

COMMONWEALTH OF PENNSYLVANIA

DATE: October 27, 1998

SUBJECT: R-00974104

KJR

TO: Law Bureau

FROM: *WJZ* James J. McNulty, Secretary

DOCKETED
OCT 28 1998

APPLICATION OF DUQUESNE LIGHT COMPANY
FOR APPROVAL OF RESTRUCTURING PLAN

Attached is copy of an Emergency Petition to Modify Schedule for Filing Comments on Generation Auction Plan of Duquesne Light Company filed in connection with the above docketed proceeding.

This matter is assigned to your Bureau for appropriate action.

Attachment

cc: BFUS

wjz

DOCUMENT
FOLDER

FRANK DERMODY, MEMBER
217 SOUTH OFFICE BUILDING
HOUSE BOX 202020
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 787-3566
FAX: (717) 787-8060

DISTRICT OFFICE:

HARMAR
801 FREEPORT ROAD
CHESWICK, PENNSYLVANIA 15024
PHONE: (724) 274-4770
FAX: (724) 274-8614



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

ORIGINAL

COMMITTEES
JUDICIARY
DEMOCRATIC CHAIRMAN,
SUB-COMMITTEE ON COURTS
LIQUOR CONTROL
DEMOCRATIC CHAIRMAN,
SUB-COMMITTEE ON MARKETING
TOURISM & RECREATION
POLICY

CHAIRMAN - ALLEGHENY COUNTY
DEMOCRATIC DELEGATION
CHAIRMAN - PA COMMISSION
ON SENTENCING

October 27, 1998

The Honorable John M. Quain, Chair
Public Utility Commission
PO Box 3265
North Office Building
Harrisburg, PA 17105-3265

R-00974104

DOCUMENT
FOLDER

RECEIVED
98 OCT 28 PM 12:23
PA.P.U.C.
SECRETARY'S BUREAU

Dear Chairman Quain:

I am submitting the enclosed petition seeking to intervene in the application of Duquesne Light Company for approval of its restructuring plan under Section 2806 of the Pennsylvania Public Utility Code (Docket Number R-00974009). I am petitioning to intervene both as an individual consumer within the Duquesne Light service territory and as the elected representative of consumers residing and working within that territory.

I have concerns about a number of issues related to this restructuring plan which I believe must be addressed by the Commission.

Price and Quality of Service. I am concerned that the price, terms or quality of service could affect various elements of the proposed restructuring plan. These would include arrangements which Duquesne may make with alternative suppliers; any proposal to separate or divest functions of Duquesne's current operations; the transfer of assets to other utilities; and the calculation of unbundled rates for generation, transmission and distribution of electricity. I believe that the rates established as a result of Duquesne's restructuring must be fair, reasonable and adequate. And I believe that the safeguards must be established to ensure quality service for all affected consumers.

Fair Treatment of Employees. The Electricity Generation Customer Choice and Competition Act provided that companies have to treat employees affected by restructuring in a fair and reasonable manner. I am interested in ensuring that any employee affected by the restructuring proposal or by the sale or transfer of property related to the restructuring proposal will be assured in a legally binding fashion that the current terms and conditions of their employment will continue. This would include any collective bargaining agreement currently enforce, as well as the current wages and benefits that they now enjoy, including pension coverage and health benefits.

106

Quain
Page 2
October 27, 1998

Continuation of Lifeline Service. I am concerned that the price, terms or quality of electric service may be impacted by Duquesne Light's proposals for ratepayer protection, including programs for assistance to low-income and elderly customers, consumer education and other measures that may impact the ability of the company or its successors to continue safe, reliable and efficient service. At the same time, I am concerned that other arrangements relating to the rates could adversely affect the ability of the company or any successor entity to provide ratepayer protection programs.

Impact on Local Zoning and Planning. I am concerned about the impact that the transfer of ownership of generation facilities or the divestiture of generating capacity will have on the ability of local governments to implement local zoning ordinances and comprehensive plans. I am also concerned about the potential impact restructuring could have on local economic development activities.

Impact on Local Taxing Authority. I am concerned about the implications that the restructuring plan may have on local taxing authority, including the ability to assess property, subject that property to taxation and collect taxes dues an owing under state and local legal authority.

For these reasons, I am seeking to intervene in review of Duquesne Light Company's restructuring proposal. I believe that I am uniquely positioned to represent these concerns, both as individual consumers and the elected representative of ratepayers and workers who will be affected by this proposal.

I look forward to working with you on this effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Dermody", written over a large, loopy scribble.

Rep. Frank Dermody
State Representative
33rd District

RECEIVED

98 OCT 28 PM 12: 24

Application of Duquesne Light Company
for Approval of its Restructuring Plan Under
Section 2806 of the Pennsylvania Public Utility Code as
Amended by Duquesne Option Plan
(Docket No. R-0097104)

PA. P.U.C.
SECRETARY'S BUREAU
: Docket No. R-00974009

DOCKETED

NOV 12 1998

MOTION TO INTERVENE OUT OF TIME OF
MR. FRANK DERMODY, AS AN INDIVIDUAL AND A
STATE REPRESENTATIVE

Frank Dermody ("Mr. Dermody") hereby moves pursuant to 52 Pa. Code §§ 5.71 to 5.74 , to intervene in the above-captioned "Restructuring Plan" proceedings. Mr. Dermody seeks to intervene as an individual residential Duquesne Light ratepayer and in his capacity as a duly elected State Representative from the 33rd Legislative District in Allegheny County.

Through submission of its Restructuring Plan filing, Duquesne Light seeks the issuance of a Commission Order pursuant to the Electricity Generation Customer Choice and Competition Act ("the Customer Choice Act"), 66 Pa.C.S. §2801, *et. seq.*, which finds the Restructuring Plan to be just, reasonable, and in the public interest. Implementation of a Restructuring Plan for Duquesne Light will have a significant impact on the type and quality of electrical services available to Mr. Dermody.

Mr. Dermody is a long time resident of the Commonwealth of Pennsylvania and resides in Oakmont, PA. He is currently a customer of Duquesne Light. Mr. Dermody seeks to participate in this proceeding in order to protect his interest as a present and future customer of electrical services from Duquesne Light. Representative Dermody also seeks to ensure that the

DOCUMENT
FOLDER

price, terms or quality of electric service that his legislative district office in Harmar Township receives is not adversely affected by these proceedings.

Mr. Dermody's current occupation is public service as the State Representative for the 33rd Legislative District and Chairman of Judiciary Committee, Subcommittee on Courts. As an elected official representing the approximately 59,000 citizens in the Commonwealth of Pennsylvania, Representative Dermody also seeks to participate in this proceeding in order to protect the interests of his constituents.

Duquesne Light Company has a Power Generating Facility located in the 33rd Legislative District represented by Mr. Dermody and it is in Mr. Dermody's interest to participate in the proceedings to protect the communities and workers of the 33rd district in the disposition of the generation facility in Spingdale, Pennsylvania.

In support of its Motion, Mr. Dermody states as follows:

1. **Title** name and address of the person seeking intervention is as

follows:

Frank Dermody
600 Woodland Avenue
Oakmont, PA 15139
412-828-9276

2. Mr. Dermody will be represented in this proceeding by the following representative who should be placed on the Commission's service list and receive copies of all

correspondence and other documents:

Mr. Francis J. Dermody
600 Woodland Avenue
Oakmont PA 15139
412-828-9276

3. Mr. Dermody is a current customer of Duquesne Light and as a customer would be affected by any Competitive Transition Charge or Intangible Transition Charge that might be authorized in this proceeding or as a result of this proceeding.

4. Mr. Dermody is a current customer of Duquesne Light and the price, terms or quality of that service may be impacted by proposed terms and conditions of Duquesne Light arrangements with alternative electric suppliers, the code of conduct to be adopted by Duquesne Light, and by any plan to implement function separation of its business.

5. Mr. Dermody is a current customer of Duquesne Light and the price, terms or quality of that electric service may be impacted by the analysis and calculation of unbundled rates for the generation, transmission and distribution of electricity.

6. Mr. Dermody is a current customer of Duquesne Light and the price, terms or quality of that electric service may be impacted by Duquesne Light's proposals for continued ratepayer protection, including programs for assistance to low-income customers, consumer education and other measures that may impact the ability of Duquesne Light to continue safe, reliable and efficient service.

7. Mr. Dermody has a direct, substantial interest in this proceeding, which is not adequately represented by any other party for, among others, the following reasons:

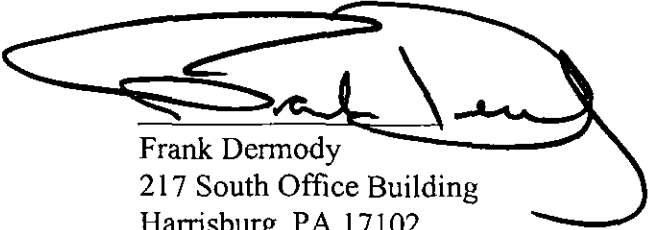
- a) Mr. Dermody is a long time resident in Oakmont, Pennsylvania and he is familiar with socioeconomic backgrounds of many of the residents of the community and with the concerns of the workers and customers who may be affected by the elements of the Duquesne Light restructuring plan.

- (b) Mr. Dermody will be receiving residential consumer class power distribution and transmission services from Duquesne Light following these proceedings so he has interests in issues such as residential billing.
- (c) Mr. Dermody owns property that receives electric power from Duquesne Light so that he would be directly impacted by any potential changes in metering and maintenance services from these proceedings.
- (d) For decades, Duquesne Light Co. facilities have been incorporated into the communities in this region and have been good neighbors to the citizens of those communities providing jobs, tax revenues and civic participation. We are concerned about losing these jobs and Duquesne Light Co. as a good neighbor.

8. Because of his direct and substantial interest in this proceeding, which is not adequately represented by any other party, Mr. Dermody submits he has "good cause" to intervene in this proceeding and that no other party will be prejudiced by his intervention at this stage of the process.

WHEREFORE, for all the foregoing reasons, Mr. Dermody respectfully requests that the Commission grant this petition and approve Mr. Dermody's intervention as an active party of record in this proceeding.

Respectfully submitted,



Frank Dermody
217 South Office Building
Harrisburg, PA 17102
717-787-3566

Dated: October 27, 1998

Roger E. Clark, Esq.
Attorney for The Environmentalists

ORIGINAL
905 Denston Drive
Ambler, PA 19002-3504
phone: 215.643.2364
fax: 215.628.2630
e-mail: rclark@libertynet.org

October 28, 1998

**DOCUMENT
FOLDER**

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

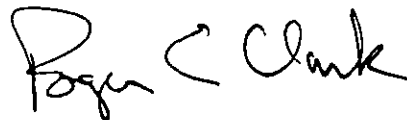
Re: Duquesne Light Company Application to
Approve Restructuring Plan,
Docket No. R-00974104

Dear Mr. McNulty:

Enclosed for filing please find an original and ten copies of the Motion of the Environmentalists to Temporarily Suspend Review of the Generation Auction Plan in the above-referenced proceeding.

A copy of this document has been served on all parties of record as shown on the attached certificate of service.

Sincerely,



Roger E. Clark
Attorney for the Environmentalists

Copies: All parties of record
Honorable John Quain
Honorable Robert Bloom
Honorable David Rolka
Honorable Nora Mead Brownell
Honorable Aaron Wilson, Jr.
Office of Special Assistants

RECEIVED
98 OCT 29 PM 4: 13
PA. P.U.C.
SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF DUQUESNE :
LIGHT COMPANY FOR APPROVAL :
OF ITS RESTRUCTURING PLAN :
UNDER SECTION 2806 OF THE :
PUBLIC UTILITY CODE :

DOCKETED
NOV 12 1998
Docket No. R-00974104

RECEIVED
98 OCT 29 PM 1:13
P.A.P.U.C.
SECRETARY'S BUREAU

**THE ENVIRONMENTALISTS' MOTION
TO TEMPORARILY SUSPEND REVIEW OF THE GENERATION AUCTION PLAN
OF THE DUQUESNE LIGHT COMPANY**

The Environmentalists hereby move that the Commission temporarily suspend the review of the generation auction plan of the Duquesne Light Company ("Duquesne") until such time as Duquesne has filed a final and legally-binding agreement concerning its generation exchange agreement with First Energy. Once such an agreement has been filed, we request that the Commission provide 30 days for interested parties to comment on the final plan and 15 days for Duquesne to respond to the other parties. The Environmentalists support the earlier-filed motion of System Council U-10, International Brotherhood of Electrical Workers ("IBEW") for this same purpose. In support of this motion, we note the following:

**DOCUMENT
FOLDER**

1. Duquesne admits that (1) the agreement it submitted on October 14, 1998 is incomplete because all major terms are not included and (2) nothing contained therein is legally binding on either party. Paragraph 14 of the agreement in principle states that:

It is specifically agreed and understood by the Parties that the terms set forth in this agreement in principle do not constitute all of the major terms which will be included in the Exchange Agreements, that the terms set forth herein are subject to further discussion, negotiation, and due diligence, and that this agreement in principle is an expression of interest only and is not intended ... to create or result in any legally binding obligations upon the Parties ...

Since the agreement's provisions are subject to change without notice at any time, we cannot rely on them in fashioning our comments. There is literally no basis for either comments or Commission action at this time.

2. According to recent statements made recently by Duquesne, further delay in the negotiations with First Energy now appears likely due to the dispute between Duquesne and Allegheny Energy over their proposed merger. That dispute is now in federal court. Allegheny is asking the court to, *inter alia*, require Duquesne to give it ten business days notice before taking any major business actions such its capacity exchange with First Energy. In oral argument in that case on October 26, Duquesne responded that " First Energy is unlikely to continue to negotiate a definitive agreement for the power plant swap if the deal is going to be subject to the uncertainty of Allegheny Energy's approval and possible court action." [*Pittsburgh Post Gazette*, October 27, 1998, page C-1]. Allegheny's notification request is now pending before the court.

3. The Commission is not the only regulatory body that must review the Exchange Agreements. The generation exchange is subject to review and approval by the Federal Energy Regulatory Commission because it involves the transfer of transmission facilities [Agreement in Principle, p. 5, ¶10] and the modification of the CAPCO Transmission Facilities Agreement [Agreement in Principle, p. 5, ¶11]. These two aspects of the agreement trigger FERC jurisdiction. We believe that the FERC will not consider the proposed capacity exchange until a legally binding agreement is before it. The generation exchange proposal is also subject to review and approval of the Ohio Public Service Commission because it involves the transfer of Ohio generation assets [Agreement in Principle, p. 1, ¶1(b)]. Since there has been no showing by Duquesne that both of these agencies are willing to rule without awaiting a legally binding agreement, there is no basis to claim that a Commission delay would materially affect the schedule of this transaction.

