

K-00974104
OCA Cross Exh. 1
Pittsburgh 12-16-97
GST

Item No.: OCA-Supplemental
Witness: Clayton
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Office of Consumer Advocate Supplemental Interrogatory

1. Please explain the derivation of the \$208.23 Million PV of Costs Independent of Operation shown in Exhibit DJC-10 from the Calculation of Unavoidable Costs shown in Exhibit DJC-13.

Response:

The PV of Costs Independent of Operation is obtained by subtracting the sum of the PV of Margin using Avoidable Costs (when this margin is positive) from the PV of Unavoidable Costs. For the Elrama unit, no positive margin value exists even when evaluated on an avoidable cost only basis.

Schnitzer Low Case	Perry	BV 2	Cheswick	Elrama	TOTAL
PV of Unavoidable Costs	133.2	49.6	101.0	45.5	329.3
<i>(Less)</i>					
PV of Margin using Avoidable Costs	41.4	45.8	33.9	N/A	121.1
<i>Equals</i>					
PV of Costs Independent of Operation	91.8	3.8	67.1	45.5	208.2

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