

ORIGINAL

DJH

Docket Administrator
Pennsylvania Public Utilities Commission
North Office Building
PO Box 3265
Harrisburg, Pennsylvania 17105-3265

DOCKETED

OCT 15 1997

To Whom It May Concern:

I am hoping to be added to the information list for docket numbers R-00974149 and R-00973953. Could you please also include any other dockets relating to electric industry restructuring. Thank you for adding my name and address to the mailing list.

Thank you once again,

DOCUMENT
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Sincerely,



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7700 Leesburg Pike Suite 426
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PECO ENERGY

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October 9, 1997

By Fax

Daniel Clearfield, Esquire
Wolf, Block, Schorr and Solis-Cohen
305 North Front Street, Suite 401
Harrisburg, PA 17101

DOCKETED
OCT 16 1997

Re: Application of PECO Energy Company for Approval of its Restructuring
Plan under Section 2806 of the Public Utility Code
Docket No. R-00973953

Dear Daniel:

Enclosed is PECO Energy Company's Supplemental Answer to
Interrogatory.:

Set VIII: No. 41.

Sincerely,

Paul Bonney

PRB/mbo

Enclosures

cc: w/enclosures
Craig Doll, Esquire
Joe Dworetzky, Esquire
Christopher Craig, Esquire
Steve Hershey, Esquire
Lance Haver
James McNulty, Acting Prothonotary (Certificate of Service Only)
Certificate of Service (cover ltr. only)

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COMMONWEALTH OF PENNSYLVANIA

DATE: October 9, 1997
SUBJECT: R-00973953, P-00971265
TO: Director, Bureau/Office of Administrative Law Judge
FROM: Janet E. Patrick, Supervisor
Order Entry and Service Section

KJR

Pa. P.U.C. v. PECO Energy Company

Attached is copy of an Order adopted by the Commission at Public Meeting held October 9, 1997.

Please direct your attention to the "Ordering Paragraph(s)" for your Bureau's/Office's ongoing responsibility as identified therein.

Kindly acknowledge receipt of this memo by signing below and return this memo to:

Secretary's Office
Attn: Janet E. Patrick
G-05 North Office Building

Thank you for your cooperation in this matter!

Receipt acknowledged: 52

(signature) 10/15/97

(date)

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OCT 17 1997

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PROTHONOTARY'S OFFICE

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October 9, 1997

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

**RE: Application of PECO Energy Company for Approval of its Restructuring
Plan under Section 2806 of the Public Utility Code.
Docket No. R-00973953**

Dear Mr. McNulty:

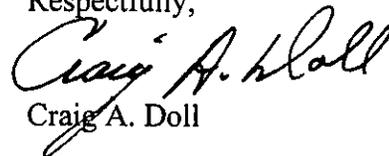
KJR

Pursuant to the Commission's Regulations at 52 Pa. Code §5.342(d), attached is a Certificate of Service identifying the interrogatories of the Pennsylvania Electric Competition Coalition propounded to PECO Energy which have been served on the active parties in this proceeding.

Please time stamp the enclosed copy and return it in the enclosed envelope. Thank you for your cooperation.

If you have any questions, please do not hesitate to call.

Respectfully,


Craig A. Doll

CAD/kmv
Attachments

cc: All parties of record

Certificate of Service

I hereby certify that I have this date served the following Interrogatories by facsimile, first class or overnight/express mail, upon the persons addressed below:

PECC Interrogatories: Set I - R-1 through R-9

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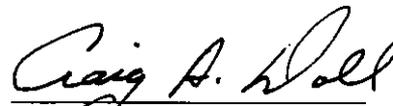
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Dated: October 9, 1997



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Attorney for Conectiv Energy, a division of
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APPEARANCE SHEET

ALJ HEARING REPORT

Docket No. R-00973953
R-00973953C0001-C0007
 Case Name Pennsylvania Public Utility
Commission v. PECO Energy Company
 Location Media
 Date October 9, 1997
 ALJ Chestnut & Rainey
 Reporting Firm _____

CHECK THOSE BLOCKS WHICH APPLY:

Prehearing held YES ___ NO ___
 Hearing held YES ___ NO ___
 Testimony taken ^{KJR} YES ___ NO ___
 Transcript due ^{KJR} YES ___ NO ___
 Hearing concluded YES ___ NO ___
 Further hearing needed YES ___ NO ___
 Estimated add'l days _____
 RECORD CLOSED YES ___ NO ___
 DATE _____
 Briefs to be Filed YES ___ NO ___
 DATE _____

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OFFICE OF C.A.L.J.
 PUBLIC UTILITY COMMISSION

BENCH DECISION

REMARKS:

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 YES ___ NO ___
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NAMES, ADDRESSES AND TELEPHONE NUMBERS OF PARTIES OR COUNSEL OF RECORD
 PLEASE PRINT CLEARLY
 INCOMPLETE INFORMATION MAY RESULT IN DELAY OF PROCESS

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[Signature]
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✓ <i>GERARD GORNISHT</i> <i>WOLF, BLOER, SCHMIDT</i> <i>AND SONS - COVEN</i> Telephone No. <i>215-977-2118</i>	<i>1200 W. Walnut</i> <i>BUSS - 111 S. 15th</i> City <i>Phila</i> State <i>PA</i> Zip <i>19102</i>			<i>ENRON POWER</i> <i>MARKETING, INC.</i>
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IN REPLY REFER TO:

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9 October 1997

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Commonwealth of Pennsylvania
 Pennsylvania Public Utility Commission
 P.O. Box 3265, Harrisburg, PA 17105-3265

