



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P. O. BOX 3265, HARRISBURG, Pa. 17120

IN REPLY PLEASE  
REFER TO OUR FILE

January 9, 1998

JAMES McNULTY SECRETARY  
PA PUBLIC UTILITY COMMISSION  
P O BOX 3265  
HARRISBURG PA 17105-3265

DOCUMENT  
FOLDER

RECEIVED  
98 JAN -9 PM 1:11  
PA.P.U.C.  
PROTHONOTARY'S OFFICE

Re: Pennsylvania Public Utility Commission  
v.  
Duquesne Light Company  
Docket No. R-00974104

Dear Secretary McNulty:

Enclosed for inclusion in the record of this proceeding please find two (2) copies each of the following Office of Trial Staff (OTS) documents:

- |                                     |                     |     |
|-------------------------------------|---------------------|-----|
| Paul M. Yarolin                     | OTS Statement No. 3 | KJR |
| OTS Cross Examination Exhibit No. 3 |                     |     |
| OTS Cross Examination Exhibit No. 4 |                     |     |
| OTS Cross Examination Exhibit No. 5 |                     |     |

Also enclosed for filing, as required by the Sixth Interim Order of ALJ Corbett, is a copy of a First Joint Stipulation, executed by counsel for Duquesne Light Company (Duquesne) and OTS. Pursuant to this Stipulation, Duquesne agrees to stipulate the above-mentioned documents into evidence and to waive all cross-examination regarding these documents. OTS has also similarly agreed to stipulate all other parties' documents into evidence, as identified in the exhibits attached to the enclosed First Joint Stipulation, and to waive cross-examination on all these documents.

By copy of this letter, copies of the enclosed First Joint Stipulation executed by OTS are being served upon ALJ Corbett and all parties. Copies of OTS Statement No. 3 have previously been provided to ALJ Corbett and all parties. Copies of

67

OTS Cross Examination Exhibits 3 through 5 have previously been provided to all parties as Company on-the-record data request responses, and are herewith being provided to the ALJ.

Very truly yours,

*Kandace F. Melillo*

Kandace F. Melillo  
Prosecutor  
Office of Trial Staff

Enclosures.

cc: Honorable John H. Corbett, Jr. (w/ copy of Stipulation and exhibits)  
Parties of Record (w/ copy of Stipulation)

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) )

DOCUMENT  
FOLDER

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.

*Secretary*

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:

Kandace F. Melillo

Name of Intervenor Party:

OTS

Dated: January 7, 1998

**FIRST JOINT STIPULATION  
INDICES OF TESTIMONY & EXHIBITS**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
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)

JAN. 7. 1998 3:00PM

SASM&F

NO. 9214 P. 6/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 1**

RECEIVED TIME JAN. 7. 3:03PM

PRINT TIME JAN. 7. 3:17PM

## 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, <i>et al.</i> 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

JAN. 7. 1998 3:00PM

SASM&F

NO. 9214 P. 9/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 2**

RECEIVED TIMEJAN. 7. 3:03PM

PRINT TIMEJAN. 7. 3:17PM

**DUQUESNE INDUSTRIAL INTERVENORS  
INDEX OF TESTIMONY AND EXHIBITS**

Page 1 of 4

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
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

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
DII Statement No. 1R	<b>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)</b>		
DII Statement No. 1S	<b>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)</b>		
DII Statement No. 2	<b>Direct Testimony of Randall J. Falkenberg (Calculation of Company Generation Stranded Cost; Analysis of Duquesne and ECAR Market Prices)</b>		
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**

Page 3 of 4

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
<b>DII Statement No. 2S</b>	<b>Surrebuttal Testimony of Randall J. Falkenberg (Updated Calculation of Generation Stranded Costs; Responses to Company Witnesses Regarding Market Price Forecasts)</b>		
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		
<b>DII Statement No. 3</b>	<b>Direct Testimony of Lane Kollen (Regulatory Assets; Transition Costs; Fossil Decommissioning; Nuclear Decommissioning; Securitization)</b>		
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		

On-the-Record Data Request

Witness: Hoffmann

Page 1 of 1

**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-coincident 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%
	<b>Subtotal Residential</b>	<b>871</b>	<b>24.28%</b>
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%
	<b>Subtotal Commercial</b>	<b>1,986</b>	<b>55.36%</b>
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%
	<b>Subtotal Industrial</b>	<b>730</b>	<b>20.36%</b>
	<b>TOTALS</b>	<b>3,587</b>	<b>100.00%</b>

On-the-Record Data Request  
Witness: Hoffmann  
Page 1 of 1

**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.

JAN. 7. 1998 3:01PM

SASM&F

NO. 9214 P. 17/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 3**

RECEIVED TIMEJAN. 7. 3:03PM

PRINT TIMEJAN. 7. 3:16PM

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

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
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.		

