne's generating plants make a significant contribution to the greater Pittsburgh economy.

Q. What would happen to Duquesne's employees, and the businesses that rely on their patronage, if Duquesne sold or closed its generating plants?

A. I don't know. We would work with Duquesne to try to find new jobs within the company for affected employees. However, the rest of Duquesne (excluding the power plants) employs about 1900 people (see Schedule TM-2). There is no way that 1500 people could be absorbed into a work force of 1900 people. That would mean that many of Duquesne's workers would need to receive transition benefits, such as early retirement programs, severance payments, outplacement services, retraining programs, and similar benefits.

[1] Application of DQE, Inc., and Allegheny Power System, Inc., Docket No. A-110150 F.0015, Direct Testimony of Matthew I. Kahal (OCA Statement No. 1), page 13.

Q. Do you have any idea how much it might cost Duquesne to provide these types of employee benefits?

A. I don't have an exact figure, but based on what we have experienced in the past, and what I understand other utilities to experience, these programs probably would cost in the range of $100,000 per employee. Again, I can't say that's a precise figure – it's more of a rough average – but a total cost in the range of $150 million to assist 1,500 employees would not be out of line.

Q. Do you have any information that would support the use of $100,000 per employee as a rough estimate of the cost of this type of employee transition program?

A. Yes, I do. The following table shows a few examples of electric utility early retirement programs, as reported in decisions from state utility commissions:

Utility	Affected Employees	Program Cost	Cost per Employee	Reference
Niagara Mohawk	1,695	$195 million	$115,000	NY PSC Opinion No. 95-21 (12/29/95)
Pacific Gas & Electric	1,500	$135 million	$90,000	Cal. PUC, 48 CPUC2d 413 (1993)
Pennsylvania Power & Light	600	$65 million	$108,000	Pa. PUC, Docket No. R-00943271 (9/27/95)

Q. Has this type of transition cost, on the order of $150 million, been included in Duquesne's restructuring filing?

A. No, it has not. Duquesne has not estimated any significant employee-related costs associated with the transition to competition for the supply of electricity.

Q. Have the witnesses who are proposing that Duquesne should close or sell its generating plants included employee-related transition costs of this magnitude in their recommendations?

A. No, they have not. The witnesses for the City, MAPSA, and HSS seem to think that these plants can be sold or closed without providing any type of compensation to the people who work at those plants. This is wrong. Duquesne cannot sell or close a generating plant without making some provision for the people who work there.

Q. In your opinion, is it in the best interests of Duquesne's employees and customers for Duquesne to sell or close some or all of its generating plants?

A. No, it is not. As I mentioned, the power plants make a major contribution to the local economy, in terms of jobs, wages, and taxes. I don't know if the witnesses for the City, MAPSA, and HSS are right or wrong about the future price of electricity. But it's clear to me that they failed to consider the substantial benefits to other area businesses, and the greater Pittsburgh area as a whole, from having these power plants in operation and owned by a local company. They also failed to consider the substantial costs associated with closing or selling those plants.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Pennsylvania Power and Light	:	
Company for Approval of its Restructuring Plan	:	Docket No. R-00973954
under Section 2806 of the Public Utility Code	:	

REBUTTAL TESTIMONY OF
WILLIAM SCHMITT

ON BEHALF OF
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 1600

August 5, 1997

Q. Please state your name and business address.

A. William Schmitt, President and Financial Secretary, Local 1600 of the International Brotherhood of Electrical Workers ("IBEW"), P. O. Box 470, Trexlertown, PA.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the members and retirees of IBEW Local 1600 – both in their role as employees or former employees of Pennsylvania Power and Light Company ("PP&L") and in their role as customers of PP&L. We represent approximately 4300 bargaining unit members of PP&L throughout Central-Eastern Pennsylvania in a 29-county area. Included within our 4300 active members are the PP&L employees who provide metering, meter reading, billing, collections, and customer service functions. We also have approximately 2000 retirees. Most of our active and retired members, more than 6000 households in all, are located in PP&L's service territory.

Q. What is the purpose of this rebuttal testimony?

A. I will be responding to the testimony of several witnesses who are proposing that electric generation suppliers and other companies should be allowed to provide so-called revenue cycle services to PP&L's customers. These revenue cycle services include metering, meter reading, billing, collections, and customer service operations. Specifically, I am responding to testimony that was filed by the following witnesses: Enron Power Marketing, Inc. ("Enron") witnesses Shapiro, Mayo, Reising, Jacobson, and Bowen; New Energy Ventures, Inc. ("NEV") witness Day; Mid-Atlantic Power Supply Association ("MAPSA") witness Johnstone; and Office of Consumer Advocate ("OCA") witness Alexander.

Q. Please summarize your educational background and work experience.

A. I am a graduate of St. Gabriel's High School in Hazleton, Pennsylvania. I have been employed by PP&L for 31 years in different positions. Since 1979, I have been on the staff of IBEW Local 1600 in various capacities, including Vice President (1984-1989) and President (1989 to the present). I also serve on IBEW's national committee on Electric Power Industry Restructuring.

Q. The witnesses that you listed earlier testified that revenue cycle services do not need to be provided by PP&L as the electric distribution company. Do you agree?

A. No, I do not. I believe that adopting these proposals would have several serious effects on PP&L's customers and employees. Before I discuss those effects, I should mention that I will not be addressing the legality of the witnesses' proposals. I understand that the legal issues will be addressed in the briefs that will be filed in this case. Instead, I will testify about the reasons why allowing other companies to provide metering, meter reading, billing, collections, and customer services would result in a serious threat to PP&L's employees and would reduce the quality and reliability of service that is received by PP&L's customers.

Q. What concerns do you have about allowing other companies to provide metering services?

A. I am concerned about the safety and reliability of service that would result if other entities were allowed to provide metering services. You must understand that electric meters are not like appliances or telephones that you can just buy and plug into an outlet. Installing an electric meter should be done by a person who is specially trained for that job. At the present time, Pennsylvania does not have any statewide licensing or certification of electrical contractors. The issue of qualifications to install and service electric meters has

not come up before because only electric utilities have been allowed to do so. If this function were opened up to others, I am concerned that the absence of licensing or other standards could result in a serious harm to the public safety, as well as a potential threat to the safety of PP&L workers who might be called upon to service meters that were not installed properly.

I am also concerned about PP&L's ability to continue providing metering services if it does not have assurance that all of its customers will have PP&L meters. For example, PP&L maintains its own meter lab and testing facilities to ensure that its meters are accurate and maintained at the high levels of reliability that PP&L's customers expect. For example, if a PP&L customer believes that there is a metering problem, we have the ability to immediately replace that meter and test the old meter in our testing facilities. Maintaining this type of overhead – a substantial inventory of meters as well as the testing facilities and employees – could prove to be uneconomical and inefficient if PP&L were not certain that it would provide meters for all of its customers.

Finally, I am concerned about the potential confusion and risk to our customers if anyone could come on their property to inspect or change a meter. PP&L's employees take pride in their training and professionalism. We install meters safely, wear uniforms, carry identification, and drive vehicles that clearly identify us as PP&L employees; and have our work scheduled through customer contacts with the PP&L customer service center. Our customers would not be able to rely on any of this happening if other companies are allowed to install or service meters.

For these reasons, I believe that it would be harmful to the safety of our customers

and employees to allow meters to be installed or serviced by anyone other than a PP&L employee.

Q. Does having several types of meters, owned by different companies, give rise to other concerns?

A. Yes, it does. I am very concerned about what would happen if a customer changed electric suppliers with the frequency that some customers change their long-distance telephone supplier or the supplier of other competitive goods and services. If each generation supplier installs its own meter, then a customer could see frequent changes of his or her electric meter. As I mentioned before, an electric meter is not just an appliance that can be unplugged. The work is potentially hazardous, must be done properly, and should not be done frequently to avoid the possibility of wear or damage to the customer's meter base. Further, there can be considerable inconvenience to the customer of having a meter changed. Depending on the location of the meter, the customer may need to be at home in order to have the meter changed. And in all cases, the customer will suffer a power outage while the meter is being changed. These kinds of outages will be very inconvenient to the customer.

Further, it must be recognized that the customer is not the only one who needs to interact with the meter supplier. Contractors often need to have a meter disconnected when performing electrical work on a building. At present, that occurs by contacting PP&L, regardless of the number of meters in the building (for example, a multi-unit apartment building). If PP&L no longer controlled all of the meters, then a contractor would need to identify the meter supplier, determine how to contact the supplier, and try to coordinate schedules with multiple suppliers who might be serving different units in

the same building. It seems obvious that this could result in confusion, inefficiency, and increased cost to the contractor and ultimately to the customer.

Q. Do you agree with the other witnesses that allowing generation suppliers to provide the electric meter will improve the level of competition to customers?

A. Obviously, I am not an economist and I can't point to any studies on this question. But based on some very simple facts and my personal experience, I think that it is more likely that allowing competition for metering will actually result in reducing customer choice for generation supply.

Q. Why do you say that?

A. I am speaking from my experience and the experience of my friends, neighbors, and family. From my experience, many customers do not have a great deal of loyalty to specific suppliers. Many people will go to three or four different stores to buy groceries because of what's on sale. The next week, they'll buy a different set of items and different brands at different stores. Many people will watch the ads and coupons carefully and change their buying habits accordingly. If you get an offer from a long-distance telephone company that looks good, many people will change long distance suppliers, and then change to another supplier when they get a better deal. But customers will not do this if it is expensive or inconvenient to change suppliers. Just imagine how many people would change long-distance telephone suppliers if you had to schedule an appointment, have someone come to your house, lose telephone service for a period of time, and have to pay a substantial charge in order to switch suppliers.

It's also obvious to me that allowing suppliers to provide the electric meter will make it more difficult for smaller suppliers to break into the market. The small wind

farm or hydroelectric dam, the factory producing some excess power, and other small power producers would be locked out of the market because they cannot provide metering and billing services.

In other words, it looks to me like having the generation supplier provide the electric meter will result in less customer choice, not more.

Q. Wouldn't PP&L continue to provide metering services for smaller generation suppliers and other suppliers who chose not to provide their own metering services?

A. I don't know the answer to that question. If large numbers of PP&L customers choose generation suppliers that provide their own meters, then I doubt that it would be economical for PP&L to continue to provide metering services. While I hope that this never happens, we have seen PP&L downsize in other areas when it was no longer economical to continue providing services. Therefore, I am afraid that allowing suppliers the option of providing metering services might lead to the requirement that suppliers must provide those services, because PP&L will have lost the ability to economically provide those services to the customers who remain. If this happens, smaller generation suppliers would be forced to provide metering services, which could substantially increase their costs and discourage them from entering the market.

Q. Are you also concerned about the other witnesses' proposals to allow electric generation suppliers or other companies to provide meter reading services to PP&L's customers?

A. Yes, I am. Allowing other companies to provide meter reading services raises the same concerns that I just mentioned about people other than utility employees coming onto customers' property and into their homes (many meters are still located in basements), the inability of smaller suppliers to compete, and the potential inability of PP&L to

economically provide this service if it is not serving all of its customers.

In addition, providing competitive meter reading also raises other important concerns. First, there are very practical concerns about a meter reader knowing which meters to read. Right now, a PP&L employee learns how to read the different types of meters that are installed on the PP&L system. There are several different kinds, some of which are read differently from others. The employee also learns where the meters are located and reads the meters in a prescribed order. This is not always as easy as it sounds. In an apartment building or office complex, for example, there may be a room with a dozen or more electric meters in it. On a given street, there may be two-family homes mixed with small apartment buildings and single-family homes. It is vitally important that the meters be read in the proper order, so that the information is recorded accurately.

Now picture what would happen if PP&L did not have responsibility for reading all of the meters and if ownership of the meters could change from one month to the next. The meter readers could not develop a routine; there would be a risk that meters would not be properly marked and identified; and the meter reader might encounter meters of a strange design that were abandoned by previous generation suppliers.

Q. Couldn't a lot of these problems be resolved if rules are developed to ensure that meters are standardized?

A. That might help take care of some of these problems. But even if rules are developed to eliminate the confusion and non-standard equipment, I am still concerned that meter readers would need to know what meters to read each time. Right now, meters are changed very rarely. Under the system that the other witnesses propose, it is possible that

meters could change with some frequency, resulting in PP&L having to read a customer's meter one month, PP&L not reading it the next month, then switching back to PP&L reading it again a few months later, all because the customer chose to change generation suppliers. Of course, this assumes that customers are willing to put up with the inconvenience of having their electric meters changed frequently.

Q. Do you have similar concerns with the other portions of the revenue cycle – billing, collections, and customer service?

A. Yes, I do. Today, PP&L customers know where to call if they have a problem with electric service. Billing problems, payment agreements, special assistance to low-income customers, possible metering errors, outages, disconnection of service, or connecting new service are all directed to PP&L's customer service employees. These employees are trained to provide all of these customer service functions in a prompt and professional manner while maintaining the confidentiality of the customer's information. And some of that information is very sensitive, such as information about the customer's income and medical problems.

I am concerned that allowing other companies to provide these types of services could lead to increased customer inconvenience and confusion. I am also concerned that, as PP&L's more "desirable" customers are cherry-picked by other suppliers, PP&L might be left trying to provide customer service for those customers who cost more to service. This would increase the cost of providing these services and could, again, result in PP&L deciding that it cannot efficiently provide services to just some of its customers when its lower-cost customers have been skimmed off by other companies.

I am also concerned about the impact on Pennsylvania's economy of allowing

these types of customer services to be provided by others. If this were to happen, I think it is likely that many of these customer service operations would be located out-of-state, leading to a loss of jobs in Pennsylvania. This would be in direct conflict with one of the major goals of electric restructuring, which is to improve Pennsylvania's economy.

Q. What do you mean by more desirable and more costly to serve customers?

A. From a customer-service perspective, you would love to have all of your customers pay their bills on time (preferably electronically), never move from their house, never have a question about their bill, have enough money to pay their bill and not participate in special programs for low-income customers. Customers with these characteristics are "desirable" in the sense that they do not use much of the company's customer service resources.

In contrast, customers who have problems paying their bills, don't understand information that is on their bills, move frequently, do not have a good credit history, do not have English as their primary language, or have serious medical problems demand more of the company's customer service resources. Please don't misunderstand, PP&L's employees are dedicated to serving these customers with the same high-quality service that we give to all customers. But the risk is that PP&L will be left serving only these customers, meaning that the cost per customer would be very high and PP&L would need to seriously consider whether it is economical to continue to provide this service.

Q. Several of the other witnesses have argued that PP&L should be required to separately state its charges for various revenue cycle services so that suppliers can pick and choose which services they want to provide. Do you agree with this proposal?

A. No, I do not. Metering, meter reading, billing, collection, and customer service are all inter-related services. Customers do not want to have to call one company if there's an outage, a different one if there's a billing problem, and someone else if they need to disconnect or reconnect service. The goal is to provide electric service to the customer, not to just issue a bill to the customer or collect money from the customer. Providing this type of customer service requires a joint effort and a good deal of communication by employees who take telephone calls, read meters, provide on-site service, process payment agreements and take care of other special customer services. Today, PP&L's employees work together within one company to provide safe and reliable service for all of our customers, through a single point of contact at our customer service center.

Q. Several of the witnesses have stated that providing revenue cycle services should not be a monopoly. Do you agree?

A. No, I do not. Today, we have a system that ensures that everyone receives electric service of the same high quality. Customers who live in remote areas, who have low incomes, or who have special needs receive the same service at the same cost as customers who live in densely populated areas and make no demands on our customer service personnel. This type of universal service at a uniform price will be in serious trouble if we let other companies pick and choose the customers they want to provide revenue cycle services to. I have no doubt that Enron or NEV or one of the other potential suppliers could provide customer service to some of our customers at less than our average cost of providing customer service. So could PP&L. But that's not the point. Right now, PP&L employees are able to provide high-quality customer service to all of our customers. The monthly customer charge is the same for every customer who takes

the same type of service. It doesn't matter if a customer calls us five times a month or once every ten years; it doesn't matter where they live or what their income is. The low-cost customers make it possible to serve the high-cost customers at the same price and same high quality. If competitors are allowed to skim off the low-cost customers (higher incomes, fewer demands, living in more densely populated areas), then it will not be possible to continue serving the higher cost customers at the same price, because the average cost will increase significantly.

It's similar to the way that the U.S. Postal Service is set up. The goal is to provide a service (first class mail) to everyone at the same price. Of course others could deliver mail in New York City at less than the average, nationwide cost of delivering mail. But those people are not also willing to provide service to rural Montana or Alaska at the same price. Serving the high-cost customers is made possible by the ability to also serve the low-cost customers.

Exactly the same thing is true for PP&L's revenue cycle services. It's possible to provide a full range of customer services – metering, meter reading, billing, collections, and customer service – at the same price to everyone only because we serve everyone. Take away our low-cost customers and the average cost to serve the remaining customers will increase. I don't think that this is the way that utility services should be provided and I don't think that the PUC should let this happen.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

Item No.: HSS-2-017
Witness: O'Brien
Page 1 of 1

DUQUESNE LIGHT COMPANY

Second Set of Interrogatories of Hospital Shared Services and Administrative Resources, Inc.

17. Please provide the number of Duquesne employees, for each year for the period January 1, 1986 to date, that worked primarily in the following areas:

    a. Transportation
    b. Distribution
    c. Generation
    d. Other

Response:

Prior to 1990, records are not available to break the number of employees into functional areas. Since 1990, the Company has categorized employees by "responsibility center" (not the "functional" areas specified in the request) and these break downs are provided on the attached schedule. Amounts have been restated where appropriate to take into account shifts in responsibility centers during that period. The employees reflected as "allocated to CAPCO" represent the proportionate share of Beaver Valley employees billed to the other owners of Beaver Valley.

DUQUESNE LIGHT COMPANY

of Employees

	Total	Allocated To CAPCO	Net	Generation	Marketing & Cust. Service	Other
1986	4,481					
1987	4,461					
1988	4,181					
1989	4,292					
1990	4,349	880	3,469	949	1,556	964
1991	4,236	873	3,363	916	1,492	955
1992	4,151	869	3,282	894	1,475	913
1993	4,042	892	3,150	846	1,443	861
1994	3,754	854	2,900	800	1,316	784
1995	3,516	818	2,698	765	1,247	686
1996	3,425	803	2,622	734	1,221	667

Name of Respondent Duquesne Light Company	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/97	Year of Report Dec. 31, 1996

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, *and enter such amounts in the* appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	$29,101,483		
4	Transmission	1,902,612		
5	Distribution	12,563,602		
6	Customer Accounts	14,198,874		
7	Customer Service and Informational	904,479		
8	Sales	1,268,099		
9	Administrative and General	22,367,534		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	$82,306,683		
11	Maintenance			
12	Production	13,168,890		
13	Transmission	402,141		
14	Distribution	7,463,188		
15	Administrative and General	2,470,729		
16	TOTAL Maint. (Total of lines 12 thru 15)	$23,504,948		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	$42,270,373		
19	Transmission (Enter Total of lines 4 and 13)	$2,304,753		
20	Distribution (Enter Total of lines 5 and 14)	$20,026,790		
21	Customer Accounts (Transcribe from line 6)	14,198,874		
22	Customer Service and Informational(Transcribe from line 7)	904,479		
23	Sales (Transcribe from line 8)	1,268,099		
24	Administrative and General (Enter Total of lines 9 and 15)	$24,838,263		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	$105,811,631	$17,616,012	$123,427,643
26	Gas			
27	Operation			
28	Production--Manufactured Gas			
29	Production--Nat. Gas(Including Expl. and Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution			
34	Customer Accounts			
35	Customer Service and Informational			
36	Sales			
37	Administrative and General			
38	TOTAL Operation (Enter Total of lines 28 thru 37)	0		
39	Maintenance			
40	Production--Manufactured Gas			
41	Production--Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission			
45	Distribution			
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)	0		

Name of Respondent Duquesne Light Company	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/97	Year of Report Dec. 31, 1996

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	Gas			
48	Total Operation and Maintenance			
49	Production--Manufactured Gas (Enter Total of lines 28 and 40)	0		
50	Production--Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41)	0		
51	Other Gas Supply (Enter Total of lines 30 and 42)	0		
52	Storage, LNG Terminaling and Processing (Total of lines 31 and 43)	0		
53	Transmission (Lines 32 and 44)	0		
54	Distribution (Lines 33 and 45)	0		
55	Customer Accounts (Line 34)			
56	Customer Service and Informational (Line 35)			
57	Sales (Line 36)			
58	Administrative and General (Lines 37 and 46)	0		
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	0		0
60	Other Utility Departments			
61	Operation and Maintenance			0
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	$105,811,631	$17,616,012	$123,427,643
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	17,100,925	2,847,849	19,948,774
66	Gas Plant			
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	$17,100,925	$2,847,849	$19,948,774
69	Plant Removal (By Utility Departments)			
70	Electric Plant	1,667,817	277,940	1,945,757
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	$1,667,817	$277,940	$1,945,757
74	Other Accounts (Specify):			
75	Misc 100 series accts	2,427,624		2,427,624
76				
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93				
94				
95	TOTAL Other Accounts	$2,427,624		$2,427,624
96	TOTAL SALARIES AND WAGES	$127,007,997	$20,741,801	$147,749,798

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In the Matter of Duquesne Light Company's Restructuring Plan	:	Docket No. R-00974104

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the First Joint Stipulation (first three pages without exhibits) via First Class Mail upon the participants, listed on the following pages, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Scott J. Rubin, Esq.

Counsel for:
International Brotherhood of Electrical Workers,
System Council U-10

Dated: January 8, 1998

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January 8, 1998

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RE: Pennsylvania Public Utility Commission v. Duquesne Light Company; Application for Approval of Restructuring Plan Under Section 2806 of the Public Utility Code; Docket No. R-00974104

Dear Mr. McNulty:

Pursuant to the Sixth Interim Order issued by Presiding Administrative Law Judge John H. Corbett, Jr. on December 30, 1997 in the above-captioned matter, enclosed for filing with the Commission, are a signed copy of a Stipulation moving the evidence and exhibits indicated in the attached indices into the record and waiving any and all cross-examination thereon. Also enclosed are two (2) copies of the testimony exhibits of the Mid-Atlantic Power Supply Association ("MAPSA") in the above-captioned proceeding, as identified in the attached indices.

A copy of the Stipulation and the attached indices are being served upon all parties to this proceeding, as indicated on the attached Certificate of Service, as well as upon Presiding Administrative Law Judge Corbett.

If you have any questions concerning the enclosed documents, please direct them to me. Thank you for your attention to this matter.