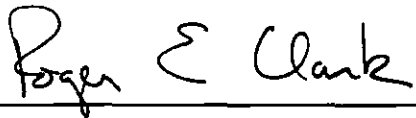
4. The parties should also be permitted to await the submission of a legally binding agreement before submitting their comments on the Duquesne generation auction plan. The generation exchange is a significant and material element of the generation auction and should be considered together with the generation auction proposal. It would be a waste of resources for the Commission and the parties to review and comment upon the two elements separately. It would also be a waste of

resources for the parties to comment on a preliminary proposal that, in its final form, may be materially different than what has been submitted. The parties should not be required to file and the Commission should not be required to review several rounds of comments.

WHEREFORE, the Environmentalists join with in asking the Commission to suspend this proceeding until such time as Duquesne has submitted the final Exchange Agreements. We further support the suggestion that the parties be given 30 days to file written comments to the final Exchange Agreements and that Duquesne be given 15 days to respond.

Respectfully submitted,

The Environmentalists
by:



Roger E. Clark, Esq. (Supreme Court No. 24852)
Attorney for the Environmentalists

905 Denston Drive
Ambler, PA 19002-3901

phone: 215-643-2364
fax: 215-628-2630
e-mail: rclark@libertynet.org

Date: October 28, 1998

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Duquesne Light :
Company for Approval of its : Docket No. R-00974104
Restructuring Plan :

CERTIFICATE OF SERVICE

I hereby certify that I have served the Motion of the Environmentalists to Temporarily Suspend Review of the Generation Auction Plan in the above-referenced docket upon the following persons, in the manner specified and on the dates indicated:

Service by fax on October 28, 1998

John S. Moot, Esq.
Skadden, Arps, Slate, Meagher
& Flom, LLP
1440 New York Avenue, NW
Washington DC 20005

Service by Fed Ex on October 28, 1998

John S. Moot, Esq.
Skadden, Arps, Slate, Meagher
& Flom, LLP
1440 New York Avenue, NW
Washington DC 20005

Service by personal service on October 28, 1998

The Honorable John M. Quain
PA Public Utility Commission
104 North Office Building
Harrisburg, PA 17105-3265

The Honorable Nora Brownell
PA Public Utility Commission
107 North Office Building
Harrisburg, PA 17105-3265

Cheryl Walker Davis
Office of Special Assistants
PA Public Utility Commission
210 North Office Building
Harrisburg, PA 17105-3265

The Honorable Robert K. Bloom
PA Public Utility Commission
112 North Office Building
Harrisburg, PA 17105-3265

The Honorable Aaron Wilson
PA Public Utility Commission
116 North Office Building
Harrisburg, PA 17105-3265

James J. McNulty, Secretary
Pennsylvania Public Utility
Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

The Honorable David W. Rolka
PA Public Utility Commission
110 North Office Building
Harrisburg, PA 17105-3265

Service by First Class Mail on October 28, 1998

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

Kandace Melillo, Esquire
Office of Trial Staff
PA Public Utility Commission
Pitnick Building
Harrisburg PA 17105

Carol Pennington, Esquire
Office of Small Business Adv.
Suite 1102, Commerce Bldg.
300 North Second Street
Harrisburg PA 17120

Edmund Berger, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923

Robert A. Mills, Esq.
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg PA 17108-1166

Kevin J. McKeon, Esq.
Malatesta, Hawke & McKeon
100 North 10th Street
Harrisburg PA 17101

William T. Hawke, Esq.
Malatesta, Hawke & McKeon
100 North 10th Street
Harrisburg PA 17105

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

Paul E. Russell, Esq.
Penna. Power & Light Company
Two North 9th Street
Allentown PA 18101

Daniel Clearfield, Esquire
Robert Longwell, Esquire
Wolf Block Schorr & Solis-Cohen
212 Locust St., Ste. 300
Harrisburg PA 17101

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

Kenneth Zielonis, Esq.
Stevens & Lee
P.O. Box 12090
Harrisburg PA 17108-2090

Joseph A. Dworetzky, Esq.
Hangley Aronchick, Segal & Pudlin
12th Floor, One Logan Square
Philadelphia PA 19103

Rodney R. Akers
Assistant City Solicitor
313 City-County Bldg.
414 Grant Street
Pittsburgh PA 15219

David Hughes, Esquire
4037 Ludwick Street
Pittsburgh PA 15217

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

Stephen L. Feld, Esquire
FirstEnergy Corp
76 South Main Street
Akron, OH 44308

Councilman Jim Ferlo
510 City Council Building
Pittsburgh, PA 15219

Steven Baicker-McKee, Esq.
Babst, Calland, Clements &
Zornir PC
8th Floor, Two Gateway Center
Pittsburgh, PA 16222

Kenneth L. Wiseman, Esq.
Andrews & Kurth, LLP
1701 Pennsylvania Avenue NW
Washington DC 20006

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

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

Robert J. Stefanko, Esq.
Pittsburgh School District
341 South Bellefield Avenue
Pittsburgh PA 151213

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

John Stember, Esq.
Low Income Advocate Parties
1705 Allegheny Bldg.
429 Forbes Avenue
Pittsburgh PA 15219

Mark J. McGuire, Esq.
Jenner & Block, Suite 1200
601 13th Street, NW
Washington DC 20005

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

Gordon Smith
John & Hengerer
Suite 600
1200 17th Street, NW
Washington, D.C. 20036

Gary Jeffries, Esquire
CNG Energy Services
P.O. Box 15746
Pittsburgh, PA 15244-0746

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

Donald A. Kaplan, Esquire
Preston, Gates, Ellis & Rouvelas
Meeds
1735 New York Ave, N.W. - Suite 500
Washington, D.C. 20006-4759

John Wilson, Exec. Dir.
Community Action Assn. of PA
222 Pine St.
Harrisburg, PA 17101

James P. Dougherty, Esq.
McNees, Wallace & Nurick
100 Pine Street
Harrisburg PA 17108

Robert Young, Esq.
Allegheny Electric Coop., Inc.
212 Locust Street
Harrisburg PA 17108-1266

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

Thomas P. Gadsden, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia PA 19103-6993

Patricia Armstrong, Esquire
Thomas, Thomas, Armstrong & Niesen
212 Locust Street
Harrisburg PA 17108-9500

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

David M. Boonin
New Energy Ventures East, LLC
1845 Walnut Street - Suite 2525
Philadelphia PA 19103

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

James D. Steffes
Enron Power Marketing Inc.
P.O. Box 4428
Houston TX 77002

Vickiren S. Aeshleman
QST Energy Inc.
300 Hamilton Blvd. - Suite 300
Peoria IL 61602

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

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

Thomas J. Augspurger, Esq.
MidCon Corporation
701 East 22nd Street
Lombard IL 60148

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

Lawrence E. Moncrief, Esq.
NAACP
1364 Silverton Ave.
Pittsburgh PA 15206

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

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

John O'Brien, Esq.
Wheeled Electric Power Co.
Suite 207
50 Charles Lindburgh Blvd.
Uniondale NY 11553

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

Craig Nifong
Midcon Corporation
3200 Southwest Freeway
Houston, TX 77027

Timothy Moran
System Council U-10, IBEW
986 Greentree Road
Pittsburgh, PA

Samuel Braver
Buchanan Ingersoll, PC
301 Grant Street, 20th Floor
Pittsburgh, PA 15219-14190

Keith Sappenfield
NorAm Energy Management, Inc.
1600 Smith Avenue, Suite 1140
Houston, TX 77002-7345

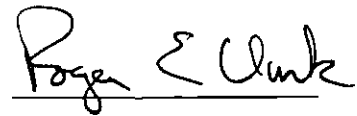
John Orr
Duke Energy Trading & Marketing
One Westchester Center
10777 Westheimer, Suite 650
Houston, TX 77042

Sheila Hollis
Duane Morris & Heckscher
1667 K Street NW - Suite 700
Washington, DC 20006-1608

Kenneth Maiman
Andrews & Kurth
425 Lexington Avenue
New York, NY 10017-3903

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

Respectfully Submitted,



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

October 28, 1998

RECEIVED
98 OCT 29 PM 4: 13
P.A.P.U.C.
SECRETARY'S BUREAU



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

IN REPLY PLEASE
REFER TO OUR FILE

October 28, 1998

DOCKETED
NOV 12 1998

R-974104

The Honorable Susan Laughlin
House of Representatives
House Post Office - Main Capitol
Harrisburg, PA

Dear Representative Laughlin:

Thank you for your letter of October 21, 1998, to Chairman John Quain of the Pennsylvania Public Utility Commission which you are asking us to consider as a petition seeking to intervene in the application of Duquesne Light Company for approval of its plan to auction its generation facilities pursuant to the Commission's restructuring order at Docket Number R-00974009. Since this letter seeking intervention into this matter is currently pending before the Commission, Chairman Quain referred your letter/petition to me for a response.

Please know that I have forwarded your letter/petition to the Secretary of the Commission for immediate inclusion into the official filing of this proceeding. The Secretary will treat your letter as a Petition to Intervene and forward it to the appropriate staff in the Commission who are responsible for expediting this matter.

Thank you again for taking the time to file your concerns on the Commission's record.

Sincerely,

Rosemary Chiaetta, Esq.
Director of Legislative Affairs

cc: Chairman Quain
Vice Chairman Bloom
Commissioner Rolka
Commissioner Brownell
Commissioner Wilson
Secretary McNulty

DOCUMENT
FOLDER

RECEIVED
SECRETARY'S BUREAU

98 OCT 29 PM 3:43

019434

SUSAN LAUGHLIN, MEMBER

555 MERCHANT STREET
AMBRIDGE, PENNSYLVANIA 15003-2464
PHONE: (724) 266-7774
FAX: (724) 773-7443

120 SOUTH OFFICE BUILDING
HOUSE BOX 202020
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 787-4444
FAX: (717) 772-1232



ORIGINAL COMMITTEES

CONSUMER AFFAIRS - CHAIRPERSON,
SUBCOMMITTEE ON PUBLIC UTILITIES
COMMERCE AND ECONOMIC DEVELOPMENT
TRANSPORTATION

BEAVER COUNTY DELEGATION
SOUTHWEST DEMOCRATIC CAUCUS
ALLEGHENY COUNTY DEMOCRATIC
DELEGATION

COAL CAUCUS
IRISH CAUCUS
STEEL CAUCUS
SUBSTANCE ABUSE CAUCUS

House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

October 21, 1998

The Honorable John M. Quain, Chair
Public Utility Commission
PO Box 3265
North Office Building
Harrisburg, PA 17105-3265

R-974104

DOCUMENT
FOLDER

RECEIVED
53 OCT 26 AM 9:33
CHAIRMAN QUAIN'S OFFICE

Dear Chairman Quain:

I am submitting the enclosed petition seeking to intervene in the application of Duquesne Light Company for approval of its restructuring plan under Section 2806 of the Pennsylvania Public Utility Code (Docket Number r-00974009). I am petitioning to intervene as an individual consumer within the Duquesne Light service territory and as the elected representative of the consumers residing and working within that territory.

I have concerns about a number of issues related to this restructuring plan which I believe must be addressed by the Commission.

Price and Quality of Service. I am concerned that the price, terms or quality of service could be affected by various elements of the proposed restructuring plan. These would include arrangements which Duquesne may make with alternative suppliers; any proposal to separate or divest functions of Duquesne's current operations; the transfer of assets to other utilities; and the calculation of unbundled rates for generation, transmission and distribution of electricity. I believe that the rates established as a result of Duquesne's restructuring must be fair, reasonable and adequate. And I believe that the safeguards must be established to ensure quality service for all affected consumers.

Fair Treatment of Employees. The Electricity Generation Customer Choice and Competition Act provided that companies have to treat employees affected by restructuring in a fair and reasonable manner. I am interested in ensuring that any employee affected by the restructuring proposal or by the sale or transfer of property related to the restructuring proposal will be assured in a legally binding fashion that the current terms and conditions of their employment will continue. This would include any collective bargaining agreement currently in force, as well as the current wages and benefits that they now enjoy, including pension coverage and health benefits.

92

Environmental Safeguards. Duquesne proposes to transfer its ownership interest in several generating facilities, including its interest in a nuclear facility located in Beaver County. However, according to the transfer agreement, which I believe has been incorporated into the restructuring proposal, Duquesne retains responsibility for its share of the cost for decommissioning that nuclear facility. I am interested in requiring that there are sufficient assets pledged to ensure this facility is safely and appropriately decommissioned, in a way that protects both the public health and safety and the natural environment.

Continuation of Lifeline Service. I am concerned that the price, terms or quality of electric service may be impacted by Duquesne Light's proposals for ratepayer protection, including programs for assistance to low-income and elderly customers, consumer education and other measures that may impact the ability of the company or its successors to continue safe, reliable and efficient service. At the same time, I am concerned that other arrangements relating to the rates could adversely affect the ability of the company or any successor entity to provide ratepayer protection programs.

Impact on Local Zoning and Planning. I am concerned about the impact that the transfer of ownership of generation facilities or the divestiture of generating capacity will have on the ability of local governments to implement local zoning ordinances and comprehensive plans. I am also concerned about the potential impact restructuring could have on local economic development activities.

Impact on Local Taxing Authority. I am concerned about the implications that the restructuring plan may have on local taxing authority, including the ability to assess property, subject that property to taxation and collect taxes due and owing under state and local legal authority.

For these reasons, I am seeking to intervene in review of Duquesne Light Company's restructuring proposal. I believe that I am uniquely positioned to represent these concerns, as an individual consumer and as the elected representative of ratepayers and workers who will be affected by this proposal. I look forward to working with you on this effort.

Sincerely,



Susan Laughlin
Representative
16th District

VICTOR J. LESCOVITZ, MEMBER
HOUSE POST OFFICE BOX 202020
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 787-2769

DISTRICT OFFICES:

141 SOUTH MAIN STREET
SUITE #6
BURGETTSTOWN, PENNSYLVANIA 15021
PHONE: (724) 947-4422
(724) 746-4422
(724) 573-4402

936 MIDLAND AVENUE
MIDLAND, PENNSYLVANIA 15059
PHONE: (724) 643-4402



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

ORIGINAL

COMMITTEES
DEMOCRATIC CHAIRMAN, COMMERCE
AND ECONOMIC DEVELOPMENT
LOCAL GOVERNMENT COMMISSION
COAL CAUCUS
STEEL CAUCUS
COUNCIL OF STATE GOVERNMENTS
PAST CHAIR, EASTERN REGIONAL
CONFERENCE
MEMBER, EXPORT TRADE TASK FORCE
NATIONAL CONFERENCE OF STATE
LEGISLATURES
EXECUTIVE COMMITTEE

October 21, 1998

The Honorable John M. Quain, Chair
Public Utility Commission
PO Box 3265
North Office Building
Harrisburg, PA 17105-3265

R. 00974104

DOCUMENT
FOLDER

RECEIVED
98 OCT 30 AM 10:26
CHAIRMAN QUAIN'S OFFICE

Dear Chairman Quain:

I am submitting the enclosed petition seeking to intervene in the application of Duquesne Light Company for approval of its restructuring plan under Section 2806 of the Pennsylvania Public Utility Code (Docket Number r-00974104). I am petitioning to intervene both as an individual consumer within the Duquesne Light service territory and as the elected representative of consumers residing and working within that territory.