DSH:10716.1

<b>Exhibit 2 PDR-3</b>	<b>Summary of Functional Costs.</b>		
<b>Exhibit 2 PDR-4</b>	<b>EPMI Proposed Class Rates</b>		
<b>Exhibit 2 PDR-5</b>	<b>EPMI Class Cost Summary</b>		
<b>Exhibit 2 PDR-6</b>	<b>pro forma Distribution Services Tariff</b>		
<b>Exhibit 2 PDR-7</b>	<b>Energy Delivery Rate Design</b>		
<b>Enron Statement No. 3</b>	<b>Direct Testimony of Jeffrey A. Brown</b> Non-wire services, metering, meter-reading, billing and information services. "Open architecture" communication systems.		
<b>Exhibit 3 JAB-1</b>	<b>Customer Account Services: Billing System Opportunities (representative example)</b>		
<b>Exhibit 3 JAB-2</b>	<b>Customer Account Services: Third Party Billing Services (representative example)</b>		
<b>Exhibit 3 JAB-3</b>	<b>Non-Wire Products and Services: "Endless Possibilities"</b>		
<b>Exhibit 3 JAB-4</b>	<b>Non-Wire Communications Network: Conceptual Model</b>		
<b>Exhibit 3 JAB-5</b>	<b>Metering and Billing Cycle</b>		
<b>Enron Statement No. 4</b>	<b>Direct Testimony of Gayle Muench</b> 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.		
<b>Exhibit 4 GM-1</b>	<b>DQE Position on Competition</b>		
<b>Exhibit 4 GM-2</b>	<b>DQE Overview of Competition</b>		
<b>Enron Statement No. 5</b>	<b>Direct Testimony of Lynn R. Coles</b> "Pro Forma Supplier Tariff." Access to point-to-point transmission service. EDC charges; minimum contract periods; planning reserves.		

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

JAN. 7. 1998 3:02PM

SASM&F

NO. 9214 P. 21/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 4**

RECEIVED TIME JAN. 7. 3:03PM

PRINT TIME JAN. 7. 3:16PM

**Roger E. Clark, Esq.**  
**Attorney for The Environmentalists**

905 Denston Drive  
 Ambler, PA 19002-3901  
 phone: 215.643.2384  
 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	<i>Environmentalists' Vision for the New Electricity Marketplace</i>		
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	<i>Full Environmental Disclosure for Electricity: Tracking and Reporting Key Information, March 1997</i>		
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

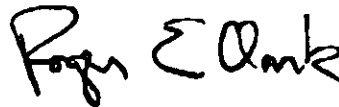
January 7, 1998

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 <i>et al.</i> 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  
Attorney for the Environmentalists

Copies: All parties of record

JAN. 7. 1998 3:03PM

SASM&F

NO. 9214 P. 25/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 5**

RECEIVED TIMEJAN. 7. 3:03PM

PRINT TIMEJAN. 7. 3:15PM

**HSS AND ARI  
INDEX OF TESTIMONY AND EXHIBITS**

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
	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		

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
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 <i>inter alia</i> , 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		

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
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)		

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
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.		

<b>Exhibit</b>	<b>Description</b>	<b>Date Identified</b>	<b>Date Admitted</b>
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)

WAS01:46721.1

JAN. 7. 1998 3:04PM

SASM&F

NO. 9214 P. 32/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 6**

RECEIVED TIMEJAN. 7. 3:03PM

PRINT TIMEJAN. 7. 3:15PM

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

<i>Exhibit</i>	<i>Description</i>	<i>Date Identified</i>	<i>Date Admitted</i>
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**

<b><i>Exhibit</i></b>	<b><i>Description</i></b>	<b><i>Date Identified</i></b>	<b><i>Date Admitted</i></b>
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**

<i>Statement/Exhibit</i>	<i>Description</i>
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

---

<u>Statement/Exhibit</u>	<u>Description</u>
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

JAN. 7. 1998 3:05PM

SASM&F

NO. 9214 · P. 40/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 10**

RECEIVED TIMEJAN. 7. 3:03PM

PRINT TIMEJAN. 7. 3:14PM

**OFFICE OF CONSUMER ADVOCATE  
INDEX OF TESTIMONY AND EXHIBITS**

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

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 preaccrued 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)		

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

<b>OCA Statement No. 6S</b>	<b>Surrebuttal Testimony of Nancy Brockway (Universal Service Issues)</b>		
---------------------------------	---	--	--

JAN. 7. 1998 3:06PM

SASM&F

NO. 9214 P. 45/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 11**

RECEIVED TIMEJAN. 7. 3:03PM

PRINT TIMEJAN. 7. 3:13PM

## 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.

JAN. 7. 1998 3:07PM

SASM&F

NO. 9214 P. 47/54

**FIRST JOINT STIPULATION  
EXHIBIT NO. 12**

RECEIVED TIME JAN. 7. 3:03PM

PRINT TIME JAN. 7. 3:13PM

**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)		

OTS Statement No. 3  
Witness: P.M. Yarolin  
Dated: November 7, 1997

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

v.