Very truly yours,

Todd S. Stewart

TSS/bes
Enclosures
cc: Attached Certificate of Service
Honorable John H. Corbett, Jr., ALJ

DOCUMENT FOLDER

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	)	
v.	)	Docket No. R-00974104
Duquesne Light Company Application to approve restructuring plan pursuant to 66 Pa. C.S. § 2806(d)	)	

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FIRST JOINT STIPULATION

Pursuant to an agreement of all parties to this case and as required by the Sixth Interim Order issued by the Presiding Judge on December 30, 1997, Duquesne Light Company ("Duquesne") and the intervenor parties hereby agree and stipulate to the following:

1. Each party to this Stipulation agrees that the testimony and exhibits itemized on the Stipulation Exhibits attached hereto shall be admitted into the record of this case.

2. Each party to this Stipulation agrees to waive its right to cross-examine the witnesses sponsoring the testimony and exhibits itemized on the Stipulation Exhibits attached hereto.

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3. Each party to this Stipulation agrees to execute a copy of this Stipulation by causing counsel of record for each party (or the party itself if that party is unrepresented by counsel) to place its signature on the appropriate line below. Each party further agrees to file an executed version thereof with the Commission's Secretary and Prothonotary at the time it submits two copies of its testimony and exhibits to the Secretary and Prothonotary, as prescribed by the Sixth Interim Order.

Counsel for Duquesne Light: _____
John S. Moot

Counsel for Intervenor Party: _____

Name of Intervenor Party: MAPSA

Dated: January 7, 1998

FIRST JOINT STIPULATION
INDICES OF TESTIMONY & EXHIBITS

Exhibit No.	Description
1	City of Pittsburgh
2	Duquesne Industrial Intervenors (DII)
3	Enron Power Marketing, Inc. (ENRON)
4	Environmentalists (ENV)
5	Hospital Shared Services & Administrative Resources, Inc. (HSS/ARI)
6	International Brotherhood of Electrical Workers (IBEW)
7	Mid-Atlantic Power Supply Association (MAPSA)
8	New Energy Ventures (NEV)
9	Office of Business Advocate (OSBA)
10	Office of Consumer Advocate (OCA)
11	Office of Trial Staff (OTS)
12	Pennsylvania Retailers Association (PRA)

FIRST JOINT STIPULATION
EXHIBIT NO. 1

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
DUQUESNE LIGHT COMPANY

Application of Duquesne Light Company
for Approval of a Restructuring Plan
Under Section 2806 of the Public Utility Code
Docket No. R-00974104

CITY OF PITTSBURGH
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Brief Description
City Statement No. 1	Direct Testimony of Christopher D. Seiple (addressing issues pertaining to the Company's general overview/recovery plan and stranded costs).
City Exhibit No. 1	Resource Data International Background & History.
City Exhibit No. 2	RDI Market & Competitor Intelligence
City Exhibit No. 3 (incl. Tables 1-3)	Capacity Factor Analysis
City Exhibit No. 4	Delivered Output Analysis
City Exhibit No. 5	Early Plant Shutdown Savings Analysis
City of Pittsburgh, *et al.* Statement No. 2	Direct Testimony of Roger D. Colton (addressing issues pertaining to universal service, low income programs. energy conservation, consumer education, and phase-in).
Exhibit RDC-1	Resume of Roger D. Colton
Exhibit RDC-2	Summary of Colton electricity restructuring experience.
Exhibit RDC-3	Summary of Colton experience pertaining to design of low-income affordability programs.
Exhibit RDC-4	Number and Percent of LIHEAP Recipients by Income Range and Annual Electric Burdens.
Exhibit RDC-5	Recommendations pertaining to utility universal service programs which can help increase incomes of low-income consumers.
Exhibit RDC-6	Estimate of Universal Service Costs at 50 Percent CAP Participation.

Exhibit RDC-7	Summary of Universal Service Recommendations.
Exhibit RDC-8	Recommendations for Consumer Research section of an Education Plan
Exhibit RDC-9	Model 4-Phase Consumer Education Program
Exhibit RDC-10	Proposed Evaluation Process for Consumer Education Activities
Exhibit RDC-11	Summary of Consumer Education Recommendations
Exhibit RDC-12	Proposed Budget for Universal Service Programs

FIRST JOINT STIPULATION
EXHIBIT NO. 2

DUQUESNE INDUSTRIAL INTERVENORS
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
DII Statement No. 1	***Direct Testimony of Stephen J. Baron (Summary of Stranded Cost Analysis; Regulatory Policy Issues; Rate Design Issues)***		
Exhibit SJB-1	Expert Testimony Appearances		
Exhibit SJB-2	DII Summary of Recommended Stranded Costs		
Exhibit SJB-3	Example of DII Stranded Generation Sharing Analysis		
Exhibit SJB-4	DII Calculation of Adjusted Rate of Return		
Exhibit SJB-5	DII Summary of Estimated CTC Revenues by Rate Class		
Exhibit SJB-6	DII Load-weighted Market Prices		
Exhibit SJB-7	DII Unbundling Analysis for Rate RS		
Exhibit SJB-8	DII Unbundling Analysis for Rate L		
Exhibit SJB-9	DII Unbundling Analysis for Rate HVPS		

DUQUESNE INDUSTRIAL INTERVENORS
INDEX OF TESTIMONY AND EXHIBITS
Page 2 of 4

Exhibit	Description	Date Identified	Date Admitted
DII Statement No. 1R	**Rebuttal Testimony of Stephen J. Baron (Universal Service Cost Recovery Mechanism; Issues Regarding the Calculation of Market Prices and Stranded Cost; Response to OCA Regarding Unbundling Issues)**		
DII Statement No. 1S	***Surrebuttal Testimony of Stephen J. Baron (Responses to Company Witnesses Regarding Divestiture, Stranded Cost Sharing, CTC Calculation, and Rate Design Issues; Response to OSBA Witness Regarding CTC Calculation and Recovery)***		
DII Statement No. 2	**Direct Testimony of Randall J. Falkenberg (Calculation of Company Generation Stranded Cost; Analysis of Duquesne and ECAR Market Prices)**		
Exhibit RJF-1	Qualifications of Randall J. Falkenberg		
Exhibit RJF-2	Production Cost Model Studies and Benchmarks		
Exhibit RJF-3	Comparison of Market Price Model Results of K&A Model v. MAPS, IPM and PMDAM		
Exhibit RJF-4	DII Calculation of Company's Annual Revenue Requirements for Generation		
Exhibit RJF-5a	DII Total Generation Stranded Cost Calculation		
Exhibit RJF-5b	DII Calculation of Net Present Value of Contribution Margins		
Exhibit RJF-5c	DII Summary of Market Prices, Fuel Cost, Operating Margin and Generation by Plant		

DUQUESNE INDUSTRIAL INTERVENORS
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
DII Statement No. 2S	**Surrebuttal Testimony of Randall J. Falkenberg (Updated Calculation of Generation Stranded Costs; Responses to Company Witnesses Regarding Market Price Forecasts)**		
Exhibit RJF-6a	DII Updated Total Generation Stranded Cost Calculation		
Exhibit RJF-6b	DII Updated Calculation of Net Present Value of Contribution Margins		
Exhibit RJF-6c	DII Updated Summary of Market Prices, Fuel Cost, Operating Margin and Generation by Plant		
DII Statement No. 3	**Direct Testimony of Lane Kollen (Regulatory Assets; Transition Costs; Fossil Decommissioning; Nuclear Decommissioning; Securitization)**		
Exhibit LK-1	Resume of Lane Kollen		
Exhibit LK-2	Excerpts from Company Exhibits Illustrating Double Counting of FAS 109 Asset Related to Perry and Beaver Valley 1		
Exhibit LK-3	Excerpt from Company First Quarter 1997 SEC 10-Q Related to Deferred Coal		
Exhibit LK-4	Net Present Value of Deferred Rate Synchronization Costs at 12/31/98		
Exhibit LK-5	Duquesne Nuclear Decommissioning for Stranded Cost and Revenue Requirement (Beaver Valley 1, Beaver Valley 2, and Perry)		

DUQUESNE INDUSTRIAL INTERVENORS
INDEX OF TESTIMONY AND EXHIBITS
Page 4 of 4

Exhibit	Description	Date Identified	Date Admitted
DII Statement No. 3S	***Surrebuttal Testimony of Lane Kollen (Responses to Company Witnesses Regarding Stranded Cost Methodology, Unamortized Debt Costs, Beaver Valley 2 Sale/Leaseback Refinancing Premium, Preaccrued Nuclear Outages, Deferred Employee Costs, Deferred Coal SFAS 106, Deferred Rate Synchronization Costs, Fossil Decommissioning, Securitization)***		
DII Cross Exh. 1	Response of Company Witness Hoffmann to Environmentalists' Interrogatories Set I, Number 23	12/18/97	12/18/97
DII Cross Exh. 2	Response of Company Witness Hoffmann to On-the-Record Data Request Concerning Customer Segment Contribution to Non-Coincident Peak Load		
DII Cross Exh. 3	Response of Company Witness Hoffmann to On-the-Record Data Request Concerning Mining, Construction, and Agriculture Customer Segments		

DII Cross Exhibit 2

Docket No. R-00974104

On-the-Record Data Request
Witness: Hoffmann

DUQUESNE LIGHT COMPANY

On-the-Record Data Requests

3. Provide a non-coincident peak calculation in form that is analogous to the coincident peak calculation provided in response to Data Request ENV-1-23.

Response:

Attached is a modified version of DLC's response to ENV-1-23 which list the non-coincidental peak load contribution for each customer group/segment associated with the proposed phase-in methodology.

Non-Coincidental Peak Load Contribution by Customer Class and Segment

Customer Class	Customer Group/Segment	Non-Coincidental Peak Contribution	Percentage Contribution to Non-Coincidental Peak
Residential	Group A - Accumulated Wealth	41	1.14%
	Group B - Mainstream Families	374	10.42%
	Group C - Mainstream Singles	273	7.60%
	Group D - Conservative Classics	49	1.36%
	Group E - Sustaining Families	49	1.36%
	Group F - Sustaining Singles	65	1.82%
	Group G - All Others	21	0.58%
	Subtotal Residential	**871**	**24.28%**
Commercial	Utility Services	155	4.33%
	Wholesale Trade	53	1.47%
	Retail Trade - Food	71	1.99%
	Retail Trade - Restaurants	85	2.36%
	Retail Trade - Merchandise	177	4.94%
	Office Buildings	399	11.13%
	Healthcare	142	3.95%
	Education	214	5.98%
	Services	283	7.89%
	Government	82	2.29%
	Small Business	324	9.04%
	Subtotal Commercial	**1,986**	**55.36%**
Industrial	Industrial - Chemical	68	1.88%
	Industrial - Plastic	14	0.39%
	Industrial - Glass	39	1.08%
	Industrial - Steel	449	12.52%
	Industrial - Other	161	4.48%
	Subtotal Industrial	**730**	**20.36%**
	TOTALS	**3,587**	**100.00%**

DUQUESNE LIGHT COMPANY

On-the-Record Data Requests

4. Provide breakdown of numbers for mining, construction and agriculture segments on FAH-4 in a manner comparable to that provided in response to ENV-1-23.

Response:

The market segments listed on FAH-4 as "Mining" and "Construction" are classified as "Industrial-Other" on the response to ENV-1-23. Similarly, "Agriculture" was classified within the "services" market segment.

FIRST JOINT STIPULATION
EXHIBIT NO. 3

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
DUQUESNE LIGHT COMPANY

Application for Approval of a Restructuring Plan
Pursuant to 66 Pa. C.S. § 2806(d)
Docket No. R-00974104

ENRON POWER MARKETING, INC.
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
Enron Cross Examination Exhibit No. 1	CFR Uniform System of Accounts: Accounts 908 and 909.	12/17/97	12/17/97
Enron Statement No. 1	**Direct Testimony of James D. Steffes** General overview of competitive services; the Portland General Code of Conduct.		
Exhibit 1 JDS-1	Market share of utilities/affiliates in Retail Access Programs.		
Exhibit 1 JDS-2	Portland General Electric Company Tariff Code of Conduct.		
Exhibit 1 JDS-3	Market share of affiliates in Retail Access Programs.		
Enron Statement No. 2	**Direct Testimony of Paul D. Reising** Rates for unbundled services of Transmission, Ancillary, Energy Delivery and Revenue cycles separately computed and stated.		
Exhibit 2 PDR-1	Educational and employment background of P.D. Reising.		
Exhibit 2 PDR-2	Definition and Description of Ancillary Services.		

Exhibit 2 PDR-3	Summary of Functional Costs.		
Exhibit 2 PDR-4	EPMI Proposed Class Rates		
Exhibit 2 PDR-5	EPMI Class Cost Summary		
Exhibit 2 PDR-6	pro forma Distribution Services Tariff		
Exhibit 2 PDR-7	Energy Delivery Rate Design		
Enron Statement No. 3	**Direct Testimony of Jeffrey A. Brown** Non-wire services, metering, meter-reading, billing and information services. "Open architecture" communication systems.		
Exhibit 3 JAB-1	Customer Account Services: Billing System Opportunities (representative example)		
Exhibit 3 JAB-2	Customer Account Services: Third Party Billing Services (representative example)		
Exhibit 3 JAB-3	Non-Wire Products and Services: "Endless Possibilities"		
Exhibit 3 JAB-4	Non-Wire Communications Network: Conceptual Model		
Exhibit 3 JAB-5	Metering and Billing Cycle		
Enron Statement No. 4	**Direct Testimony of Gayle Muench** Unbundling of billing and bill format; billing options ("Supplier Complete Bill Option"); phase-in of competition; customer selection and "slamming"; customer information ("Customer Education Program"); Duquesne's Universal Service Program in a competitive environment.		
Exhibit 4 GM-1	DQE Position on Competition		
Exhibit 4 GM-2	DQE Overview of Competition		
Enron Statement No. 5	**Direct Tetsimony of Lynn R. Coles** "Pro Forma Supplier Tariff." Access to point-to-point transmission service. EDC charges; minimum contract periods; planning reserves.		

Exhibit 5 LRC-1	Summary of educational background and general experience in electric utility industry.		
Exhibit 5 LRC-2	Proposed Electric Generation Supplier Tariff.		
Exhibit 5 LRC-3	GPU Market Line: Energy market prices; viability payments, all-in market line; market clearing prices.		
Enron Statement No. 1.1	**Surrebuttal Testimony of James D. Steffes** Response to Duquesne witnesses Hoffman and Allison.		
Enron Statement No. 2.1	**Surrebuttal Testimony of Paul D. Reising** Responses to rebuttal testimony of Duquesne witness Lahtinen; IBEW witness Moran; and OCA witness Alexander.		
Exhibit 2.1 PDR-8	Revised functional cost of service summary.		
Exhibit 2.1 PDR-9	Revised versions of class-based T & D charges (original Exhibit 2 PDR-4).		
Exhibit 2.1 PDR-10	Revised versions of voltage differentiated rates (original Exhibit 2 PDR-5).		
Enron Statement No. 3.1	**Surrebuttal Testimony of Jeffrey A. Brown** Responses to Duquesne witness Allison; and IBEW witnesses Schmidt and Moran.		
Enron Statement No. 4.1	**Surrebuttal Testimony of Gayle Muench** Responses to Duquesne witnesses Allison, Hoffman and Flynn; OCA witness Alexander; and IBEW witness Moran.		
Enron Statement No. 5.1	**Surrebuttal Testimony of Lynn R. Coles** Responses to rebuttal testimony of IBEW witness Moran; and witnesses Irvin and Karl.		

FIRST JOINT STIPULATION
EXHIBIT NO. 4

Roger E. Clark, Esq.

Attorney for The Environmentalists

905 Denston Drive
Ambler, PA 19002-3901
phone: 215.643.2364
fax: 215.628.2630
e-mail: rclark@libertynet.org

January 7, 1998

John Moot
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005-2111

Re: Duquesne Light Company Application for Approval of a Restructuring Plan, Docket No. R-0097104.

Dear Mr. Moot:

Thank you for catching our oversight regarding Roger Colton's surrebuttal testimony. In accordance with the Sixth Interim Order issued by Judge Corbett on December 30, 1997, I am sending you the following updated index of the Environmentalists' testimony and exhibits in the above-referenced proceeding:

Exhibit	Description	Date Identified	Date Admitted
Environmentalists' Statement No. 1	Direct Testimony of David Schoengold		
Ex. DS-1	Resume of David Schoengold		
Ex. DS-2	*Environmentalists' Vision for the New Electricity Marketplace*		
Ex. DS-3	Return on the Investment to Date for Stockholders		
Ex. DS-4	Total Return to Date for Stockholders		
Ex. DS-5	Methodology for Determining Total Return Of and On Investment for Stockholders Through End of Transition Period		
Ex. DS-6	Proposed Draft for Net Billing Tariff		

Environmentalists' Index of Testimony and Exhibits
January 7, 1998
Page 2

Environmentalists' Statement No. 1-S	Surrebuttal Testimony of David Schoengold		
Environmentalists' Statement No. 2	Direct Testimony of Bruce Biewald		
Ex. BEB-1	Resume of Bruce Biewald		
Ex. BEB-2	Graph of TLG Decommissioning Estimates: 1977-1995		
Ex. BEB-3	*Full Environmental Disclosure for Electricity: Tracking and Reporting Key Information*, March 1997		
Ex. BEB-4	Better Choice Plan - Three Examples		
Environmentalists' Statement 2-S	Surrebuttal Testimony of Bruce Biewald		
Ex. BEB-5	Economic Analysis of Duquesne Light Company's Perry 1 Investment		
Ex. BEB-6	Economic Analysis of Duquesne Light Company's Beaver Valley 2 Investment		
Ex. BEB-7	Assumptions for Economic Analysis for Perry 1 and Beaver Valley 2		
City of Pittsburgh *et al.* Statement No. 2 (cosponsored with the Environmentalists)	Direct Testimony of Roger Colton		
Ex. RDC-1	Resume of Roger Colton		
Ex. RDC-2	Summary of Roger Colton's Restructuring Work		
Ex. RDC-3	Summary of Roger Colton's Energy Efficiency Work		
Ex. RDC-4	Number and Percentage of LIHEAP Recipients by Income Range		

Environmentalists' Index of Testimony and Exhibits
January 7, 1998
Page 3

Ex. RDC-5	Summary of the BOSS and Earned Income Tax Credit Outreach		
Ex. RDC-6	Estimate of Universal Service Program Costs		
Ex. RDC-7	Summary of Universal Service Recommendations		
Ex. RDC-8	Summary of Consumer Research Section of Consumer Education Plan		
Ex. RDC-9	Four Phase Consumer Education Program		
Ex. RDC-10	Consumer Education Evaluation Process		
Ex. RDC-11	Summary of Consumer Education Recommendations		
Ex. RDC-12	Proposed Universal Service Budget		
City of Pittsburgh *et al.* Statement No. 3-S (cosponsored with the Environmentalists)	Surrebuttal Testimony of Roger Colton		
Ex. RDC-1-S	Memorandum of Residential Mobility and the Low Income Consumer		
Ex. RDC-2-S	Prepayment Meters and Low Income Consumers		

I have also sent this document to you by e-mail at "jmoot@skadden.com". Copies of this letter are being served on all parties of record by facsimile.