I have concerns about a number of issues related to this restructuring plan which I believe must be addressed by the Commission.

Price and Quality of Service. I am concerned that the price, terms or quality of service could be affected various elements of the proposed restructuring plan. These would include arrangements which Duquesne may make with alternative suppliers; any proposal to separate or divest functions of Duquesne's current operations; the transfer of assets to other utilities; and the calculation of unbundled rates for generation, transmission and distribution of electricity. I believe that the rates established as a result of Duquesne's restructuring must be fair, reasonable and adequate. And I believe that the safeguards must be established to ensure quality service for all affected consumers.

Fair Treatment of Employees. The Electricity Generation Customer Choice and Competition Act provided that companies have to treat employees affected by restructuring in a fair and reasonable manner. I am interested in ensuring that any employee affected by the restructuring proposal or by the sale or transfer of property related to the restructuring proposal will be assured in a legally binding fashion that the current terms and conditions of their employment will continue. This would include any collective bargaining agreement currently enforce, as well as the current wages and benefits that they now enjoy, including pension coverage and health benefits.

Environmental Safeguards. Duquesne proposes to transfer its ownership interest in several generating facilities, including its interest in a nuclear facility located in Beaver County. However, according to the transfer agreement, which I believe has been incorporated into the restructuring proposal, Duquesne retains responsibility for its share of the cost for decommissioning that nuclear facility. I am interested in requiring that there are sufficient assets pledged to ensure this facility is safely and

77

appropriately decommissioned, in a way that protects both the public health and safety and the natural environment.

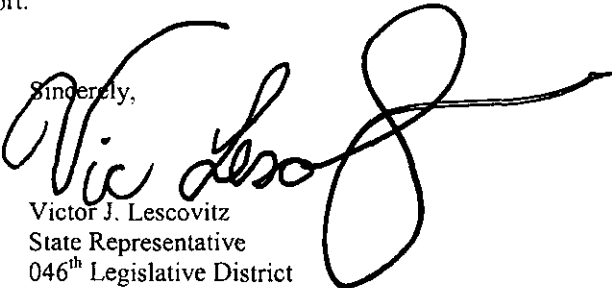
Continuation of Lifeline Service. I am concerned that the price, terms or quality of electric service may be impacted Duquesne Light's proposals for ratepayer protection, including programs for assistance to low-income and elderly customers, consumer education and other measures that may impact the ability of the company or its successors to continue safe, reliable and efficient service. At the same time, I am concerned that other arrangements relating to the rates could adversely affect the ability of the company or any successor entity to provide ratepayer protection programs.

Impact on Local Zoning and Planning. I am concerned about the impact that the transfer of ownership of generation facilities or the divestiture of generating capacity will have on the ability of local governments to implement local zoning ordinances and comprehensive plans. I also am concerned about the potential impact restructuring could have on local economic development activities.

Impact on Local Taxing Authority. I am concerned about the implications that the restructuring plan may have on local taxing authority, including the ability to assess property, subject that property to taxation and collect taxes dues an owing under state and local legal authority.

For these reasons, I am seeking to intervene in review of Duquesne Light Company's restructuring proposal. I believe that I am uniquely positioned to represent these concerns, both as an individual consumer and an elected representative of ratepayers and workers who will be affected by this proposal. I am look forward to working with you on this effort.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Vic Lescovitz". The signature is written over the typed name and title.

Victor J. Lescovitz
State Representative
046th Legislative District

Enclosure

VJL/sb

Application of Duquesne Light Company :
for Approval of its Restructuring Plan Under : **Docket No. R-00-97-104**
Section 2806 of the Pennsylvania Public Utility Code as :
Amended by Duquesne Option Plan :

DOCKETED

NOV 12 1998

MOTION TO INTERVENE OUT OF TIME OF
MR. VICTOR LESCOVITZ, AS AN INDIVIDUAL AND A
STATE REPRESENTATIVE

Mr. Victor Lescovitz ("Mr. Lescovitz") hereby moves pursuant to 52 Pa. Code §§ 5.71 to 5.74 , to intervene in the above-captioned "Restructuring Plan" proceedings. Mr. Lescovitz seeks to intervene as an individual residential Duquesne Light ratepayer and in his capacity as a duly elected State Representative from the 46th Legislative District in Beaver and Washington Counties.

Through submission of its Restructuring Plan filing, Duquesne Light seeks the issuance of a Commission Order pursuant to the Electricity Generation Customer Choice and Competition Act ("the Customer Choice Act"), 66 Pa.C.S. §2801, *et. seq.*, which finds the Restructuring Plan to be just, reasonable, and in the public interest. Implementation of a Restructuring Plan for Duquesne Light will have a significant impact on the type and quality of electrical services available to Mr. Lescovitz.

**DOCUMENT
FOLDER**

Mr. Lescovitz is a long time resident of the Commonwealth of Pennsylvania and resides in Midway, PA. He is currently a customer of Duquesne Light. Mr. Lescovitz seeks to participate in this proceeding in order to protect his interest as a present and future customer of electrical services from Duquesne Light. Representative Lescovitz also seeks to ensure that the

Application of Duquesne Light Company :
for Approval of its Restructuring Plan Under : **Docket No. R-00-97-4104**
Section 2806 of the Pennsylvania Public Utility Code as :
Amended by Duquesne Option Plan :

MOTION TO INTERVENE OUT OF TIME OF
MR. VICTOR LESCOVITZ, AS AN INDIVIDUAL AND A
STATE REPRESENTATIVE

Mr. Victor Lescovitz ("Mr. Lescovitz") hereby moves pursuant to 52 Pa. Code §§ 5.71 to 5.74, to intervene in the above-captioned "Restructuring Plan" proceedings. Mr. Lescovitz seeks to intervene as an individual residential Duquesne Light ratepayer and in his capacity as a duly elected State Representative from the 46th Legislative District in Beaver and Washington Counties.

Through submission of its Restructuring Plan filing, Duquesne Light seeks the issuance of a Commission Order pursuant to the Electricity Generation Customer Choice and Competition Act ("the Customer Choice Act"), 66 Pa.C.S. §2801, *et. seq.*, which finds the Restructuring Plan to be just, reasonable, and in the public interest. Implementation of a Restructuring Plan for Duquesne Light will have a significant impact on the type and quality of electrical services available to Mr. Lescovitz.

Mr. Lescovitz is a long time resident of the Commonwealth of Pennsylvania and resides in Midway, PA. He is currently a customer of Duquesne Light. Mr. Lescovitz seeks to participate in this proceeding in order to protect his interest as a present and future customer of electrical services from Duquesne Light. Representative Lescovitz also seeks to ensure that the

price, terms or quality of electric service that his legislative district office in Burgettstown, PA receives is not adversely affected by these proceedings.

Mr. Lescovitz's current occupation is public service as the State Representative for the 46th Legislative District. As an elected official representing the approximately 59,000 citizens in the Commonwealth of Pennsylvania, Representative Lescovitz also seeks to participate in this proceeding in order to protect the interests of his constituents. Moreover, Representative Lescovitz as a Member of the Pennsylvania General Assembly was a supporter of the Electric Utility Retail Law and has a direct and distinct interest in ensuring that the legislative intent of Act 138 of 1996 is followed in these proceedings.

In support of its Motion, Mr. Lescovitz states as follows:

1. Title name and address of the person seeking intervention is as

follows:

Victor Lescovitz
P.O. Box 543
1 Tybeehill Lane
Midway, PA 15060
(724) 796-9481

2. Mr. Lescovitz will be represented in this proceeding by the following representative who should be placed on the Commission's service list and receive copies of all correspondence and other documents:

Representative Victor Lescovitz
Attn. R. David Myers
16 East Wing
Pennsylvania House of Representatives
Harrisburg, PA 17120
717-705-2063

3. Mr. Lescovitz is a current customer of Duquesne Light and would pay any Competitive Transition Charge or Intangible Transition Charge that might be authorized in this proceeding or as a result of this proceeding.
4. Mr. Lescovitz is a current customer of Duquesne Light and the price, terms or quality of that service may be impacted by proposed terms and conditions of Duquesne Light arrangements with alternative electric suppliers, the code of conduct to be adopted by Duquesne Light, and by any plan to implement function separation of its business.
5. Mr. Lescovitz is a current customer of Duquesne Light and the price, terms or quality of that electric service may be impacted by the analysis and calculation of unbundled rates for the generation, transmission and distribution of electricity.
6. Mr. Lescovitz is a current customer of Duquesne Light and the price, terms or quality of that electric service may be impacted by Duquesne Light's proposals for continued ratepayer protection, including programs for assistance to low-income customers, consumer education and other measures that may impact the ability of Duquesne Light to continue safe, reliable and efficient service.
7. Mr. Lescovitz has a direct, substantial interest in this proceeding, which is not adequately represented by any other party for, among others, the following reasons:
 - a) Mr. Lescovitz is a long time resident in Midway, Pennsylvania and he is familiar with socioeconomic backgrounds of many of the residents of the community and with the concerns of the workers and customers who may be affected by the elements of the Duquesne Light restructuring plan.

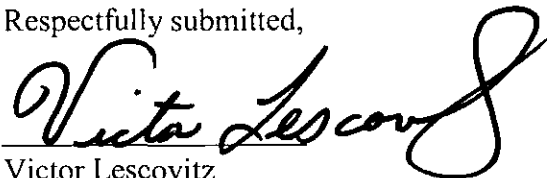
b.) Mr. Lescovitz will be receiving residential consumer class power distribution and transmission services from Duquesne Light following these proceedings so he has interests in issues such as residential billing.

c.) Mr. Lescovitz owns property that receives electric power from Duquesne Light so that he would be directly impacted by any potential changes in metering and maintenance services from these proceedings.

8. Because of his direct and substantial interest in this proceeding, which is not adequately represented by any other party, Mr. Lescovitz submits he has "good cause" to intervene in this proceeding and that no other party will be prejudiced by his intervention at this stage of the process.

WHEREFORE, for all the foregoing reasons, Mr. Lescovitz respectfully requests that the Commission grant this petition and approve Mr. Lescovitz's intervention as an active party of record in this proceeding.

Respectfully submitted,



Victor Lescovitz
Pennsylvania House of Representatives
Main Capitol Building
Harrisburg, PA 17102
717-787-2769

Dated: October 22, 1998

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

ORIGINAL

1440 NEW YORK AVENUE, N.W.

WASHINGTON, D.C. 20005-2111

TEL: (202) 371-7000

FAX: (202) 393-5760

FIRM/AFFILIATE OFFICES

- BOSTON
- CHICAGO
- HOUSTON
- LOS ANGELES
- NEWARK
- NEW YORK
- PALO ALTO
- SAN FRANCISCO
- WILMINGTON
- BEIJING
- BRUSSELS
- FRANKFURT
- HONG KONG
- LONDON
- MOSCOW
- PARIS
- SINGAPORE
- SYDNEY
- TOKYO
- TORONTO

DIRECT DIAL
371-7310
DIRECT FAX
371-7933

October 29, 1998

DOCUMENT

RECEIVED

By overnight delivery

FOLDER

OCT 29 1998

James J. McNulty
Secretary
Office of the Prothonotary
Pennsylvania Public Utility Commission
North Office Building
Harrisburg, Pa. 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Dear Secretary McNulty:

Enclosed for filing is additional information regarding the generation exchange with FirstEnergy Corp. that was requested by certain parties during the technical conference of October 21, 1998.

Sincerely,


John S. Moot

Enclosure

cc: All persons on official service list

43

RECEIVED

OCT 29 1998

OVERVIEW OF DUQUESNE PERSPECTIVE ON
OF FIRSTENERGY SWAP AGREEMENT

PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

I. Clear Benefits of the Swap

- A. Value Creation/Market Depth – DLC was advised by every investment banker it interviewed that bidders in today's market would place a higher value on wholly owned assets than on DLC's encumbered CAPCO assets, even were a DCF analysis to show that the DLC CAPCO assets had somewhat more value (which is not the case, see infra Section II). The value creation is due to several factors associated with control of the asset, including the potential to realize operational efficiencies, the control of fuel supply, the increased ability to "trade around" the asset, and the installation of new units on the site. For these and other reasons, the market for the sale of partial ownership shares is much thinner than the market for wholly owned assets, which further limits potential value.
- B. Nuclear v. Fossil – DLC also was advised by every investment banker that the nuclear assets would, in an auction, have minimal or no value. The market for the sale of nuclear facilities is very thin, in contrast to the market for the sale of fossil assets. Thus, a MW for MW swap of nuclear for fossil assets is clearly beneficial to DLC and its ratepayers.
- C. Timing – The swap permits the auction to proceed on an expedited basis. Without the swap, the dispute between DLC and FE regarding whether DLC can transfer its CAPCO assets without FE's prior consent could have delayed the auction, thereby defeating DLC's objective to be

DOCKETED

NOV 05 1998

DOCUMENT
FOLDER

the first company in ECAR to auction its generating assets. The investment bankers have advised DLC that it is important, from a value perspective, that DLC be the "first to market" in ECAR.

- D. Uncertainty – The CAPCO encumbrances would have resulted in uncertainty in several respects, including the conditions required of the successful bidder as a signatory to various CAPCO agreements. This level of uncertainty was likely to have a negative impact on auction values.
- E. Cooperation – The swap ensures FE cooperation in, and support of, the auction and guarantees that FE will not bid in the auction. Without the swap, FE would not have had an incentive to cooperate in the auction, including providing bidder access to the plant, information regarding the plant, and allowing environmental studies of the site.

II. **Comparative Discounted Cash Flow Analysis**

- A. Results – If one were to consider a relative DCF valuation to be important, FE has valued its plants using assumptions consistent with those used and approved in Penn Power's restructuring case and the results show that the value of the FE assets exceeds the value of the DLC assets being exchanged.
- B. Weight Given by DLC – DLC did not rely heavily on a comparative DCF analysis for a number of reasons, including (i) the minimum commitment negated the need to rely on such analyses, (ii) relying on such data for PaPUC approval of the swap could require hearings on relative values, thereby delaying approval of the swap, and (iii) a DCF

analysis would not account for certain factors that, in today's market, likely will influence the value of generation assets being auctioned (see infra Section I).

III. The Minimum Financial Guarantee

- A. Nature of Guarantee – Customers will not pay more in stranded costs than under the administrative determination of stranded costs that was adopted by the PaPUC and supported by nearly every customer group.

- B. Benefits of Guarantee.
 - 1. The minimum guarantee provides DLC ratepayers a benefit that they will not have without the swap. There is no certainty that the DLC assets, including its encumbered CAPCO assets, would yield higher value (net of transaction costs) in an auction than the OCA market value projection adopted by the PUC.

 - 2. The minimum guarantee enables the parties and PaPUC to avoid protracted disputes over the relative value of the DLC and FE assets involved in the swap and thereby to permit the auction to proceed on an expedited basis.