FedEx address:
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 North Office Building Room B120
 Commonwealth and North Streets
 Harrisburg, PA 17120 (717) 787-8147

PA PUBLIC UTILITY COMMISSION
 PROTHONOTARY'S OFFICE

Re: R-00973953
 PECO Energy Company
 Application for approval of a Restructuring Plan
 and Consumer Education Program

KJR

To Whom It May Concern:

Please accept for filing the original and 3 copies of the testimony on behalf of the Department of the Navy in the above-captioned action. This testimony originally was prepared as surrebuttal testimony which was scheduled to be filed on 1 August 1997. Of course, one day prior to 1 August proceedings were postponed and rescheduled in this hearing. Since that day, the Navy has become a party to the settlement which has resolved several of the issues for which our surrebuttal testimony originally was prepared. Certain issues, however, have not been addressed by the settlement. Thus, in our filing today, only that testimony pertaining to issues not resolved by the settlement is applicable. Please do not hesitate to contact the undersigned if there are any questions.

Respectfully submitted,

AUDREY VAN DYKE
 (Associate Counsel, Litigation)
 Naval Facilities Engineering Command
 Acting as Attorney for
 the Secretary of the Navy
 (202) 685-1931

**DOCUMENT
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cc:(w/encl)

Service List

Administrative Law Judge Marlane R. Chestnut

Administrative Law Judge Charles E. Rainey, Jr.

Department of Navy Statement No. 1-R

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OCT 10 1997

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

RE: APPLICATION OF PECO ENERGY COMPANY
FOR APPROVAL OF ITS RESTRUCTURING PLAN
UNDER SECTION 2806 OF THE PUBLIC UTILITY CODE

Surrebuttal Testimony Of

Ralph C. Smith

On Behalf of the Department of the Navy

July 1997

OCT 20 1997

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Surrebuttal Testimony of Ralph C. Smith
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Schedule 3

Attachments 4, 5 and 6

1 INTRODUCTION

2 Q. Please state your name and business address.

3 A. Ralph C. Smith, 15728 Farmington Road, Livonia, Michigan 48154.

4
5 Q. Are you the same Ralph C. Smith who previously filed direct testimony in this proceeding?

6 A. Yes, I am.

7
8 Q. What is the purpose of your surrebuttal testimony?

9 A. The purpose of my surrebuttal testimony is to respond to a number of the statements presented in PECO's
10 rebuttal testimony. Additionally, at the time my direct testimony was prepared, there were a number of
11 outstanding data requests for which PECO's responses had not yet been received, including data requests
12 from Navy set 1, which was served June 2, 1997. Where applicable, my surrebuttal addresses information
13 provided in those late-received PECO responses.

14
15 Q. Have you prepared exhibits to present in support of your surrebuttal testimony?

16 A. Yes. With regard to this surrebuttal testimony, I have prepared Exhibit ____(RCS-2), consisting of
17 Schedule 3 and Attachments 4 through 7. (Schedules 1 and 2, and Attachments 1, 2 and 3 were filed with
18 my direct testimony.)

19
20 Q. Were these exhibits prepared by you or under your supervision?

21 A. Yes, and they are correct to the best of my knowledge and belief.

22
23 PECO'S CLAIM FOR STRANDED COSTS

24 Net Investments in Existing Generating Plants and Facilities

25 Q. In your prefiled direct testimony, you recommended that PECO's projected 1997 and 1998 capital
26 expenditures to be included in the stranded cost calculations be limited to those expenditures that are
27 necessary to maintain the generation plant through the date that competition goes into effect. Is this still
28 your recommendation?

1 A. Yes. I recommended that any projects which result in betterments or improvements to PECO's generation
2 facilities not be allowed for recovery via the Competition Transition Charge (CTC). This would include
3 projects which extend the life of PECO's generation stations and which result in improved efficiencies at
4 the plants. The support and reasoning for these recommendations were provided in my direct testimony,
5 beginning at page 7.

6
7 Q. Based on the information received from PECO after your direct testimony was prepared, have you been
8 able to identify the dollar amounts for PECO's projected capital expenditures related to life extensions
9 and/or plant improvements beyond those necessary to maintain the plants in operational condition through
10 the CTC recovery period?

11 A. Yes, to some extent, I have. PECO's response and supplemental response to Navy data request 1-8
12 identified the dollar amounts of its plant additions associated with life extensions and improvements.
13 Attachments 4 and 5 to this testimony reproduce those responses. In an attachment provided with the
14 response to PAIEUG-IV-2, PECO provided a breakdown of its projected 1997 and 1998 generation related
15 capital expenditures, by project and by generation station. As indicated in my direct testimony, the data
16 request specifically asked PECO to "segregate the projects between betterment and replacements";
17 however, PECO did not provide such segregation with its response. I have attached a copy of the response
18 to PAIEUG-IV-2, along with Attachment PAIEUG-IV-2(b) as Attachment 6 to this testimony.

19
20 Subsequent to the finalization of my direct testimony, PECO provided a response and supplemental
21 response to Navy data request 1-8. Those responses identified which of PECO's projects are anticipated
22 to improve the efficiency of the generation stations and which will extend the life of the stations. As
23 noted above, I have provided copies of PECO's response and supplemental response to Navy-1-8 as
24 Attachments 5 and 6, respectively, for ease of reference. As shown on these attachments, the majority of
25 PECO's projected 1997 and 1998 generation plant expenditures result in either life extensions or an
26 improvement in plant efficiency.