Sincerely,

Roger E. Clark

Roger E. Clark
Attorney for the Environmentalists

Copies: All parties of record

FIRST JOINT STIPULATION
EXHIBIT NO. 5

HSS AND ARI
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	Description	Date Identified	Date Admitted
	Prepared Direct Testimony of Dr. Robert B. Weisenmiller, Volume I		
RBW-1	Supplemental Response to Item Nos. HSS-1-001, 21 (Supp.), etc. (corrections to Duquesne's case-in-chief)		
RBW-2	Skadden, Arps letter forwarding narrative prepared by Northbridge Group regarding discovery requests HSS-3-008 and HSS-3-009		
RBW-3	"Generating Assets," April 1995 (Duquesne study re: possible sales of its generating assets)		
RBW-4	Chart, "Best Practices Reduce Total Personnel By 45%"		
RBW-5	Duquesne Fossil Generating Business Unit, Development of a GENCO, Dec. 1996		
RBW-6	Presentation to Project Lead Team - Project Update, July 15, 1996		
RBW-7	Presentation to Project Lead Team - Preliminary Valuation and Operating Cost Allocation, August 5, 1996		
RBW-8	Presentation to Project Lead Team - Asset Valuation and Strategic Options, August 16, 1996		
RBW-9	Presentation to Project Lead Team - Regulatory Recommendations and GENCO Structure, Sept. 13, 1996		
RBW-10	CS First Boston, Materials Prepared for Discussion, Nov. 21, 1996		
RBW-11	Charts, "Generating Costs For Duquesne"		
RBW-12	Table, To Go Cost of Generation, etc.		
RBW-13	Chart, Duquesne System Lambda, 1996		
RBW-14	Duquesne Response to Interrogatory No. HSS-1-72/73 (revised) and attachments (re: RFP bids, etc.)		
RBW-15	Duquesne letter regarding RFPs and bid forms		

Exhibit	Description	Date Identified	Date Admitted
RBW-16	Duquesne Response to Interrogatory No. HSS-1-016 (revised) (Testimony of D.W. Marshall, Investigation into Electric Power Competition, I-940032, filed Nov. 6, 1995)		
RBW-17	West Penn Power Docket No. R-00973981 Interrogatories (AYP Energy, Inc.'s RFP bids)		
RBW-18	Duquesne Response to Interrogatory No. OCA-3-016 (current ECR charge is 12.822 mill/kWh)		
RBW-19	Duquesne Response to Interrogatory No. HSS-1-026		
RBW-20	Excerpts from Alexander Galatic, Written Rebuttal Testimony on Behalf of West Penn Power Company		
RBW-21	Duquesne's Response to HSS-1-015 (revised) -- **Protected Materials**		
RBW-22	Duquesne's Response to HSS-1-015 (revised) -- **Protected Materials**		
RBW-23	Duquesne Response to Interrogatory No. OCA-3-001 (credit rating reports)		
RBW-24	Table, Utility Comparison		
RBW-25	Chart, Ranking of DLCo & APS Coal Plants with PJM Coal Plants, Based on Total Expenditures per Net MWh - 1995		
RBW-26	A Report on The Review of Potential Stranded Costs, Duquesne Light Company, August 1997		
RBW-27	Duquesne Response to Interrogatory No. DH-1-28 (settlement agreement between GE and *inter alia*, Duquesne)		
RBW-28	Executive Summary, Duquesne Light Company (1996 rating agency presentation)		
RBW-29	Tables, DQE 12-month Results; Continued Earnings and Dividend Growth; Consistent Financial Performance -- NatWest Securities Mid-Atlantic/New England Utility Seminar, Sept. 23, 1997		
RBW-30	Duquesne Financial, Sales and Operating Information (1996 rating agency presentation)		
RBW-31	Duquesne Rating Agency Presentation, August 1996		

Exhibit	Description	Date Identified	Date Admitted
RBW-32	Duquesne Response to Interrogatory Nos. HSS-3-01 and HSS-3-02 (explanation of ratepayer benefits)		
RBW-33	Duquesne Response to Interrogatory No. OCA-1-007 (regulatory assets and decommissioning expenses)		
RBW-34	Duquesne Response to Interrogatory No. HSS-1-044 (regulatory assets in rate base)		
RBW-35	Duquesne Response to Interrogatory No. HSS-1-043 (Supp.) (authorization for claimed regulatory assets: excerpts from 860378 order)		
RBW-36	Duquesne Response to Interrogatory No. HSS-1-043 (Supp.) (authorization for claimed regulatory assets: excerpts from R-870222 order)		
RBW-37	Duquesne Response to Interrogatory of David Hughes Set I, Item No. DH-1-10 (excerpts from Duquesne's 1995 and 1995 Form 10-Ks)		
RBW-38	Duquesne Response to Interrogatory No. HSS-1-030 (revised) (excerpts from Ft. Martin amended proposal re: deferred costs)		
RBW-39	Excerpts from Duquesne 1996 Form 10-K		
RBW-40	Excerpts from Duquesne Response to Interrogatory No. DH-1-18 (Feb. 17, 1983 letter to Duquesne Shareholders)		
RBW-41	Duquesne Response to Interrogatory No DH-1-10 (excerpts from Duquesne's 1995 and 1995 Form 10-Ks)		
RBW-42	Duquesne Response to Interrogatory No. OCA-1-040 (Brunot Island rate base treatment)		
RBW-43	Duquesne Response to Interrogatory No. OCA-3-042 (Brunot Island and Phillips units--no plans to return cold service units to service)		
RBW-44	Duquesne Response to Interrogatory No. ENV-1-024 (excerpts from Sept. 1997 Integrated Resource Plan)		
RBW-45	Duquesne Response to Interrogatory No. HSS-3-03 (excerpts from Pennsylvania PUC Order in P-900485)		
RBW-46	Duquesne Response to Interrogatory No. OCA-1-018 (future use or sale of Brunot Island and Phillips units)		

Exhibit	Description	Date Identified	Date Admitted
RBW-47	Duquesne Response to Interrogatory No. OCA-1-008 (Chart, Annual Amortization Amounts)		
RBW-48	Table, All-In Costs of Combined Cycle Plants		
RBW-49	Duquesne Response to Interrogatory No. HSS-1-091 (Schnitzer's natural gas market price forecasts)		
RBW-50	Tables, Wellhead (lower 48) Natural Gas Price Projections (1995)		
RBW-51	Duquesne Response to Interrogatory No. HSS-2-38 (gas transportation costs forecast)		
RBW-52	Duquesne Response to Interrogatory No. HSS-2-34 (2.5% inflation factor sources)		
RBW-53	Table, Percent Change from Previous Period--GDP PPD		
RBW-54	Excerpts from Duquesne Resource Planning Report, July 1, 1996		
RBW-55	Presentation to Project Lead Team - Preliminary Recommendations, August 30, 1996		
RBW-56	Presentation to DQE, Inc. Regarding the Sale of Certain Generating Assets, June 16, 1995		
RBW-57	Table, Comparison of Estimates of Market-Clearing Prices		
	Prepared Surrebuttal Testimony of Dr. Robert B. Weisenmiller, Volume IV		
RBW-58	Presentation to Gary Brandenberger - Draft Presentation for Fall Planning Council, Sept. 5, 1996 (Metzler)		
RBW-59	Presentation to Gary Brandenberger - Draft Presentation for Fall Planning Council, Sept. 5, 1996 (Metzler)		
RBW-60	Petition of Duquesne to discontinue normal operation of Phillips Power Station, South Heights, Pennsylvania		
RBW-61	Calpine Acquires 120 MW Gas-Fired Facility, Non-Nuclear Electric Power Generation, etc.		

Exhibit	Description	Date Identified	Date Admitted
RBW-62	Errata to Prepared Testimony of Dr. Robert B. Weisenmiller		

RBW-62

ERRATA

The following corrections should be made to the testimony of Dr. Robert B. Weisenmiller:

(a) Prepared Direct Testimony:

1. At page 41, line 12, after "effect." insert "See Exh. RBW-18."

2. At page 118, line 16, change "West Penn's" to read "Duquesne's".

3. At page 123, line 5, change "EIA, Penelec, PECO, AYP" to read "EIA, Penelec, AYP".

(b) Prepared Surrebuttal Testimony:

1. At page 1, add the following entities to the list of HSS and ARI members sponsoring Dr. Weisenmiller's testimony:

South Hills Health System (all locations)
University of Pittsburgh Medical Center (all locations)

FIRST JOINT STIPULATION
EXHIBIT NO. 6

SYSTEM COUNCIL U-10, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	*Description*	*Date Identified*	*Date Admitted*
IBEW Statement No. 1	**Rebuttal Testimony of Timothy Moran** **(Generation suppliers should not be allowed to provide metering, billing, and other customer service functions. Duquesne should not be required to sell or shut down any of its power plants.)**		
Schedule TM-1	Rebuttal testimony of William Schmitt from the PP&L Restructuring Case		
Schedule TM-2	Number of Duquesne Light Company employees by year from 1986-1996 (HSS-2-017)		
Schedule TM-3	Duquesne Light Company Distribution of Salaries and Wages for 1996 (FERC Form 1, pages 354-355)		

FIRST JOINT STIPULATION
EXHIBIT NO. 7

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
DUQUESNE LIGHT COMPANY

Application for Approval of a Restructuring Plan
Pursuant to 66 Pa. C.S. §2806(d)
Docket No. R-00974104

INDEX OF MAPSA TESTIMONY AND EXHIBITS

Exhibit	*Description*	*Date Identified*	*Date Admitted*
MAPSA Statement No. 1	Direct Testimony of Whitfield A. Russell (Addressing competitive issues raised by Duquesne's Customer Choice Plan)		
Exhibit WAR-1	Whitfield A. Russell Curriculum Vitae		
Exhibit WAR-2	Chart Showing Monthly Firm Available Transmission Capacity for Allegheny Power		
Exhibit WAR-3	1996 Duquesne System Lambda		
Exhibit WAR-4	Calculation of Duquesne CGC Based Upon 1999 CCGT [1]		
Exhibit WAR-5	ERRATA to Prepared Direct Testimony of Whitfield A. Russell		
MAPSA Statement No.1-SR	Prepared Surrebuttal Testimony of Whitfield A. Russell		

FIRST JOINT STIPULATION
EXHIBIT NO. 8

INDEX OF TESTIMONY AND EXHIBITS
OF INTERVENOR NEV EAST, L.L.C.,
SUBMITTED PURSUANT TO SIXTH INTERIM ORDER

Statement/Exhibit	*Description*
NEV Statement No. 1	Direct Testimony of David Magnus Boonin (regarding the unbundled rate for generation, CTC methodology, unbundling of all tariffs, and billing and metering issues)
Exhibit NEV/DMB #1	Resume of David Magnus Boonin
Exhibit NEV/DMB #2	Chart setting forth methodology for reconciling the CTC
NEV Statement No. 2	Direct Testimony of Nancy I. Day (regarding the importance of unbundling distribution services to the formation of a competitive energy market)
Exhibit NEV/NID #1	Resume of Nancy I. Day

*Pursuant to the December 30, 1997 Order of Administrative Law Judge John H. Corbett, Jr. and agreement of the parties, the foregoing testimony will be admitted into the record by stipulation and without cross-examination.

FIRST JOINT STIPULATION
EXHIBIT NO. 9

OFFICE OF SMALL BUSINESS ADVOCATE
INDEX OF TESTIMONY AND EXHIBITS

Statement/Exhibit	Description
OSBA Statement No. 1*	Direct testimony and Exhibit of Brian Kalcic (recommending adjustments in Duquesne's distribution-related revenue requirements and its rate redesign plan, and offering comments on Duquesne's proposed Phase-In plan.)
OSBA Exhibit No. 1* (with Schedules BK-1, BK-2 and BK-3)	Schedules summarizing Duquesne's functionalized revenue requirements including OSBA's proposed adjustments
OSBA Statement No. 1R**	Rebuttal Testimony and Exhibit of Brian Kalcic (addressing issues raised by other witnesses regarding the pace of stranded cost recovery, the determination of CTC, allocation of universal service costs and proposals for phase-in)
OSBA Exhibit No. 1R** (Schedule BK-1R)	Amortization of DII recommended stranded costs over 4 versus 7 years
OSBA Statement No. 1S***	Surrebuttal Testimony of Brian Kalcic (responding to Co. witness Lahtimen regarding use of realized rather than claimed rate of return for unbundling rates and DII witness Baron regarding allocation of CTC revenue responsibility to all classes)

* Served November 7, 1997
** Served December 2, 1997
*** Served December 11, 1997

FIRST JOINT STIPULATION
EXHIBIT NO. 10

OFFICE OF CONSUMER ADVOCATE
INDEX OF TESTIMONY AND EXHIBITS

Exhibit	*Description*	*Date Identified*	*Date Admitted*
OCA Statement No. 1	**Direct Testimony of Matthew L. Kahal (Evaluation of Duquesne's proposed stranded cost plan)**		
Schedule MIK-1	OCA Overall Stranded Cost Summary		
Schedule MIK-2	Excess Pre-Tax Earnings During Transition Period		
Schedule MIK-3	Retail Rate Comparisons for 1996		
Schedule MIK-4	DRI vs. Duquesne Inflation Rate Forecasts		
Schedule MIK-5	Derivation of the Discount Rate		
Schedule MIK-6	Productivity Enhancement Savings		
Schedule MIK-7	PECO and West Penn Power Life-Extension Costs for Coal Plants		
Schedule MIK-8	Cheswick Life Extension Costs and Net Benefits		
Schedule MIK-9	Generation Net Merger		
OCA Statement No. 1S	**Surrebuttal Testimony of Matthew L. Kahal (Response to Rebuttal Testimony on stranded cost issues)**		
Schedule MIK-1 UPDATE	OCA Overall Stranded Cost Summary		
Schedule MIK-6 UPDATE	Productivity Enhancement Savings		
Schedule MIK-10	Projected Pre-Tax Operating Losses During Transition		
OCA Statement No. 2	**Direct Testimony of Douglas C. Smith (Market Price Analysis)**		
Exhibit DCS-1	Resume of Douglas C. Smith		
Exhibit DCS-2A	New Combined Cycle Non-Fuel Cost Assumptions		

Exhibit DCS-2B	New Combustion Turbine Non-Fuel Cost Assumptions		
Exhibit DCS-3	Spring 1997 DRI Fuel Price Escalation Rates		
Exhibit DCS-4	APS-DQL Market Price Estimate		
Exhibit DCS-5	DQL Weighted Generation Price		
OCA Statement No. 2S	**Surrebuttal Testimony of Douglas C. Smith (Response to rebuttal testimony on market price issues)**		
OCA Statement No. 3	**Direct Testimony of Thomas S. Catlin (Regulatory asset issues, nuclear and fossil decommissioning, taxes and other transition costs)**		
Schedule TSC-1	Summary of Regulatory Assets and Other Transition Expenses		
Schedule TSC-2	Summary of Decommissioning Funding Requirements as of 12/31/98		
OCA Statement No. 3S	**Surrebuttal Testimony of Thomas S. Catlin (Response to rebuttal testimony on prescribed nuclear outage costs and unamortized debt costs)**		
OCA Statement No. 4	**Direct Testimony of Lee Smith (Rate design, unbundling, cost allocation, and CTC design)**		
Exhibit LS-1	Summary of Qualifications and Experience		
Exhibit LS-2	Calculation of Market Price		
Exhibit LS-3	1996 Administrative & General Expenses		
Exhibit LS-4	Retail Cost of Service CTC Proposal		
Exhibit LS-5	Retail CTC/Calculation of Levelized CTC		
Exhibit LS-6	Unbundled Rate Design Residential - Rate RS		
OCA Statement No. 4S	**Surrebuttal Testimony of Lee Smith (Response to testimony on treatment of ancillary service costs, line losses, A&G adder, and rates of return)**		
Exhibit LS-7	Revised LS-4 (Retail Cost of Service)		

Exhibit LS-8	Revised LS-2 (Calculation of Market Price)		
Exhibit LS-9	Revised LS-5 (Retail CTC)		
Exhibit LS-10	Revised LS-6 (Unbundled Rate Design)		
OCA Statement No. 5	**Direct Testimony of Barbara Alexander (Consumer education and consumer protection issues)**		
Exhibit BA-1	Resume of Barbara Alexander		
Exhibit BA-2	Vermont Consumer Information and Education Plan		
Exhibit BA-3	California Statewide Consumer Education Plan		
Exhibit BA-4	Massachusetts Department of Public Utilities Code of Conduct		
OCA Statement No. 5R	**Rebuttal Testimony of Barbara Alexander (Response to testimony on provision of generation services to default customers and supplier-only bill option)**		
OCA Statement No. 5S	**Surrebuttal Testimony of Barbara Alexander**		
Exhibit BA-S-1	Executive Summary of New Hampshire Pilot Program Survey Report		
Exhibit BA-S-2	CAPUC Fact Sheets on Consumer Education Plan		
Exhibit BA-S-3	Recommendations of the Maine Consumer Education Advisory Board		
OCA Statement No. 6	**Direct Testimony of Nancy Brockway (Universal Service Issues)**		
Exhibit NB-Duq-1	Resume and Curriculum Vitae of Nancy Brockway		
Exhibit NB-Duq-2	Duquesne Estimation of Potential CAP Eligible Customers		
Exhibit NB-Duq-3	Universal Service Costs - Per kWh Allocator		
Exhibit NB-Duq-4	Development of Non-Production Revenue Allocator		

OCA Statement No. 6S	**Surrebuttal Testimony of Nancy Brockway (Universal Service Issues)**		

FIRST JOINT STIPULATION
EXHIBIT NO. 11

Pennsylvania Public Utility Commission
v.
Duquesne Light Company

Docket No. R-00974104

Index* of OTS Testimony And Exhibits Not Yet Admitted

Exhibit	Description	Date Identified	Date Admitted
OTS Statement No. 3	Direct Testimony of Paul M. Yarolin (concerning Universal Service and rate unbundling)		
OTS Cross Examination Exhibit No. 3	On-the-Record Data Request Response (O'Brien Number 1) concerning the difference in balances associated with cold reserve units		
OTS Cross Examination Exhibit No. 4	On-the-Record Data Request Response (O'Brien Number 4) concerning recovery of decommissioning costs		
OTS Cross Examination Exhibit No. 5	On-the-Record Data Request Response (O'Brien Number 5)** concerning recovery of decommissioning costs		

* OTS reserves the right to request admission of additional exhibits upon receipt of all responses to On-the-Record Data Requests.

** OTS has requested that this On-the-Record Data Request Response be supplemented to properly respond to the request.

FIRST JOINT STIPULATION
EXHIBIT NO. 12

PENNSYLVANIA RETAILERS ASSOCIATION
INDEX OF TESTIMONY

EXHIBIT	DESCRIPTION	DATE IDENTIFIED	DATE ADMITTED
PRA Statement No. 1	Direct Testimony of Chris K. Albrecht (Phase-in Procedure for retail competition)		

COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DUQUESNE LIGHT COMPANY) Docket No. R-00974104

APPLICATION FOR APPROVAL OF
RESTRUCTURING PLAN UNDER SECTION 2806
OF THE PUBLIC UTILITY CODE

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PREPARED

DIRECT TESTIMONY

OF

WHITFIELD A. RUSSELL

NOVEMBER 7, 1997

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COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
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RESTRUCTURING PLAN UNDER SECTION 2806
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PREPARED

DIRECT TESTIMONY

OF

WHITFIELD A. RUSSELL

Q. What is your name and affiliation?

A. My name is Whitfield A. Russell. I am a public utility consultant and principal in Whitfield Russell and Associates, P.C., a corporate partner of Whitfield Russell Associates. I hold a Bachelor of Science degree in Electrical Engineering from the University of Maine at Orono, a Masters of Science in Electrical Engineering from the University of Maryland, and a Juris Doctor degree from Georgetown University Law Center. My complete resume and a description of cases on which I have worked are attached as Exhibit No. _____(WAR-1).

Q. On whose behalf are you testifying?

A. I am testifying on behalf of Mid-Atlantic Power Supply Association ("MAPSA").

Q. Who is MAPSA?

A. MAPSA is an association of power suppliers with an interest in the emerging electric power supply market within the Commonwealth of Pennsylvania and Mid-Atlantic region. MAPSA's members include power marketers, independent power producers and a broad range of companies who support the electric service industry. MAPSA members currently are preparing to participate in the retail access pilot programs of all the Pennsylvania PJM utilities. The Board of Directors of the Mid-Atlantic Power Supply Association has authorized the intervention of the Association in this proceeding. MAPSA's Board of Directors includes representatives of Air Products and Chemicals, Inc.; Atlantic Generation, Inc.; CNG Energy Services Corporation; Cogen Technologies, Inc.; NGC/Destec Energy, Inc.; DuPont Power Marketing, Inc.; The Eastern Group; Energy Investment Advisors; Enron Capital & Trade Resources; mc^2; Edison Source; Odyssey Strategies, Inc.; and U.S. Generating Company. The positions taken by MAPSA in this proceeding represent the position of MAPSA as an organization, but not necessarily the view of any particular member with respect to any specific issue.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address several issues involved in developing a truly competitive retail market for electric power and, in particular, the appropriate level of the competitive generation charge necessary to achieve a competitive environment in the provision of retail power in Pennsylvania.

Q. Please summarize your testimony.

A. It is my opinion that in several significant respects the Duquesne proposal is not in the public interest. Specifically:

- The Customer Generation Credit i.e., the "market price," proposed by Duquesne is so low as to preclude meaningful competition until the company is no longer collecting a Competitive Transition Charge ("CTC"). Stifling competition will have the effect of giving customers few, if any, choices of suppliers and service and is contrary to the express terms of the Act.

- Duquesne proposes to set the CGC and CTC with an RFP mechanism that will fail to reflect a true market because the RFP appears to have been designed with the intent of producing bids that are below the true market for wholesale power. Even a correctly determined wholesale market price will not be representative of the retail market price.

- The pending merger between APS and Duquesne has a large impact on the way Duquesne will operate in a restructured world. Specifically, Duquesne would have the ability to thwart competition by gaming its new relationship with Duquesne Light Company.

Q. Have you proposed modifications to the Duquesne proposal that if implemented, would result in the Duquesne proposal being in the public interest?

A. Yes, I have proposed that the Duquesne proposal be modified in the following ways:

- The Commission should set the market price at a level that will foster a robust and competitive market for retail electric service.

- The Duquesne proposal should be modified to remove the possibility of setting the CGC based upon an artificially low result that would be produced by the RFP process. Further, the competitive retail rate should reflect the actual costs incurred in serving retail load.

- The Commission should carefully scrutinize the merger of Duquesne and Duquesne, both in the proceedings currently before the Commission and the proceeding before the FERC. The Commission should not hesitate to insist upon a waiver, by Duquesne, of preemption claims on issues that are of concern to both the FERC and this Commission.

- The Commission should eliminate the opportunities for Duquesne to continue to exercise monopoly control by imposing uniform, comparable and non-discriminatory operational requirements on Duquesne and its competing suppliers.

Q. Please outline the general context in which regulators will be seeking to foster a competitive retail power market in Pennsylvania.

A. The new regime envisioned by the legislature is summarized in Section 2802(14) of an amendment to TITLE 66 which added a chapter to read:

> CHAPTER 28
> RESTRUCTURING OF ELECTRIC UTILITY INDUSTRY.
>
> This chapter requires electric utilities to unbundle their rates and services and to provide open access over their transmission and distribution systems to allow competitive suppliers to generate and sell electricity directly to consumers in this Commonwealth. The generation of electricity will no longer be regulated as a public utility function except as otherwise provided for in this chapter.

Q. Please continue.

A. Under the new regime, utilities will subdivide their total recovery of generation costs into two components: (i) the market price (the competitive generation cost or CGC) and (ii) other generation costs (the competitive transition charge or "CTC"). Once the market price has been set, a utility can continue to recover its other generation costs but must compete with other utilities to provide the market price component. Accordingly, because the CGC or market price is the target against which its competitors must

compete, utilities have an interest in maintaining a low market price. Generally speaking, the CTC will be used to pay down its stranded costs.

Q. How has the legislature defined stranded costs?

A. Section 2803 contains Definitions used in the legislation. It defines "Transition or stranded costs" as:

> An electric utility's known and measurable net electric generation-related cost determined on a net present value basis over the life of the asset or liability as part of its restructuring plan, which traditionally would be recoverable under a regulated environment but which may not be recoverable in a competitive electric generation market and which the Commission determines will remain following mitigation by the electric utility.

Q. Please summarize the problem of determining stranded cost.

A. The problem in a nutshell is how to determine the difference between

(i) the generation-related cost "which traditionally would be recoverable under a regulated environment but which may not be recoverable in a competitive electric generation market and which the Commission determines will remain following mitigation by the electric utility"

and

(ii) the actual market-based price.

One could rely upon experts to project future market prices, but, as noted in the Company's testimony, experts have proven remarkably unprescient in predicting future energy prices.

Duquesne proposes to resolve this problem of determining market price by conducting a series of "reverse RFPs" in which it will periodically offer its

power for sale (and execute sales contracts with the highest bidder) and use the highest price bid as evidence of the market price.