**DUQUESNE LIGHT COMPANY**

**Docket No. R-00974104**

**DOCKETED**

**JAN 13 1998**

**Direct Testimony**

**of**

**Paul M. Yarolin**

**Office of Trial Staff**

**PA.P.U.C.  
PROTHONOTARY'S OFFICE**

**98 JAN -9 PM 1:12**

**RECEIVED**

**DOCUMENT  
FOLDER**

**Concerning:**

**Universal Service**

**Rate Unbundling**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Paul M. Yarolin and my business address is P.O. Box 3265,  
3 Harrisburg, Pennsylvania 17105-3265.

4  
5 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

6 A. I earned an Associate Degree in Mechanical Engineering from the  
7 Pennsylvania State University in 1963 and a Bachelor of Science Degree  
8 in Commerce and Finance from Wilkes College in 1971.

9  
10 **Q. HAVE YOU HAD ANY ADDITIONAL TRAINING WHILE**  
11 **EMPLOYED BY THE COMMISSION?**

12 A. Yes. See attached Appendix A.

13

14 **Q. HAVE YOU PRESENTED TESTIMONY BEFORE THIS**  
15 **COMMISSION?**

16 A. Yes, details of my experience as an expert witness are shown in  
17 Appendix A.

18

19 **Q. HOW LONG HAVE YOU BEEN EMPLOYED BY THE**  
20 **PENNSYLVANIA PUBLIC UTILITY COMMISSION?**

1 A. I have been employed by the Commission since 1974.

2

3 **Q. WHAT IS YOUR JOB TITLE?**

4 A. I am a Fixed Utility Valuation Engineer.

5

6 **Q. WHAT ARE YOUR RESPONSIBILITIES AS A FIXED UTILITY**  
7 **VALUATION ENGINEER?**

8 A. As a Fixed Utility Valuation Engineer in the Technical Division of the  
9 Office of Trial Staff, I am responsible for the review and analysis of  
10 utility rate filings in the areas of valuation, depreciation, cost of service,  
11 revenues and rate design.

12

13 **Q. WHAT SPECIFIC ISSUES WILL YOU ADDRESS IN YOUR**  
14 **DIRECT TESTIMONY?**

15 A. I will address the following issues: 1) Recovery of the Universal Service  
16 Fund Charge; and 2) Rate Unbundling.

17

18 **I. Universal Service Fund Charge**

19 **Q. CAN YOU DESCRIBE THE UNIVERSAL SERVICE FUND**  
20 **CHARGE AND ITS PURPOSE?**

1 A. The Universal Service Fund charge is a fee that is designed to recover the  
2 costs of providing universal service and energy conservation for low-  
3 income customers. According to the “Electric Generation Customer  
4 Choice and Competition Act”, (“Act”) 66 Pa. C.S.A. §§2801-2812, and  
5 specifically 66 Pa.C.S.A. §2803, the Act defines Universal Service and  
6 Energy Conservation as :

7 “Policies, protection, and services that help low-  
8 income customers to maintain electric service. The  
9 term includes customer assistance programs,  
10 termination of service protection and policies and  
11 services that help low-income customers to reduce or  
12 manage energy consumption in a cost effective  
13 manner, such as the low-income usage reduction  
14 programs, applications of renewable resources and  
15 consumer education.”

16  
17 **Q. HOW WILL THE COST OF UNIVERSAL SERVICE BE FUNDED**  
18 **BY THE ELECTRIC COMPANIES?**

19 A. The Act states at 66 Pa. C.S.A. §§2804 (8) and (9) that the policies,  
20 activities and services shall be funded in each electric distribution territory  
21 by a non-bypassable, competitively neutral cost recovery mechanism that  
22 fully recovers the costs of universal service and energy conservation  
23 services. The design of an appropriate cost recovery mechanism is at the  
24 discretion of the Commission.

1 **Q. WHAT ARE THE LOW-INCOME PROGRAMS INCLUDED IN**  
2 **THE COMPANY'S UNIVERSAL SERVICE AND**  
3 **CONSERVATION FUND?**

4 A. The programs include the Customer Assistance Program, Smart Comfort,  
5 Customer Assistance and Referral Evaluation Service (CARES), Hardship  
6 Fund, Gatekeeper, Low Income Home Energy Assistance Program  
7 (LIHEAP), write-offs and waivers.