 - 3. The minimum guarantee provides customers certainty that stranded costs will not increase and shopping credits will not decrease. This certainty enhances their ability to enter into long-term supply arrangements with EGSs.

Response to Questions from PUC for Avon Lake, New Castle, and Niles Plants

1. Expected lives / retirement dates

ANS. These plants are not designated to retire on any set date. Assessments are periodically made to determine the condition of critical equipment and learn of problems prior to them becoming a source of an unexpected failure. Economic assessments are conducted to determine the most economic solution to any problems that might be uncovered. The assessment considers the cost and timing of any work, as well as, the impact to operations if the problem is not corrected. All of these factors combine to form a scenario of operating costs for the plant and the system. Depending on the economics involved, the decision could be made either to address the problem in a way that will continue the current plant mission, to modify that mission until the problem is alleviated, or to permanently change that mission. That decision would be made in the overall view of market prices and new generation costs. Currently, these plants are fulfilling their missions in a manner that can be maintained under the present economic conditions.

2. Life Extension studies / possibilities

ANS. FirstEnergy has not performed Life Extension studies. See answer to Question #1.

3. Net book value

ANS. See attached sheet.

4. Expected Operating Costs

ANS. See attached sheet.

5. Need for Capital

ANS. See attached sheet.

6. Vintage of Operating Units

<u>ANS.</u>	Avon	Unit 6	1949
		Unit 7	1949
		Unit 9	1970
		Unit 10CT	1973
New Castle	Unit 3	1952	
	Unit 4	1958	
	Unit 5	1964	
	A-EMD	1968	
Niles	B-EMD	1968	
	Unit 1	1953	
	Unit 2	1954	

7. Compliance with CAAA

- Current Status
ANS. See attached sheet.
- Future compliance costs
ANS. See attached sheet.

8. Current condition of plants : any reports from due diligence

<u>ANS.</u> 1997	<u>Avon 9</u>	<u>New Castle Plant</u>	<u>Niles Plant</u>
Heat Rate	9,651	10,807	11,091
FOR	4.79	1.30	7.68
EA	74.62	91.00	68.21

9. Site locations and interconnections

ANS. Also found in Exhibit 2 of the agreement in principle between DLC and FE
Avon Plant- Located on Lake Erie in the city of Avon Lake, Ohio
Interconnected to the 138 and 345 KV transmission system.
New Castle Plant- Located on the Beaver River near the city of New Castle,
Pennsylvania
Interconnected to the 138 KV transmission system
Niles Plant- Located on the Mahoning River near the city of Niles, Ohio
Interconnected to the 138 KV transmission system

10. Site value studies

ANS. See attached sheet.

11. Market Price / Market Value Studies

ANS. See attached sheet.

12. Unit size and characteristics

ANS. Found in Exhibit 2 of the agreement in principle between DLC and FE

13. Labor agreements - discussion of impacts on buyers

ANS. In general the labor contracts at Avon and New Castle plants are competitive with or better than labor contracts at similar facilities in the Eastern U.S. At Niles, the workforce is not unionized and therefore does not have a labor agreement. The contract at Avon was imposed on the workforce after negotiations reached an impasse. We anticipate the buyers will negotiate with the workforce to implement new agreements at some appropriate time, but given the quality of the current agreements, the negotiated contract is expected to be similar to the existing agreements.

14. Fuel contracts

ANS. Found in Exhibit 2 of the agreement in principle between DLC and FE

FE/DUQ ASSET SWAP

		000'S \$	
	AVON	NEW CASTLE	NILES
PLANT MARKET VALUATION @ 8.25%	153,000	34,000	6,500
NET BOOK VALUE 12/31/98 EST	155,948	50,106	54,869

EXCLUDES PEAKERS

EVALUATIONS ARE CONSISTENT WITH PPUC PLANT VALUATION PROCEEDINGS:

*PLANTS ARE VALUED WITH 40 YEAR LIFE (FROM DATE OF LAST UNIT); EXCEPT NILES = 47 YRS
REVENUE BASED ON PPUC ALL HOURS MARKET PRICES, ADJUSTED FOR ACTUAL REVENUES RECEIVED
8.25 % DISCOUNT RATE*

FE/DUQ ASSET SWAP O&M & CAPITAL AND ALL-HOURS PRICING

Avon	2000	2001	2002	2003	2004	2005	2006	2007	2008
Variable Cost	14.75	15.12	15.70	16.29	17.22	19.21	20.56	21.05	21.53
Fixed O&M	2.34	1.94	2.14	2.19	2.25	2.30	2.36	2.42	2.48
Property Tax	0.71	0.61	0.67	0.68	0.70	0.72	0.74	0.76	0.77
Capital Cost	0.39	0.42	0.47	0.48	0.49	0.50	0.51	0.53	0.54
Total	18.18	18.08	18.97	19.64	20.65	22.74	24.17	24.75	25.33

FIXED O&M \$	10,748,485	10,377,915	10,637,363	10,903,297	11,175,879	11,455,276	11,741,658	12,035,200	12,336,080
CAPITAL \$	1,784,000	2,263,000	2,319,575	2,377,564	2,437,003	2,497,929	2,560,377	2,624,386	2,689,996

New Castle	2000	2001	2002	2003	2004	2005
Variable Cost	18.65	18.61	19.42	20.24	21.71	25.26
Fixed O&M	3.83	3.75	3.93	4.03	4.13	4.23
Property Tax	0.20	0.19	0.20	0.21	0.21	0.22
Capital Cost	0.63	0.62	0.65	0.66	0.68	0.70
Total	23.31	23.17	24.20	25.14	26.73	30.41

FIXED O&M \$	5,442,832	5,587,500	5,720,323	5,865,879	6,011,434	6,156,989
CAPITAL \$	895,296	923,800	946,109	960,665	989,776	1,018,887

Niles	2000	2001	2002
Variable Cost	16.26	17.95	18.67
Fixed O&M	4.49	5.70	5.59
Property Tax	0.74	0.83	0.81
Capital Cost	0.16	0.24	0.23
Total	21.65	24.71	25.31

FIXED O&M \$	5,060,750	5,867,250	6,029,258
CAPITAL \$	179,000	245,000	251,125

ALL-HOUR PRICING	22.12	23.29	24.51	25.77	27.64	29.58	31.61	33.72	35.91
------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------

CAAA Title I and Title IV Compliance Status

<u>Plant</u>	<u>CAAA Program</u>	<u>Parameter</u>	<u>Comments</u>
Niles 1+2	Title IV	SO2	Unit 1 is equipped with LS2 scrubber and generates sufficient excess allowances to cover both Units 1 and 2
		NOx	Boilers 1 and 2 are cyclone boilers < 155 MW and therefore exempt
	Title I	NOx	Baseline NOx is ~ 0.90 #/mmBtu; installation of neural net will further improve emission rate; Units will need emission allowances or capacity factor reduction during ozone season beginning May 2003
Avon 7	Title IV	SO2	Compliance fuel and/or emission allowances
		NOx	Baseline NOx is ~ 0.38#/mmBtu, meeting Phase II year 2000 T-fired boiler limit of 0.40
	Title I	NOx	Unit will need emission allowances or capacity factor reduction during ozone season beginning May 2003
Avon 9	Title IV	SO2	Compliance fuel and/or emission allowances
		NOx	Baseline NOx is ~ 0.88 #/mmBtu; Cell burner is candidate for retrofit of LNB and SOFA at estimated capital cost of \$17 million
	Title I	NOx	SCR installation at capital cost of \$41 million expected to over-control to emission rate of 0.10 #NOx/mmBtu
Newcastle 3,4+5	Title IV	SO2	Compliance fuel and/or emission allowances
	Title IV	NOx	Units 1+2 have been retired and generate ERC's; Units 3,4+5 are Early Election wall-fired units subject to a limit of 0.50 #NOx/mmBtu; Units 3+4 have excess milling capacity allowing 1 mill on each to be utilized to simulate CCOFA and meet the 0.50 limit; Unit 5 has RJM LNB and Pegasus neural net software and a baseline NOx of ~0.40 #/mmBtu
	Title I Pennsylvania MOU Phase 1	NOx	Units are subject to interim limit of 0.50 #NOx/mmBtu as a 30 day rolling average; Currently negotiating RACT plan schedule with PaDEP including retrofit of RJM burner modifications to Units 3+4, and OFA systems for each at an estimated total capital cost of \$2.2 million
	Title I Pennsylvania MOU Phase 2	NOx	Phase 2 NOx allowance allocation requires ~58% reduction from 1990 base year, roughly equivalent to a NOx limit of 0.405 #NOx/mmBtu; Proposed schedule for control retrofits (still being negotiated with PaDEP) as follows: Unit 3 - RJM and SOFA in 4Q99; Unit 4 - RJM and SOFA in 4Q2000; and Unit 5 - SOFA in 1Q2000; Year 1999 and 2000 ozone season operation may require purchase of limited allowances or capacity factor restriction
	Title I Pennsylvania MOU Phase 3	NOx	Phase 3 of MOU is assumed to be equivalent to SIP Call; SNCR retrofits on Units 3+4 are estimated to cost \$2.2 million each and achieve an emission rate of 0.26 #NOx/mmBtu; SNCR retrofit of Unit 3 is estimated at \$2.7 million and achieve an emission rate of 0.30; SCR retrofit costs are estimated as follows: Units 3+4 - \$11 million each, and Unit 5 - \$12 million



ORIGINAL

House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG
October 29, 1998

RECEIVED
98 OCT 29 PM 2:54
PA P.U.C.
SECRETARY'S BUREAU

Honorable John M. Quain, Chairman
Public Utility Commission
P. O. Box 3265
North Office Building
Harrisburg, PA 17105-3265

DOCKETED
NOV 12 1998

Re: Application of Duquesne Light Company
for Approval of its Restructuring Plan
Under Section 2806 of the Pennsylvania
Public Utility Code as Amended by
Duquesne Option Plan
(Docket No.R-00974104)

Dear Chairman Quain:

As chairman of the Allegheny County House Democratic Delegation, I am writing to alert you of an incorrect Docket Number listed on the Delegation's motion to intervene in the application of Duquesne Light Company's approval of its restructuring plan under Section 2806, of the PUC. On October 28, 1998, the motion was filed at the PUC. The incorrect Docket Number R-00974009 appears in the letter submitted with the motion and the motion document.

The correct number is **Docket No.R-00974104**. I am respectfully requesting that the change be reflected on the letter submitted and the motion filed under the Allegheny County House Democratic Delegation.

Sincerely,

Frank Dermody
Chairman
Allegheny County Democratic Delegation

DOCUMENT
FOLDER

58

FRANK DERMODY, MEMBER
217 SOUTH OFFICE BUILDING
HOUSE BOX 202020
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 787-3566
FAX: (717) 787-8060

DISTRICT OFFICE:
HARMAR
801 FREEPORT ROAD
CHESWICK, PENNSYLVANIA 15024
PHONE: (724) 274-4770
FAX: (724) 274-8814



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

October 29, 1998

Honorable John M. Quain, Chairman
Public Utility Commission
P. O. Box 3265
North Office Building
Harrisburg, PA 17105-3265

DOCKETED
NOV 12 1998

Re: Application of Duquesne Light Company
for Approval of its Restructuring Plan
Under Section 2806 of the Pennsylvania
Public Utility Code as Amended by
Duquesne Option Plan
(Docket No.R-00974104)

DOCUMENT
FOLDER

Dear Chairman Quain:

I am writing to alert you of an incorrect Docket Number listed on my motion to intervene in the application of Duquesne Light Company's approval of its restructuring plan under Section 2806, of the PUC. On October 28, 1998, the motion was filed at the PUC. The incorrect Docket Number R-00974009 appears in the letter submitted with the motion and on the motion document.

The correct number is **Docket No.R-00974104**. I am respectfully requesting that the change be reflected on the letter submitted and the motion filed under my name.

Sincerely,

Frank Dermody
33rd Legislative District

ORIGINAL

COMMITTEES:
JUDICIARY,
DEMOCRATIC CHAIRMAN,
SUB-COMMITTEE ON COURTS
LIQUOR CONTROL
DEMOCRATIC CHAIRMAN,
SUB-COMMITTEE ON MARKETING
TOURISM & RECREATION
POLICY

CHAIRMAN - ALLEGHENY COUNTY
DEMOCRATIC DELEGATION
CHAIRMAN - PA COMMISSION
ON SENTENCING

RECEIVED
OCT 29 PM 2:53
PA.P.U.C.
SECRETARY'S BUREAU

JEFFREY EARL HABAY, MEMBER

HARRISBURG OFFICE:
HOUSE BOX 202020
ROOM 163B EAST WING
HARRISBURG, PA 17120-2020
PHONE: (717) 783-7426
FAX: (717) 787-0860

□ DISTRICT OFFICE:
1412 MT. ROYAL BOULEVARD
GLENSHAW, PA 15116
PHONE: (412) 492-0270
FAX: (412) 565-2680
E-Mail: habay30@nauticom.net
Internet: http://www.nauticom.com/www/habay30

□ MOBILE OFFICES:
HAMPTON - HAMPTON MUNICIPAL BUILDING
3101 MCCULLY ROAD

□ O'HARA / FOX CHAPEL
BOYD COMMUNITY CENTER
1270 POWERS RUN ROAD



House of Representatives

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

30th District
Serving Shaler, Hampton,
O'Hara and Fox Chapel, Pennsylvania

DOCUMENT
FOLDER

R-06974104

COMMITTEES

MAJORITY CHAIRMAN, SUBCOMMITTEE
ON SECOND CLASS CITIES AND COUNTIES
URBAN AFFAIRS COMMITTEE
MAJORITY CHAIRMAN, SPECIAL TASK
FORCE ON TAX CREDITS, FINANCE COMMITTEE
BUSINESS, COMMERCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AGING AND YOUTH COMMITTEE,
SUBCOMMITTEE ON AGING
COMMITTEE ON COMMITTEE ASSIGNMENTS
MAJORITY POLICY COMMITTEE
SPECIAL COMMITTEE ON
JOB AND WORKFORCE DEVELOPMENT

CHAIRMAN AND SENIOR MEMBER, ALLEGHENY
COUNTY REPUBLICAN HOUSE DELEGATION

PENNSYLVANIA FIREFIGHTER'S AND
EMERGENCY SERVICE CAUCUS
LOCAL TAX REFORM CAUCUS
SUBSTANCE ABUSE PREVENTION CAUCUS
BOARD MEMBER, PENNSYLVANIA HOUSING
AND FINANCING AGENCY
BOARD MEMBER, UNIVERSITY OF PITTSBURGH,
MEDICAL CENTER-CANCER DIVISION

30 October 1998

The Honorable John M. Quain, Chair
Public Utility Commission
PO Box 3265
North Office Building
Harrisburg, PA 17105-3265

RECEIVED

OCT 30 1998

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

Dear Chairman Quain:

We, the undersigned, are submitting the enclosed petitions seeking to intervene in the application of Duquesne Light Company for approval of its restructuring plan under Section 2806 of the Pennsylvania Public Utility Code (Docket Number R-00974104) and its recently auction plan (Docket Number R-00974104) as it affects the restructuring plan. We are petitioning to intervene both as individual consumers within the Duquesne Light service territory and as the elected representatives of consumers residing and working within that territory.