Q. What portions of Duquesne's plan are not in the public interest?

A. There are many such attributes and I have focused on several of the major ones. First and foremost, no divestiture of generation is proposed to determine with certainty the market value of Duquesne's generating assets. Without the certainty produced by divestiture, we can only guess at the market value of those assets. New England Power auctioned off its non-nuclear generation and obtained 150% of book value, reducing its stranded costs substantially. Secondly, under the proposed plan, Duquesne's CGC will be suppressed for reasons described below. A low CGC will discourage competition and could lead to excessive paydowns of stranded costs. So long as Duquesne is collecting its proposed CTC, Duquesne will face no meaningful competition for its retail loads. Under these circumstances any action of the vertically integrated utility which puts off the date on which the CTC terminates will harm competition. If, however, the CGC can be set at a level high enough to encourage lasting participation by competitors, the duration of the CTC will be less of a problem. Thus, the Commission should put its primary focus on setting the CGC at a level in the interim which will foster robust competition. Additionally, the Commission should ensure that the CGC is the rate charged by the utilities for standard offer service. Duquesne's testimony suggests that it may sell power at prices below the CGC on standard offer service. If Duquesne is allowed to do so, it will be able to forestall true and meaningful competition. Only Duquesne's unregulated marketing affiliate and non-affiliate suppliers should be permitted to compete directly for customers.

Duquesne will allow competitors to be eligible for only a small portion of the total generation rate (CTC + CGC) under the revenue cap which Duquesne obtains on its sale of generation. Unlike utilities, competitors are exposed to cost increases if the market price goes up. For utilities, however, the capped rates provide a buffer against unanticipated increases in market prices. Utilities alone can recover an amount over and above the market price to which their competitors are limited.

For example, Duquesne is permitted by the statute to collect its full generation capped rates of about 6 cents per KWH whereas competitors can charge no more than the CGC charge which Duquesne estimates should be about 1.8 cents per KWH. This 1.8 cents per KWH on average is approximately 20% of the customer's total bill. If a competitor offers a 20% discount off the proposed Duquesne CGC, the customer would realize only a 4% discount off its bill.

Q. Please elaborate on the adverse implications for the public interest of putting off indefinitely the day of reckoning on stranded cost.

A. Until Duquesne conducts a study of stranded cost in 2003, Duquesne does not propose to establish any definitive stranded cost. Because meaningful competition cannot begin with the CTC at its inflated level, the markets will be placed in suspended animation until that reckoning takes place. Duquesne's assumption is that excess earnings accruing between now and then will not be sufficient to amortize all of its stranded costs. More significantly, the utilities have the ability to increase stranded costs through discretionary expenditures on capital additions, reallocations of overheads to the generation component and/or increasing O&M expenditures to prepare Duquesne for competition during and after the transition period.

Moreover, as I discuss in more detail in later sections, the proposed merger of Allegheny Power System, Inc. ("APS") with Duquesne, and proposed changes in the APS Power Supply Agreement may operate to deny West Penn's and Duquesne's customers the mitigation of stranded costs they are entitled to under the Electricity Generation Customer Choice and Competition Act.

The primary problem is the possibility that FERC could take action in its merger proceeding which would pre-empt the actions of this Commission and undermine its restructuring authority. Duquesne must be required to waive any claim that FERC approvals would pre-empt the Pennsylvania Commission.

Q. Do the proposals of Duquesne and West Penn raise any other public interest concerns?

A. Yes. Other public interest concerns include the following:

1. The pending merger application of Duquesne and APS will undermine the ability of other suppliers to compete, raising barriers to entry by new suppliers and enabling the merging companies to lower their costs in non-comparable ways.

   a. By merging, Duquesne's native load customers become the native load customers of APS and vice versa. That is, what would have been an offsystem sale from APS to Duquesne prior to the merger becomes a native load sale by the combined companies upon consummation of the merger. Under FERC's Open Access Transmission Tariffs ("OAT"), such a conversion of an offsystem sale to a native load has immense favorable economic consequences for the merging companies, consequences that are amplified by APS' control over strategic regional transmission bottlenecks. For example, transmission providers can set aside firm transmission capacity for native load customers, use the native load priority to import low-cost power and thereby free up internal generation for profitable sales to PJM, bump firm point-to-point reservations in favor of late-discovered native load needs or bump all competing nonfirm uses of their transmission system in favor of nonfirm imports for native load customers. The native load priority was so obviously unfair in the context of a merger that two merger applicants (Northern States Power and Wisconsin Electric Power) voluntarily waived their claim to native load priorities.

   b. APS proposes to amend the FERC-jurisdictional Power Supply Agreement ("PSA") under which its operating companies render transmission and bulk power services to one another. This amendment will be coupled with a major change in the control of APS' generation and potentially restrict Duquesne's ability to mitigate stranded cost. A newly-formed GENCO will lease the generating capacity owned by the operating companies and sell

power back to them at rates fixed until 2004. See the direct testimony of Mr. Michael P. Morrell in this proceeding at pages 17-22. The documents governing these amendments and changes in control have been drafted in ways that may override the Pennsylvania restructuring plans or be otherwise adverse to competitors and ratepayers. Yet those documents may be removed from the purview of this Commission because FERC is deemed to have primary jurisdiction over them. Certainly, Duquesne and West Penn should be asked to waive any claim that FERC has primary jurisdiction in the event that this Commission needs to modify those documents.

c. Before the merger, APS would have every incentive to make an offsystem sale at a high price in lieu of selling at a lower price to Duquesne. After the merger, APS may have an incentive to do the reverse. The lowered cost to Duquesne keeps competitors at bay and protects Duquesne's commitment to amortize $1.7 billion in stranded cost. West Penn's lost revenues would add to the perceived under-recovery of its stranded cost and provide a pretext for extending the transition period. The sale is a win-win for the merged company and an artificial barrier to competitors.

d. The merged company intends to consolidate control areas and centralize the automatic generation dispatch of the merged companies' generation assets. This will effectively reduce revenue credits to transmission rates (in that what used to be revenue producing offsystem sales become internal network uses). This will also eliminate pancaking of transmission rates, losses and ancillary service charges on internal dispatch transactions between those companies. Consolidating control areas will also free those internal dispatch transactions from the requirements to be scheduled and divulged on the OASIS of the two companies. In contrast, all competing suppliers will still face those barriers to entry, gaining only a reduction in pancaking.

2. As previously noted, APS controls several strategic transmission interfaces linking ECAR (AEP) to the higher-cost markets in PJM, New York and Virginia. The total transfer capability ("TTC") and available transfer capability ("ATC" - both firm and non-firm) are reported on the APS OASIS system for each month through October, 1998. The monthly firm ATC on all Duquesne's interfaces is reported as "N/A". Until recently, none of the TTC on the most valuable APS interfaces was made available to others for firm uses. In other words, the firm ATC was zero on all most sought-after interfaces. On October 22, 1997, APS began posting firm ATC that was other than zero. See Exhibit __(WAR-2). But APS continued to report firm ATC as zero on several of its most valuable interfaces, those outgoing to Duquesne, to PJM and to Virginia Power.

On the most valuable incoming interface, that with AEP, the reported incoming total transfer capability ("TTC") is 3,000 MW when delivery is made within APS. In all but two of the 12 future months reported, firm ATC is less than 3,000 MW, ranging from 2,554 MW to zero.

In summary, APS makes none of the transmission capability linking its system to high-cost markets available to others on a firm basis. The same is true of substantial portions of APS' firm ATC linking APS' system to low-cost suppliers. Thus, APS has commandeered for its exclusive use firm access to high cost markets and much of the firm access to low-cost markets. Accordingly, competitors will have difficulty competing for firm access to lucrative offsystem sales and to low-cost supplies. The inability to deliver power to PJM will adversely affect the amount bidders will offer in Duquesne's "reverse RFP."

Q Please describe the merger plans.

A. APS and Duquesne are proposing to merge and reform the manner in which they account for generation costs and offsystem sales revenues. The testimony of Mr. Michael P. Morrell of APS in the FERC merger proceeding provides a few clues as to how that new process will work.

In broad outline, it appears that each of the APS companies (and Duquesne if the merger is consummated) will lease its generation to a new APS affiliate called Allegheny Power Company ("APC"). APC will procure and sell back to the distribution companies sufficient energy and capacity to meet only "Regulated Load" requirements at demand and energy charges that will be fixed until January 1, 2004. See Sections 4.1, 4.3.1 and 4.3.2 of the "Form of Power Sales Agreement among Allegheny Power Company and Monongahela Power Company", Exhibit MPM-4 to Mr. Morrell's FERC testimony. Thus, if APC realizes substantial profits on off-system sales through year-end 2003, those profits will not be flowed back to West Penn as mitigation of stranded costs.

Nothing prevents APC from selling power and energy to "Unregulated Loads" of any entity at market-based rates as may be authorized by FERC.

There seems to be no provision under which revenues from offsystem sales will be flowed back to Duquesne from APC.

Under the Form of Facilities Lease Agreement Among Allegheny Power Company, Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, "(Exhibit MPM-3 to Mr. Morrell's FERC testimony), West Penn will

1. Lease to APC its generating facilities excluding generation step-up transformers, which are booked to transmission (2.1.3),

2. Turn over operating control (2.2) and maintenance obligation (3.1) on its generation,

3. Grant and assign to APC exclusive rights to purchase and utilize the output of Bath County (4.1), generation subject to Joint Ownership and Operating Agreements (4.4), emission allowances (4.5)

4. Retain the obligation to pay for fuel under existing contracts (5.3)

5. Retain payroll and payment obligations under the APC Agreement (5.4), including the payroll for the employees in the generating function (to be reimbursed on an as-yet-undetermined basis)

6. Receive payment from APC for all fixed payment obligations as a result of owning generation except for QF contracts (5.4)

7. Be relieved of payment for capital additions which will be paid for, and upon termination of the lease, owned by APC (5.5)

8. Remain liable for property, gross receipts, West Virginia B&O tax, taxes (8.1)

9. Receive from APC the fixed payment set forth in Section 7.1 on all leased and assigned assets. Section 7.1 states:

> The Parties recognize and agree that the foregoing payments are intended to cover depreciation, property tax, property insurance, income tax and interest return on all leased and assigned assets and an equity return on those portions of the assets subject to this lease **which remain subject to rate base regulation**. Such amount shall be determined as a percentage of total generation assets necessary to supply Regulated Load requirements, including operating reserve requirements, and shall not be based upon specific identification of generating plant. **[Emphasis added]**

It appears that West Penn would not receive an equity return under this contract for the amount of its generation assets in excess of its Regulated Load requirements plus an operating reserve. At page 15 of his FERC testimony, Mr. Morrell states that "Under phased-in competition in Pennsylvania, the correct [regulated] load would drop to near zero for West Penn."

Q. Are there any other puzzling provisions?

A. Yes. Section 9.2 provides:

> To the extent West Penn is authorized, as a result of its ownership of any or all of the generating assets leased herein, to include in their charges to ultimate customers a competitive transition charge ("CTC") or similar device, designed to recover any stranded investment cost, such CTC recovery (after net of recovery for non-utility generating contracts) shall be reflected as a credit to the amounts otherwise due from APC to LDU [West Penn] under Article VII in exchange for the lease and transfer of rights to generation set forth in this agreement.

Q. How do you interpret these provisions?

A. First, the structure of the deal seems to be premised on an assumption that non-regulated sales by APC will be made at prices well above the present level of Duquesne's proposed CGC. This implied assumption is inconsistent with the use of an 18 mill market price in this restructuring docket. Moreover, this language is not entirely clear, but I take it to indicate that West Penn will be reimbursed for all of its non-equity fixed costs of generation load plus an equity return on the portion dedicated to serving regulated load. It appears that by 2001, this language would reduce the equity return to zero, and West Penn will be a conduit routing its fixed generating costs to APC. West Penn should be credited with 100% of the return on its equity in generation plant transferred to APC. Otherwise, it will book insufficient revenue to mitigate its stranded cost. The agreement is entirely silent on the amount of credits for offsystem sales. Given that the agreement fixes rates payable to APC until 2004, APC will retain any arbitrage profits from reselling the output of West Penn resources in competitive markets, and it could be difficult for this Commission to recapture those profits for use in amortizing stranded costs.

Q. If FERC approves this provision and Duquesne applies it in a manner which reduces the amortization of West Penn's stranded costs, what remedy does the Pennsylvania Commission have?

A. Perhaps none until FERC modifies the provision. There is some question about whether this Commission could treat a Duquesne cost or revenue in a manner inconsistent with that dictated under the FERC rate schedule. This Commission would probably have to file a complaint at FERC to amend the provision.

Q. How are Duquesne's costs to be accounted for after the merger?

A. That is not entirely clear because APS has proposed a new PSA whereas the agreement governing APS relationships with Duquesne are to take place under the existing PSA dated January 1, 1968. Mr. Morrell's FERC testimony includes a "Joint Dispatch and Power Sales Agreement among Monongahela Power Company, The Potomac Edison Company, West Penn Power Company, and Duquesne Light Company". Under Section 6.02, all fixed costs of Duquesne's Generating Resources remain the responsibility of Duquesne. When Duquesne's generation is dispatched to meet "Load Requirements" of the other three companies, Duquesne receives its incremental cost. When resources of the other three are dispatched to meet Duquesne's "Load Requirements", Duquesne pays the incremental cost as an own account sale from West Penn under the PSA. West Penn accounts for any Duquesne sale as if it were an own account purchase under terms of the existing PSA and similarly accounts for any Duquesne purchase as if it were West Penn's own account sale.

"Load Requirements" are defined as "demand and energy which each Party is obligated to provide to satisfy regulated retail service territory commitments."

When the Combined APS-Duquesne system makes an offsystem sale, section 6.03 provides that the benefits are shared solely between West Penn and Duquesne on the basis of their 12 coincident peaks ("12 CP") in the prior 12-month period. Off-System sale is defined as "all wholesale sales of power and energy to third parties."

When the combined system is used to serve "Unregulated Load Requirements", the benefits are shared solely between West Penn and Duquesne on the basis of 12 CPs of their Unregulated Load Requirements.

Unregulated Load Requirements are defined in Section 1.15 as "demand and energy which any Party serves on a competitive basis as a result of retail competition."

Q. How do you interpret these provisions?

A. Because Duquesne will very likely lose more of its retail sales than will West Penn, Duquesne's Unregulated Load Requirements could decline precipitously and most of the profits from Unregulated Load Requirements will go to West Penn. Thus, it appears that energy from Duquesne's generation could be sold at cost to West Penn and then be resold by APC to Duquesne's retail customers at a markup, with little or none of the markup being used to amortize Duquesne's stranded costs.

Q. How do the Parties share transmission revenue?

A. Transmission Revenue from the combined system's FERC OAT will be shared with Duquesne as if Duquesne were a network customer under Section 30.9 of the Duquesne OAT. That provision states:

> **Network Customer Owned Transmission Facilities:** The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission Provider. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

Under this provision, Duquesne could arguably receive little or nothing from APS for the use of Duquesne's transmission system. Moreover, APS could make offsystem sales by use of Duquesne's transmission system and pay little or nothing of the imputed transmission revenue to Duquesne. Because Duquesne's transmission rates remain regulated, any reduction in transmission revenue credits increases the transmission rates chargeable to entities competing for retail sales in Duquesne's service area.

Q. Have you reviewed the Electricity Generation Customer Choice and Competition Act ("Competition Act")?

A. Yes, I have.

Q. Have you reviewed the proposed CGC rates proposed by Duquesne Power?

A. Yes, I have.

Q. Can you briefly describe the restructuring plan proposed by Duquesne?

A. Yes. The entire plan is complex and goes beyond the limited scope of my testimony. However, I will limit my remarks to the major elements of the plan which form the basis for determining the level of payments for the CGC rates proposed by the Applicants.

The Company proposes to collect rates from its existing customers, and from new customers which begin to purchase power within its service area, based upon the currently existing Commission-approved rates adjusted by a proposed rate redesign that lowers certain usage charges and increases fixed costs ("Capped Rates"). These rates will be unbundled to reflect transmission, distribution and generation components. The generation component will be further decomposed into a Competitive Generation Charge and an element, Competitive Transition Charge ("CTC") which reflects above-market charges which go to pay for the utilities' purported stranded costs. The CGC portion will be estimated based either upon an administratively determined forecast or by RFP responses. The Applicant favors the use of the RFP approach.

The revenues received under the CTC will be accumulated into a pool of funds to be used to offset the stranded costs of the Applicant. In 2003, the Company will take a "second look" at the competitive markets and undertake studies to determine its actual stranded costs and propose a mechanism whereby the remaining stranded costs will be paid (*i.e.*, the net present value of the stranded costs less the CTC charges collected).

Duquesne has set a target value of $1.7 billion for recovery through the CTC charges during the period 1999-2005, which it will guarantee to credit towards whatever final stranded cost is determined in the 2003 study. If it fails to recover this $1.7 billion revenue credit, Duquesne's stockholders will be at risk for any shortfall.

Q. Please elaborate.

A. As required by the Act and FERC Order No. 888, Duquesne will unbundle and develop separate charges for distribution, transmission, ancillary services and generation-related costs. As both Mr. Marshall and Mr. Clayton describe, the starting point for Duquesne's approach is Section 2804(4)(v) of the Act, which states:

> "If an electric distribution utility rolls its energy cost rate into base rates at a combined level that does not exceed its combined level of such rates which have been approved by the Commission as of the Effective Date of this chapter, the utility shall not be required to reduce its capped rates below the capped level upon the complaint of any party if the Commission determined that any excess earnings achieved under the cap are being utilized to mitigate transition or stranded costs for the benefit of ratepayers or to offset other known and measurable cost increases that would be recoverable under traditional ratemaking but are not included within the capped rates."

Pursuant to this provision, and as described by Mr. Clayton, Duquesne is rolling into current base rates an energy cost rate ("ECR") equal to the ECR cap approved by the Commission as part of the Ft. Martin plan. The ECR is 14.7 mills/KWH whereas Duquesne is currently charging a much lower rate

of 12.8 mills per KW. This action effectively raised the rate cap by 1.9 mills per KW. See the testimony of Mr. Donald J. Clayton at page 8 footnote 1. In addition, Duquesne is committing to accelerate the depreciation and amortization of stranded costs in an amount that, when added to other test year revenue requirements, will result in a total revenue requirement equal to the rate cap. As a result, new unbundled rates are designed to be revenue neutral (adjusted for the ECR roll-in).

As I discuss later, revenue neutrality has not been maintained.

The next step after calculating baseline revenue requirements is to develop rates for the regulated services of transmission and distribution that Duquesne will continue to provide all customers. Duquesne has developed rates for each of these services on the basis of Mr. O'Brien's functionalized cost of service study for the test year and allocation factors supposedly consistent with those which are used to support current rates. Again, I will discuss why the Company has not achieved its objective. Duquesne also has developed rates for certain transmission-related "ancillary services." While customers are not required to purchase all of these services from Duquesne, the FERC has ordered utilities to file cost-based rates for these services and to offer them on a nondiscriminatory basis.

Mr. James A. Lahtinen testified at page 9 that Duquesne has unbundled generation costs and provided a calculation of the generation-related revenue requirement allocated to each customer class. He states that Duquesne does not expect, however, to be able to fully recover its generation revenue requirement over the transition period due to the rate cap provisions in the Act. Therefore, generation-related revenues will be capped, and the rates developed using a "residual" calculation method. By this, it is meant that, once Duquesne has established rates for transmission, distribution and ancillary services, these charges will be deducted from the cap on rates and the remainder will represent the maximum generation costs that can be recovered from customers.

Mr. Lahtinen states that this residual amount will then be divided into two parts – a market-based competitive generation component and an above-

market cost component. Duquesne would set the CGC using the market values from Duquesne's annual competitive bid solicitation; these market prices will be adjusted to account for the differences among customer class consumption patterns, transmission losses, and Pennsylvania gross receipts tax. As adjusted, the market prices will be used to determine customer class CGCs and customer-specific CTCs. Customers will also receive annual credits for certain ancillary service revenues collected from retail suppliers.

This unbundling methodology is applied to total Company 1996 revenues as well as to charges for individual customers.

Q. What will happen after the phase-in begins?

A. Duquesne's unbundled charges will apply to customers once the phase-in period begins in 1999. All customers that remain with Duquesne as their power supplier (either by choice or prior to having the option of retail access) will pay unbundled distribution, transmission (including certain ancillary services), CGC and competitive transition charges. Customers that choose an alternative electricity supplier will pay these same unbundled rates for delivery services (T, D, and CTC). CGC charges for these customers will be the result of negotiations with their alternative supplier. Choice customers also will receive an annual credit for ancillary service revenues that Duquesne collects from retail suppliers.

To this amount, Duquesne should have added ancillary charges which Duquesne charges itself on off-systems sales.

Retail suppliers will be responsible for supplying or purchasing generation and the associated transmission losses necessary to serve their customers. Losses can be purchased from Duquesne or be self-supplied. Suppliers also have the option of purchasing firm power in Duquesne's annual RFP process. In addition, electricity suppliers will be responsible for Pennsylvania gross receipts tax, as required by the Act, as well as certain ancillary services. These services include scheduling, energy imbalance and supplemental reserves. Mr. Irvin (Duquesne Statement No. 7) describes

Duquesne's proposal regarding ancillary services in more detail and discusses why the proposal is consistent with FERC Order No. 888.

Q. Do you believe that the proposed rates will foster the goal of competition for retail power in Pennsylvania?

A. No. On the contrary, the proposed rates will stifle any nascent competitive options. Native loads of the existing franchised utilities will remain monopolistic markets throughout the 1999-2005 period and potentially well beyond that time into the future.

Q. What is wrong with setting CGC with an RFP?

A. Rates from an RFP are more akin to bulk power sales rates into a power exchange than to rates offered to individual customers within a market region. I would liken them to variable costs paid to owners already receiving an additional payment of fixed costs to reflect their dedication of the resources to serve load. As such, they reflect only a part of the value of the power supplied.

Q. Do you have any indications that this conceptual approach is flawed?

A. Yes. First, one can look at the level of prices at which power has been bought and sold by the Company in the recent historical period. However, these prices may be misleading because, (until we are permitted to analyze hourly transaction data) there is no way to get behind the numbers in terms of: the load factor at which the power was taken, the time-of-day when deliveries were made (e.g. on or off-peak), the demand and energy components and any unique opportunities or situations (e.g. dump power and/or emergency transactions).

In addition, the reported system lambdas, (which represent the incremental variable cost on the Applicants system) indicate that Duquesne had an average lambda of about $18.00 per MWH while the lambda of APS (which reflects the integrated dispatch of West Penn) was $17.21. [See the attached graphics in Exhibit _____ (WAR-3)]. It is important to note that lambdas are intended to reflect only the instantaneous variable costs associated with providing a marginal unit of power. Moreover, lambda is typically reported

only for the units "on control" and are not necessarily as high as true incremental cost.