1 Q. Have you prepared a schedule which summarizes the projected 1997 and 1998 generation related capital
2 expenditures and provides the amounts which PECO has identified are for improvements and life
3 extensions versus total projected expenditures?

4 A. Yes. Schedule 3 provides a breakdown, by generation station, of PECO's total projected capital
5 expenditures and the amount of capital expenditures which PECO indicated would improve efficiency
6 and/or extend the life of the station. The amounts were calculated utilizing the responses to PAIEUG-IV-
7 2 and NAVY-1-8. As shown on Schedule 3, of the total projected capital expenditures, approximately
8 59.26% for 1997 and 45.12% for 1998 are for projects which PECO anticipates will result in improved
9 efficiency and/or life extensions of the generation stations.

10
11
12 Q. Lines 1 and 2 of Schedule 3 indicate that the capital expenditures reflected in the net generation plant and
13 CWIP calculations in PECO's filing differ from the projected amount of generation related construction
14 expenditures provided by PECO on a per project basis. Why do these amounts differ?

15 A. PECO utilized a different methodology in determining each of the amounts. My direct testimony provided
16 the following description of how PECO estimated the 1997 and 1998 capital expenditures and plant
17 additions included in its filing:

18 "According to the direct testimony of John Doering, Jr., projections for 1997 fossil fuel station capital
19 expenditures were based on an ongoing base level of capital expenditures increased by one-fifth of the
20 typical capital costs associated with outages. The base level of capital expenditures were purportedly
21 based on a historical level which excluded outage related capital expenditures and one-time non-
22 recurring costs. The resulting amount of 1997 capital expenditures were then escalated for future
23 years utilizing a general inflation factor.

24
25 On page 7 of his testimony, Mr. Doering describes how the capital expenditures for PECO's nuclear
26 generating units were determined. The amounts were purportedly based on normalized capital
27 requirements as budgeted for 1997 with adjustments which removed certain one-time projects. These
28 resulting amounts were then escalated utilizing a general inflation factor. Additionally, the Salem
29 nuclear unit capital expenditures were estimated by PECO's nuclear group."
30 (Direct Testimony of Ralph C. Smith, page 8)

31 The projected 1997 and 1998 capital expenditures provided by PECO in response to PAIEUG-IV-2 consist
32 of projects which PECO estimates will exceed \$500,000 with 1997 or 1998 in-service dates. These
33 apparently were calculated in greater detail than the amounts utilized in PECO's filing. PECO's total
34 projected capital expenditures for these projects exceed the amount of projected capital expenditures

1 PECO used in calculating the 1997 and 1998 plant additions and the December 31, 1998 CWIP balance
2 contained in its filing.

3
4 Q. Have you calculated a recommended reduction to PECO's requested stranded costs to remove the amount
5 of 1997 and 1998 plant additions and December 31, 1998 CWIP balance which will result in efficiency
6 improvements and/or life extensions at PECO's generation stations?

7 A. No, I have not. While the amounts provided in PECO's responses to Navy-1-8 tie into the Company's
8 projected capital expenditures provided in PECO's response to PAIEUG-IV-2, they do not tie into the
9 amounts included in PECO's filing. However, the information provided in PECO's response to Navy 1-8
10 does indicate that a large portion of the projected 1997 and 1998 generation related capital expenditures
11 will result in efficiency improvements and life extensions. As previously mentioned, as shown on
12 Schedule 3, 59.26% of the projected 1997 expenditures and 45.12% of the 1998 expenditures will result in
13 either improved efficiency and/or life extensions, or are not necessary to maintain the plants.

14
15 Q. Please summarize your recommendation concerning PECO's capital additions.

16 A. I recommend that the 1997 and 1998 plant additions and December 31, 1998 CWIP balance included in
17 the stranded cost calculations on PECO Exhibit ABC-1 and Exhibit TPH-7 be limited to only those
18 projects that are necessary to maintain the generation facilities. All costs associated with betterments or
19 improvements to the facilities should be excluded. Additionally, as discussed in my direct testimony,
20 PECO's tendency to over-budget for its capital expenditures should also be considered in determining the
21 amount of 1997 and 1998 capital additions and 1998 CWIP to include in the stranded cost calculations.

22
23 Regulatory Assets

24 Q. Will you be responding to certain issues presented in PECO's rebuttal concerning regulatory assets?

25 A. Yes. In this section of my surrebuttal testimony, I address a matter left pending in my direct testimony
26 and respond to certain issues presented in PECO's rebuttal concerning regulatory assets that the Company
27 has included in its stranded cost claim.

1 SFAS No. 109, Deferred Tax Asset

2 Q. In your direct testimony, you had reserved judgment concerning PECO's requested stranded cost for a
3 deferred tax asset. Are you proposing an adjustment for PECO's SFAS No. 109 deferred tax asset?

4 A. No, I am not.

5
6 Q. Does this mean that you are endorsing PECO's proposed dollar amounts and ratemaking treatment?

7 A. No. There are a number of amounts within PECO's supporting calculations for its SFAS 109 regulatory
8 asset that, despite diligent efforts, I have not been able to verify or recompute. Because of this, it would be
9 incorrect to interpret the absence of a proposed adjustment as some kind of affirmative endorsement of
10 PECO's proposed amounts and ratemaking treatment.

11
12 Nuclear Design Basis Documentation

13 Q. At page 21 of PECO Statement No. 3-R, Company witness Alan Cohn argues that because FERC
14 approved its accounting for Nuclear Design Basis Documentation (NDBD), PaPUC approval of such
15 accounting or PaPUC authorization for deferring such cost was not necessary. Is he correct?