8  
9 **Q. WHAT ARE THE COMPANY'S CURRENT UNIVERSAL SERVICE**  
10 **EXPENSES?**

11 A. The 1996 actual Universal Service and Conservation Fund expenses as  
12 stated by the Company are \$12,183,000, which are being recovered  
13 through existing rates.

14  
15 **Q. HAS THE COMPANY SHOWN AN UNBUNDLED UNIVERSAL**  
16 **SERVICE CHARGE IN ITS PROPOSED RESTRUCTURED**  
17 **TARIFF?**

18 A. No, it has not.

19

1 **Q. WHAT WAS THE REASON GIVEN FOR NOT ESTABLISHING A**  
2 **UNIVERSAL SERVICE CHARGE IN THE PROPOSED**  
3 **RESTRUCTURING TARIFF?**

4 **A.** The Company's witness states that it intends to identify universal service  
5 costs for ratemaking purposes on a separated basis, but have these costs  
6 included in the distribution charges in order to minimize customer  
7 confusion. Moreover, the Company is still evaluating the Commission's  
8 Final Order on Universal Service and Energy Conservation (Docket  
9 No. R-00960890F0010, entered July 11, 1997), and its final position will  
10 not be known until it files its plan.

11  
12 **Q. SINCE THE COMPANY HAS NOT FORMALIZED A POSITION**  
13 **ON THE UNIVERSAL SERVICE CHARGE IN THE**  
14 **RESTRUCTURED ENVIRONMENT, WHAT FORMAT WOULD**  
15 **YOU RECOMMEND?**

16 **A.** The format that I recommend includes the following:

17 1. The charge should be on a customer basis rather than on a  
18 cents/kwh.

19 2. All customers would bear the cost of maintaining the  
20 Universal Service and Conservation Fund.

1           3. The Universal Service Charge would appear as a line item on  
2           the customer's bill.

3  
4   **Q.   WHY DO YOU BELIEVE THAT THE UNIVERSAL SERVICE**  
5   **CHARGE BE APPLIED ON A CUSTOMER BASIS RATHER THAN**  
6   **ON A KWH BASIS?**

7   A.   By applying a Universal Service Charge based upon kwh usage, and  
8       applying the charge to all rate classes, high volume users would bear an  
9       excessive burden which would be discriminatory and in violation of  
10      Section 1304 as advised by counsel. By applying this non-bypassable  
11      Universal Service Surcharge on a customer basis, there would be greater  
12      equity in sharing of the cost for these social programs.

13  
14   **Q.   YOU STATED THAT ALL CUSTOMERS SHOULD BEAR THE**  
15   **COST OF MAINTAINING THE UNIVERSAL SERVICE AND**  
16   **CONSERVATION FUND UNDER YOUR RECOMMENDATION.**  
17   **WHAT IS THE BASIS FOR THIS BELIEF?**

18   A.   If society benefits directly or indirectly from a sound Universal Service  
19       and Energy Conservation Program, it is appropriate that all customer  
20       classes share in the funding of these programs. By having a viable

1 Universal Service and Energy Conservation Program, low income  
2 customers are able to maintain service through more affordable rates.  
3 Second, under advice of counsel, the "Electric Generation Customer  
4 Choice and Competition Act" requires the establishment of a non-  
5 bypassable Universal Service charge which implies all customers will  
6 contribute to the fund.

7  
8 **Q. YOU PREVIOUSLY STATED THAT THE UNIVERSAL SERVICE**  
9 **CHARGE SHOULD APPEAR AS A LINE ITEM ON THE**  
10 **CUSTOMER'S BILL. STATE THE REASON(S) FOR YOUR**  
11 **BELIEF.**

12 **A.** First, having the Universal Service Charge appear as a line item on the  
13 bill, will make customers more informed of the composition of their bill.  
14 Second, as a separate line item, it aids in the tracking and accountability  
15 of the Universal Service Conservation Fund.

16  
17 **Q. IF THE UNIVERSAL SERVICE CHARGE WERE TO BE APPLIED**  
18 **TO ALL CUSTOMERS, WHAT WOULD BE THE MONTHLY**  
19 **CHARGE?**

1 A. If all customers are responsible for supporting the Universal Service and  
2 Conservation Fund as I have recommended, the monthly charge per  
3 customer would be \$1.83/month.

4  
5 **Q. HOW WAS THIS CHARGE DETERMINED?**

6 A. This charge was determined by dividing the 1996 Universal Service  
7 expense of \$12,183,000 by 579,740, which is the average number of  
8 customers in 1996 (Vol. VIII, I-14, pg. 2 of 3), by 12 months  
9 ( $\$12,183,000 / 579,740 / 12 = \$1.75$ ). Applying the Pennsylvania gross  
10 receipts tax factor of 1.046025 produces a \$1.83/month Universal Service  
11 Charge.