Competing energy suppliers draw upon a portfolio of resources similar to that of utilities. If the payment streams of competitors are capped at the level of system lambdas, they would soon find themselves out of business having failed to recover the full costs incurred to produce and deliver the power at these marginal costs.[1]/

Q. *Do you have other evidence of market prices?*

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[1] The company contends that system lambdas can be used as a reasonable proxy for a competitive market clearing price and cites a FERC decision in Ohio Edison Company, et al. Docket Nos. EC97-5-000, ER97-412-000, ER97-413-000). A footnote to the decision in that case states:

> The reasonableness of using system lambda data in the screen analysis must be addressed on a case-by-case basis because; depending on the circumstances, system lambda may not always be an accurate reflection of the market clearing price.

A. Yes. We could refer to indices of future and current market prices in publicly available sources as Power Markets Week (PMW). The indices show power prices above the 18 mill per KWH level anticipated by Duquesne's reverse RFP or forecast method. Mr. Lahtinens' Exhibit JAL-13 includes the following PMW Data indices:

Jan-July 1997

	ECAR	PJM
	(Mill/ KWH)	
On-peak	21.17	24.56
Off-Peak	14.12	16.55

1996

	ECAR	PJM
On-peak	22.52	25.29
Off-Peak	14.30	15.46

These indices reflect the substantial value of APS' transmission facilities which link the low-cost ECAR region to the higher-cost market in PJM. These data are significant because APS has commandeered all of the firm available transfer capability linking APS to high-cost markets in PJM and much of that linking APS to low-cost markets in the remainder of ECAR. Duquesne reports all of its monthly firm ATC as "N/A".

Q. Are there any other indications that the market value for the capacity component of competitive generation is higher than that proposed in the Applicants' rates?

A. Yes. Evidence presented in proceedings before the Pennsylvania Public Utility Commission indicate that capacity related to the provision of energy in competitive retail markets adds to the value proposed by Duquesne. Within PJM, the value of capacity when a member system is deficient is based upon the weighted average cost of peaking capacity for the member systems. This cost currently averages about $56 per kW-year. At a 50% load factor, this capacity value represents almost 13 mills per kWh before adjusting for losses, reserves and other necessary services. This PJM default capacity rate could arguably serve as a reasonable proxy for backstop pricing of firm capacity necessary to support retail sales. However, it is my

understanding that utilities within PJM are either withholding their capacity or rejecting offers to sell available capacity at this price level to support competitors' sales to retail loads in the pilot competition programs. This may be attributable to the fact that utilities perceive the true value of their capacity to serve native loads (or for other market opportunities) to be greater than this nominal payment (particularly in the long run). Moreover, sales by Duquesne in 1995 and 1996 indicate that the value of capacity ranges from $43 to $52 per KW-year of average deliveries when accompanied by energy at a rate of about 13 mills per KWH.

Q. Are there other indicators of market value greater than that proposed by Duquesne?

A. Yes. There is abundant evidence that capacity needed to support retail load competition has significant value. Using a long-run competitive market approach, this would be based upon the costs associated with the addition of the most cost-effective unit addition needed to support such sales – a combined cycle gas turbine. In the near term, these costs may be discounted by those companies who have excess capacity and are willing to commit this capacity to others until load growth, or competitive market opportunities, require the capacity for load serving functions. While quantification of this value is subject to a great deal of uncertainty, this price can be expected to rise sharply as capacity requirements are imposed by NERC, as reserve levels fall and as market opportunities increase. Therefore, as utilities position themselves not only to retain existing loads but also to serve increased competitive loads, the capacity value should approach the long run equilibrium price of approximately $87.00 per KW-year.[2]/ See Exhibit _____WAR-4).

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[2] Testimony of utility witnesses Theodore R. Breton and Christopher W. Hansen of ICF in the PECO retail access pilot programs shows a market price of capacity of $20.3 /KW-year in 1998. See pages 2 – 4 in Exhibit TRB-3 in which they derive the market price from recent capacity sales and purchases within PJM where excess capacity exists.

Q. Will the use of an RFP provide prices representative of a competitive retail market?

A. No. The RFP approach will not provide prices that are representative, as it has been portrayed, of amounts charged on sales by one party to a retail load. Rather, the sale solicited by the RFP is more like that by a party to an intermediary who will then utilize the power in combination with other resources to serve an actual retail load requirement. Historically, sales to wholesale suppliers with myriad sources of power, including not only other off-system suppliers but internal generation as well, have resulted in prices significantly below those which could be obtained by a load with fewer power supply options. In addition, the purchaser in the RFP and seller in the RFP need not concern themselves with the load shape of a particular end-user (but can aggregate loads and resources and follow a particular load shape with its own regulating units). This factor further tends to depress the price offered for the power. Finally, the fact that the statutory requirement to serve load is absent from the RFP relationship tends to make sellers more willing to commit resources than would be the case absent this concern.

Q. Have you reviewed the Duquesne RFP of June 1997?

A. Yes, I have.

Q. Did the June, 1997 Duquesne RFP encourage low bids?

A. Yes.

Q. Could you give us some reasons for your conclusion that the RFP encouraged low bids?

A. Yes. The RFP encouraged low bids for the following reasons:

1) Had a power marketer purchased the block offered by Duquesne, it could not have been used cost-effectively to serve retail loads of Duquesne both because of its inherent limitations and because a buyer would need to acquire other services in order to constitute a complete generating supply. The RFP block of power requires the purchaser to

take or pay for an amount of energy resulting from deliveries at a 75% annual capacity factor. Duquesne's average load factor ranges from approximately 46% to 57%. Duquesne's 1995 minimum system load was 33 % of its annual peak system load. Even if a customer were to have a 75% load factor, the customer could not depend on a static schedule to follow its retail load. The RFP offer does not include dynamic scheduling or any other costs associated with following a customer load. As statically scheduled power, it is not a suitable proxy for the power required to serve a time-varying requirements customers. At most, the RFP power would represent a low-cost, non-firm baseload resource in the purchaser's portfolio.

2) The RFP power also requires the purchaser to ***schedule*** at least 50% of the contract amount in every hour. If the purchaser's load fell below 50% of the contract amount during low load periods, the purchaser would be forced to dump energy at a low price thereby increasing the cost of serving load.

3) Although the RFP has a 75% capacity factor take-or-pay provision, Duquesne is not obligated to deliver energy in excess of the Take-or-Pay amount. This limitation on flexibility encourages low bids. In order to achieve the full economic benefit of the purchase at the specified price offered, a purchaser would have to take the energy exactly at a 75% annual capacity factor. A revision in the proposed methodology is needed in order to capture the cost of load following and other balancing services. In addition, if the purchaser required energy in excess of the 75% annual capacity factor, the purchaser would have to purchase power from the spot market.

4) The RFP requires a bidder to take Point-To-Point transmission service with the point of receipt at each of the Duquesne generating units. Duquesne reports no firm ATC. If the purchaser is limited to purchasing non-firm transmission (if any were available to the Point of Delivery of choice), the RFP power would be non-firm in this transmission constrained system. Its appeal would be limited to bidders possessing other firm resources as backup.

5) The RFP does not guarantee the winning bidder will obtain the MW block of power for which it bid. The RFP guarantees only a minimum of 10 MW for the winning bidder regardless of the amount sought. In other words, if the bidder offered to purchase 100 MW, the bidder might receive anywhere from 10 MW to 100 MW. If the bidder received only 10 MW, its scheduling and other fixed costs would need to be spread over fewer MWH. This uncertainty created by the RFP encourages lower bids.

6) The RFP was issued on June 6, 1997, with bids due June 26, 1997, allowing only 20 days or 14 working days in which to respond. The bidders had to read, digest and respond to 54 pages of detailed terms and conditions (see Exhibit RAI-4), find a wholesale customer who could take this power (or determine if this power would enhance the bidder's portfolio), and determine a price and amount of power for which to bid. Because of uncertainty generated by the time constraints, bidders probably reduced the price they were willing to bid.

7) The RFP will not capture values in the way that a divestiture action would. Nor does an RFP capture intangible values of a generating plant such as its permitted site, it zoning, its air and water permits and its infrastructure; all of which could remain after its economic life ends.

Q. What kind of power did the RFP offer?

A. The RFP offered non-firm wholesale bulk power.

Q. What would you recommend if the Commission does decide to adopt an RFP methodology?

A. If the Commission adopts an RFP procedure, the RFP should be designed and administered by a disinterested panel such as the Commission. The

results of the RFP should be adjusted upward to reflect capacity costs, the load factor of the retail loads, the need for reserves and ancillary services and other cost categories discussed later.

Q. Why is this not appropriate?

A. Capacity additions and life extension programs allow the existing monopoly companies to continue to compete and to provide low-cost power from their generation resources. Capital additions represent a cost of their doing business in a competitive market and should be in the CGC and not the CTC. As such, capital additions should be reflected in the cost of the competitive generation component and denied as a stranded cost. Following this recommendation would allow competing suppliers, who may have already invested capital and/or who may need to make capital additions to compete with the utilities on a level playing field.

After all, if the utility had divested the generation, the cost of capital additions would be borne by the new owner, and their recovery would be at risk in a competitive market.

Q. Is your interpretation consistent with the Competition Act?

A. Yes, I believe that it is. Section 2808 (4) (ii) specifically states that electric utilities are to take efforts to mitigate the generation related stranded costs by: "Minimization of new capital spending for existing rate base generation assets." The total exclusion of capital additions from the CTC component is warranted, in that the competitive generation component would comply with this statutory requirement. It would serve as a self regulating means whereby capital additions would only be added if warranted by market forces.

Q. Please summarize your critique of the RFP.

A. The competitive generation rate for serving retail loads should not be based upon a "raw" production cost of energy whether based upon a simulated production cost run or an artificially low RFP bid which does not reflect the cost of meeting retail loads with committed generation resources. The competitive generation rates proposed by the Company should be adjusted

upward to reflect the cost of providing the reliability demanded by the retail markets and the costs of delivering power to those markets.

SETTING THE CGC

Q. How do you expect the market price of generation to develop over the long term?

A. I expect the long run market price to reach an equilibrium at the long run marginal cost of power from new capacity coupled with the cost of installed reserves, ancillary services and organizational overheads. Quite simply, a developer of new generating capacity (and its lenders) will seek some reasonable assurance that sales revenues will cover fixed costs and produce an attractive return. As evidenced by several recent announcements of planned merchant plants in the Electric Reliability Council of Texas and in New England, the marginal cost is likely to be that associated with a combined cycle gas turbine ("CCGT").

I also expect there to be price volatility along the way, especially during the early years as we transition from the cost-plus conservatism of the regulated markets to competitive markets. Indeed, I would expect market prices to cycle between peaks and valleys as developers rush new plants into service in response to high prices or forecast shortages, only to confront a temporary glut when completing construction. Moreover, there likely will be pockets of high and low costs as a result of transmission constraints.

Q. How, then, should we approach the market price to be reflected in the CGC?

A. We know the competitive market should be bracketed between the floor of the hourly incremental production costs and the ceiling of the long run marginal cost (a CCGT). If the system were in equilibrium, the two would be equal. Under current market conditions, and with the statutory provisions which it faces, the utility will presumably want to move its cost profile quickly to the long run marginal cost curve and will therefore seek to set the

market price for its competitors at the floor thereby denying competitors revenues and maximizing its own stranded cost recovery. In today's markets, the variable operating costs of a coal-based utility are below the variable operating costs of the CCGT while the coal-based fixed costs are much greater than those of the CCGT. While such a strategy will serve the interests of the utility, it will remove competitive alternatives from ratepayers seeking lower cost power.

To break out of this anticompetitive logjam, it is essential to create a mechanism which will give the utility an opportunity, but not an ironclad guarantee, of achieving the goal of stranded cost recovery while simultaneously providing opportunities for competitors. This outcome should foster the competitive process.

The Company has proposed to set the competitive generation charge at a level which approximates its system lambda. I do not believe that such a cost is truly reflective of the competitive market value of power. The vast majority of the nation's commerce in electricity is conducted at retail in a regulated environment in which the utility is recouping an extremely large component of its fixed cost. That situation - coupled with the lower expectation of reliability, higher volumes, and favorable delivery characteristics in the wholesale markets - permits the utility to sell into competitive wholesale markets at prices that recover very low margins. In other words, few power sales (as a percentage of total sales) are subject to competition whereas nearly all suppliers are competing in one way or another for wholesale sales at the margin. Therefore, we should set the competitive generation charge higher than the wholesale market price if the goal of fostering competition is to be achieved. Eventually, all competitors will have to recoup all their generating costs in competitive markets.

In order to derive a more reasonable competitive generation charge, I propose to determine administratively the cost level based on a long-run marginal cost so as to foster meaningful competition. Competitors should then be able to make inroads into the market share of the utility. If this approach endangers the Company's opportunity to recover its legitimate and verifiable stranded costs within the 9-year period, we recommend that the Commission consider extending the 9-year transition period to a later date.

The later recovery could be accomplished by adjusting the CTC during the transition period or by extending the transition period. There will be plenty of opportunity to address these matters during the annual reviews of CTC amortization required by the statute.

After the first period, the CGC would be adjusted to reduce the gap between the CGC and the actual market price which evolved in the prior year. The CGC would then be adjusted to reflect anticipated changes in the market. This process would continue until the end of the transition period.

Q. Does the Electricity Generation Customer Choice and Competition Act ("Competition Act") guarantee that a utility will recover its stranded costs?

A. No, although one would get that impression from reading the Company's testimony.

Utilities are only provided an opportunity to recover stranded costs through a CTC collected for no more than 9 years. The Commission can extend the period in which the CTC is collected, but has no obligation to do so.

Section 2804(14) states:

> The transition to a competitive generation market shall be orderly, protect electric system reliability, be fair to ratepayers and provide investors in Pennsylvania electric utilities **with a fair opportunity** to fully recover the amount of transition or stranded costs that the Commission determines to be just and reasonable.

Moreover, Section 2808(a) states:

> General Rule.--To provide each electric utility with an **opportunity to recover its transition or stranded costs** ... every customer accessing the transmission or distribution network shall pay a competitive transition charge to the electric distribution company in whose certificated territory that customer is located. The costs shall be allocated to customer classes in a manner that does not shift inter-class

or intra-class costs and maintains consistency with the allocation methodology for utility production plant accepted by the Commission in the electric utility's most recent base rate proceeding.

Section 2808(f) states:

> [T]he Commission shall establish procedures for the annual review of the competitive transition charge. The review shall reconcile the annual revenues received from the charge with the annual amortization of the transition or stranded costs approved by the Commission under this section. The Commission shall adjust the competitive transition charge based upon underrecovery or overrecovery of the annual amortization amount.

Q. You have noted that the Commission has some latitude in dividing the capped rate between the CTC and CGC. What CGC do you recommend?

A. There are several approaches which I suggest. My preferred approach initially would set CGC at the long run marginal cost. If the Commission does not accept that approach, I would look at market indices for the price of energy. To that I would add the value of those additional services which must accompany raw energy in order to make it useful:

1. The value of capacity adjusted to the load factor of the customer class at issue. This should include the cost of capital additions.

2. The value of installed reserves adjusted to the load factor of the customer class at issue,

3. The cost of ancillary services and

4. Costs of marketing and home office overhead.

5. Losses, and

6. Profit. If a profit is not available in the market, marketers will shut down and seek other investment opportunities.

Q. Why have you added the costs of marketing and home office overhead to CGC?

A. No matter what entity is selling energy, it will incur these costs. In deriving their CTCs, utilities have implicitly included their cost of marketing and home office overhead in their CTC. But utilities should have to recover their marketing costs from their sales and not through a non-bypassable CTC surcharge on the sales they lose to competitors. Accordingly, the CGC payable to competitors should be adjusted upward in order to put the utilities' costs of marketing and home office overhead at risk in the competitive market.

Q. What are some possible prices of energy?

A. We could use:

1. The price of energy reflected in indices on transactions executed in the last 12 months and reported in industry trade journals. In particular, I would refer to the indices for PJM and ECAR. Duquesne straddles the interface between ECAR and PJM and the value of energy in its service areas should reflect a blend of prices in those two markets. For example, Power Markets Week for October 27, 1997, reports the following prices per MWH for energy in the week ending October 24, 1997: Onpeak energy is deliverable in the 16 peak hours of the 5 weekdays (5 X 16).

	Weekly Index	Offpeak Range
PJM	$29.13	$15-18
ECAR	$28.24	$12.50-15.25
Into Cinergy	$27.91	N.A.

2. The price of energy reflected in futures for the next year. These, too, are reported in industry trade journals. Power Markets Week for October 27, 1997, reports the following prices in Monthly Forward Markets. The prices cover energy deliverable in the 16 peak hours of the 5 weekdays (5X16) except for ATC which is Around-the-clock energy,

	PJM	Into Cinergy (ECAR)
Calendar 1998	$26.40-26.50	
1998 ATC	$21.45	
November 1997	$24.50-25.60	$24.50-25.00
Jan/Feb 98	$30.10-31.10	$28.5 bid/28.85 asked
Apr/May 98	$22-22.25	
June 98	$26.50-26.65	$27.25
Jul/Aug 98	$34.75-35.5	
4Q98	$24.20 bid/$24.50 asked	

Q. Is any capacity cost included in the prices?

A. No. These prices are for power which is financially firm.

Q. What is meant by financially firm?

A. Energy is financially firm when the supplier guarantees that it will pay the buyer's "cover" cost (cost of replacement energy) in the event the supplier fails to supply. However, contracts for financially firm power do not commit any particular generating resources to a sale and typically do not address what amount, if any, will be paid in the event no replacement energy can be obtained in the market when the supplier fails to supply.

Financially firm power is probably not suitable for use in serving firm retail markets. The customers have a far higher expectation of reliability than would be provided by such a product.

Retail sales will probably require physically firm power.

Q. Why?

A. The Competition Act requires compliance with NERC standards, and NERC and ECAR have established criteria for installed and operating reserves. Competing suppliers must buy operating reserves as ancillary services. Mr. Mark G. Karl testified that Duquesne will maintain 12% installed reserves even though ECAR only requires 8% installed reserves. He also notes that if Duquesne does not have sufficient reserves, Duquesne will purchase capacity instead of building generating units to provide capacity.

Q. How will you adjust the market price for installed reserves?

A. I suggest multiplying the peak demand supplied by each supplier by the cost of capacity times 108%.

Q. How should prices be adjusted for ancillary services?

A. The basis for this adjustment is somewhat similar to that for marketing costs and home office overheads. All entities competing to provide retail power must provide ancillary services.

However, in deriving their CTCs, utilities implicitly include the cost of ancillary services in their CTC. By contrast, FERC considers ancillary services to be a component of competitive transmission services. And, except for the ancillary service denominated as scheduling and dispatch service, the cost of ancillary services are largely related to the generation function and are derived from generation costs.

The costs allocated to providing ancillary services should not be a part of a utility's CTC. Utilities should have to recover their own costs of ancillary services on their power sales and not through a CTC surcharge on the sales they lose to competitors. Accordingly, the CGC payable to competitors should be adjusted upward in order to put the utilities' costs of ancillary services at risk in the competitive market.

Q. What generation costs are reflected in the cost of ancillary services?

A. The capped rates are based on the fully allocated cost of the utility generating capacity. In ECAR, spinning reserves must be purchased from the control area in which the load is located. These FERC imposed caps will be the market price for ancillary services which competition must buy from the utility.

Q. How does the Company's approach comport with the notion of a competitive market for ancillary services?

A. It does not. After they merge, Duquesne will charge APS for none of these services when APS is serving retail loads of Duquesne and vice versa. However, all other competing suppliers will be charged, either directly or implicitly by virtue of a surcharge being imposed on the retail customer itself.

In other words, charges for reactive, regulation and frequency response and spinning reserve will be provided as monopoly services. Their cost is imposed directly on all retail customers at the capped, non-competitive rates, thus denying customers the opportunity to acquire those services at competitive rates and denying competing suppliers the opportunity to buy or self-supply those services.

Q. What is the remedy for this situation?

A. The cost of all monopoly ancillary services should be added to the CGC at the capped rates. This will put recovery of their cost at risk in competitive markets as FERC intended.

Q. How should the non-monopoly ancillary services be accounted for?

A. As noted earlier, electricity suppliers in Duquesne's area will be responsible for the other three services (scheduling, energy imbalance and supplemental reserves). Under FERC's view of the world, all transmission users are required to pay each transmission provider for scheduling services. I discuss imbalance services in another section. Supplemental reserves can be acquired competitively, which may explain why Duquesne has priced that service so much lower.

Q. Please provide an example of the CGC you would recommend for 1999 on the Duquesne system.

A. See Exhibit ___ (WAR-4).

Q. What would be the total CGC for a customer taking energy at a 50% load? factor?

A. See Exhibit __ (WAR-4).

CUSTOMER-SPECIFIC CTC

Q. Duquesne is proposing customer-specific Competitive Transition Charges (CTC). Please summarize this proposal.

A. The customer-specific aspect of the CTC proposal arises because Duquesne also proposes to redesign its rates in this proceeding. Duquesne wants to recover via fixed monthly charges a portion of the costs that are currently recovered from the usage and demand rate components. This cost shifting would, by itself, have the effect of increasing charges for some customers and reducing charges for other customers within the same rate class. The shifting itself reduces the Company's risk and theoretically should be reflected in a lower allowed rate of return. There is a strong possibility that such shifts might result in particular customers within a given rate class paying rates which are significantly greater than they now pay, particularly if their energy usage drops below the 1996 base use. The Electricity

Generation Customer Choice and Competition Act (Act), however, imposes rate caps.

The methodology by which Duquesne attempts to achieve its desired rate redesign and still comply with the rate cap is by creating customer-specific rates. The customer-specific rates take the form of fixed monthly CTCs. Duquesne proposes to derive the fixed CTC for each customer in such a way that, if the customer's load is the same as its load during calendar 1996, then the customer's total charges calculated under the redesigned rates plus the fixed CTC are equal to the customer's total charges calculated under current rates. The fixed monthly CTCs will be recomputed annually, but the customer's 1996 load, called the baseline, will be used as the basis for the charge throughout the transition period. Absent the rate redesign, the customer-specific aspect of Duquesne's CTC proposal would not have been necessary.

Q. Does this proposal comply with the rate cap?

A. No. If a customer's usage has declined since 1996, its 1999 rates will exceed the rate cap.

Q. Do you support Duquesne's proposal to establish customer-specific fixed monthly CTCs?

A. No. The proposal would result in different charges for customers within the same rate class with the same load, be confusing and disturbing to customers, be administratively burdensome to implement, and hamper competition.

Q. Please explain how the proposal results in different charges for customers with the same load.

A. Duquesne proposes to derive its customer-specific CTCs based on customers' 1996 load. Two customers having the exact same load in 1999, the first year of the phase-in, could experience different charges due to differences in their loads in 1996.