16 A. No. FERC approved PECO's requested accounting, with the caveat that: "If recovery of any portion of the
17 deferred costs is disallowed in any rate proceeding, such amounts shall be charged to Account 426.5,
18 Other Deductions, in the year of disallowance." PECO never made a request to the Pennsylvania Public
19 Utility Commission to defer these costs, and these costs have not been included in PECO's rates.
20 Moreover, PECO's claim relates to prior period costs which were not authorized for deferral by this
21 Commission.

22
23 Q. Has PECO provided copies of its requests to FERC for accounting approval?

24 A. No. In its response to OCA-XIII-6, PECO provided a copy of the FERC accounting approval, but stated
25 that copies of PECO's requests to FERC were lost in a fire; consequently, PECO did not provide copies of
26 its requests to FERC for such accounting approval. Without a copy of its request for FERC accounting
27 approval, one cannot examine the representations that PECO made to FERC. The Commission probably
28 obtain a copy from FERC.

1 Q. What is your recommendation?

2 A. PECO's claim for stranded cost treatment of the NDBD is highly questionable and should be rejected.
3 The \$28.852 million for NDBD on PECO Exhibit ABC-1, Schedule 10, page 2, should be removed.
4 Ratepayers should not be required to pay PECO for a return of, much less a return on, such cost.
5

6 Limerick and Peach Bottom Chemistry Systems

7 Q. At page 22 of PECO Statement No. 3-R, Company witness Alan Cohn states that PECO's Limerick and
8 Peach Bottom Water Chemistry Systems are in service and that the associated costs will be recorded as
9 plant in service. Does this information change your position?

10 A. No, it does not. In my opinion, the lack of PaPUC approval for deferral of this cost and the lack of
11 documentation PECO has supplied are more important than the accounting PECO has chosen to apply
12 without obtaining this Commission's permission, and these factors require rejection of the Company's
13 stranded cost claim. Moreover, similar to PECO's design basis documentation cost claim, the cost of
14 these projects has not been included in rates. Additionally, PECO has been unable to provide its requests
15 to FERC or the FERC orders relating to approval of a deferred accounting treatment. Furthermore, PECO
16 did not request approval from this Commission for deferral of such costs. I am also concerned that
17 PECO's start-and-stop approach to this project has contributed to the cost being higher than necessary.
18

19 Q. What do you mean by PECO's start-and-stop approach to the project?

20 A. PECO's response to OTS-RE-8 indicates that the Peach Bottom system was completed in 1991, however,
21 it did not operate as planned and was put on hold in 1992. The response indicates further that FERC-
22 approved amortization of this project started in 1994, and, in 1995, PECO made a decision to re-start the
23 project, which PECO expected to be in operation in the spring of 1997. PECO's response to OTS-RE-8
24 also states that it started the Limerick Water Chemistry System project in 1991 and suspended it in 1992.
25 When PECO re-started the Peach Bottom project, it also re-started the Limerick project and it expects the
26 Limerick project to be in service by mid-1997.
27

1 Q. At pages 22-23 of PECO Statement No. 3-R, Company witness Alan Cohn asserts that, during the
2 suspensions of the project, the Company did not accrue AFUDC, and therefore concludes that the costs
3 would not be higher due to the delay. Please respond.

4 A. Mr. Cohn should know that AFUDC is not the only factor which causes increases to a project's costs when
5 there are delays. Inflation also contributes to cost increases. Inflationary impacts on utility construction
6 projects have been recognized for years by those familiar with the utility regulatory process, and are
7 reflected in various inflation indexes, such as the Handy-Whitman index. Mr. Cohn's assumption that
8 there was no inflation during the 1991 to 1997 period which increased the project's cost is unrealistic and
9 unsupported.

10
11 Q. What is your recommendation?

12 A. The \$6.692 million on PECO's Exhibit ABC-1, Schedule 10, page 4, for Limerick and Peach Bottom
13 Water Chemistry Systems projects should be removed.

14
15 Nonpension Postretirement Benefit Underfunding (SFAS 106) and Pension Overfunding

16 Q. What does PECO's rebuttal state concerning your recommendation that its claim for a regulatory asset for
17 nonpension postretirement benefits related to Statement of Financial Accounting Standards No. 106
18 (SFAS 106) be rejected because of the significantly overfunded status of its pension plan?

19 A. At page 18 of his rebuttal, PECO witness Cohn finds it "significant" that I did not propose an adjustment
20 "directly" to PECO's claim for a stranded cost for its SFAS 106 regulatory asset. (In fact, I recommended
21 that PECO's SFAS 106 regulatory asset be excluded from stranded cost recovery because that amount is
22 more than offset by the overfunded situation existing in PECO's pension plan, which PECO's stranded
23 cost claim failed to reflect. Navy St.1, pp.16-17.)

24 Concerning its pension fund surplus, Mr. Cohn's rebuttal claims that the Company does not have
25 access to the pension trust funds and cannot transfer funds between it and the separate trust established to
26 fund its other post employment benefit (OPEB) expense. Mr. Cohn also claims that PECO has already
27 provided the benefit from its overfunded pension plan to ratepayers in its stranded cost calculations. As
28 discussed below, Mr. Cohn's presentation of this issue is inaccurate, and I disagree with his conclusions.

1 Q. Why should the funding status of PECO's pension and OPEB plans be examined together for purposes of
2 evaluating PECO's stranded cost claim.