12  
13 **Q. CAN YOU SUMMARIZE YOUR RECOMMENDATION?**

14 A. I recommend that the Universal Service charge be applied on a customer  
15 basis rather than on a cents/kwh basis and that all customers be assigned  
16 the costs of maintaining the Universal Service and Conservation Fund. I  
17 recommend that the Universal Service appear as a line item on the  
18 customer's bill.

1 **II. Rate Unbundling**

2 **Q. WHAT IS RATE UNBUNDLING?**

3 A. Rate unbundling is the stripping of a rate into its cost components. For  
4 example, a distribution rate will have cost components comprised of  
5 metering, billing, universal service and service drop lines.

6  
7 **Q. DOES THE ELECTRIC COMPETITION ACT REQUIRE THE**  
8 **ELECTRIC DISTRIBUTION UTILITIES (EDU'S) TO UNBUNDLE**  
9 **THIS DISTRIBUTION RATE?**

10 A. Yes. The Act requires Pennsylvania EDU's to submit unbundled prices or  
11 rates for generation, jurisdictional transmission, distribution and other  
12 services. (See The Act, 66 Pa. C.S. §2806 (E)).

13  
14 **Q. DID THE COMPANY FILE UNBUNDLED RATES FOR ITS FIXED**  
15 **DISTRIBUTION SERVICE CHARGES?**

16 A. No. The Company has not filed an unbundled distribution rate comprised  
17 of cost components such as metering, Universal Service Charges, billing,  
18 and service drop lines.

19

1 **Q. WHAT ARE THE REASONS SUPPORTING YOUR**  
2 **RECOMMENDATION THAT THE COMPANY SUBMIT**  
3 **UNBUNDLED DISTRIBUTION RATES?**

4 **A.** The reasons for unbundling the distribution rates are as follows:

5 1) A bundled distribution charge may confuse the ratepayer whenever a  
6 component of the distribution charge increases. With unbundling, the  
7 customer will know the reason for the increase;

8 2) Having the Universal Service Charge as a separate line item in the  
9 distribution portion of the customer's bill will assist in the tracking of  
10 these costs, hold the EDU more accountable for these costs and inform  
11 the customer of these costs.

12 3) Billing and metering are costs to be borne by the ratepayers. If the  
13 generation supplier can offer billing and metering at a reduced cost in  
14 comparison to the Electric Distribution Company (EDC), the ratepayer  
15 should have the option to choose a less expensive alternative.

16 4) Demand Side Management (DSM) and social costs are not only related  
17 to distribution services and should be separately stated on the bill.  
18

1 **Q. CAN THE COMPANY IDENTIFY THE CUSTOMER COST**  
2 **COMPONENTS RELATED TO ITS FIXED DISTRIBUTION**  
3 **SERVICE CHARGE?**

4 **A.** Yes. Based upon the cost of service study provided in support of the  
5 restructuring filing, I believe that the Company can establish charges for  
6 metering, billing, Universal Service, and service drop lines.

7  
8 **Q. CAN YOU SUMMARIZE YOUR RECOMMENDATIONS?**

9 **A.** Yes, a summary of my recommendations is as follows:

10 (1) That the Company establish a Universal Service Charge that is applied  
11 on a customer basis and not on a kwh basis;

12 (2) That the Universal Service Charge be shown on the customer's bill as  
13 a separate line item;

14 (3) The Universal Service Charge be applied to all customers in all rate  
15 schedules;

16 (4) That the Distribution Service Charge be unbundled into metering,  
17 billing, Universal Service Charge and service drop lines.

18

1 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 **A. Yes. However, I may file supplemental direct testimony at a later date if**  
3 **needed.**

4

5

**PAUL M. YAROLIN**

**Training and Experience**

**Training:**

In September of 1975, I participated in a program at Western Michigan University entitled Fundamentals of Depreciation.

In 1976, I completed the Pennsylvania State University Continuity Education course on the Physical Functioning of Public Utility Equipment.

In July 1976, I attended the Depreciation Training Program at Western Michigan University entitled Fundamentals of Life and Salvage Estimation.

In February 1977, I attended a Symposium at the University of Missouri involving rate design problems of regulated industries.

In September 1978, I attended a seminar sponsored by the Bell's Center for Technical Education at Des Plaines, Illinois, on Cost for Pricing Decisions with an emphasis on incremental analysis.

In December 1983, I attended a Telecommunications Conference in Williamsburg, Virginia, concerning Regulation, Markets, and Technology and its impact on public utility pricing.

**Professional Affiliation**

Member and past Second Vice President for the Engineers Society of Pennsylvania.