Q. Why do you believe the customer-specific CTCs will be confusing and disturbing to customers?

A. I believe this will occur because of the different charges being assessed on similarly situated customers. I just do not see how Duquesne or the Commission will be able to satisfactorily explain to a customer why it is appropriate that his CTC is different from his next-door neighbor's. Moreover, I do not see how Duquesne or the Commission will be able to satisfactorily explain to a customer why his total charges are higher than a neighbor's who experiences exactly the same usage and purchases his power from the same supplier. I would certainly not want to be the person doing the explaining.

Q. In what way is Duquesne's proposal administratively burdensome to implement?

A. Because of the customer-specific nature of the CTC proposal, it will be a practical impossibility for the Commission and the parties in this proceeding to determine whether Duquesne has properly derived each customer's fixed monthly CTC. In addition, the burden will not end with this proceeding. Duquesne proposes to revise its customer-specific CTCs annually. Duquesne's proposal is nothing less than an administrative nightmare. I suspect that Duquesne has not carefully considered its own burden of annually deriving, maintaining, and explaining to frustrated customers, these customer-specific CTCs. I do know, however, that alternative marketers do not relish the prospect of providing service on a utility that has them.

Q. How does Duquesne's proposal hamper competition?

A. First, I am concerned that customers will attribute their frustration with customer-specific fixed monthly CTCs to the unbundling process and the phase-in of customer choice in selecting a supplier. The rate redesign and customer-specific CTCs will coincide with the first major phase-in of customer choice. I think it only natural that many customers would tend to blame the alternative suppliers for the increase in their fixed monthly costs

and the unfairness of different charges for the same service. These negative feelings toward alternative suppliers and the whole movement toward competition will discourage competition. I find this especially troublesome in that the proposed rate redesign and customer-specific rates are not the result of unbundling or customer choice.

Second, customer-specific rates will hinder competition by making it difficult for suppliers to quote prices under some common pricing mechanisms, such as guaranteed savings off the customer's total bill.

Q. Do you have other objections to the fixed monthly CTCs?

A. Yes, although I have characterized the charges as customer-specific, as does Duquesne in its testimony, they are really premise-specific. For existing customers that move into another premise during the transition period, Duquesne will use the baseline usage already established for that premise. Duquesne's witness Mr. Lahtinen describes this aspect of Duquesne's proposal in terms of residential customers. Certainly, residential electricity usage varies not only with the residence, but also with the size and lifestyle of the family living there. It may not be appropriate for the fixed CTC to be based on a premise's 1996 usage, regardless of who is living there during the transition period. If this premise-specific aspect of Duquesne's proposal also applies to commercial and industrial customers, then it is clearly inappropriate. The electricity load varies so considerably based on the nature of a business, that it is unreasonable to ignore that nature when deriving a customer's fixed monthly CTC.

Q. What do you conclude regarding Duquesne's proposal to redesign it rates and establish customer-specific fixed monthly CTCs?

A. These proposals should be rejected.

$100 SCHEDULING CHARGE

Q. Does Duquesne propose to charge a fee for scheduling service?

A. Yes. Duquesne proposes to charge suppliers $100 for each schedule and each change in schedule that is submitted.

Q; Do you believe the proposed scheduling fee is reasonable for use in a retail environment?

A. No. The proposed fee is not justified, not reasonable, and should be rejected.

Q. Why?

A. The charge should be (but was not) based on actual scheduling volumes. That volume will increase dramatically with appropriately designed retail access, yet the cost incurred in scheduling is unlikely to rise commensurately.

Q. What is the basis for the proposed scheduling fee?

A. Duquesne divided annual labor expense from FERC Account Number 556, adjusted for fringe benefits, by what it calls the "number of transactions scheduled across and out of Duquesne's control area," and rounded the result to $100.

Q. What did Duquesne use for the number of transactions scheduled?

A. Duquesne used the number of hours in a year, 8,760, which is 24 hours per day, multiplied by 365 days.

Q. Do you believe this calculation reasonably reflects the average cost of each schedule during retail access?

A. No. The fee derivation bears no rational relationship to the service.

Q. Please explain why not.

A. The divisor is simply the number of hours in a year. It does not in any way reflect the number of parties that will be submitting schedules or that schedules are anticipated to be submitted daily. Duquesne has presented no evidence to indicate that the labor costs underlying the fee derivation will increase in direct proportion with the number of schedules submitted.

Q. Are there any other problems with the proposed scheduling fee?

A. Yes. The proposed fee is likely to hinder the development of a robust competitive market in Pennsylvania. The fee is so high that it may discourage suppliers with relatively small loads from participating in Duquesne's program. This is especially a concern during the phase-in, when only a portion of Duquesne's load will be available for competition.

METERING AND BILLING

Q. Has Duquesne proposed competitive provision of metering and billing services for customers to select?

A. No, it has not. It has proposed to maintain metering services as a monopoly of the utility. Further, it has proposed that customers will be able to receive a single bill only from the utility. [See APS – Ault at page 20 –]

Q. Why should customers be able to purchase billing services from their competitive generation supplier or another third party?

A. Market experience has shown that customers prefer a single bill for their electricity service. They do not like the idea of receiving a bill from the utility and a second bill from the electricity generation supplier. Indeed, customers may not understand why they should receive two bills for the same electrons or same lighting or heating. The Duquesne proposal denies customers the option of receiving this single bill from the generation

supplier. This forecloses the customer from the customized billing service which the independent supplier can provide, which the utility may not provide. Billing and payment arrangements that match the customers' needs can provide savings to the customer in addition to the savings on the electricity commodity.

Q. Why should customers be able to purchase metering services from their competitive generation supplier or another third party?

A. Today with traditional utility service, customers typically have only one or two metering options - a standard meter and possibly a time-of-use meter. Many different metering technologies are commercially available which can measure more characteristics of the customer's usage than the standard meter, and which can provide additional services such as energy management and load following for regulation and balancing purposes. Customers should have the ability to consider these options and purchase from a competitive supplier that metering service that best meets their needs.

Q. Does MAPSA have a proposal that addresses these inadequacies of Duquesne's proposal?

A. Yes, it does. MAPSA proposes that the customer have several metering and billing options enumerated in Attachment I.

ATTACHMENT I

MAPSA'S PROPOSED ADDITION TO DUQUESNE LIGHT COMPANY'S RESTRUCTURING PLAN PROVIDING FOR THE COMPETITIVE PROVISION OF METERING AND BILLING

Metering and Billing Principles

Metering and Billing Options. The customer shall have several metering and billing options. Billing options shall include complete billing from the Distribution Utility, independent separate billing by the Distribution Utility and the Electric Generation Supplier for respective services, and complete billing from the Electric Generation Supplier for all services as described in the Principles enumerated below. Metering options shall include metering by the Distribution Utility, parallel metering by the Distribution Utility and the Electric Generation Supplier, and metering by the Electric Generation Supplier as described in the Principles enumerated below.

The Distribution Utility, Electric Generation Suppliers and other interested parties will establish billing format protocols, billing schedules and other details of the billing cycle. Requirements of Chapter 56 will be met. Interested parties will form a Working Group to establish the necessary systems by July 1998 so that customers, the Distribution Utility and the Electric Generation Suppliers will have sufficient time for education and implementation of these metering and billing options.

I. Billing

The end-use customer shall have the option of selecting one of three billing options:

1. ***Complete Billing from the Distribution Utility.*** At the customer's option, the Distribution Utility will calculate, bill and handle cash flow as an agent for Electric Generation Suppliers.

2. **Independent Separate Billing.** At the customer's option, both the Distribution Utility and the Electric Generation Supplier will independently calculate, bill and receive payment for respective products and services supplied. The customer will receive two separate bills.

3. **Complete Billing from the Electric Generation Supplier.** At the customer's option, the Distribution Utility will bill the Electric Generation Supplier for distribution and ancillary services supplied to the customer. The Electric Generation Supplier will in turn calculate, bill the end-use customer and handle cash flow as an agent for the Distribution Utility.

The Distribution Utility and Electric Generation Suppliers will establish billing format protocols, billing schedules and other details of the billing cycle. These will be in conformance with the requirements of Chapter 56.

II. Metering

The end-use customer shall have the option of selecting one of three metering options:

1. **Distribution Utility Meter.** At the customer's option, the Distribution Utility will own, maintain, and read the meter at the customer's delivery point. Access to this information will be available to Electric Generation Suppliers in accord with established format protocols, reading schedules and billing cycles.

2. **Parallel Meters.** At the customer's option, the Electric Generation Supplier will install, own, maintain and read a second meter that will be in accordance with meter and installation standards as defined and used by the Distribution Utility. This meter can be used for customer information, balancing, load following or any combination of ancillary offerings that the electric generation supplier may

supply to the end-use customer. The Distribution Utility meter will always be the meter to which the billing quantities will be adjusted.

3. **Electric Generation Supplier Meter.** At the customer's option, the Electric Generation Supplier will own, maintain, and read the meter at the customer's delivery point. Such meters will comply with all meter specifications and installation standards as defined by the Public Utility Commission, applicable law and engineering practices. Access to this metered information will be available to the Distribution Utility in accord with established format protocols, reading schedules and billing cycles.

CODE OF CONDUCT

Q. Has Duquesne proposed a Code of conduct that would govern its transactions as an EDU with any affiliates or units it may have that provide services in the unregulated, competitive retail markets?

A. Duquesne's witness has proposed a code of conduct that it proposes to apply when and if Duquesne offers unregulated services to customers within its service territory. MAPSA opposes this qualification as to when the code would be effective as well as certain key components of Duquesne's proposed code.

Q. Why do you object to the proviso that the code would become effective if and to the extent Duquesne offers unregulated services in its service territory.

A. I have three comments. First, Duquesne states that it does intend to compete in the restructured market as a competitive supplier of electric energy, capacity and related services. It has not, however, finalized its plans for doing so. As any competitive supplier would know, much of the expense of doing business is in the start-up – in developing the systems and people to be able to competently provide a product or service. This effort and expense occurs before you open the doors for business. Utility Ratepayers should not subsidize the start-up of an unregulated business. Therefore, a code of conduct for transactions with unregulated units or affiliates should be in place and effective from the genesis of the new activity.

Second, Duquesne wishes to restrict the applicability of its code to unregulated services to customers within its service territory. Presumably, this would allow Duquesne to support the costs and activities of a unit or affiliate that intends to offer unregulated services in another utility's service territory. Again, Utility Ratepayers should not subsidize the start-up of an unregulated business regardless of the geographical area in which it intends to operate.

Third, the restructuring plan is designed to structure the market arrangement into the future. The principles and policies that govern utility affiliate transactions should be adopted in this proceeding and become effective at the same time as all other provisions of the Commission's order on the restructuring plan.

Q. What are the key components of Duquesne's proposed code to which you object?

A. Duquesne:

- has not sufficiently separated the management and operation of the regulated utility services from that of the unregulated services;
- has not adequately addressed the sharing of services between the regulated and unregulated activities and the appropriate pricing for all products and services which the utility may provide the affiliates:
- has proposed inadequate definitions and safeguards for confidential information;
- has proposed inadequate processes for non-discriminatory transfer of information to the affiliate and its non-affiliated competitors.

Q. Does MAPSA have a proposal that addresses these inadequacies?

A. Yes, it does, in Attachment II.

ATTACHMENT II

MAPSA'S PROPOSED ADDITION TO DUQUESNE LIGHT COMPANY'S RESTRUCTURING PLAN REGARDING A CODE OF CONDUCT

INTERIM CODE OF CONDUCT

The relationship of the DUQUESNE generation supply group or a competitive generation affiliate or marketing group or division (a "DUQUESNE Generation Supplier" or "DUQUESNE Supplier"); a competitive distribution services affiliate or marketing group or division (a "DUQUESNE Competitive Distribution Services Supplier" or "DUQUESNE Supplier"); and the employees that perform the role of local electric distribution utility ("EDU" or "DUQUESNE EDU") will be governed by the following code of conduct which is intended to control dissemination of confidential customer information, restrict access to competitive information, prevent cross-subsidies between regulated and unregulated departments and prevent anti-competitive and discriminatory practices. Duquesne agrees to abide by this interim Code Of Conduct until such time as the Public Utility Commission adopts a different code of conduct or otherwise modifies this interim code.

1. Employees of DUQUESNE EDU who have responsibility for managing and operating the distribution system shall not be shared with a DUQUESNE Supplier.

2. DUQUESNE EDU and the unregulated affiliates, DUQUESNE Suppliers, shall operate from physically separate locations and operate separate computer and information systems to avoid potential inadvertent sharing of information.

3. DUQUESNE EDU may share resources with DUQUESNE Suppliers for non-operational functions such as legal, accounting and other non-operational services under the conditions that:

- DUQUESNE EDU will specifically identify the personnel, assets or services which it intends to share and seek Commission approval of such sharing. Such applications for approval will describe the accounting controls that will be utilized to prevent possible cross-subsidization;

- Any shared resources shall be fully and transparently allocated between DUQUESNE EDU and the DUQUESNE Suppliers;

- DUQUESNE EDU accounts and records shall be maintained such that the costs incurred by or on behalf of a DUQUESNE Supplier are separately and clearly and identified; and

- The Commission will retain the authority to investigate or audit these areas to ensure that no subsidization occurs in the future.

4. DUQUESNE, in its role as the Electric Distribution Utility ("DUQUESNE EDU"), shall not give a competitive generation affiliate or marketing group or division ("DUQUESNE Generation Supplier") any preference over a non-affiliate in processing a request by a customer for service.

5. DUQUESNE, in its role as the Electric Distribution Utility ("DUQUESNE EDU"), shall not give a competitive distribution services affiliate or marketing group or division ("DUQUESNE Competitive Distribution Services Supplier") any preference over a non-affiliate in processing a request by a customer for service.

6. DUQUESNE EDU shall not give a competitive generation or distribution services affiliate or marketing group or division ("DUQUESNE Supplier") any preference over a non-affiliate in processing a request by a non-affiliated generation or distribution services supplier for access or service.

7. DUQUESNE EDU shall not condition or tie in any way the provision of any regulated utility services (distribution, generation or other) on the purchase of any service from a DUQUESNE Supplier.

8. DUQUESNE EDU shall supply services and apply the rules, terms and conditions and other provisions of its tariffs to non-affiliates in the same manner it applies them to DUQUESNE Suppliers.

9. DUQUESNE EDU shall not sell non-power goods or services to a DUQUESNE Supplier at a price or consideration below the cost or market price, whichever is higher, for said goods or services unless such goods or services are offered to non-affiliated suppliers on the same terms, conditions and pricing. DUQUESNE EDU will not purchase non-power goods or services from a DUQUESNE Supplier at a price above the market price for said goods and services.

10. DUQUESNE EDU shall simultaneously make available to all suppliers any market, pricing or operational information that it provides to a DUQUESNE Supplier.

11. DUQUESNE EDU will make meter reading, billing and other customer assistance services available to all non-affiliated suppliers and DUQUESNE suppliers at the same non-discriminatory rates, terms and conditions.

12. Neither DUQUESNE EDU nor a DUQUESNE Supplier may directly or by implication represent that:

- the regulated distribution services provided by DUQUESNE EDU are of superior quality when power or other services are purchased from a DUQUESNE Supplier; or

- that the power and related services are being provided by DUQUESNE EDU rather than a DUQUESNE Supplier; or

- that the power or services purchased from a Supplier that is not a DUQUESNE Supplier may not be reliably delivered; or

- that any advantage, including discounts or other terms of service, accrues to the customer in the use of utility services as a result of the customer purchasing power or other services from a DUQUESNE Supplier.

13. DUQUESNE EDU will not provide sales leads to DUQUESNE Suppliers and will refrain from giving any appearance that DUQUESNE EDU speaks on behalf of a DUQUESNE Supplier.

14. DUQUESNE EDU shall consider confidential the following information:

- Supplier pricing and billing information;
- Supplier customer lists;
- Individual customer consumption;
- Identity of the supplier of a participating customer.

Upon written request, a customer may request information regarding consumption and services to the customer's home or facilities.

15. This Code of Conduct will be communicated throughout DUQUESNE EDU and DUQUESNE Suppliers and other internal service organizations and appropriate procedures will be implemented to ensure compliance, including but not limited to:

- Incorporation of this Code of Conduct into the Company's Standards of Integrity;

- Employees having access to competitive information will sign confidentiality agreements prohibiting improper disclosure of competitive information;

- Periodic audits of the code of conduct will be conducted to ensure compliance; and
- Violations of the code of conduct will result in disciplinary action administered in accordance with DUQUESNE policy.

16. DUQUESNE EDU will establish and file with the Commission a procedure for receiving, recording and resolving complaints alleging violation of this code of conduct.

CUSTOMER PARTICIPATION CREDIT

Q. Through what kind of mechanism would you propose that customers receive a portion of the benefits of competition?

A. In addition to the CGC that I have discussed above, the Commission should require Duquesne to provide a Customer Participation Credit (CPC). This credit would represent the portion of the benefits from competition that customers could receive during the period that Duquesne is recovering its stranded costs. This would not be payable to competing suppliers or to Duquesne except insofar as it adds to the recoverable stranded costs.

Q. Why should this additional amount take the form of a CPC, rather than be provided to customers via some other means?

A. Not only would this treatment provide the benefit to customers and stimulate economic development, it also furthers the Commission's additional objective of developing a robust competitive retail market for electricity.

Q. Do you have a specific recommendation as to the level of CPC?

A. Yes. I believe the CPC should be set at the same level that currently exists in Duquesne's pilot program. That is, for residential and commercial customers, a credit of 13% of total monthly charges excluding the CGC, and for industrial customers, a credit of 10%.

Q. Do you know whether Duquesne's pilot program reflected a "robust" competitive market?

A. No, I do not. My understanding is that customer nominations were oversubscribed. At the time of writing this testimony, however, I do not know the extent to which alternative suppliers participated in the program or what portion of the eligible customers actually chose an alternative supplier.

Q. If the pilot does exhibit robust competition, would this imply that a CGC in excess of that approved for the pilot program is unnecessary?

A. No. Participation by alternative suppliers in a pilot program such as Duquesne's will be driven by different considerations than those affecting participation in restructuring

Q. Please explain.

A. In deciding whether to participate and the nature of participation in a pilot program, alternative suppliers will be considering more than just the pilot's economics. Participation in a pilot provides alternative suppliers the opportunity to learn how to operate in a new business environment. This is very important to them. In addition, pilot participation provides opportunities for acquiring name recognition that will be valuable long after the pilot is completed. The supplier's ability to recover its costs during the pilot, although certainly relevant, is not necessarily the primary goal. In fact, my understanding is that pilot participants frequently fail to recover their costs and may even go into the pilot expecting that to occur.

Participation thereafter and in the long term, however, is an entirely different story. Economics becomes the major driving force. If the alternative supplier does not have a reasonable expectation of recovering its costs and has little or no opportunity to earn a profit, then the supplier will simply not participate in the program. Therefore, even if a pilot exhibits signs of robust competition, that does not indicate that the level of credit established for the pilot will be sufficient thereafter.

IMBALANCES

Q. What is Duquesne's proposal regarding imbalance charges?

A. Energy imbalance charges would be calculated for each supplier by multiplying the difference between the supplier's deliveries and the adjusted estimates of the supplier's customers' consumption by an energy imbalance

rate in each hour. Since hourly meter readings will not be universally available, Duquesne will estimate a customer's hourly load profile based on sample metering data from other customers that do have hourly meters. If imbalances are in excess of an hourly "deadband" of 1.5%, the supplier would pay the following rates (i) in off-peak periods, the higher of 110% of Duquesne's out-of-pocket costs, or $50/mWh, and (ii) in on-peak periods, the higher of 110% of Duquesne's out-of-pocket costs, or $100/mWh.

Q. Has Duquesne provided any justification for these levels of imbalance charges?

A. Very little. Duquesne witness Mr. Allison indicates at page 24 of his Direct Testimony that these charges provide a reasonable incentive for suppliers to schedule accurately.

Q. Do you support Duquesne's proposed imbalance charges?

A. No. The proposed imbalance charges are excessive and unreasonable, especially given Duquesne's methodology for determining customers' hourly loads.

Q. Please explain.

A. First, the $50 and $100/mWh are clearly excessive. These charges will apply to a monopoly service, are not cost-based and are intended to penalize suppliers for not forecasting with an extremely high degree of accuracy the actual hourly loads of a sample of customers that are not even the supplier's customers. The 110% of Duquesne's out-of-pocket cost level, which will generally be less than $50 or $100 and will therefore not apply, is also excessive. Although it may be appropriate for the charge to reflect a minor amount for Duquesne's administrative costs, this amount is presumably already reflected in out-of-pocket costs.

Q. What level of charges would be reasonable for differences between supplier's deliveries and the estimated hourly usage?

A. A reasonable charge would be 100% of Duquesne's out-of-pocket expenses for supplier under-deliveries. System lambda should be credited on each KWH of supplier over-deliveries.

Q. Are there any circumstances under which a penalty may be appropriate?

A. Yes. An imbalance charge that represents a penalty may be appropriate to apply to the difference between scheduled deliveries and the supplier's actual deliveries. This would eliminate any incentive for suppliers to "game the system" by intentionally failing to deliver the scheduled load. It might also be reasonable to assess levels of imbalance charges that are higher than 100% of Duquesne's out-of-pocket costs for differences between scheduled load and actual customer usage that are extreme. Duquesne's proposed charges are entirely out of line, however, for an hourly "deadband" of only 1.5%.

Q. What imbalance charges has Duquesne proposed in its pilot program?

A. My understanding is that Duquesne originally proposed the same level of imbalance charges in its pilot program that it has proposed in this proceeding. However, prior to pilot implementation, Duquesne modified its proposal. Duquesne's October 17,1997 compliance filing in Docket No. P-000971175 describes Duquesne's modified proposal regarding imbalance charges. The modified proposal eliminates the $50 and $100/mWh charges and establishes two alternative methodologies for determining imbalance charges. Each supplier can select on a monthly basis the methodology to be utilized.

Q. Do you believe that imbalance charges should be determined on a customer-by-customer basis or for a supplier's aggregate load?

A. Imbalance charges should be determined based on the supplier's total statically scheduled load subject to revision if Duquesne forms an ISO. .

Q. Are there additional features that should be included in Duquesne's policies and procedures regarding imbalances?

A. Yes, there are two. First, Duquesne should permit trading of imbalances between suppliers as a means to reduce or eliminate imbalance charges.