We have concern about a number of issues related to this restructuring plan which we believe must be addressed by the Commission.

Price and Quality of Service. We are concerned that the price, terms or quality of service could be affected various elements of the proposed restructuring plan. These would include arrangements which Duquesne may make with alternative suppliers; any proposal to separate or divest functions of Duquesne's current operations; the transfer of assets to other utilities; and the calculation of unbundled rates for generation, transmission and distribution of electricity. We believe that the rates established as a result of Duquesne's restructuring must be fair, reasonable and adequate. And we believe that the safeguards must be established to ensure quality service for all affected consumers.

Fair Treatment of Employees. The Electricity Generation Customer Choice and Competition Act provided that companies have to treat employees affected by restructuring in a fair and reasonable manner. We are interested in ensuring that any employee affected by the restructuring proposal or by the sale or transfer of property related to the restructuring proposal will be assured in a legally binding fashion that the current terms and conditions of their employment will continue. This would include any collective bargaining agreement currently enforced, as well as the current wages and benefits that they now enjoy, including pension coverage and health benefits.

Transfer of Generation Facilities. There are several issues which relate to the proposed "swap" in ownership of generating facilities between Duquesne Light and FirstEnergy. We are concerned about whether the facilities to be transferred are of equal value, particularly considering the differences in generating capacity and fuel source. Could the age, condition and environmental compliance record and requirements for these facilities adversely affect the divestiture and the unbundled rates for generation, transmission and distribution?

Environmental Safeguards. Duquesne proposes to transfer its ownership interest in several generating facilities, including its interest in a nuclear facility located in Beaver County. However, according to the transfer agreement, which we believe has been incorporated into the restructuring proposal, Duquesne retains responsibility for its share of the cost for decommissioning that nuclear facility. We are interested in requiring that there are sufficient assets pledged to ensure this facility is safely and appropriately decommissioned, in a way that protects both the public health and safety and the natural environment.

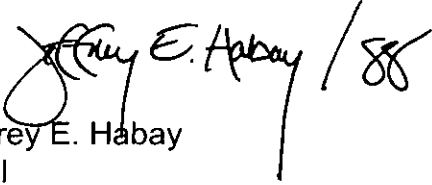
Continuation of Lifeline Service. We are concerned that the price, terms or quality of electric service may be impacted. Duquesne Light's proposals for rate payer protection, including programs for assistance to low-income and elderly customers, consumer education and other measures that may impact the ability of the company or its successors to continue safe, reliable and efficient service. At the same time, we are concerned that other arrangements relating to the rates could adversely affect the ability of the company or any successor entity to provide rate payer protection programs.

Impact on Local Zoning and Planning. We are concerned about the impact that the transfer of ownership of generation facilities or the divestiture of generating capacity will have on the ability of local governments to implement local zoning ordinances and comprehensive plans. We also are concerned about the potential impact restructuring could have on local economic development activities.

Impact on Local Tax Authority. We are concerned about the implications that the restructuring plan may have on local taxing authority, including the ability to assess property, subject that property to taxation and collect taxes due an owing under state and local legal authority.

For these reasons, we are seeking to intervene in review of Duquesne Light Company's restructuring proposal. We believe that we are uniquely positioned to represent these concerns, both as individual consumers and the elected representatives of rate payers and workers who will be affected by this proposal. We look forward to working with you on this effort.

Sincerely,



Jeffrey E. Habay
Et al

JEH/ss

JEFFREY EARL HABAY, MEMBER
HARRISBURG OFFICE:
HOUSE BOX 202020
ROOM 163B EAST WING
HARRISBURG, PA 17120-2020
PHONE: (717) 783-7426
FAX: (717) 787-0860

□ DISTRICT OFFICE:
1412 MT. ROYAL BOULEVARD
GLENSHAW, PA 15116
PHONE: (412) 492-0270
FAX: (412) 565-2680
E-Mail: habay30@nauticom.net
Internet: <http://www.nauticom.com/www/habay30>

□ MOBILE OFFICES:
HAMPTON - HAMPTON MUNICIPAL BUILDING
3101 MCCULLY ROAD

□ O'HARA / FOX CHAPEL
BOYD COMMUNITY CENTER
1270 POWERS RUN ROAD



House of Representatives

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

30th District
Serving Shaler, Hampton,
O'Hara and Fox Chapel, Pennsylvania

COMMITTEES

MAJORITY CHAIRMAN, SUBCOMMITTEE
ON SECOND CLASS CITIES AND COUNTIES
URBAN AFFAIRS COMMITTEE
MAJORITY CHAIRMAN, SPECIAL TASK
FORCE ON TAX CREDITS, FINANCE COMMITTEE
BUSINESS, COMMERCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AGING AND YOUTH COMMITTEE,
SUBCOMMITTEE ON AGING
COMMITTEE ON COMMITTEE ASSIGNMENTS
MAJORITY POLICY COMMITTEE
SPECIAL COMMITTEE ON
JOB AND WORKFORCE DEVELOPMENT

CHAIRMAN AND SENIOR MEMBER, ALLEGHENY
COUNTY REPUBLICAN HOUSE DELEGATION

PENNSYLVANIA FIREFIGHTER'S AND
EMERGENCY SERVICE CAUCUS
LOCAL TAX REFORM CAUCUS
SUBSTANCE ABUSE PREVENTION CAUCUS
BOARD MEMBER, PENNSYLVANIA HOUSING
AND FINANCING AGENCY
BOARD MEMBER, UNIVERSITY OF PITTSBURGH,
MEDICAL CENTER-CANCER DIVISION

Application of Duquesne Light Company :
for Approval of its Restructuring Plan Under :
Section 2806 of the Pennsylvania Public Utility Code as :
Amended by Duquesne Auction Plan :
(Docket No. R-0097104) :

Docket No. R-00974104

DOCKETED
NOV 12 1998

MOTION TO INTERVENE OUT OF TIME OF
MR. JEFFREY E. HABAY, AS AN INDIVIDUAL AND A
STATE REPRESENTATIVE

**DOCUMENT
FOLDER**

Jeffrey E. Habay ("Mr. Habay") hereby moves pursuant to 52 Pa. Code §§5.71 to 5.74, to intervene in the above-captioned "Restructuring Plan" proceedings. Mr. Habay seeks to intervene as an individual residential Duquesne Light rate payer and in his capacity as a duly elected State Representative from the 30th Legislative District in Allegheny County.

Through submission of its Restructuring Plan filing, Duquesne Light seeks the issuance of a Commission Order pursuant to the Electricity Generation Customer Choice and Competition Act ("the Customer Choice Act"), 66 Pa.C.S. §2801, *et. seq.*, which finds the Restructuring Plan to be just, reasonable, and in the public interest.

Implementation of a Restructuring Plan for Duquesne Light will have a significant impact on the type and quality of electrical services available to Mr. Habay.

Mr. Habay is a long time resident of the Commonwealth of Pennsylvania and resides in Shaler Township, Pennsylvania. He is currently a customer of Duquesne Light. Mr. Habay seeks to participate in this proceeding in order to protect his interest as a present and future customer of electrical services from Duquesne Light. Representative Habay also seeks to ensure that the price, terms or quality of electric service that his legislative district office in Shaler Township receives is not adversely affected by these proceedings.

Mr. Habay's current occupation is public service as the State Representative for the 30th Legislative District and Chairman of Allegheny County Republican House Delegation. As an elected official representing the approximately 61,000 citizens in the Commonwealth of Pennsylvania, Representative Habay also seeks to participate in this proceeding in order to protect the interests of his constituents.

Duquesne Light Company has a power generating facility just outside the 30th legislative district represented by Mr. Habay and it is in Mr. Habay's interest to participate in the proceedings to protect the communities and workers of the 30th district in the disposition of the Springdale Pennsylvania facility.

In support of its Motion, Mr. Habay states as follows:

1. Title name and address of the person seeking intervention is as

follows:

Jeffrey E. Habay
1412 Mt. Royal Blvd.
Glenshaw, PA 15116
(412) 492-0270

2. Mr. Habay is a current customer of Duquesne Light and would pay any Competitive Transition Charge or Intangible Transition Charge that might be authorized in this proceeding or as a result of this proceeding.

3. Mr. Habay is a current customer of Duquesne Light and the price, terms or quality of that service may be impacted by proposed terms and conditions of Duquesne Light arrangements with alternative electric suppliers, the code of conduct to be adopted by Duquesne Light, and by any plan to implement function separation of its business.

4. Mr. Habay is a current customer of Duquesne Light and the price, terms or quality of that electric service may be impacted by the analysis and calculation of unbundled rates for the generation, transmission and distribution of electricity.

5. Mr. Habay is a current customer of Duquesne Light and the price, terms or quality of that electric service may be impacted by Duquesne Lights proposals for continued rate payer protection, including programs for assistance to low-income customers, consumer education and other measures that may impact the ability of Duquesne Light to continue safe, reliable and efficient service.

6. Mr. Habay has a direct, substantial interest in this proceeding, which is

not adequately represented by any other party for, among others, the following reasons:

(a) Mr. Habay is a long time resident of the 30th district and he is familiar with socioeconomic backgrounds of many of the residents of the community and with the concerns of the workers and customers who may be affected by the elements of the Duquesne Light restructuring plan.

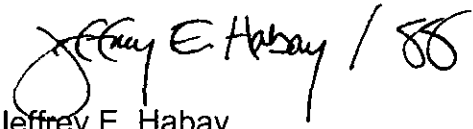
(b) Mr. Habay will be receiving residential consumer class power distribution and transmission services from Duquesne Light following these proceedings, so he has interests in issues, such as residential billing.

(c) Mr. Habay owns property that receives electric power from Duquesne Light, so that he would be directly impacted by any potential changes in metering and maintenance services from these proceedings.

7. Because of his direct and substantial interest in this proceeding, which is not adequately represented by any other party, Mr. Habay submits he has "good cause" to intervene in this proceeding and that no other party will be prejudiced by his intervention at this state of the process.

WHEREFORE, for all the foregoing reasons, Mr. Habay respectfully requests that the Commission grant this petition and approve Mr. Habay's intervention as an active party of record in this proceeding.

Respectively submitted,

Handwritten signature of Jeffrey E. Habay, followed by the date 1/88.

Jeffrey E. Habay
House Box 202020
Harrisburg, PA 17120-2020
(717) 783-7426

Dated: October 30, 1998

JEH/ss

ORIGINAL

RECEIVED

Application of Duquesne Light Company
for Approval of its Restructuring Plan Under
Section 2806 of the Pennsylvania Public Utility Code as
Amended by Duquesne Option Plan

: 98 OCT 30 AM 10: 26
: Docket No. R-0097104
: CHAIRMAN QUAIN'S OFFICE

DOCKETED

NOV 12 1998

MOTION TO INTERVENE OUT OF TIME OF
MRS. SUSAN LAUGHLIN, AS AN INDIVIDUAL AND A
STATE REPRESENTATIVE

Mrs. Susan Laughlin ("Mrs. Laughlin") hereby moves pursuant to 52 Pa. Code §§ 5.71 to 5.74 , to intervene in the above-captioned "Restructuring Plan" proceedings. Mrs. Laughlin seeks to intervene as an individual residential Duquesne Light ratepayer and in her capacity as a duly elected State Representative from the 16th Legislative District in Beaver and Allegheny Counties.

DOCUMENT
FOLDER

Through submission of its Restructuring Plan filing, Duquesne Light seeks the issuance of a Commission Order pursuant to the Electricity Generation Customer Choice and Competition Act ("the Customer Choice Act"), 66 Pa.C.S. §2801, *et. seq.*, which finds the Restructuring Plan to be just, reasonable, and in the public interest. Implementation of a Restructuring Plan for Duquesne Light will have a significant impact on the type and quality of electrical services available to Mrs. Laughlin.

Mrs. Laughlin is a long time resident of the Commonwealth of Pennsylvania and resides in Conway, PA. She is currently a customer of Duquesne Light. Mrs. Laughlin seeks to participate in this proceeding in order to protect her interest as a present and future customer of electrical services from Duquesne Light. Representative Laughlin also seeks to ensure that the

price, terms or quality of electric service that her legislative district office in Ambridge, PA receives is not adversely affected by these proceedings.

Mrs. Laughlin's current occupation is public service as the State Representative for the 16th Legislative District. As an elected official representing the approximately 59,000 citizens in the Commonwealth of Pennsylvania, Representative Laughlin also seeks to participate in this proceeding in order to protect the interests of her constituents. Moreover, Representative Laughlin as a Member of the Pennsylvania General Assembly was a supporter of the Electric Utility Retail Law and has a direct and distinct interest in ensuring that the legislative intent of Act 138 of 1996 is followed in these proceedings.

In support of its Motion, Mrs. Laughlin states as follows:

1. Title name and address of the person seeking intervention is as

follows:

Susan Laughlin
1305 Sampson Street
Conway, PA 15027
(724) 869-7622

2. Mrs. Laughlin will be represented in this proceeding by the following representative who should be placed on the Commission's service list and receive copies of all correspondence and other documents:

Representative Susan Laughlin
Attn. R. David Myers
16 East Wing
Pennsylvania House of Representatives
Harrisburg, PA 17120
717-705-2063

3. Mrs. Laughlin is a current customer of Duquesne Light and would pay any

Competitive Transition Charge or Intangible Transition Charge that might be authorized in this proceeding or as a result of this proceeding.

4. Mrs. Laughlin is a current customer of Duquesne Light and the price, terms or quality of that service may be impacted by proposed terms and conditions of Duquesne Light arrangements with alternative electric suppliers, the code of conduct to be adopted by Duquesne Light, and by any plan to implement function separation of its business.

5. Mrs. Laughlin is a current customer of Duquesne Light and the price, terms or quality of that electric service may be impacted by the analysis and calculation of unbundled rates for the generation, transmission and distribution of electricity.

6. Mrs. Laughlin is a current customer of Duquesne Light and the price, terms or quality of that electric service may be impacted by Duquesne Light's proposals for continued ratepayer protection, including programs for assistance to low-income customers, consumer education and other measures that may impact the ability of Duquesne Light to continue safe, reliable and efficient service.

7. Mrs. Laughlin has a direct, substantial interest in this proceeding, which is not adequately represented by any other party for, among others, the following reasons:

a) Mrs. Laughlin is a long time resident in Conway, Pennsylvania and she is familiar with socioeconomic backgrounds of many of the residents of the community and with the concerns of the workers and customers who may be affected by the elements of the Duquesne Light restructuring plan.


(b) Mrs. Laughlin will be receiving residential consumer class power distribution and transmission services from Duquesne Light following these proceedings so she has interests in issues such as residential billing.