**Rate Case Witness Experience:**

I have appeared before the Pennsylvania Public Utility Commission as a witness in the following general rate filings:

General Telephone Company of Pennsylvania	R-79100962, R-811512
The Bell Telephone Company of Pennsylvania	R-80061235 R-811819 R-841779
Continental Telephone Company of Pennsylvania	R-850044 R-850083
Quaker State Telephone Company	R-850045
Mahanoy and Mahantango Telephone Company	R-870590
Western Pennsylvania Water Company	R-870825
Pennsylvania Gas and Water Company	R-870853
Pennsylvania American Water Company	R-880916
Philadelphia Electric Company	R-881089
Dauphin Consolidated Water Company	R-891259
T.W. Phillips Gas and Oil Company	R-911889
Columbia Gas of Pennsylvania, Inc.	R-910873
Dauphin Consolidated Water Supply Company	R-912000
The Peoples Natural Gas Company	R-922206
Dauphin Consolidated Water Supply Company	R-932604
National Fuel Gas Distribution Corporation	R-932548

Pennsylvania American Water Company	R-932670
Pennsylvania Power & Light Company	R-943271
The Peoples Natural Gas Company	R-943252
UGI Utilities, Inc.	R-963646
Columbia Gas of Pennsylvania, Inc.	R-973931
UGI Utilities, Inc.	R-974012
United Water Pennsylvania, Inc.	R-973947

**DUQUESNE LIGHT COMPANY**

On-the-Record Data Requests

1. Reconcile \$65 million number on OTS-1 (on-the-record data response) with \$106 million number on O'Brien direct testimony at page 15 regarding the cold reserved units.

Response:

The difference in balances between \$65 million and \$106 million is the deferred tax balance associated with the cold reserve units. Thus, the \$65 million represents the Company's investment net-of-deferred-taxes, while the \$106 million represents the historic cost of the plants less accumulated depreciation. See calculation below:

\$ 106 million	net book value of plants in cold reserve.
less: \$ <u>40 million</u>	deferred taxes balance on cold reserve units.
\$ 66 million	net of tax investment in cold reserved units.

DOCUMENT  
FOLDER

DOCKETED

JAN 13 1998

RECEIVED  
98 JAN -9 PM 1:13  
P.A.P.U.C.  
PROTHONOTARY'S OFFICE

**DUQUESNE LIGHT COMPANY**

On-the-Record Data Requests

4. If the residual balance of generation plant is negative at January 1, 2006, before the Company subtracts the unfunded fossil fuel or nuclear decommissioning from the plant valuation, how would Duquesne propose to recover fossil fuel or nuclear decommissioning? In other words, would the CTC be requested to be extended or increased?

Response:

The Company reserves the right to ask to extend the CTC beyond 2005 to collect the unfunded portion of either the fossil fuel or nuclear decommissioning.

DOCUMENT  
FOLDER

DOCKETED

JAN 13 1998

**DUQUESNE LIGHT COMPANY**

On-the-Record Data Requests

5. Under the 2006 scenario, if recovery of fossil fuel or nuclear decommissioning is permitted to occur through extension of the CTC, then Duquesne's distribution customers would be paying the entire fossil fuel decommissioning or nuclear decommissioning while Duquesne's generation customers (who are actually receiving power from the generation plants) are paying nothing towards decommissioning? Please explain.

Response:

This request is difficult to answer because it is an assertion, not a question. The assertion, apparently, is that it is unfair to charge T&D customers a CTC for decommissioning because they are not the customers receiving power from the plants to be decommissioned. This assertion misses the mark. The legislation establishes the CTC charges as a non-bypassable charge during the transition period to be paid by Duquesne's distribution customers irrespective of whether they are purchasing generation services from Duquesne or from an alternative supplier of generation.

DOCKETED

JAN 13 1998

DOCUMENT  
FOLDER

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility  
Commission**

v.

**Duquesne Light Company**

:  
:  
:  
:  
:  
:  
:

**Docket No.  
R-00974104**

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing, a letter, and materials required by the Sixth Interim Order of ALJ Corbett, dated January 9, 1998, either personally, by first class mail, express mail or by fax upon the persons addressed below:

John L. Munsch, Esquire  
Theresa J. Colecchia, Esquire  
Allegheny Power  
800 Cabin Hill Drive  
Greensburg, PA 15601

Larry R. Crayne, Esquire  
Richard S. Herskovitz, Esquire  
Duquesne Light Company  
411 Seventh Avenue  
Pittsburgh, PA 15219

James P. Dougherty, Esquire  
Robert A. Weishaar, Jr., Esquire  
Pamela C. Polacek, Esquire  
McNees, Wallace and Nurick  
100 Pine Street  
P. O. Box 1166  
Harrisburg, PA 17108