Q. Please explain how that would work.

A. If, for example, one supplier has oversupplied 100 kW of energy during an hour and another supplier has undersupplied 100 kW during that hour, then the first supplier should be permitted to transfer his oversupply to the second supplier. In this example, both suppliers would be considered to be in balance and neither supplier would be subject to any imbalance charges. This imbalance trading and the elimination of the imbalance charges should be permitted, since on a combined basis these suppliers did not create any imbalance on Duquesne's system.

Q. What is the second feature that should be included in Duquesne's policies and procedures regarding imbalances?

A. Duquesne should permit energy imbalances to be resolved in-kind, as well as via a cash-out. In-kind resolution could occur on days and at times mutually agreed to between Duquesne and the supplier in the manner used by control areas to reconcile inadvertent energy.

Q. Do you have any additional comments regarding imbalances?

A. Yes, I have a comment regarding supplier access to Duquesne's metering data. Duquesne should not be permitted to impose imbalance charges if it does not provide suppliers on a timely basis with all of the relevant usage data at its disposal. It is unfair for Duquesne to impose imbalance charges without providing the tools available to enable suppliers to minimize those charges. Duquesne should also permit suppliers to correct static schedules without added charge at mid-hour in order to minimize imbalances.

Q. Please continue.

A. Duquesne should be required to provide to each supplier all of the metering data for that supplier's customers as soon as it is available. For customers with interval metering, Duquesne must make such data available to suppliers on a real time basis. For customers whose load profiles will be estimated based on the actual loads of a sample of customers with interval metering, Duquesne must make the interval data from that sample group available to suppliers on a real time basis.

CUSTOMER SELECTION

Q. How does Duquesne propose to apply the phase-in that makes one-third of its load eligible for competition each year, for three years?

A. For residential and small commercial customers, eligibility would be based on zip-code-based geographic areas of choice (GACs). Each GAC would be assigned to the first, second or third year of the phase-in. For other commercial customers and for all industrial customers, eligibility would be based on SIC code-based market segments. Duquesne proposes to prioritize the eligibility of the market segments based on the results of the pilot program open enrollment process. Those market segments having the largest percentage of total accounts being nominated by customers for participation in the pilot would be included in the first phase until the requisite peak load contribution is reached or exceeded.

Q. Do you support the phase-in procedures that you have just described?

A. No. The geographic based procedures for residential and small commercial customers could restrict the amount of load purchased from alternative suppliers. Regarding the procedures for other commercial and for all industrial customers, Duquesne's market segment approach is inappropriate for several reasons.

Q. Please explain why the geographic procedure could restrict the amount of load purchased from alternative suppliers.

A. Under the proposal, each GAC would be assigned to the first, second or third year of the phase-in. Presumably, Duquesne would make the assignments such that one-third of its load was eligible for direct access each year during the phase-in. This means that the amount of load permitted direct access under the Act would be realized only if each and every residential and small commercial customer that was eligible under Duquesne's procedures decided to avail itself of the opportunity. If, for example, during the first year of the phase-in only 75% of the eligible customers decided to select an alternative supplier, then only about 25% (75% of one-third) of Duquesne's total load would be switching, rather than the one-third permitted by the Act. Thus, Duquesne's proposal could restrict the amount of load purchased from alternative suppliers.

The Commission expressed similar concerns in the Preliminary Opinion and Order addressing Duquesne's pilot application, in which Duquesne proposed a GAC-based methodology. There, the Commission was concerned that the goal of participation of at least 5% of the non-coincidental peak load would not be achieved or may be delayed by using these methods. Those concerns are just as valid for the first two years of the phase-in as they were for the pilot.

Q. Why do you believe Duquesne's market segment approach for selecting other commercial and all industrial customers is inappropriate?

A. First, this approach is likely to require successive rounds of customer solicitation during the phase-in, since it will be unclear whether a particular market segment should be made eligible for participation until it is known what portion of the market segments already eligible have actually selected alternative suppliers. This may lead to delays in achieving participation of one-third of Duquesne's non-coincidental peak load during the first year of the phase-in, and two-thirds during the second year. The Commission expressed a similar concern in the Preliminary Opinion and Order addressing Duquesne's pilot program.

Second, under Duquesne's proposal, relatively minor differences in the level of pilot enrollment between market segments could have a dramatic impact

on their ability to participate during the phase-in. For example, if one market segment has 50% pilot enrollment and another market segment had 45% pilot enrollment, 100% of the customers in the first market segment could become eligible to select an alternative supplier before any of the customers in the second could do so. This outcome does not seem equitable.

Third, Duquesne's approach could reduce the level of savings that alternative suppliers could offer to Duquesne's customers.

Q. Please explain how this could occur.

A. By eliminating entire commercial and industrial market segments from participation during the phase-in, the load characteristics of those segments are also eliminated from alternative suppliers' portfolios. This reduces suppliers' ability to produce efficient portfolios, thereby increasing the suppliers' unit costs and reducing the level of savings that can be offered to Duquesne's customers.

Q. Are there additional reasons why Duquesne's pilot enrollment experience should not be used as a criterion for customer eligibility during the phase-in?

A. Yes. The enrollment phase of Duquesne's pilot program was not conducted in such a way that it can serve as a reliable basis for indicating differences among market segments in the level of interest in selecting an alternative supplier.

Q. Please explain.

A. The point is probably best explained by referring to the Commission's own statements in the Opinion and Order on Pilot Program Implementation Compliance Filing addressing Duquesne's pilot process. There, the Commission found it "noteworthy that despite Duquesne Light's relatively high rates, the number of customer requests for enrollment in its pilot program was initially the lowest in Pennsylvania, as a percentage of total customers." The Commission charged Duquesne with ignoring its directive regarding the form of enrollment. The Commission stated:

> Lacking confidence in Duquesne Light's ability to communicate fairly and effectively with its customers in this new era of customer choices, we direct the company to obtain advance approval from the Commission for all pilot-related communications to customers for the remainder of the pilot program. In addition, the Commission directs the above-mentioned advance approval for consumer communications during the first phase of retail competition. This directive applies to both the substance and procedure of the communication.

In light of this these findings and this chastisement, the outcome of Duquesne's pilot enrollment cannot be considered a reliable indicator of *different levels of customers interest among market segments.*

Q. What do you conclude regarding Duquesne's proposed procedures for determining customer eligibility during the phase-in?

A. The proposed GAC-based procedures for residential and small commercial customers and the proposed pilot-enrollment-based procedures for other commercial and all industrial customers should be rejected.

Q. What approach do you recommend for determining customer selection during the phase-in?

A. All customer classes should be opened up and new suppliers should be able to sign up customers until one-third of Duquesne's total load is transferred.

Q. Does this conclude your prepared direct testimony?

A. Yes.

WHITFIELD A. RUSSELL

Whitfield A. Russell is an Electrical Engineer and President of Whitfield A. Russell and Associates, P.C., a corporate partner of Whitfield Russell Associates. He holds a Bachelor of Science degree in Electrical Engineering from the University of Maine at Orono, a Master of Science in Electrical Engineering from the University of Maryland, and a Juris Doctor degree from Georgetown University Law Center.

Mr. Russell is experienced in electric utility system planning, power pooling, transmission planning, ratemaking, bulk power contract negotiation, analysis of electric utility construction programs, productivity of generating units and fuel adjustment clauses. Mr. Russell has been qualified as an expert witness in 27 states (and the District of Columbia) and has testified in more than 100 proceedings before state and federal Courts, Public Service Commissions, the Federal Energy Regulatory Commission and other administrative agencies. Mr. Russell has written and spoken extensively on matters relating to regulated electric utilities.

From 1972 to 1976, Mr. Russell served as Engineer and subsequently as Chief Engineer, at the Division of Corporate Regulation of the Securities and Exchange Commission. The Division administers the Public Utility Holding Company Act of 1935.

From 1971 to 1972, Mr. Russell was on the staff of the Federal Power Commission. He served as a consultant to staff attorneys in proceedings, and as

WHITFIELD A. RUSSELL

an expert witness in an administrative proceeding before the Atomic Energy Commission.

From 1969 to 1971, Mr. Russell served as an Associate Engineer in the System Planning Division of the Potomac Electric Power Company. At PEPCO, he conducted system studies of load flows and stability. He was also a member of numerous study groups concerned with planning and operation of the Pennsylvania-New Jersey-Maryland Interconnection.

Mr. Russell controls a small hydro company headquartered in Bangor, Maine that owns two hydroelectric generating facilities.

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PROCEEDINGS IN WHICH
WHITFIELD A. RUSSELL HAS TESTIFIED

1. Anaheim v. Kleppe, U.S. District Court, Arizona (Civil No. 74-542 PHX-WEC), concerning the availability of transmission capacity in the Pacific Southwest.

2. In re: Potomac Electric Power Company, before the Maryland Public Service Commission, Case No. 7004, concerning the need for proposed 500 kV transmission lines in the Washington, D.C. area.

3. In re: Baltimore Gas and Electric Company, and Potomac Electric Power Company, before the Maryland Public Service Commission, Case No. 6984, involving the same transmission lines mentioned in the preceding case.

4. Perry v. The City of Monroe, Louisiana (State of Louisiana, Parish of Ouachita, Fourth District Court; Nos. 111145, 111146, 111147 filed August 16, 1977) regarding the necessity of Monroe's disposing of its municipal utility system.

5. In re: Potomac Electric Power Company, before the District of Columbia Public Service Commission, in Case No. 685, concerning the system planning of the Potomac Electric Power Company and the PJM Pool.

6. In re: Generic Hearings on Rate Structure, before the Colorado Public Utilities Commission, Case No. 5693, regarding the engineering aspects of marginal cost pricing and power pooling in Colorado.

7. In re: Pacific Gas and Electric Company, FERC Docket No. ER76-532, regarding the proper level of rates to be charged by PGandE to the Central Valley Project for transmission service.

8. In re: Pacific Power and Light Company, FERC Docket No. E-7796, regarding the Seven Party Agreement and related matters.

9. In re: Pacific Gas and Electric Company, FERC Docket No. E-7777 (II), concerning the provisions of numerous bulk power arrangements governing electric utilities in California.

PROCEEDINGS IN WHICH
WHITFIELD A. RUSSELL HAS TESTIFIED

10. In re: Potomac Edison Company, before the Maryland Public Service Commission, Case No. 7055, concerning the need for a 230 Kv transmission line in Montgomery County, Maryland.

11. In re: Delmarva Power and Light Company, before the Maryland Public Service Commission, Case Nos. 7239F, 7239G, 7239H, 7239I, 7239J, 7239K, 7239L, 7239M and 7239N concerning fuel rate adjustments.

12. In re: Baltimore Gas and Electric Company, before the Maryland Public Service Commission, Case Nos. 7238G, 7238H, 7238I, 7238J, 7238L and combined dockets 7238P, Q, R and S, concerning fuel rates.

13. In re: Potomac Electric Power Company, before the Maryland Public Service Commission, Case Nos. 7240A, 7240B, 7240C, 7240D, 7240E, 7240F and 7240G, concerning fuel rate adjustments.

14. In re: Florida Power & Light Company, FERC Docket No. E-9574, concerning system planning for the City of Vero Beach, Florida. FP&L withdrew its application to acquire the Vero Beach system.

15. In re: Oklahoma Gas and Electric Company, FERC Docket No. ER77-465, concerning rates for energy banking and transmission services rendered to the Western Farmers Electric Cooperative.

16. In re: Idaho Power Company, before the Idaho Public Utility Commission, Case No. U-1006-158, concerning the value of interruptible industrial loads and Idaho Power Companies entitlement to Federal secondary energy.

17. In re: Potomac Electric Power Company, before the District of Columbia Public Service Commission, Case No. 737, concerning the Company's construction program.

PROCEEDINGS IN WHICH
WHITFIELD A. RUSSELL HAS TESTIFIED

18. In re: Virginia Electric and Power Company, before the Virginia State Corporation Commission, Case No. PUE 800006, concerning construction of transmission lines in the Charlottesville, Virginia area.

19. In re: Pacific Gas and Electric Company, FERC Project Nos. 2735 and 1988, concerning the Helms Project, a pumped storage generating unit.

20. Southeastern Power Administration v. Kentucky Utilities Company, FERC Docket No. EL 80-7, concerning SEPA's attempt to obtain a FERC wheeling order under the Public Utility Regulatory Policies Act of 1978.

21. In re: Sierra Pacific Power Company, before the Public Service Commission of Nevada, Docket No. 81-105, concerning construction and transmission planning.

22. In re: Virginia Electric and Power Company, before the North Carolina Utilities Commission, Docket No. E-22, Sub 257, concerning production cost simulation and normalized fuel adjustment clause formula.

23. In re: the Investigation of the Capital Expansion For Electric Generation, before the New Mexico Public Service Commission, Case No. 1577, concerning construction programs of the Public Service Company of New Mexico and El Paso Electric Company.

24. In re: Potomac Edison Company, before the Maryland Public Service Commission, Case Nos. 7241A, 7241B, 7241C and 7241D, concerning fuel rate adjustments and productivity of generating units.

25. In re: Potomac Edison Company, before the Maryland Public Service Commission, Case No. 7528, concerning the method of calculating Potomac Edison's fuel rate.

PROCEEDINGS IN WHICH
WHITFIELD A. RUSSELL HAS TESTIFIED

26. In re: Delmarva Power & Light Company, before the Maryland Public Service Commission, Docket No. 7570, concerning transmission loss allocation methodology.

27. In re: Nebraska Public Power District, before the South Dakota Public Utilities Commission, Docket No. F-3371, concerning proposed construction and operation of the 500 Kv MANDAN Transmission Facility.

28. In re: Sierra Pacific Power Company, before the Public Service Commission of Nevada, Docket No. 81-660, concerning construction and transmission planning.

29. In re: Kentucky Utilities Company, FERC Docket Nos. ER-81-341-000 and ER81-267-000, concerning construction planning and the market for short term power.

30. In re: Kentucky Power Company et al., before the Kentucky Public Service Commission, Case No. 8566, concerning cogeneration and avoided costs.

31. In re: Appalachian Power Company, before the West Virginia Public Service Commission, Case No. 82-162-42T, concerning the wholesale market and short-term power sales.

32. In re: Central Maine Power Company, before the Maine Public Utility Commission, Docket No. 82-137, concerning the application of Central Maine Power Company to reorganize in the form of a holding company.

33. In re: Houston Lighting & Power Company, before the Public Utility Commission of Texas, Docket No. 4712, concerning rates to be paid to cogenerators and small power producers.

PROCEEDINGS IN WHICH
WHITFIELD A. RUSSELL HAS TESTIFIED

34. In re: Dow Chemical Company, before the Public Utility Commission of Texas, Docket Nos. 4802, 5050 and 5062, concerning rates for interruptible service.

35. In re: Nevada Power Company, before the Nevada Public Service Commission, Docket No. 83-707, concerning the Reid Gardner No. 4 *Participation Agreement*.

36. Dow Chemical Company vs. Houston Lighting & Power Company, before the District Court of Brazoria County, Texas, 149th Judicial District, No. 79-F-2620, regarding the custom and usage of contract terms in the electric utility industry. Live direct testimony in a jury trial. No transcript available.

37. In re: The Montana Power Company and the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Project Nos. 5-004 and 2776-000, concerning the Tribes' intention and ability to sell its output to one or more entities in the Western states, if obtaining the license to the Kerr Project.

38. In re: the Dow Chemical Company vs. Gulf States Utilities Company, before the Louisiana Public Service Commission, Docket No. U-16038, concerning cogeneration and small power production.

39. In re: Petition of the Dow Chemical Company, before the Public Utility Commission of Texas, Docket No. 5651, for an order compelling Houston Lighting & Power Company to comply with the Commission Order concerning cogeneration and small power production.

40. In re: Oklahoma Gas and Electric Company, before the Oklahoma Corporation Commission, Cause No. 29017, concerning priority for recognition of capacity costs to Qualifying Facilities.

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

41. In re: Kansas City Power & Light Company of Kansas City, Missouri, before the Missouri Public Service Commission, Case Nos. ER-85-128 and EO-85-185, regarding rate design and allocation of production-related costs for the Company's Wolf Creek Generating Station on behalf of the United States Department of Energy.

42. In re: Kansas City Power and Light Company, before the State Corporation Commission of the state of Kansas, Docket Nos. 142,099-U and 120,924-U, concerning operating problems caused by excess capacity, mitigation measures and regulatory requirements, on behalf of Johnson County Joint Intervenors.

43. In re: Duke Power Company, before the North Carolina Utilities Commission, Docket No. E-7, Sub 391, concerning the Company's use of an Extended Cold Shutdown program to mitigate its excess capacity situation resulting from the Catawba Units, on behalf of the Department of Justice for the State of North Carolina.

44. Sierra Pacific Power Company, before the Public Service Commission of the State of Nevada, Docket No. 85-430, on behalf of the State of Nevada Attorney General's Office of Advocate for Customers of Public Utilities, concerning the effects upon retail rates of placing Valmy Unit No. 2 in service.

45. United States of America Department of Energy, before the Bonneville Power Administration, on behalf of the City of Vernon, California, concerning the 1985 Proposed Firm Displacement Power Rate.

46. In re: City of Anaheim, et al., v. Southern California Edison, Docket No. 78-0810, on behalf of five partial requirements wholesale customers of Southern California Edison Company, making claims under Federal antitrust laws for access to the Pacific Northwest-Pacific Southwest Intertie.

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

47. In the Matter of the Application of Sierra Pacific Power Company for Approval of its 1986-2006 Electric Resource Plan, Docket No. 86-701, on behalf of the State of Nevada Attorney General's Office of Advocate for Customers of Public Utilities, concerning efforts of Sierra Pacific Power Company to develop a new interconnection (the SMUD Tie) with the Sacramento Municipal Utility District.

48. The Federal Executive Agencies, Complainant v. Public Service Company of Colorado, before the Public Utilities Commission of the State of Colorado, Case No. 6551, on behalf of the Federal Executive Agencies concerning the feasibility of wheeling federal preference power to the Government's facilities at Rocky Flats, the Lowry Air Force Base, the Rocky Flats Technical Center and the Denver Federal Center.

49. Commonwealth Edison Company, before the State of Illinois, Illinois Commerce Commission, Docket Nos. 87-0043, 87-0044 and 87-0057 Consolidated, on behalf of Intervenor, Citizen's Utility Board of Illinois, concerning Edison's proposal to form a generating subsidiary.

50. Nevada Power Company, before the Nevada Public Service Commission, Docket No. 87-750, concerning a 345 KV transmission line proposed to connect Nevada Power Company to Utah Power and Light Company.

51. Utah Power & Light Company, PacifiCorp, PC/UP&L Merging Corporation, FERC Docket No. EC88-2-000, establishing conditions for the proposed merger; also challenging PP&L's/UP&L's assertion that the claimed coordination benefits would not be attainable through power pooling or by contract.

52. Rosemount Cogeneration Joint Venture, Biosyn Chemical Corporation and Oxbow Power Corporation vs. Northern States Power Company, before the Minnesota Public Utilities Commission,

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

Docket No. E-002/GG-88-491, on behalf of Petitioners, Rosemount Cogeneration Joint Venture, Biosyn Chemical Corporation and Oxbow Power Corporation, concerning a contract between Northern States Power and Biosyn Chemical Corporation covering the 50 MW output of a yet-to-be-constructed power plant based on the forecast costs of Sherburne County Unit #3 ("Sherco Unit 3").

53. In re: Potomac Electric Power Company, before the District of Columbia Public Service Commission, Case No. 869, on behalf of the District of Columbia Office of the People's Counsel, concerning the prudence of off-system purchases.

54. In re: Wisconsin Public Power Inc. System, Advance Plan 5, before the Public Service Commission of the state of Wisconsin, on behalf of the Wisconsin Public Power System, Inc., concerning transmission planning in the state of Wisconsin.

55. In re: Nevada Power Company, before the Public Service Commission of Nevada, Docket No. 88-701, on behalf of the Attorney General's Office of Advocate for Customers of Public Utilities, concerning NPC's 1988 Resource Plan.

56. In re: Commonwealth Edison Company, before the Illinois Commerce Commission, Docket Nos. 87-0427, 87-0169, 88-0189 and 88-0219, on behalf of the Citizens Utility Board, concerning rejection of an unfair, Staff-proposed rate order.

57. In re: Dow Chemical Company vs. Houston Lighting & Power Company, before the Texas Public Utilities Commission, Docket No. 8425, 8431, on behalf of The Dow Chemical Company, concerning application of Houston Lighting & Power Company for authority to change rates; Fuel Reconciliation, Revenue Requirements and Rate Design.

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

58. Dow Chemical Company vs. Houston Lighting & Power Company, before the Texas Public Utilities Commission, Docket No. 8555, on behalf of The Dow Chemical Company, concerning rate discrimination, cost to serve and class load characteristics.

59. In re: Sierra Pacific Power Company, before the Public Service Commission of Nevada, Docket No. 89-676, on behalf of the Attorney General's Office of Advocate for Customers of Public Utilities, *concerning Sierra's system planning.*

60. In re: Northern California Power Agency vs. Pacific Gas and Electric Company, before the Federal Energy Regulatory Commission, Docket No. EL89-4-000, on behalf of the Northern California Power Agency ("NCPA"), concerning the Interconnection Agreement between Pacific Gas & Electric Company and NCPA.

61. In re: M-S-R Public Power Agency vs. Tucson Electric Power Company, before the United States District Court of Arizona, No. CIV-86-521-TUC-ACM, on behalf of M-S-R, concerning TEP's breach of contract.

62. In re: Southern California Edison Company and San Diego Gas & Electric Company, before the Federal Energy Regulatory Commission, Docket No. EC89-5-000, on behalf of the City of Vernon, California concerning expected effects of the proposed merger on competition, system operation and transmission access.

63. *In re: Farmers Electrical Cooperative Corporation and City Water & Light Plant of the City of Jonesboro, Arkansas, v. Arkansas Power & Light Company*, No. LR-C-86-118. Presented deposition testimony on AP&L's liability and assisted in settlement negotiations of treble damage claims for transmission line foreclosure made by plaintiffs, City Water and Light Department of Jonesboro, Arkansas and the Farmers Electric Cooperative.

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

64. In re: Southern California Edison Company and San Diego Gas & Electric Company, before the California Public Utilities Commission, Docket No. 88-12-035, on behalf of the City of Vernon, California concerning expected effects of the proposed merger on competition, system operation and transmission access.

65. In re: Northeast Utilities Service Company and Public Service Company of New Hampshire, before the Federal Energy Regulatory Commission, Docket Nos. EC90-10-000, ER90-143-000, ER90-144-000, ER90-145-000 and EL90-9-000, on behalf of Massachusetts Municipal Wholesale Electric Company, concerning the effect of a proposed merger on competition and transmission access.