(c) Mrs. Laughlin owns property that receives electric power from Duquesne Light so that she would be directly impacted by any potential changes in metering and maintenance services from these proceedings.

8. Because of her direct and substantial interest in this proceeding, which is not adequately represented by any other party, Mrs. Laughlin submits she has "good cause" to intervene in this proceeding and that no other party will be prejudiced by his intervention at this stage of the process.

WHEREFORE, for all the foregoing reasons, Mrs. Laughlin respectfully requests that the Commission grant this petition and approve Mrs. Laughlin's intervention as an active party of record in this proceeding.

Respectfully submitted,



Susan Laughlin
120 South Office Building
Harrisburg, PA 17102
717-787-4444

Dated: October 22, 1998

ORIGINAL

RECEIVED

NOV 02 1998

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

**Pennsylvania Public Utility)
Commission,)
v.)
Duquesne Light Company)
Application to approve)
restructuring plan pursuant)
to 66 Pa. C.S. § 2806(d))**

Docket No. R-00974104

DOCKETED
NOV 06 1998

ANSWER TO MOTIONS TO SUSPEND

Pursuant to 52 Pa. Code § 5.103(c), Duquesne Light Company ("Duquesne") hereby answers and objects to the motions to suspend this proceeding filed by System Council U-10, International Brotherhood of Electrical Workers ("IBEW"), and The Environmentalists on October 21, 1998 and October 28, 1998, respectively.

1. The motions to suspend consideration of Duquesne's Generation Auction Plan, as amended by the Generation Exchange with FirstEnergy Corp., should be rejected because movants have not alleged any material harm from an expeditious consideration of the Auction Plan. Rather, their only alleged harm is that they might have to file additional comments if important aspects of the Generation Exchange were to change. This minimal burden (which may never materialize) hardly supports an order that would effectively put the Duquesne auction on hold,

EEF

**DOCUMENT
FOLDER**

thereby harming Duquesne and its ratepayers. Having failed to identify any reason why the FirstEnergy generation exchange may not be in the public interest, movants have hardly provided a basis to put the process on hold.¹

2. Movants also fail to acknowledge that, *if* significant changes to the Auction Plan (including the Generation Exchange) were to be necessary, Duquesne has already committed to provide parties the ability to comment on such changes:

In the event that significant modifications to the Auction Plan are necessary or appropriate, Duquesne would submit any such proposed modifications to the Commission as an amendment to the Auction Plan for its review and approval. Any such amendments would be subject to comment by the parties to this case.

Generation Auction Plant at 6. There is thus no conceivable harm to movants that could arise from modifications of material elements of the Generation Exchange, even assuming they were to occur.

¹ It also is difficult to accept that Environmentalists' real objective is to avoid a "waste of resources" that might arise if the FirstEnergy agreement were to change substantially (Environmentalists at 3-4), given that they have chosen to devote their time to writing motions to suspend rather than engaging in further discussions with Duquesne and the other parties (which continued this week without their participation, despite being invited) to resolve any differences.

3. The IBEW argues that "there is no way to understand or assess the effect that the proposed exchange would have on Duquesne's employees." IBEW at 4. As the IBEW is well aware, however, Duquesne and the union have been in negotiations for some time regarding the effect of the auction on union workers. Duquesne has stated on several occasions that it prefers to present a mutually agreeable plan to the Commission. The relevant point is that, even if a dispute still exists between Duquesne and the union, Duquesne will make a subsequent filing to the Commission describing the manner in which labor issues will be addressed and that filing will be subject to comment by the parties. Nothing in the FirstEnergy agreement changes this.² Duquesne's willingness to delay such a filing pending negotiations with the union can hardly serve as a basis to delay consideration of *other* aspects of the Auction Plan, as the IBEW now seeks. In any event, Duquesne anticipates making a subsequent filing regarding labor issues very shortly, which will provide sufficient time for comment by the parties and a Commission decision by December 1998.

² Letter from J. Moot to J. McNulty, October 14, 1998, at page 4 ("At present, Duquesne is negotiating with its union to reach a mutually agreeable resolution of issues affecting the union. As indicated in the Generation Auction Plan, Duquesne will make a subsequent filing with the Commission presenting the details of any such agreement with the union or, if such an agreement is not reached, Duquesne will submit its own plan, which will be subject to comment by the parties.").

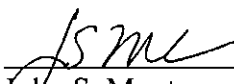
4. The IBEW also contends that the Generation Exchange and the Auction Plan "appear to be inconsistent" in the treatment of transmission facilities. IBEW at 3. But it is hardly surprising that the Generation Exchange amends the Auction Plan in this regard, given that *Duquesne* will be released from all its obligations under the existing CAPCO arrangements, including the Transmission Facilities Agreement. In any event, the IBEW fails to contend that it is *harmed* by such a modification.

5. The Environmentalists claim that "further delay in the negotiations with FirstEnergy now appears likely due to the dispute between *Duquesne* and *Allegheny* over their proposed merger" in federal court. Environmentalists at 2. On October 28, 1998, the federal district court denied *Allegheny's* motion for a temporary restraining order and its request for a preliminary injunction. There is thus no basis for this contention. In fact, the only present impediment to expeditious implementation of the Auction Plan is movants' request to suspend the procedural schedule.

WHEREFORE, the motions to suspend the procedural schedule
should be denied.

Respectfully submitted,

Larry R. Crayne
Assistant General Counsel
Richard S. Herskovitz
Corporate Attorney
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219
(412) 393-6049



John S. Moot
Victor Contract
Skadden, Arps, Slate,
Meagher & Flom LLP
1440 New York Ave., N.W.
Washington, D.C. 20005-2111
(202) 371-7310

Dated: November 2, 1998

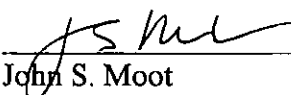
**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility)	
Commission)	
)	
v.)	Docket No. R-00974104
)	
Duquesne Light Company)	
Application for Approval of)	
a Restructuring Plan Pursuant)	
to 66 Pa. C.S. § 2806(d))	

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served, by first-class mail, upon the participants on the attached service list in accordance with Section 1.54 of the Commission's regulations.

Dated this 2nd day of November, 1998.



John S. Moot
Skadden, Arps, Slate,
Meagher & Flom LLP
1440 New York Ave., N.W.
Washington, D.C. 20005
(202) 371-7310

Counsel to
Duquesne Light Company

Kenneth Zielonis
(Pa. Retailers Assn.)
Stevens & Lee
208 North Third St., Ste. 310
P. O. Box 12090
Harrisburg, PA 17108-2090

Brian A. Rider
President
Pennsylvania Retailers' Assn.
224 Pine Street
Harrisburg, PA 17101-1325

James P. Dougherty
David M. Kleppinger
Robert A. Weishaar
Pamela C. Polacek
McNees, Wallace & Nurick
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108

Kandace F. Melillo
Wayne T. Scott
PA Public Utility Commission
Office of Trial Staff
901 N. 7th Street, Rear
Third Floor, Pitnick Bldg.
Harrisburg, PA 17105-3265

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

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

Angela T. Jones
Office of Small Business Advocate
Suite 1102
300 North 2nd Street
Harrisburg, PA 17101

Howard M. Louik
Allegheny County Law Dept.
300 Fort Pitt Commons
445 Fort Pitt Blvd.
Pittsburgh, PA 15219

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

Lauren S. McAndrews
Allegheny Teledyne Incorporated
1000 Six PPG Place
Pittsburgh, PA 15222

Kenneth L. Wiseman
Robert M. Lamkin
Andrews & Kurth, LLP
1701 Pennsylvania Ave., N.W.
Washington, D.C. 20006

Mark F. Sundback
Robert M. Lamkin
Andrews & Kurth, LLP
1701 Pennsylvania Ave., N.W.
Washington, D.C. 20006

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

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

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

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

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

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

Margaret Peters
The Peoples Natural Gas Co.
625 Liberty Avenue
Pittsburgh, PA 15222-3197

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

Stephen L. Feld
[for Pa. Power Co.]
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308

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

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

Tim Merrill
Foster Plaza 10
680 Andersen Drive, Suite 200
Pittsburgh, PA 15220-27--

Kevin J. McKeon
Malatesta, Hawke & McKeon, LLP
100 N. Tenth Street
P. O. Box 1778
Harrisburg, PA 17101

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

David Hughes
4037 Ludwick Street
Pittsburgh, PA 15217

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

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

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

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

Attorney of Record
Environmental Energy Project
3700 Vartan Way
Harrisburg, PA 17110

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

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

Paul E. Russell
Pennsylvania Power & Light Co.
2 North 9th Street
Allentown, PA 18101

David M. Boonin
New Energy Ventures East, LLC
1845 Walnut Street
Ste. 2525
Philadelphia, PA 19103

John O'Brien
Wheeled Electric Power Co.
Suite 207
50 Charles Lindburgh Blvd.
Uniondale, NY 11553

Daniel Clearfield
Gerald Gornish
Alan Kohler
Robert J. Longwell
Wolf, Block, Schorr &
Solis-Cohen, LLP
212 Locust St., Suite 300
Harrisburg, PA 17101

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
Director, Regulatory Affairs
Skipping Stone
46 9th Avenue
Sea Cliff, NY 11579

Douglas F. John
Gordon J. Smith
John & Hengerer
1200 17th Street, N.W.
Suite 600
Washington, D.C. 20036

Larry R. Crayne
Richard S. Herskovitz
Duquesne Light Company
411 Seventh Avenue, 15th Floor
Pittsburgh, PA 15219

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

Mary Ann Ralls
Duane, Morris & Heckscher LLP
1667 K Street, N.W., Suite 700
Washington, D.C. 20006

Mary McFall Hopper
PECO Energy Company
2301 Market Street
P. O. Box 8699
Philadelphia, PA 19101

Craig R. Kuennen, Ph.D.
904 Melaleuca Avenue, #N
Carlsbad, CA 92009

John Wilson
Executive Director
Community Action Association
of Pennsylvania
222 Pine Street
Harrisburg, PA 17101

Samuel W. Braver
Bruce A. Americus
Buchanan Ingersoll, P.C.
One Oxford Centre, 20th Floor
301 Grant Street
Pittsburgh, PA 15219-1410

Donald A. Kaplan
Lisa M. Helpert
Preston, Gates, Ellis & Rouvelas
Meeds LLP
1735 New York Ave., N.W., Ste. 500
Washington, D.C. 20006-4759

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

Keith M. Sappenfield, II
Director of Marketing Support
NorAm Energy Management, Inc.
P. O. Box 2628
Houston, TX 77252-2628

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

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

Lawrence E. Moncrief
1364 Silverton Avenue
Pittsburgh, PA 15206

Douglas C. Smith
La Capra Associates
333 Washington Street
Boston, MA 02108

Dr. Roger Odisio
170 Drake Road
Bethel Park, PA 15102

SCOTT J. RUBIN
Public Utility Consulting

3 Lost Creek Drive
Selinsgrove, PA 17870-9357

(717) 743-2233 (Voice)
(717) 743-8145 (Fax)
e-mail: sjrubin@ptd.net

November 3, 1998

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

ORIGINAL

KJR

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

Dear Mr. McNulty:

Enclosed for filing please find an original and ten (10) copies of the Comments of System Council U-10, International Brotherhood of Electrical Workers, in the above-referenced proceeding. A copy of this document has been served on all parties of record, as shown on the attached certificate of service.

Sincerely,


Scott J. Rubin, Esq.

Enclosures

cc: All parties of record
Hon. John Quain
Hon. Robert Bloom
Hon. David Rolka
Hon. Nora Mead Brownell
Hon. Aaron Wilson, Jr.
Office of Special Assistants

DOCUMENT
FOLDER

RECEIVED
98 NOV -3 PM 1:14
PA.P.U.C.
SECRETARY'S BUREAU

BEFORE THE
COMMONWEALTH OF 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 :
:

ORIGINAL

RECEIVED
93 NOV -3 PM 1:14
PA.P.U.C.
SECRETARY'S BUREAU

COMMENTS OF SYSTEM COUNCIL U-I O,
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
ON DUQUESNE LIGHT COMPANY'S GENERATION AUCTION PLAN

DOCKETED
NOV 04 1998

DOCUMENT
FOLDER

SCOTT J. RUBIN
3 LOST CREEK DRIVE
SELINGROVE, PA 17870
(717) 743-2233

COUNSEL FOR:
SYSTEM COUNCIL U-I O, IBEW

DATED: NOVEMBER 3, 1998

TABLE OF CONTENTS

TABLE OF CONTENTS 1

TABLE OF CITATIONS 11

INTRODUCTION AND SUMMARY OF COMMENTS 1

COMMENTS 2

 COMMENT 1: DUQUESNE'S AUCTION PLAN FAILS TO DISCLOSE THOSE ASSETS AND/OR
 OPERATIONAL CRITERIA OF AN ASSET ESSENTIAL FOR THE CONTINUED RELIABILITY OF SERVICE
 IN THE DUQUESNE TERRITORY. 2

 COMMENT 2: DUQUESNE'S PLAN DOES NOT INCLUDE AN ADEQUATE DISCUSSION OF THE
 TREATMENT OF SHARES OF NUCLEAR AND FOSSIL UNITS FOR WHICH DUQUESNE IS A MINORITY
 OWNER. 5

 COMMENT 3: DUQUESNE'S PLAN DOES NOT INCLUDE AN ADEQUATE DISCUSSION OF THE
 TRANSMISSION RIGHTS TO BE TRANSFERRED AND THE EFFECT OF SUCH TRANSFERS ON THE
 RELIABILITY OF DUQUESNE'S SYSTEM. 8

 COMMENT 4: DUQUESNE'S PLAN DOES NOT INCLUDE AN ADEQUATE DISCUSSION OF THE
 EFFECTS OF ITS PLAN ON ITS OBLIGATION TO SERVE AS THE PROVIDER OF LAST RESORT. 8

 COMMENT 5: DUQUESNE'S PLAN DOES NOT INCLUDE AN ADEQUATE DISCUSSION OF THE
 EFFECTS OF ITS PLAN ON ITS EMPLOYEES AND ON LOCAL COMMUNITIES. 9

CONCLUSION 11

TABLE OF CITATIONS

ADMINISTRATIVE DECISIONS

Application of Duquesne Light Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code, Docket No. R-00974104 (Pa. PUC May 29, 1998)2, 4

Pacific Gas & Electric Co., 81 FERC ¶ 61,322 (1997).....3

STATUTES

66 Pa. C.S. § 2804.....5

66 Pa. C.S. § 2806.....10

66 Pa. C.S. § 2807.....8, 9

REGULATIONS

10 C.F.R. Part 556

INTRODUCTION AND SUMMARY OF COMMENTS

System Council U-10, International Brotherhood of Electrical Workers ("IBEW"), files these Comments concerning the proposed Generation Auction Plan ("GAP") of Duquesne Light Company ("Duquesne"). As the representative of Duquesne's unionized employees, IBEW is concerned about several aspects of Duquesne's auction plan that affect Duquesne's employees, the communities in which those employees live and work, the safety and reliability of Duquesne's transmission and distribution system that those employees must operate and maintain, and the safety of operations at Duquesne's nuclear plants that are operated and maintained by IBEW members. As will be explained below, IBEW submits that Duquesne's auction plan is inadequate in several material respects. As a result, the Pennsylvania Public Utility Commission ("Commission") cannot approve the plan as filed. The Commission, therefore, should require Duquesne to resubmit critical portions of its plan and provide a further comment period on that resubmission.