**RECEIVED**  
98 JAN -9 PM 1:12  
PA.P.U.C.  
PROTHONOTARY'S OFFICE

Jacqueline R. Morrow, Esquire  
Rodney R. Akers, Esquire  
313 City County Building  
414 Grant Street  
Pittsburgh, PA 15219

John S. Moot, Esquire  
Kurt Bilas, Esquire  
1440 New York Avenue, N.W.  
Washington, DC 20005

Stephen J. Baron  
J. Kennedy and Associates, Inc.  
Suite 475  
35 Glenlake Parkway  
Atlanta, GA 30328

Karen Oill Moury, Esquire  
Office of Small Business Advocate  
1102 Commerce Building  
300 North Second Street  
Harrisburg, PA 17101

Howard M. Louik, Esquire  
Allegheny County Law Department  
300 Fort Pitt Commons  
445 Fort Pitt Boulevard  
Pittsburgh, PA 15219

Irwin A. Popowsky, Esquire  
Marisa A. Sifontes, Esquire  
Steven K. Steinmetz, Esquire  
Office of Consumer Advocate  
1425 Strawberry Square  
Harrisburg, PA 17120

Deneice Covert Zeve, Esquire  
Terry Lupia, Esquire  
Office of Attorney General  
14th Floor, Strawberry Square  
Harrisburg, PA 17120

Steven Baicker-McKee, Esquire

Steven Baicker-McKee, Esquire  
Wanda Schiller, Esquire  
Babst, Calland, Clements & Zomnir, PC  
8th Floor, Two Gateway Center  
Pittsburgh, PA 15222

Kenneth L. Wiseman, Esquire  
Mark F. Sundback, Esquire  
Andrews & Kurth, LLP  
1701 Pennsylvania Avenue, NW  
Washington, DC 20006

Exeter Associates, Inc.  
Suite 350  
12510 Prosperity Drive  
Silver Spring, MD 20904

Michael L. Kurtz, Esquire  
David F. Boehm, Esquire  
Boehm, Kurtz & Lowry  
2110 CBLD Center  
36 East Seventh Street  
Cincinnati, OH 45202

Terrance J. Fitzpatrick, Esquire  
Ryan, Russell, Ogden & Seltzer, LLP  
800 North Third Street  
Suite 101  
Harrisburg, PA 17102-2025

Robert B. Weisenmiller  
MRW & Associates, Inc.  
1999 Harrison Street  
Suite 1440  
Oakland, CA 94612-3517

Michael Reid, Director  
Materials Management Services  
Administrative Resources, Inc.  
500 Commonwealth Drive  
Warrendale, PA 15086-7513

Robert J. Stefanko, Esquire  
341 South Bellefield Avenue  
Pittsburgh, PA 15213

Margaret Peters, Esquire  
The Peoples Natural Gas Company  
625 Liberty Avenue  
Pittsburgh, PA 15222-3197

John Stember, Esquire  
Low Income Advocate Parties  
1705 Allegheny Building  
429 Forbes Avenue  
Pittsburgh, PA 15219

Stephen L. Feld, Esquire  
Pennsylvania Power Company  
1 East Washington Street  
P. O. Box 891  
New Castle, PA 16103-0891

Donald R. Ayersman, Jr., Esquire  
1125 Denver Avenue  
Morgantown, WV 26505

Mark J. McGuire, Esquire  
Ronald N. Carroll, Esquire  
Jenner & Block  
601 13th Street, N.W.  
Suite 1200  
Washington, DC 20005

Tim Merrill, Esquire  
4 Penn Center West  
Suite 200  
Pittsburgh, PA 15276

Kevin J. McKeon, Esquire  
William T. Hawke, Esquire  
Janet L. Miller, Esquire  
Todd S. Stewart, Esquire  
Malatesta, Hawke & McKeon, LLP  
100 North Tenth Street  
P. O. Box 1778  
Harrisburg, PA 17101

Thomas P. Gadsden, Esquire  
Morgan, Lewis & Bockius  
2000 One Logan Square  
Philadelphia, PA 19103

Cindy Datig, Esquire  
\$1 Energy Fund  
P. O. Box 42329  
Pittsburgh, PA 15203

David Hughes  
4037 Ludwick Street  
Pittsburgh, PA 15217

Thomas J. Augspurger, Esquire  
MidCon Corporation  
Office of General Counsel  
701 East 22nd Street  
Lombard, IL 60148

Joseph A. Dworetzky, Esquire  
John P. Lavelle, Jr., Esquire  
Hangley, Aronchick, Segal & Pudlin  
One Logan Square  
12th Floor  
Philadelphia, PA 19103

Alan J. Barak, Esquire  
Environmentalists  
3700 Vartan Way  
Harrisburg, PA 17110