3 A. These are similar plans involving retirement benefits. For the purpose of evaluating PECO's claim, they
4 should be viewed together. For purposes of stranded cost recovery, the Commission should view the over-
5 funded status of PECO's pension plan and the underfunded status of its nonpension benefits
6 simultaneously. There is no legitimate reason to ignore the vastly overfunded status of its pension plan
7 and simultaneously allow PECO to charge ratepayers additional amounts related to the underfunded status
8 of its OPEB plan. To recognize the obvious fact that PECO's pension plan is significantly over-funded
9 and its OPEB plan is underfunded, it is not necessary that PECO actually transfer funds between its
10 pension and OPEB trusts for the Commission, which Mr. Cohn suggests. Looking at both pensions and
11 OPEBs together reveals that the overfunded status of PECO's pension plan is over \$300 million as of
12 January 1, 1996, per Mr. Cohn's Exhibit ABC-3, page 2 of 3, and this represents a more than adequate
13 offset to PECO's claim for a SFAS 106 regulatory asset. Using Mr. Cohn's allocations of 94% for the
14 electric allocation and 52.5% for the generation allocation suggests a pension surplus allocation for
15 PECO's electric generation function of approximately \$148 million ($\$300.836 \text{ million pension over-}$
16 $\text{funding} \times 94\% \times 52.5\% = \148.463 million). This more than offsets PECO's claimed SFAS 106
17 regulatory asset of generation-related SFAS 106 regulatory asset as of December 31, 1996, of \$114.947
18 million, shown in PECO's filing at Exhibit ABC-1, Schedule 6.

19
20 Q. At page 19 of his rebuttal, Mr. Cohn claims that PECO has already "fully credited this lower pension
21 expense level to the benefit of customers in its stranded cost calculation." Has PECO "fully credited" the
22 pension surplus of over \$300 million to ratepayers in its stranded cost calculation?

23 A. No. PECO's actuarial calculations supporting its pension expense, in fact, reveal that PECO has not
24 credited any amortization of the over \$300 million to ratepayers in determining its pension expense.
25 What PECO has done is merely reflect that its present level of pension expense would continue during the
26 CTC recovery period. However, PECO's current pension expense does not include a reduction associated
27 with an amortization of its over \$300 million funding surplus.

1 Q. Do you agree with Mr. Cohn that a \$26.824 million credit amount shown on his Exhibit ABC-5, page 1 of
2 3, represents an "Amortization of Surplus"?

3 A. No, not at all. The \$26.8 million amount is not an "amortization of surplus" and should not have been
4 presented by Mr. Cohn as such. Mr. Cohn's own exhibit shows that the \$26.8 million he has mislabeled as
5 "amortization of surplus" is, in fact, a netting of a number of other components of pension cost, none of
6 which include an amortization of PECO's \$300 million pension funding surplus. Page 3 of Mr. Cohn's
7 Exhibit ABC-5 shows the components that have been netted to produce the \$26.8 million amount. Those
8 items from Exhibit ABC-5, page 3, which Mr. Cohn netted to derive the \$26.8 million that he mislabels
9 as "Amortization of Surplus," are listed in the following table:

10 Interest cost	\$144,235,652
11 Expected return on assets	(171,206,558)
12 Amortization of transition asset	(4,679,638)
13 Amortization of prior service cost	4,827,007
14 Net	(\$26,823,537)

15
16 None of those items are an amortization of the \$300.836 million funding surplus in PECO's pension plan
17 existing at January 1, 1996 shown on page 2 of Exhibit ABC-5. Moreover, the only items being
18 amortized -- the transition asset and the prior service cost -- net to a \$147,369 increase in PECO's pension
19 cost. Thus, Mr. Cohn is fundamentally incorrect in suggesting that some kind of "surplus amortization"
20 is what has reduced PECO's pension expense. Nothing of the kind has occurred. What has happened is
21 that the expected earnings on the assets in PECO's pension trust roughly offset the interest and service
22 cost of the plan.

23
24 Q. At page 19 of his testimony, Mr. Cohn claims that the overfunded status of its pension plan is a transitory
25 situation and could reverse based on future lackluster performance of the stock market. Please respond.

26 A. Contrary to Mr. Cohn's implication that PECO's pension funding surplus would be decreasing, it would
27 not surprise me if PECO's pension plan overfunding of over \$300 million as of January 1, 1996 has not
28 grown even larger based upon the robust stock market returns in 1996 and to date in 1997. The
29 outstanding stock market performance is common knowledge.

1 Moreover, in deriving the “expected return on assets” element of its periodic pension cost (an element
2 which reduces the pension cost), the Company does not apply the rate of return to the full market value,
3 but only to a lesser value which excludes unrecognized gains. Thus, PECO’s annual pension expense
4 calculation would reflect the same reduction for the “expected return on assets” element even if there were
5 no unrecognized gains.

6 Additionally, referring to page 2 of Mr. Cohn’s Exhibit ABC-5, one can see that the overfunded
7 position of PECO’s pension plan has grown from 107% (or \$114.4 million of funding surplus) to 116.8%
8 (or \$300.8 million of funding surplus). The evidence shows that PECO’s pension funding surplus has
9 grown.

10
11 Q. What adjustment should be made to PECO’s restructuring filing?

12 A. The \$100.580 million of SFAS No. 106 on PECO Schedule ABC-1, Schedule 10, page 4, should be
13 removed. PECO should not be permitted to charge ratepayers a stranded cost for the under-funded status
14 of one benefit (OPEBs) without fully considering the mitigating impact of the over-funded status of its
15 pension plan.

16
17 Compensated Absences

18 Q. At page 23 of PECO Statement 3-R, Mr. Cohn discusses Compensated Absences. Does Mr. Cohn’s
19 discussion cause you to change your position on this issue?