This is particularly important because Duquesne is asking the Commission to approve its proposed transaction with FirstEnergy Corp. that would have Duquesne exchange shares of jointly owned plants for outright ownership of three FirstEnergy plants (including one that is located in Pennsylvania). However, as IBEW explained in its Motion to Suspend Proceeding and Provide for Additional Comment Period filed October 21, 1998, the terms of that proposed transaction are not finalized. Further, it is not yet possible to determine the impacts of the proposed transaction on Duquesne's customers and employees, local communities, or the safety and reliability of Duquesne's system and its nuclear plants.

In its Restructuring Order entered May 29, 1998, the Commission set forth the requirements for Duquesne to file a plan to divest its generating assets. *Application of Duquesne Light Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility*

Code, Docket No. R-00974104 (Pa. PUC May 29, 1998), slip op. at 80-81. The Order lists 16 requirements for Duquesne's divestiture plan.

Among the 16 requirements listed by the Commission, IBEW submits that Duquesne has failed to provide complete and meaningful responses to the following requirements:

6. The plan shall disclose those assets and/or operational criteria of an asset essential for the continued reliability of service in the Duquesne territory.
7. The plan shall include a discussion of the treatment of shares of nuclear and fossil units for whom Duquesne is a minority owner. Specifically, the plan shall delineate Duquesne's proposed treatment of nuclear ownership shares should no bids materialize for those shares, as well as Duquesne's ability to sell its stake in Beaver Valley 2 and Perry 1 to the other owners of those units or to swap Duquesne's stake in these units with the owners for the output of other fossil units.
12. The plan shall describe the transmission access available to a particular asset and any general transmission agreements associated with a particular asset.
15. The plan shall include opportunity provisions for the continued sale of output to permit Duquesne to satisfy its obligation as provider of last resort.
16. The plan shall set forth transitional issues and the resolution of those issues in a manner that is fair to customers, investors, the employees of the Company, local communities, and other affected parties.

Id. at 80-81. IBEW's specific discussion of these failings in Duquesne's auction plan is set out in the following sections of these Comments.

COMMENTS

COMMENT 1: DUQUESNE'S AUCTION PLAN FAILS TO DISCLOSE THOSE ASSETS AND/OR OPERATIONAL CRITERIA OF AN ASSET ESSENTIAL FOR THE CONTINUED RELIABILITY OF SERVICE IN THE DUQUESNE TERRITORY.

Duquesne's divestiture plan fails to fully disclose and identify the operational criteria for the generating units that will be necessary in order to maintain the safety and reliability of

Duquesne's electric system. On pages 27-34 of its plan, Duquesne discusses some of the reliability issues, but it fails to adequately address all such issues.

In particular, Duquesne notes that, in order to reliably serve its customers, it "relies on its combined generation and transmission resources." GAP at 33. In other words, Duquesne's transmission system is not adequate to provide reliable service to its customers during peak periods unless certain generating units are operating. As Duquesne explains, "In order for the system to withstand a single generation or transmission contingency during such [peak] periods, both Elrama and Cheswick must be operating." *Id.* Simply, if Duquesne fails to control both Elrama and Cheswick during peak periods, it will be unable to ensure the reliability of its system.

To get around this problem, Duquesne is proposing to include "must run" provisions in the agreements with the purchasers of Elrama and Cheswick. However, there are several problems with this approach that Duquesne has not disclosed. First, contrary to Duquesne's assertion on page 33 of its plan, it is unclear whether and how the Federal Energy Regulatory Commission ("FERC") will view such an agreement. Duquesne cites to *Pacific Gas & Electric Co.*, 81 FERC ¶ 61,322 (1997), as support for its assertion that "this type of arrangement has been utilized in other markets where utilities have divested their generation." In fact, in that case, FERC noted the controversy that existed, explaining: "The ISO and the Companies state that they have been negotiating the terms of the pro forma must-run agreements but have been unable to resolve numerous issues. Thus, each of the Companies filed unexecuted, facility-specific must-run agreements." The result of that case was that FERC accepted some of the agreements on a temporary basis, rejected others, and set the matter for hearing.

Simply, Duquesne greatly overstates the case when it asserts that a piece of paper will "ensure that the reliable supply of electric power is not jeopardized by the divestiture of

Duquesne's generating facilities." GAP at 33. There is no certainty about the specific terms and conditions that will be acceptable to the parties and to FERC.

There also is no certainty that Elrama and Cheswick will remain available. Duquesne's proposed term sheet (GAP, Appendix F) states that the purchaser's obligation to operate the units when Duquesne requires them to be operated *lasts for only 60 months*. The purchaser has no obligation whatsoever to provide such support to Duquesne's system after that 5-year period expires. This 5-year limit is particularly troublesome because during the restructuring hearings, Duquesne's witness, Mr. Karl, testified that it would take *at least* four or five years to build a transmission line to alleviate the transmission constraints associated with the Elrama plant. Tr. 947. At the time of Mr. Karl's testimony (December 1997), Duquesne had not even studied possible remedies to the transmission constraints associated with the Cheswick plant. Tr. 952.

Similarly, while Duquesne recognizes the importance of being able to provide reactive power and other ancillary services, Duquesne is proposing that the purchaser's obligation to provide such services would cease when the purchaser retires the "unit(s) to which it applies." GAP, Appendix E. In other words, if a purchaser decided to retire the existing units at the Elrama plant, its obligation to provide reactive power or any other ancillary services would terminate. This is a very important point because Duquesne has projected that the Elrama plant would be retired in 2005, while other parties to the restructuring case argued that the plant should be retired immediately. Tr. 346; see Restructuring Order at 123-126.

In short, Duquesne has not demonstrated that it has fully considered and studied the potential effects on the safety and reliability of its system from the proposed divestiture of its generating assets. The Commission has an obligation to ensure that the restructuring of the electric industry does not have an adverse effect on the reliability of electric service (66 Pa. C.S.

§ 2804(1)). Duquesne's proposal does not provide such assurances and cannot be accepted in its present form.

COMMENT 2: DUQUESNE'S PLAN DOES NOT INCLUDE AN ADEQUATE DISCUSSION OF THE TREATMENT OF SHARES OF NUCLEAR AND FOSSIL UNITS FOR WHICH DUQUESNE IS A MINORITY OWNER.

When it was filed, Duquesne's plan did not include a detailed discussion of the possibility of transferring its interests in jointly owned plants to the other owners of those plants. More than six weeks after Duquesne filed its plan, it entered into an agreement in principle with FirstEnergy Corp., dated October 14, 1998. According to that agreement in principle, Duquesne would transfer all of its interest in the jointly owned units (Mansfield 1-3, Beaver Valley 1-2, Perry, Sammis 7, and Eastlake 5) to FirstEnergy. In exchange, Duquesne would receive the Avon Lake, Niles, and New Castle plants from FirstEnergy so that Duquesne could sell the latter plants outright. The agreement in principle, which remains subject to due diligence, negotiation of final terms and conditions, and regulatory approvals, also contains a guarantee by FirstEnergy that the proceeds of the sale would be at least equal to the market value used by the Commission in Duquesne's restructuring order.

This agreement in principle, coming more than six weeks after Duquesne submitted its auction plan, raises numerous concerns and issues. IBEW outlined some of these issues in its Motion on October 21, 1998. As of the date of these Comments, IBEW does not have any additional information about Duquesne's potential transaction with FirstEnergy.

For example, the complex issue of what happens to the people who work at Beaver Valley 1-2 (the jointly owned plants that are operated by Duquesne) is scarcely addressed in the agreement in principle. It states only that Duquesne and FirstEnergy "will cooperate to resolve labor-related matters, including with respect to union contracts, workforce levels, severance, and employee benefits, in a matter that treats employees fairly and equitably apportions any related

costs between the parties. The definitive agreements for the Generation Exchange shall clearly define and apportion the rights and obligations of the parties regarding these matters.”

Agreement in principle, paragraph 6. That is, there is no way of knowing the effect that the proposed exchange would have on Duquesne’s employees.

In addition, if these nuclear units are transferred without an acceptable plan for the people who work at those plants, there is a very real risk that the plants could not be operated in a safe and reliable manner. Nuclear plant operators must be licensed to work at that particular nuclear plant. FirstEnergy could not simply take people from one of its other nuclear units and transfer them to Beaver Valley. There is an extensive licensing processing for operators to become qualified to work at a different nuclear unit. See 10 C.F.R. Part 55. Duquesne already has stated that it will not honor the successorship language in its existing collective bargaining agreement with its employees. If it doesn’t honor that provision, then the safety and reliability of Beaver Valley’s operations will be called into question.

Similarly, in its auction plan, Duquesne stated that it “intends to divest all of the assets and liabilities that are related to its generating stations *and to retain all that are related to its transmission assets.*” GAP, page 16 (emphasis added). Yet, the agreement in principle states that Duquesne would transfer to FirstEnergy the transmission facilities “necessary and appropriate to permit the delivery of power from the Beaver Valley Power Station and the Bruce Mansfield Power Station to the FE transmission system.” Agreement in principle, paragraph 10. Thus, there appears to be a direct contradiction between Duquesne’s divestiture plan and its agreement in principle with FirstEnergy.

These are just two examples of the complex inter-relationship between the auction plan and the agreement in principle. There are many unanswered questions about the effect of the

FirstEnergy transaction on Duquesne's employees and customers, as well as the safety and reliability of Duquesne's system as a whole.

The Commission should bear in mind that this agreement in principle, filed two weeks before the original comment deadline, is all that is known about the proposed transaction. Yet, the Commission is being asked to approve the entire transaction without any opportunity for other interested parties to comment on the terms and conditions of the definitive agreement between Duquesne and FirstEnergy. Indeed, it is likely that the comment period will be entirely closed before Duquesne and FirstEnergy have entered into a definitive agreement.

This is important because the agreement in principle, by its own terms, is *not* the final agreement between Duquesne and FirstEnergy. In fact, it expressly states that it is "specifically agreed and understood by the parties that the terms set forth in this agreement in principle do not constitute all of the major terms which will be included in the Exchange Agreements, that the terms set forth herein are subject to further discussion, negotiation, due diligence, and that this agreement in principle is an expression of intent only and is not intended, nor will it be alleged by either party, to create or result in any legally binding obligation upon the parties ..."

Agreement in principle, paragraph 14.

Simply, the auction plan and the agreement in principle with FirstEnergy do not provide sufficient information for the Commission to assess several critically important issues about the jointly owned units. Duquesne must provide additional information that addresses the effect of any such transfer on its employees, the local communities that will be affected, and the safety and reliability of the Duquesne system.

COMMENT 3: DUQUESNE'S PLAN DOES NOT INCLUDE AN ADEQUATE DISCUSSION OF THE TRANSMISSION RIGHTS TO BE TRANSFERRED AND THE EFFECT OF SUCH TRANSFERS ON THE RELIABILITY OF DUQUESNE'S SYSTEM.

As IBEW noted above, Duquesne's auction plan indicated that it would not be selling any of its transmission assets. GAP, page 16. However, the agreement in principle states that Duquesne plans to transfer to FirstEnergy all of Duquesne's interest in the CAPCO transmission facilities. Agreement in principle, paragraph 10.

Duquesne has not presented any analysis of the effect on its system of transferring these transmission facilities to FirstEnergy, either as part of its auction plan or during its restructuring case. Thus, at the present time, it is not possible to know whether the transfer of such facilities would have an effect on the safety and reliability of Duquesne's electric system. IBEW submits that the Commission cannot and should not approve Duquesne's auction plan until the effects of the proposed transmission divestiture are fully evaluated.

COMMENT 4: DUQUESNE'S PLAN DOES NOT INCLUDE AN ADEQUATE DISCUSSION OF THE EFFECTS OF ITS PLAN ON ITS OBLIGATION TO SERVE AS THE PROVIDER OF LAST RESORT.

Duquesne has not evaluated or explained how it will fulfill its statutory obligation to be the provider of last resort for its customers. Section 2807 of the Public Utility Code, 66 Pa. C.S. § 2807(e), requires the utility to continue to serve as the provider of last resort as long as it is collecting a competitive transition charge ("CTC"). In its auction plan, however, Duquesne states that after the auction occurs, it "will no longer own generation with which to reliably meet this obligation." GAP, page 24. Duquesne then presents three options that might be used to allow it to meet its legal obligations, but it is not sure if one of the options is even available. GAP, pages 24-26. Duquesne concludes that it will evaluate the other two options as part of the actual auction process.

In other words, Duquesne has no idea how it will reliably meet its legal obligation as the provider of last resort for its customers if it sells its power plants. It is hoping that it can find someone else to assume that obligation. This is based on a presumption that the Commission even has the legal authority to allow anyone other than the utility to serve as provider of last resort while a CTC is being collected. The statute is very clear on this point, stating: "When an electric distribution company collects either a competitive transition charge or an intangible transition charge ... the electric distribution company *shall* continue to have the full obligation to serve, including the connection of customers, the delivery of electric energy and *the production or acquisition of electric energy for customers.*" 66 Pa. C.S. § 2807(e) (emphasis added). Simply, the law requires Duquesne to be responsible for providing energy for its customers so long as it is collecting a CTC. If Duquesne wants to avoid that obligation, it must wait until it has stopped collecting its CTC.

Based on Duquesne's plan as filed, the Commission cannot approve the divestiture of Duquesne's generating assets, since Duquesne has not provided assurances that it will be able to meet its obligations as the provider of last resort in a reliable manner.

COMMENT 5: DUQUESNE'S PLAN DOES NOT INCLUDE AN ADEQUATE DISCUSSION OF THE EFFECTS OF ITS PLAN ON ITS EMPLOYEES AND ON LOCAL COMMUNITIES.

Duquesne's auction plan also fails to provide any meaningful discussion of the plan's effects on Duquesne's employees and on the communities where those plants are located. Duquesne's entire discussion of this issue is contained in two paragraphs that do not provide any substantive discussion of this very important issue. GAP, pages 34-35. Duquesne states only that it is negotiating with its employees, that if the negotiations fail Duquesne will present its own plan to the Commission, and the employees who lose their jobs as a result of the plant transfers will be offered some type of severance package by Duquesne. Similarly, in Appendix D, Duquesne

states that the purchaser “shall offer employment to those employees of the Seller [Duquesne] specified in the Asset Purchase Agreement.” GAP, Appendix D, page 5. However, there is no indication of who these employees might be or how many employees would be so specified at each generating station. Finally, there is absolutely no discussion in Duquesne’s plan of the impact of the plant sales on the communities where the plants and employees are located.