66. Report to the Public Utilities Board of Manitoba concerning 1990 Manitoba Hydro Capital Projects Review: Generation and Transmission Requirements. Whitfield Russell Associates was appointed to report to The Public Utilities Board on matters regarding the economic consequences to the domestic customers of the Manitoba Hydro capital program.

67. In re: Northeast Utilities Service Company, before the Federal Energy Regulatory Commission, Docket Nos. ER90-373-000, et al., on behalf of the Massachusetts Municipal Wholesale Electric Company, evaluating the Preferred Transmission Service Agreement between MMWEC and Northeast Utilities Service Company, for the transmission of MMWEC's power purchase from the New York Power Authority.

68. In re: New Hampshire Electric Cooperative Rate Plan Proposal, before the New Hampshire Public Utilities Commission, Docket No. DR90-078, on behalf of the New Hampshire Electric Cooperative, concerning contract valuation.

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

69. Tampa Electric Company v. Zeigler Coal Company. This was an arbitration held in August 1991, concerning provisions of a coal contract in which Mr. Russell offered testimony for Zeigler to the effect that Tampa Electric was not suffering a hardship by measures commonly used in the electric utility industry.

70. In re: The Long Range Forecast of Ohio Power Company, before the Ohio Public Utilities Commission, Docket No. 90-660-EL-FOR (Phase II). Mr. Russell presented and defended testimony on behalf of Ormet Aluminum Corporation concerning Ormet's right to allowances to emit sulfur dioxide from the Kammer Power Plant of Ohio Power Company under the Clean Air Act Amendments of 1990 and the propriety of Ohio Power's Compliance Plan.

71. In re: Application of Tex-La Electric Cooperative to Increase Rates. Mr. Russell presented testimony in 1991, demonstrating that Tex-La was prudent in selling its entitlement in a nuclear plant and in settling its 1988 claims against Texas Utilities concerning Texas Utilities' fraud and imprudence in the construction of the Comanche Peak Nuclear Plant.

72. In re: Southern California Edison Company, before the Federal Energy Regulatory Commission, Docket No. ER88-83, on behalf of the City of Vernon, California concerning expected effects of Edison's administration of its transmission network on competition, system operation and transmission access.

73. In the Matter of the Application of the Public Service Company of New Mexico for Approval to Construct, Own, Operate and Maintain the Ojo Line Extension and for Related Approvals before the New Mexico Public Service Commission, Case No. 2382, on behalf of the United States Department of Energy, concerning transmission line construction programs of the Public Service Company of New Mexico.

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

74. In re: Wisconsin Public Power Inc. System et al., Advance Plan 6, before the Public Service Commission of the state of Wisconsin, Docket No. 05-EP-6, concerning Eastern Wisconsin Utility Joint Transmission System and Interface Study.

75. In re: MidAtlantic Energy v. Monongahela Power Company and the Potomac Edison Company, before the Public Service Commission of West Virginia, Case No. 89-783-E-C, on behalf of MidAtlantic Energy, concerning need for capacity and the appropriate avoided cost.

76. In re: Northeast Utilities Service Company, before the Federal Energy Regulatory Commission, Docket No. EL91-36-000, on behalf of the Massachusetts Municipal Wholesale Electric Company evaluating the tie-line adjustment charge borne by MMWEC that arose under a Transmission Service Agreement between New England Power Company and Northeast Utilities.

77. In re: Application of Houston Lighting & Power Company for a Certificate of Convenience and Necessity for the DuPont Project, before the Public Utility Commission of Texas, Docket No. 11000, on behalf of Destec Energy, Inc.

78. In re: Investigation on the Commission's Own Motion into Barriers to Contracts Between Electric Utilities and Nonutility Cogenerators and Certain Related Policy Issues, before the Public Service Commission of the state of Wisconsin, Docket No. 05-EI-112, on behalf of JOINT PARTIES: DESTEC Energy, Inc., EnerTran Technology Company, LS Power Corporation, The AES Corporation, LG&E Development Corporation, National Independent Energy Producers, and Citizens' Utility Board, concerning appropriate QF contract provision.

79. In re: Application of Cap Rock Electric Cooperative, Inc. for a Certificate of Convenience and Necessity, before the Public Utility

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

Commission of Texas, Docket No. 11248, on behalf of Cap Rock Electric Cooperative, Inc., concerning its proposed transmission system improvements.

80. In re: Application of Texas Utilities for Authority to Change Rates, before the Public Utility Commission of Texas, Docket No. 11735, on behalf of Cap Rock Electric Cooperative, Inc., concerning standby rates, wholesale rate contracts and terms and conditions of the Power Sales Agreement.

81. In re: Determination of Houston Lighting & Power Company's Standard Avoided Cost Calculation for the Purchase of Firm Energy and Capacity from Qualifying Facilities Pursuant to P.U.C. Subst. R. 23.66(H)(3), before the Public Utility Commission of Texas, Docket No. 10832, on behalf of Destec Energy, Inc.

82. In re: Complaint of Phibro Refining, Inc. v. HL&P, Docket No. 11989, before the Public Utility Commission of Texas, on behalf of Phibro Energy, USA, Inc., concerning electric service contracts and terms and conditions of HL&P's industrial rate schedule.

83. In re: Application of Texas Utilities Electric Company for Authority to Implement Economic Development Service, General Service Competitive Pricing, Wholesale Power Competitive Pricing, and Environmental Technology Service, Docket No. 13100, before the Public Utility Commission of Texas, on behalf of Rayburn Country Electric Cooperative, Inc., concerning TU Electric's so-called "competitive rates."

84. In re: Application for Authorization and Approval of Merger Between Wisconsin Electric Power Company, Northern States Power Company (Minnesota), Northern States Power Company (Wisconsin), and Cenergy, Inc., in Docket No. EC-95-16-000, before the Federal Energy Regulatory Commission (on behalf of Certain Intervenors, including Madison Gas & Electric Company, Wisconsin

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

Public Service Corporation, Minnesota Power & Light Company, Otter Tail Power Company and the Lincoln Electric System), in Docket Nos. 6630-UM-100 and 4220-UM-101, before the Wisconsin Public Service Commission and Docket No. 6-2500-10601-2 before the Minnesota Office of Administrative Hearings for the Minnesota Public Utilities Commission (both on behalf of Madison Gas & Electric, Wisconsin Industrial Energy Group, Wisconsin Federation of Cooperatives and the Citizen's Utility Board), concerning the effect upon transmission access of the merger of NSP and WEPCO into Primergy.

85. In re: Merger of The Washington Water Power Company and Sierra Pacific Power Company, Docket Nos. EC94-23-000 and ER95-808-000, before the Federal Energy Regulatory Commission, on behalf of Truckee Donner Public Utility District, concerning ancillary services and single system transmission rates.

86. In re: Alberta Electric Utilities 1996 Tariff Application before the Alberta Energy And Utilities Board, on behalf of the Industrial Power Consumers Association of Alberta concerning calculation of charges for ancillary services.

87. In re: Docket No. 15840, Regional Transmission Proceeding to Establish Postage Stamp Rate and Statewide Load Flow Pursuant to P.U.C. Subst. Rule. 23.67 on behalf of Certain Power Marketers and Independent Power Producers, Destec Power Services and Enron Power Marketing, concerning Ancillary Services under the state-wide rate in Texas.

88. In re: Central Power and Light and West Texas Utilities Filing in Compliance with Subst. Rule 23.67, Docket No. 15643, before the Public Utility Commission of Texas, on behalf of Certain Power Marketers and Independent Power Producers, Destec Power Services and Enron Power Marketing, concerning Ancillary Services under the state-wide rate in Texas.

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

89. In re: City Public Service Board of San Antonio Filing in Compliance with Subst. Rule 23.67, Docket No. 15613, before the Public Utility Commission of Texas, on behalf of Certain Power Marketers and Independent Power Producers, Destec Power Services and Enron Power Marketing, concerning Ancillary Services under the state-wide rate in Texas.

90. In re: City of Austin Filing in Compliance with Subst. Rule 23.67, Docket No. 15645, before the Public Utility Commission of Texas, on behalf of Certain Power Marketers and Independent Power Producers, Destec Power Services and Enron Power Marketing, concerning Ancillary Services under the state-wide rate in Texas.

91. In re: Texas Utilities Electric Company, Filing in Compliance with Subst. Rule 23.67, Docket No. 15638, before the Public Utility Commission of Texas, on behalf of Certain Power Marketers and Independent Power Producers, Destec Power Services and Enron Power Marketing, concerning Ancillary Services under the state-wide rate in Texas.

92. In re: Houston Lighting & Power Company Filing in Compliance with Subst. Rule 23.67, Docket No. 15639, before the Public Utility Commission of Texas, on behalf of Certain Power Marketers and Independent Power Producers, Destec Power Services and Enron Power Marketing, concerning Ancillary Services under the state-wide rate in Texas.

93. In re: IES Utilities, Inc., Interstate Power Company, Wisconsin Power & Light Company, South Beloit Water, Gas & Electric Company, Heartland Energy Services, and Industrial Energy Applications, Inc., Docket Nos. EC96-13-000,ER96-1236-000, and ER96-2560-000, before the Federal Energy Regulatory Commission, on behalf of Wisconsin Intervenors ("WI"). WI includes: Badger Cooperative Group, Municipal Wholesale Power Group (individual municipal electric utilities in Wisconsin including Belmont, Benton, Black Earth,

PROCEEDINGS IN WHICH WHITFIELD A. RUSSELL HAS TESTIFIED

Brodhead, Elkhorn, Evansville, Hazel Green, Juneau, Pardeeville, Plymouth, Reedsburg, Richland Center, Sheboygan Falls and Wisconsin Rapids), Citizens Utility Board, Madison Gas & Electric Company, Wisconsin Cooperative Intervenors, Wisconsin Industrial Energy Group and Wisconsin Public Service Corp; Madison Gas & Electric Company located in Madison, Wisconsin, Wisconsin Cooperative Intervenors (composed of the Wisconsin Federation of Cooperatives (20 rural electric cooperatives, Dairyland Power Cooperative, the Wisconsin Industrial Energy Group,

Mr. Russell simultaneously filed 2 sets of testimony; the first, sponsored by the intervenors listed above as well as by Wisconsin Public Service Corporation ("Pub Service"), and Dairyland Power Cooperative ("Dairyland") analyzed engineering and operating problems created by the merger of WP&L, IPW and IES. The second set of testimony discusses how the IEC Independent System Operator ("ISO") fails in general to meet the rigorous and comprehensive ISO standards promulgated by the Wisconsin Public Service Commission (WPSC).

Both sets of testimony (Engineering and ISO) were filed before the Federal Energy Commission as noted above and also

94. In re: Joint Application of WPL Holdings, Inc. and Wisconsin Power & Light Company for all Requisite Approvals in Connection with a Series of Related Transactions by which Interstate Power Company Becomes a Subsidiary of WPL Holdings, Inc., IES Industries, Inc. is Merged into WPL Holdings, Inc. and is Renamed Interstate Power Corporation and for Certain Related Transactions and Matters, in Docket No. 6680-UM-100, before the Public Service Commission of Wisconsin.

Allegheny Power: Monthly Firm Available Transmission Capacity as of 10/24/97

Path (POR-POD)	Nov. 97	Dec.	Jan. 98	Feb.	Mar.	April	May	June	July	Aug	Sept	Oct
AP-AEP	1,131	2,016	0	0	1,245	0	2,365	1,745	0	2,553	0	2,964
AP-DLCO	0	0	0	0	0	0	0	0	0	0	0	0
AP-OES	0	126	0	0	0	0	0	0	0	0	0	0
AP-PJM	0	0	0	0	0	0	0	0	0	0	0	0
AP-VAP	0	0	0	0	0	0	0	0	0	0	0	0
AEP-PJM	0	0	0	0	0	0	0	0	0	0	0	0
AEP-VAP	0	0	0	0	0	0	0	0	0	0	0	0
AEP-AP	2,079	1,571	738	1,816	0	3,000	3,000	2,385	2,213	2,554	2,042	675
DLCO-PJM	0	0	0	0	0	0	0	0	0	0	0	0
DLCO-VAP	0	0	0	0	0	0	0	0	0	0	0	0
DLCO-AP	0	0	0	0	0	0	0	0	0	0	0	0
OES-PJM	0	0	0	0	0	0	0	0	0	0	0	0
OES-VAP	0	0	0	0	0	0	0	0	0	0	0	0
OES-AP	0	0	0	0	0	0	0	0	0	0	0	0
PJM-AEP	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
PJM-DLCO	0	0	0	0	0	0	0	0	0	0	0	0
PJM-OES	0	126	183	183	0	0	0	0	0	0	0	0
PJM-VAP	1,365	1,773	0	0	1,510	0	3,000	0	0	2,191	0	3,000
PJM-AP	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
VAP-AEP	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
VAP-DLCO	0	0	0	0	0	0	0	0	0	0	0	0
VAP-OES	0	0	0	0	0	0	0	0	0	0	0	0
VAP-PJM	0	0	0	0	0	0	0	0	0	0	0	0
VAP-AP	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

Allegheny Power: Monthly Total Transmission Capacity as of 10/24/97

Path (POR-POD)	Nov. 97	Dec.	Jan. 98	Feb.	Mar.	April	May	June	July	Aug	Sept	Oct
AP-AEP	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
AP-DLCO	526	526	526	526	526	526	526	526	526	526	526	526
AP-OES	1420	1806	1806	1806	1420	1420	1420	1420	1420	1420	1420	1420
AP-PJM	2238	1896	1618	1279	1807	520	1004	790	1123	1535	668	2322
AP-VAP	1625	1568	1604	891	1440	576	934	950	982	1267	625	1934
AEP-PJM	3,000	2,485	1,336	1,853	1,897	1,012	2,258	971	1,826	2,498	2,775	2,284
AEP-VAP	3,000	3,000	2,732	2,135	2,625	1,493	1,831	1,806	1,993	2,380	1,769	3,000
AEP-AP	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
DLCO-PJM	526	355	183	284	526	526	526	526	526	526	526	526
DLCO-VAP	526	373	190	298	526	526	526	526	526	526	419	385
DLCO-AP	526	526	526	526	526	526	526	526	526	526	526	526
OES-PJM	1,420	1,681	1,012	1,353	1,420	1,278	1,420	1,400	1,420	1,420	1,420	1,420
OES-VAP	1,358	1,370	610	1,009	1,289	517	801	816	948	1,288	608	1,420
OES-AP	1,317	1,333	612	979	1,250	1,348	1,411	1,413	1,284	1,377	1,420	1,420
PJM-AEP	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
PJM-DLCO	526	526	526	526	526	526	526	526	526	526	526	526
PJM-OES	1,420	1,806	1,806	1,806	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420
PJM-VAP	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
PJM-AP	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
VAP-AEP	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
VAP-DLCO	526	526	526	526	526	526	526	526	526	526	526	526
VAP-OES	1,420	1,806	1,806	1,806	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420
VAP-PJM	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
VAP-AP	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

AP = Allegheny Power DLCO = Duquesne OES = Ohio Edison VAP = Virginia Power

JAN 14 1998

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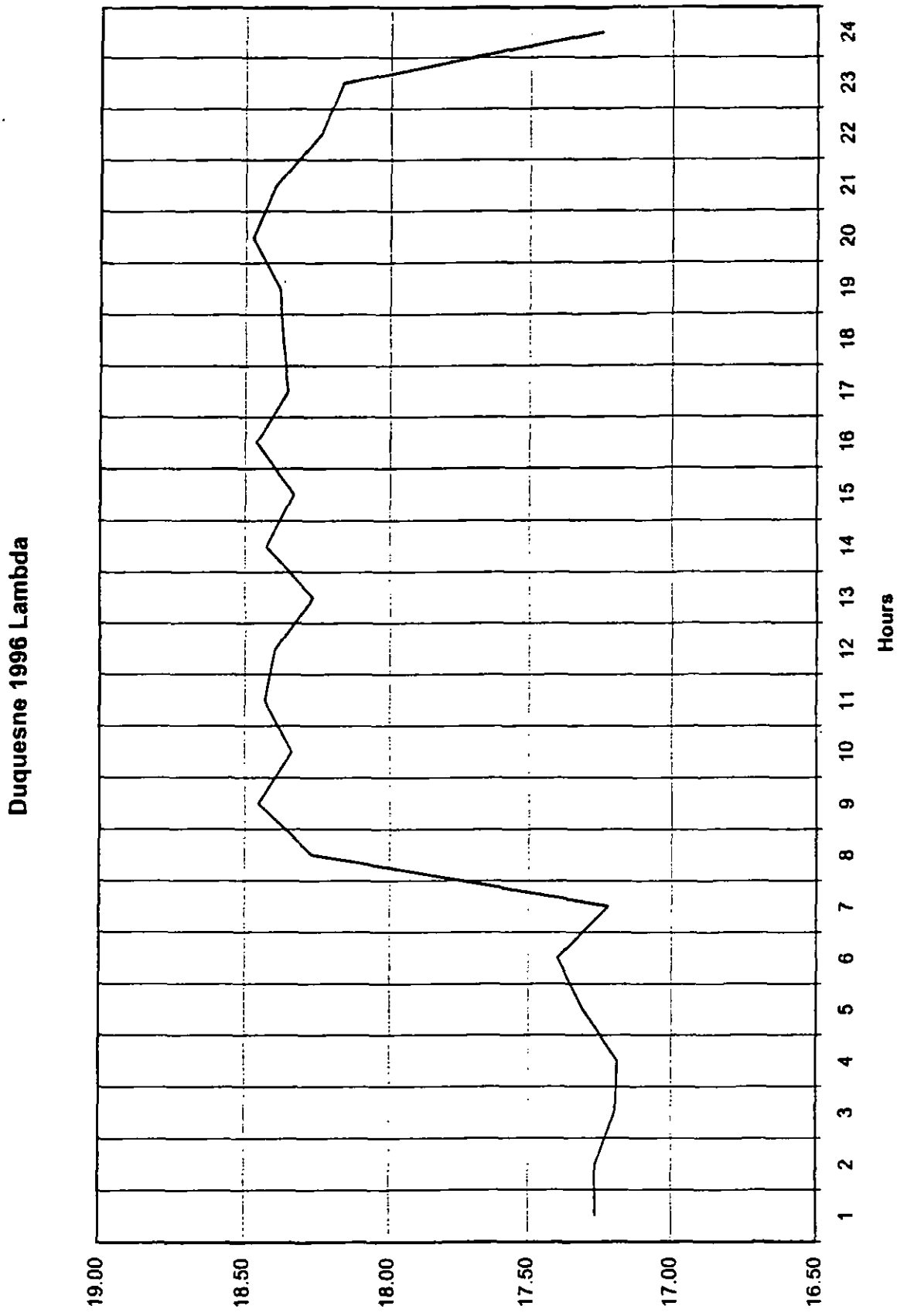
Exhibit No. _____(WAR - 3)



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Duquesne CGC Based On 1999 CCGT [1]

CCGT ENERGY

Fuel (natural gas)		$2.50	per MMBTU.
Heat Rate		6,625	BTU/KWH
Fuel Rate		$16.56	per MWH
Variable O&M		$0.50	per MWH
Losses	0.90%	$0.15	per MWH
TOTAL CCGT ENERGY RATE =		**$17.22**	**per MWH**

CCGT CAPACITY

Capital, O&M and A&G		$87.18	per KW-yr
Losses	0.90%	$0.78	per KW-yr
Installed Reserves	8.00%	$6.97	per KW-yr
TOTAL CCGT CAPACITY RATE =		**$94.94**	**per KW-yr**

ANCILLARY SERVICES [2]

Reg. and Frequency Response	11.00%	$4.46	per KW-month
Spinning Reserve	3.00%	$4.37	per KW-month
Supplemental Reserve	3.60%	$0.08	per KW-month
TOTAL ANCILLARY SERVICES =		**$7.49**	**per KW-yr**

TOTAL CAPACITY CHARGES =	**$102.43**	**per KW-yr**
Total Capacity at 100% Load Factor =	**$11.69**	**per MWH**

Total Energy and Capacity at 100% load factor =	**$29**	**per MWH**
Total Energy and Capacity at 50% load factor =	**$41**	**per MWH**

[1] CCGT cost based on Duquesne Witness Michael M. Schnitzer's Exhibit MMS-2

[2] Based on Duquesne's Open Acess Transmission Tariff and a system demand of 2,463 MW.

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JAN 14 1998

COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DUQUESNE LIGHT COMPANY) Docket No. R-00974104

APPLICATION FOR APPROVAL OF
RESTRUCTURING PLAN UNDER SECTION 2806
OF THE PUBLIC UTILITY CODE

AFFIDAVIT

OF

WHITFIELD A. RUSSELL

WHITFIELD A. RUSSELL, on oath, deposes and states that the foregoing Testimony and Exhibits, on behalf of the Mid-Atlantic Power Supply Association were prepared by him or at his direction and under his supervision, and that if asked the questions herein, he would give the answers as shown, and that the facts stated herein are true to the best of his knowledge, information and belief.

Whitfield A Russell

WHITFIELD A. RUSSELL

DISTRICT OF COLUMBIA

ss:

Subscribed and sworn to before me this
10th day of November, 1997.

Anne Marie Calahan

Anne Marie Calahan, Notary Public

My Commission Expires September 30, 2000

COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DUQUESNE LIGHT COMPANY) Docket No. R-00974104

ERRATA TO THE
PREPARED DIRECT TESTIMONY
OF WHITFIELD A. RUSSELL

Submitted November 7, 1997

PAGE NO.	LINE NO.	CHANGE	TO
5	1	Duquesne and Duquesne	APS and Duquesne
7	27	affiliate	affiliated
20	26	off-systems	off-system
24	Footnote 2	See pages 2-4 in Exhibit TRB-3	See pages 2 to 4 in their testimony and Exhibit TRB-3
27	24	it zoning	its zoning
28	3	MISSING Q & A	Insert: Q. Are there other areas of concern? A. Yes, Duquesne is proposing to include new capital additions as a component to stranded costs to be recoverable through the CTC.
42	25-6	[See APS - AULT at page 20 -]	DELETE

DOCKETED
JAN 14 1998
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FOLDER

CERTIFICATE OF SERVICE

I hereby certify that this day a copy of the foregoing Stipulation and Testimony/Exhibits of The Mid-Atlantic Power Supply Association in Docket No. R-00974104 has been served upon the persons and in the manner indicated below.

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