Scott J. Rubin, Esquire  
3 Lost Creek Drive  
Selinsgrove, PA 17870-9357

Patricia Armstrong, Esquire  
Thomas, Thomas, Armstrong & Niesen  
212 Locust Street  
Suite 500  
P. O. Box 9500  
Harrisburg, PA 17106-9500

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

David M. Boonin  
New Energy Ventures East, LLC  
200 South Broad Street  
Suite 800  
Philadelphia, PA 19102

Roger Clark, Esquire  
The Environmentalists  
905 Denston Drive  
Andler, PA 19002-3901

John O'Brien, Esquire  
Wheeled Electric Power Company  
50 Charles Lindburgh Boulevard  
Suite 207  
Uniondale, NY 11553

Daniel Clearfield, Esquire  
Gerald Gornish, Esquire  
Alan Kohler, Esquire  
Robert J. Longwell, Esquire  
Wolf, Block, Schorr & Solis-Cohen, LLP  
305 North Front Street  
Suite 401  
Harrisburg, PA 17101-1236

James D. Steffes  
Enron Power Marketing, Inc.  
1400 Smith Street  
P. O. Box 4428  
Houston, TX 77002

Brian Kalcic  
Excel Consulting  
Suite 720-T  
225 S. Meramec Avenue  
St. Louis, MO 63105

Albert M. Benincasa, Esquire  
Director, Regulatory Affairs  
Skipping Stone  
46 9th Avenue  
Sea Cliff, NY 11579

Jim Ferlo, President  
Councilman, District 7  
City of Pittsburgh  
510 City-County Building  
Pittsburgh, PA 15219

Robert F. Young, Esquire  
Allegheny Electric Cooperative, Inc.  
212 Locust Street  
P. O. Box 1266  
Harrisburg, PA 17108-1266

Mary McFall Hopper, Esquire  
PECO Energy Company  
2301 Market Street, S23-1  
Philadelphia, PA 19103

Keith M. Sappenfield, II  
Director of Marketing Support  
Noram Energy Management, Inc.  
1600 Smith St., Suite 1134  
Houston, TX 77002-7345

John R. Orr, Esquire  
Duke Energy Trading & Marketing, LLC  
One Westchase Center  
10777 Westheimer  
Suite 650  
Houston, TX 77042

David Cruthirds  
Electric Clearinghouse, Inc.  
1000 Louisiana  
Suite 5800  
Houston, TX 77002-5050

Brian A. Rider, President  
Pennsylvania Retailer's Association  
224 Pine Street  
Harrisburg, PA 17101-1325

Vickiren S. Aeschleman  
Director-Regulatory Policy  
QST Energy Inc.  
300 Hamilton Boulevard  
Suite 300  
Peoria, IL 61602

Sheila S. Hollis, Esquire  
MaryAnn Ralls, Esquire  
Stephanie A. Sugrue, Esquire  
Duane, Morris & Heckscher, LLP  
1667 K Street, NW  
Suite 700  
Washington, DC 20006-1608

Gary A. Jeffries  
Senior Attorney  
CNG Energy Services Corporation  
One Park Ridge Center  
P. O. Box 15746  
Pittsburgh, PA 15244-0746

John E. Stember, Esquire  
1705 Allegheny Building  
429 Forbes Avenue  
Pittsburgh, PA 15219

John Horton  
Senior Regulatory Analyst  
MidCon Corporation  
701 E. 22nd Street  
Peoria, IL 60148

Craig Nifong  
MidCon Corporation  
3200 Southwest Freeway  
Houston, TX 77027

Lawrence E. Moncrief  
Attorney for the Pittsburgh Branch  
of the NAACP  
1364 Silverton Avenue  
Pittsburgh, PA 15206

Donald A. Kaplan, Esquire  
Lisa M. Helpert, Esquire  
Preston Gates Ellis & Rouvelas Meeds, LLP  
1735 New York Avenue, NW  
Suite 500  
Washington, DC 20006-4759

Gordan J. Smith, Esquire  
John and Hengerer  
1200 17th Street, N.W.  
Suite 600  
Washington, DC 20036

Kenneth Zielonis, Esquire  
Stevens and Lee  
208 North Third Street  
Suite 310  
P. O. Box 12090  
Harrisburg, PA 17108-2090

Community Action Association of Pennsylvania  
222 Pine Street  
Harrisburg, PA 17101

Honorable John H. Corbett, Jr.  
Administrative Law Judge  
PA Public Utility Commission  
1103 State Office Building  
300 Liberty Avenue  
Pittsburgh, PA 15222

Kandace F. Melillo

Kandace F. Melillo  
Prosecutor  
Office of Trial Staff

Dated: January 9, 1998  
R-00974104