20 A. No, it does not. When describing the items includable in the CTC, Pennsylvania Consolidated Statutes,
21 Section 2808(C)(1) states that “The Commission shall allow recovery of regulatory assets and other
22 deferred charges typically recoverable under current regulatory practice.” (Emphasis added) Under
23 current regulatory practice, the Company’s revenue requirement would include the test year or an
24 annualized level of payroll expense, including compensated absences expense. The amount included in
25 rates would not be based on the amount of compensated absences recorded by the Company as a deferred
26 asset or liability, but rather on the amount of annualized payroll inclusive of paid vacations and sick time.
27 Because traditional rate recovery has been based upon the use of annualized payroll levels, there is no

1 basis for PECO's assumption that any amount of "regulatory asset" balance for Compensated Absences
2 remains unrecovered and deserves stranded cost treatment.

3
4 Q. At page 23, Mr. Cohn asserts further that if Compensated Absences is not included as a regulatory asset in
5 its stranded cost claim, then it would have to be included as an increase in operating and maintenance
6 expense, where it would increase stranded generating costs. Do you agree with this?

7 A. No, I do not. PECO described its accounting for Compensated Absences in its response to OTS-RE-3,
8 where PECO provided the following description of its accounting practices for compensated absences:

9 Currently, the Company accounts for Compensated Absences on the balance sheet, and,
10 therefore, no accruals or amortization are required. To the extent unused vacation time or
11 banked sick time is used it would be included in operating and maintenance expense. The
12 Company, however, does not specifically track this expense.
13

14 PECO has stated that its accounting for Compensated Absences is on the balance sheet. As such, it does
15 not affect operating and maintenance expense. Under its accounting, PECO has stated that it makes no
16 accruals or reversals. Thus, PECO's balance-sheet basis accounting produces no impact on O&M
17 expense. Nor should PECO's accounting produce any impact on O&M expense in terms of PECO's
18 stranded cost recovery.

19 When vacation or sick time is used, at that point, it is recognized by PECO as payroll expense.
20 For traditional ratemaking, payroll expense has been reflected on an annualized basis, thus there is no
21 basis for assuming that PECO has experienced any under-recovery of its annualized payroll expense in the
22 past that would need to become an additional "stranded" cost to the Company. PECO's claim for a
23 Compensated Absences "regulatory asset" as a stranded cost is unsupported by its own accounting records
24 and is contrary to the traditional ratemaking treatment of such cost.

25
26 Q. What is your recommendation?

27 A. I recommend that the purported regulatory asset for compensated absences presented by the Company on
28 Exhibit ABC-1, Schedule 6, totaling \$16.587 million, be removed from the stranded cost calculations.
29 The corresponding amounts on PECO Exhibit ABC-1, Schedule 10, page 4, should also be removed.
30

1 Nuclear Decommissioning Costs

2 Q. Has PECO revised its stranded cost claim for nuclear decommissioning?

3 A. Yes. PECO's filing at Exhibit ABC-1, Schedule 1, showed \$236.9 million for nuclear decommissioning.
4 In PECO Statement 3-R, at page 25, Mr. Cohn states that the Company inadvertently excluded earnings
5 on the 1997 and 1998 trust fund contribution, and its is revising its nuclear decommissioning stranded
6 costs downward from \$236.9 million to \$233.8 million to correct for this.

7 At page 27 of his rebuttal, Mr. Cohn states that PECO has revised its going-forward nuclear
8 decommissioning cost to \$32.1 million. Mr. Cohn's Exhibit ABC-7 shows the Company's revised annual
9 expense as \$32,089,891. Previously, PECO had reflected an annual \$36.707 million nuclear
10 decommissioning cost in its "operating assumptions" for its nuclear generating units on Exhibits TPH-3
11 through 5.

12
13 Q. At PECO Statement 3-R, pages 26-27, Mr. Cohn states that he disagrees with a reduction of the going-
14 forward decommissioning expense from \$36.7 million to \$22.7 million to reflect tax deductibility. Please
15 respond.

16 A. Mr. Cohn's basis for disagreeing with this adjustment is his belief that "it is not appropriate to assume tax
17 deductibility after 1998." (PECO St.3-R, p.27.) The loss of tax deductibility, however, relates directly to
18 the manner in which PECO has proposed to recover nuclear decommissioning expense on a going-
19 forward basis. Mr. Cohn acknowledged in his direct testimony (p.16) and again in his rebuttal (p.26) that,
20 if the Commission were to establish a separate charge for decommissioning expense, IRS criteria for
21 deductibility would be satisfied. PECO's stranded cost claim unreasonably attempts to pass the substantial
22 increase in cost associated with the loss of tax-deductibility onto ratepayers, and should be rejected.
23 PECO's recovery of nuclear decommissioning cost should be structured so as to preserve tax-deductibility
24 and avoid the substantial unnecessary cost increase associated with losing tax-deductibility.

25
26 Q. Can PECO's proposed treatment of nuclear decommissioning cost (i.e., loss of tax deductibility) be viewed
27 as a cost mitigation measure?

1 A. No, not at all. The result of PECO's proposal would be to triple the present annual level of nuclear
2 decommissioning expense. PECO's proposal would charge ratepayers for a much higher level of such
3 cost by stripping away the tax benefits associated with the present method of funding nuclear
4 decommissioning, which produces tax deductions for amounts deposited into qualified trust, and higher
5 earnings on the trust fund balances associated with a lower tax rate on qualified trust fund earnings.