IBEW recognizes that Duquesne and IBEW are still negotiating these issues. As of the date of these Comments, those negotiations are not making significant progress and IBEW is very concerned that Duquesne’s “plan” to deal with employees may be to have hundreds of Duquesne employees lose their jobs. The impact of such an action, on the employees and on the communities where those people live and work, would be devastating.

IBEW is not seeking to negotiate these issues before this Commission. Rather, IBEW submits, consistent with the requirements of the Public Utility Code (66 Pa. C.S. § 2806(e)) and the Commission’s decision in Duquesne’s restructuring case, that the Commission must be aware of the full impact of Duquesne’s plans on its employees. At the present time, it is not possible for the Commission to make such an evaluation because neither Duquesne nor anyone else can tell how Duquesne’s employees will be affected by Duquesne’s generation auction plan.

Similarly, it is not possible to tell how the local communities in the greater Pittsburgh area will be affected by Duquesne’s plans. Duquesne’s generation auction plan does not mention these issues at all. Recently, several state legislators and local government officials have filed pleadings with the Commission expressing very serious concerns about Duquesne’s plan on local communities. Among the issues raised are tax revenues, safety (particularly regarding the proposed transfer of Beaver Valley), and the effect on communities if numerous Duquesne employees lose their jobs.

Duquesne's plan does not even mention these issues, let alone provide information that the Commission and parties can use to evaluate whether the auction plan is in the public interest. The Commission cannot approve Duquesne's plan unless and until the Commission is satisfied that Duquesne has taken reasonable steps to evaluate and mitigate any impacts on local communities and its employees. Duquesne has not yet done so. The Commission, therefore, cannot approve Duquesne's plan at the present time.

CONCLUSION

For the reasons set forth above, System Council U-10, IBEW, respectfully requests the Pennsylvania Public Utility Commission to refuse to approve Duquesne's Generation Auction Plan at the present time. Duquesne must provide substantially more information about the effects that its plan would have on (1) the safety and reliability of its system, including the safe operation of its nuclear plants; (2) its employees; and (3) the communities where the plants and employees are located. Until Duquesne provides information that can be used to determine these impacts, and until the Commission determines that those impacts are consistent with the public interest, the Commission must not approve Duquesne's plan.

Respectfully submitted,



Scott J. Rubin
3 Lost Creek Drive
Selinsgrove, PA 17870
(717) 743-2233

Counsel for:
System Council U-10, IBEW

Dated: November 3, 1998

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the Comments of System Council U-10, International Brotherhood of Electrical Workers, 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: November 3, 1998

RECEIVED
98 NOV -3 PM 1:14
P.A.P.U.C.
SECRETARY'S BUREAU

Carol Pennington
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Patricia Armstrong
Thomas Thomas Armstrong & Niesen
P.O. Box 9500
Harrisburg, PA 17108-9500

Office of Special Assistants
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Daniel Clearfield
Wolf Block Schorr & Solis-Cohen
212 Locust Street, Suite 300
Harrisburg, PA 17101-1236

Brian Rider
Pennsylvania Retailers' Assoc.
224 Pine St.
Harrisburg, PA 17101-1325

Richard Herskovitz
Duquesne Light Company
P.O. Box 1930
Pittsburgh, PA 15230-1930

Mary McFall Hopper
PECO Energy Company
P.O. Box 8699
Philadelphia, PA 19101-8699

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

Kenneth Maiman
Andrews & Kurth
425 Lexington Avenue
New York, NY 10017-3903

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

Marisa Sifontes
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923

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

Timothy Moran
System Council U-10, IBEW
986 Greentree Road
Pittsburgh, PA 15220

James Dougherty
McNees Wallace & Nurick
P.O. Box 1166
Harrisburg, PA 17108-1166

John Wilson
Community Action Association of Pa.
222 Pine St.
Harrisburg, PA 17101

David Hughes
4037 Ludwick St.
Pittsburgh, PA 15217

Jacqueline Morrow
313 City County Building
414 Grant Street
Pittsburgh, PA 15219

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

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

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

Kandace Melillo
Pa. Public Utility Commission
Office of Trial Staff
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Kevin McKeon
William Hawke
Malatesta Hawke & McKeon
100 North 10th St.
Harrisburg, PA 17101

Kenneth Zielonis
Stevens & Lee
P.O. Box 12090
Harrisburg, PA 17108-2090

John Moot
Skadden Arps Slate Meagher & Flom
1440 New York Avenue, NW
Washington, DC 20005

Jim Ferlo, Councilman
510 City-County Building
Pittsburgh, PA 15219

Stephen Baron
J. Kennedy & Assoc.
35 Glenlake Parkway, Suite 475
Atlanta, GA 30328

Kenneth Wiseman
Andrews & Kurth
1701 Pennsylvania Avenue, NW
Washington, DC 20006

Michael Kurtz
Boehm Kurtz & Lowry
2110 CBLD Center
36 East Seventh St.
Cincinnati, OH 45202

Robert Stefanko
Pittsburgh School District
341 South Bellefield Ave.
Pittsburgh, PA 15213

Margaret Peters
The Peoples Natural Gas Company
625 Liberty Ave.
Pittsburgh, PA 15222-3197

John Stember
1705 Allegheny Building
429 Forbes Ave.
Pittsburgh, PA 15219

Stephen Feld
FirstEnergy Corp.
76 South Main St.
Akron, OH 44308

Donald Ayersman
IBEW Local 2357
1125 Denver Ave.
Morgantown, WV 26505

Tim Merrill
The Eastern Group
4 Penn Center West, Suite 200
Pittsburgh, PA 15276

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

Attorney of Record
Environmental Energy Project
3700 Vartan Way
Harrisburg, PA 17110

Samuel Braver
Buchanan Ingersoll, PC
301 Grant St., 20th Floor
Pittsburgh, PA 15219-1410

Donald Kaplan
Preston Gates Ellis & Rouvelas Meeds
1735 New York Ave., NW, Suite 500
Washington, DC 20006-4759

David Boonin
New Energy Ventures
1845 Walnut St., Suite 2525
Philadelphia, PA 19103

Roger Clark
905 Denston Dr.
Ambler, PA 19002-3901

John O'Brien
Wheeled Electric Power Co.
50 Charles Lindburgh Blvd., Suite 207
Uniondale, NY 11553

James Steffes
Enron Power Marketing, Inc.
P.O. Box 4428
Houston, TX 77002

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

Albert Benincasa
Skipping Stone
46 9th Avenue
Sea Cliff, NY 11579

Joseph Dworetzky
Hangley Aronchick Segal & Pudlin
One Logan Square, 12th Floor
Philadelphia, PA 19103

John Horton
MidCon Corporation
701 East 22nd St.
Lombard, IL 60148

Craig Nifong
MidCon Corporation
3200 Southwest Freeway
Houston, TX 77027

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

Mark McGuire
Jenner & Block
601 13th St., NW, Suite 1200
Washington, DC 20005

Gordon Smith
John & Henreger
1200 17th St., NW, Suite 600
Washington, DC 20036

Sheila Hollis
Duane Morris & Heckscher
1667 K St., NW, Suite 700
Washington, DC 20006-1608

Vickiren Aeshleman
QST Energy Inc.
300 Hamilton Blvd., Suite 300
Peoria, IL 61602

Gary Jeffries
CNG Energy Services Corp.
P.O. Box 15746
Pittsburgh, PA 15244-0746

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

Keith Sappenfield
NorAm Energy Management, Inc.
1600 Smith, Suite 1140
Houston, TX 77002-7345

John Orr
Duke Energy Trading & Marketing
One Westchester Center
10777 Westheimer, Suite 650
Houston, TX 77042

Lawrence Moncrief
Pittsburgh Chapter NAACP
1364 Silverton Ave.
Pittsburgh, PA 15206

Cindy Datig
Dollar Energy Fund
P.O. Box 42329
Pittsburgh, PA 15203

Hon. Michael R. Veon
Attn. R. David Myers
16 East Wing
Pennsylvania House of Representatives
Harrisburg, PA 17120

Hon. Victor Lescovitz
Attn. R. David Myers
16 East Wing
Pennsylvania House of Representatives
Harrisburg, PA 17120

Hon. Susan Laughlin
Attn. R. David Myers
16 East Wing
Pennsylvania House of Representatives
Harrisburg, PA 17120

Hon. Nicholas Colafella
Attn. R. David Myers
16 East Wing
Pennsylvania House of Representatives
Harrisburg, PA 17120

Hon. Gerald LaValle
Attn. R. David Myers
16 East Wing
Pennsylvania House of Representatives
Harrisburg, PA 17120

JACK WAGNER
42ND DISTRICT

HARRISBURG OFFICE
SENATE BOX 203042
HARRISBURG, PA 17120-3042
(717) 787-5300
FAX: (717) 772-5484
E-MAIL ADDRESS: wagner@dem.pasen.gov

DISTRICT OFFICE
1333 BANKSVILLE ROAD
SUITE 202
PITTSBURGH, PA 15216-3301
(412) 565-7974
FAX: (412) 565-7980

DISTRICT OFFICE
KENNEDY TOWNSHIP
1789 PINE HOLLOW ROAD
MCKEES ROCKS, PA 15136-1575
(412) 442-5836
FAX: (412) 442-5839



Senate of Pennsylvania

November 3, 1998

COMMITTEES

LAW AND JUSTICE - MINORITY CHAIRMAN

ENVIRONMENTAL RESOURCES AND ENERGY

URBAN AFFAIRS AND HOUSING

JUDICIARY

ETHICS

020581

DOCUMENT
FOLDER

James J. McNaulty, Secretary
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. Box 3265
Harrisburg, Pennsylvania 17105-3265

RECEIVED
SECRETARY'S BUREAU
NOV 05 AM 8:34

IN RE: Duquesne Light Company
Restructuring Plan
Docket No. R-00974104
"Comment on the Auction Plan"

DOCKETED

NOV 06 1998

Dear Secretary McNaulty:

As the State Senator for the 42nd Senatorial District, I am submitting comments to be placed on the record, as it relates to constituent concerns with compliance filing in the above-referenced case. Specifically, my comments will address the auctioning of Generation Plants in the compliance filing, and the effect that the sale of such plants may have on the employees, communities, and customers of Duquesne Light Company.

Let me state for the record that I have supported Duquesne Light Company to become a stronger and more competitive company within the electric utility industry. This included the support of Duquesne Light's effort to build a transmission line into other service territories to sell their excess power. Several months ago, I supported their policy decision to merge with Allegheny Power. The merger would have provided both companies with additional capabilities to serve their customers. This merger plan, however, has since been terminated by Duquesne Light Company. While I supported these efforts, I always stressed that there should be safeguards for the protection of the consumer, the employee and the communities they serve.

James J. McNaulty, Secretary

PENNSYLVANIA PUBLIC UTILITY COMMISSION

November 3, 1998

Page Two

The sale of Duquesne Light's generation facilities by auction, as provided in their compliance filing, causes a great deal of uncertainty for the customers and employees in the communities that the company serves. The sale of all generation facilities and the impact it will have on customers and employees dwarfs any other change in the history of this company. The change in operation is even much more important than the start-up of the first commercial nuclear power plant -- Shippingport. The potential negative impact may be far reaching.

Under Act 138 of 1996, the Electricity Generation Customer Choice and Competition Act, in the legislative findings, it was understood that there could be certain changes to a utility to accomplish the move to a competitive market, including the closure of facilities. If such actions are able to be undertaken, the utility must inform the Commission of the impact of such decisions on local communities and social services and of any tax implications of the action. Furthermore, the utility is expected to discuss the transition to competition with its employees or their certified representatives. I believe that the Commission must question the intent of Duquesne Light in this auction plan. What will be the fate of the generation facilities to be auctioned off? Will they, in fact, remain operable? What will be the impact on the 1,000-plus Duquesne Light employees presently employed at these generation facilities? What will be the impact in each community where a power plant is located? I do not believe the intent of Act 138 was to produce massive layoffs of utility employees. The Commission must ensure that this does not happen to those employees. Everyone involved should know precisely what the plan is for these generation facilities and the people employed therein. The Commission should not approve this plan until this and other important questions are fully answered, and the proper safeguards are in place.

In the same vein, the Electricity Generation Customer Choice and Competition Act also provides that the Utility must fully inform the Commission of the impact of decisions that will impact the communities on social services, as well as

James J. McNaulty, Secretary
PENNSYLVANIA PUBLIC UTILITY COMMISSION

November 3, 1998

Page Three

fully inform the Commission of any tax implications. The benefits of electric competition can and must ensure that programs for assistance to low-income and elderly consumers are safeguarded. The Commission should not approve a compliance filing of Duquesne Light to sell off its generation facilities if this proposal does not ensure the safe, reliable and efficient services for these most needy citizens.

It is my understanding that under Act 138 Duquesne Light must be able to guarantee the ability to provide power. I believe other questions must be answered prior to the approval of this filing:

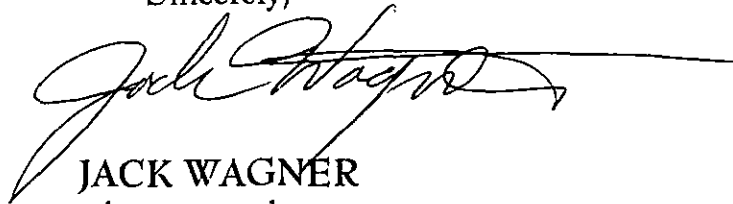
- Will Duquesne Light Company continue to be the "provider of last resort?"
- Does the Commission plan to approve another "provider of last resort?"
- What guarantees exist that Duquesne Light customers will benefit from the sale of the power generation facilities ?
- Will the customer be assured that they can purchase electric power at a competitive price?
- Can the customer be assured of reliable service and that "black outs" will not occur in the future?
- Can the customer be assured that the profits received through the sale of the power plants will reduce their electric bill?

James J. McNaulty, Secretary
PENNSYLVANIA PUBLIC UTILITY COMMISSION
November 3, 1998
Page Four

It is my observation that the most important assets of Duquesne Light Company are its employees and its power plants. With the loss of these critical assets Duquesne Light ceases to exist as we presently know it. Is this truly in the best interest of customers, employees and the communities served?

Prior to the Commissions approval of this plan, a prompt response to all of the questions asked in these comments is vitally important. No approval should be granted unless customers, employees and communities are properly protected.

Sincerely,



JACK WAGNER
42nd Senatorial District

JW:tjb

cc: The Honorable John M. Quain
The Honorable Robert K. Bloom
The Honorable David W. Rolka
The Honorable Nora Mead Brownell
The Honorable Aaron Wilson, Jr.
Rosemary Chiavetta, Legislative Liaison
Members, Senate of Pennsylvania
Allegheny County Delegation
Members, PA House of Representatives
Allegheny County Delegation