6
7 Q. Should PECO's proposed collection of nuclear decommissioning expense, as reflected in its restructuring
8 filing, be accepted?

9 A. No. I strongly urge the Commission to reject PECO's proposed collection of nuclear decommissioning
10 expense, as reflected in PECO's restructuring filing. PECO's proposed nuclear decommissioning expense
11 claim is based upon questionable assumptions, would result in excessive costs to ratepayers, and could
12 represent a substantial windfall to PECO's shareholders because PECO proposes to keep any
13 overcollections.

14
15 Q. What adjustment is necessary to PECO's restructuring filing to reflect keeping nuclear decommissioning
16 expense with the "wires" business and reflecting collection over the remaining lives of PECO's nuclear
17 units?

18 A. PECO's request for \$33.847 million of annual "sunk cost" recovery on Exhibit ABC-1, Schedule 10, page
19 4, should be removed. Additionally, PECO's nuclear decommissioning expense amounts on page 5 of
20 Exhibits TPH-3, 4, and 5, which total \$36.707 million per year, should be removed. In terms of PECO's
21 revised amounts, \$33.4 million (\$233.8M / 7 years) would be removed from Exhibit ABC-1, Schedule 10,
22 page 4, and \$32.099 million per year would be removed from PECO's nuclear decommissioning expense
23 amounts on page 5 of Exhibits TPH-3, 4, and 5.

24 The revenue requirement for PECO's "wires" business would need to reflect annual
25 decommissioning cost amounts that reflect a 7.5% earnings rate associated with the use of qualified trusts
26 and tax-deductibility for contributions into such trusts. PECO's response to OCA-III-23 indicates that
27 since January 1996, PECO has been contributing \$22 million per year into its nuclear decommissioning
28 trust funds, which the IRS has determined to be deductible. The information provided in PECO's

1 response to PAIEUG-IV-6 suggests that the going-forward amount for nuclear decommissioning expense
2 to be kept with PECO's "wires" business would be approximately \$22.7 million per year, where it would
3 remain subject to cost-of-service regulation. Thus, nuclear decommissioning expense of approximately
4 \$22.7 million per year would be reflected on an ongoing basis.

5 Additionally, PECO Exhibit ABC-1, Schedule 4, page 1, shows an accumulated deferred income
6 tax (ADIT) balance of \$17.775 million as of December 31, 1998 associated with nuclear
7 decommissioning. The ADIT balance associated with nuclear decommissioning should follow the
8 ratemaking treatment of the nuclear decommissioning expense. If such decommissioning is retained with
9 the "wires" business, this ADIT balance would offset rate base for the "wires" business.

10
11 Q. You have recommended that the Commission should treat PECO's nuclear decommissioning in a manner
12 that will preserve the tax benefits. Are you aware of any other utilities that have reached similar
13 conclusions?

14 A. Yes. Attachment 7 presents an excerpt from Robert Rigsby's written testimony on behalf of Virginia
15 Electric and Power Company (VEPCO) in a concurrent docket, Case No. PUE960296, before the Virginia
16 Corporation Commission. As stated therein, VEPCO has determined that, in order to preserve the tax
17 benefits, its nuclear decommissioning costs should not be accelerated. In comparison, the proposal by
18 PECO witness Cohn, which involves accelerating recovery of PECO's decommissioning expense and
19 losing the benefit of tax-deductibility is unreasonable and ill-founded, and should be rejected by this
20 Commission.

21
22 Estimated Fossil Plant Decommissioning Expense

23 Q. At pages 38-29 of his rebuttal (PECO St. 3-R), Mr. Cohn indicates that utilities did not historically
24 recover estimated fossil decommissioning costs over the life of their generating stations, but PECO now
25 wants to have them included as a stranded cost. Please respond.

26 A. I agree with Mr. Cohn that utilities in Pennsylvania, including PECO, historically have not been
27 permitted to recover estimated fossil decommissioning costs over the life of their generating stations. As I
28 stated earlier, Pennsylvania Consolidated Statutes, Section 2808(C)(1) states that "The Commission shall

1 allow recovery of regulatory assets and other deferred charges typically recoverable under current
2 regulatory practice.” (Emphasis added) Under current regulatory practice, the Company’s estimated
3 fossil plant decommissioning cost is not recoverable. Consequently, the \$126.6 million of estimated fossil
4 decommissioning expense PECO Exhibit ABC-1, Schedule 5, should be disallowed. Over the seven year
5 CTC recovery period, PECO is attempting to include \$18.086 million of estimated “stranded” fossil plant
6 decommissioning cost each year, based upon dividing the \$126.605 million by 7 years. This \$18.086
7 million of annual fossil decommissioning cost that PECO is claiming as a stranded cost is in addition to
8 the annual \$2.797 million estimated fossil decommissioning cost that PECO has reflected in its “operating
9 assumptions” for its fossil generating units on Exhibits TPH-3 through 5. Thus, the approximately
10 \$20.883 million per year for estimated fossil decommissioning cost in PECO’s filing should be removed
11 because utility recovery of estimated future fossil decommissioning expenses would not be in line with the
12 regulatory practice in Pennsylvania.

13 Additionally, as I noted in my direct testimony, there are a number of differences between
14 nuclear decommissioning and fossil decommissioning. These differences, especially when taken
15 cumulatively, support a different ratemaking treatment.

16
17 OTHER ADJUSTMENTS

18 Q. Did PECO present rebuttal to the other adjustments which you recommended should be made to its
19 restructuring filing?

20 A. Yes, and I will respond to PECO witness Brennan’s rebuttal concerning Accounts Receivable financing,
21 Mr. Cohn’s rebuttal on reserves, and Mr. Hill’s rebuttal on “sharing” and market valuation.

22
23 Accounts Receivable Financing

24 Q. What does PECO’s rebuttal state concerning PECO’s use of Accounts Receivable financing and how the
25 Company has reflected the use of such financing in its filing?

26 A. In PECO Statement 11-R, Company witness Joseph Brennan indicates that he is in agreement with my
27 recommendation that PECO’s Accounts Receivable financing should be reflected somewhere in the

1 ratemaking process, and he recommends that it be reflected in the development of PECO's AFUDC rate,
2 but only prospectively.

3
4 Q. At page 4 of his rebuttal (PECO Statement 11-R), Mr. Brennan suggests that you are the one who
5 "characterized" PECO's sale of accounts receivable as "receivable financing" and that PECO does not
6 finance its accounts receivable as he claims you "contended". Please respond.

7 A. Mr. Brennan apparently is not familiar with the Company's Annual Report to FERC (the FERC Form 1)
8 wherein on page 340.1, PECO describes its interest expense as an expense associated with its Accounts
9 Receivable Financing. He apparently is also unfamiliar with the discovery of other parties in this
10 proceeding, such as PAIEUG-V-19 which refers to PECO's sale of accounts receivable as "accounts
11 receivable financing." In referring to what Mr. Brennan terms the "so-called receivable financing," I
12 have merely used the same terminology -- accounts receivable financing -- used by PECO, his client, and
13 other parties to this proceeding.

14
15 Q. At page 4 of his rebuttal, Mr. Brennan states that the cash generated from the of accounts receivable is
16 used to finance the Company's activities which included financing Construction Work in Progress. Is Mr.
17 Brennan's statement consistent with PECO's response to Navy data request 1-23?

18 A. No. Mr. Brennan's statement that PECO used the cash generated from the sale of accounts receivable to
19 finance the Company's Construction Work in Progress is not consistent with PECO's response to Navy
20 data request 1-23(d) wherein PECO stated that it did not include accounts receivable financing in its
21 AFUDC rate. If PECO had used the cash generated from the sale of accounts receivable is used to finance
22 CWIP, the Company should have reflected this in its AFUDC rate. However, it states that it did not.

23
24 Q. At pages 5-6 of his rebuttal, Mr. Brennan asserts that the amount of PECO's accounts receivable
25 financing may vary considerably from time to time. Does he provide any evidence to support this
26 statement?

1 A. No, he does not. The evidence provided by PECO in this proceeding, including its responses to
2 PAIEUG-V-19 and Navy 1-23, indicates that the amount of PECO's accounts receivable financing has
3 been \$425 million over an extended period.
4

5
6 Q. For each year that PECO had accounts receivable financing, did you ask PECO to provide a calculation of
7 its AFUDC rate with and, separately, without the accounts receivable financing?

8 A. Yes. Navy data request 1-23(d)(2) asked PECO, for each year in which PECO had accounts receivable
9 financing, to please show the AFUDC rate (a) with and (b) without the accounts receivable financing;
10 however, PECO's response did not provide this information. Without such information, I have been
11 unable to determine the reduction in PECO's AFUDC rate associated with the reflection of accounts
12 receivable financing in the calculation of the AFUDC rate.
13

14 Q. At page 6 of his rebuttal, Mr. Brennan claims that all of PECO's plant additions since 1990 have not been
15 reflected in the price charged customers, and, therefore, to date, customers have not paid a price for
16 service more than otherwise as a result of the sale of accounts receivable or the development of an
17 AFUDC rate not reflective of such sale. Does that tell the full story?

18 A. No, it does not. In the current proceeding, PECO is attempting to charge ratepayers for stranded plant
19 costs associated with its generation function. PECO's states in its response to PAIEUG-V-9 that its
20 accounts receivable financing has been in effect prior to the Limerick 2 rate case at Docket No. R-891364.
21 Despite this, PECO did not include accounts receivable financing in its AFUDC rate. Since the accounts
22 receivable financing is some of the lowest cost financing utilized by PECO, presumably the Company's
23 failure to reflect such financing anywhere in the ratemaking process, including its failure to reflect it in
24 the AFUDC rate, has caused PECO's AFUDC rates to be overstated for each and every year during which
25 the accounts receivable financing was used. In terms of PECO's present restructuring filing, that means
26 that PECO's additions to generating plant have been overstated, because of the overstated AFUDC rate
27 applied by PECO during construction. Moreover, some of that construction period financing cost
28 overstatement has rolled forward into PECO's current claim for stranded generating plant costs.

1 Consequently, PECO's plant and CWIP balances, particularly those relating to generation, should be
2 reduced in order to remove the overstated amount of AFUDC accumulated by PECO in its plant accounts
3 associated with the Company's failure to reflect accounts receivable financing in its determination of the
4 AFUDC rate.

5
6 Q. Does PECO witness Brennan's recommendation that PECO reflect sales of accounts receivable in the
7 calculation of its AFUDC rates prospectively represent an adequate or fair resolution to this issue?

8 A. No, it does not. PECO's plant and construction work in progress balances are overstated because PECO
9 did not recognize its accounts receivable financing in deriving its AFUDC rates, or anywhere else in the
10 ratemaking process. Thus, only applying a correction to PECO's AFUDC rate prospectively without also
11 correcting the prior period overstatements does not constitute a fair or adequate resolution of this issue. In
12 contrast with Mr. Brennan's proposal, prospective application combined with the correction of PECO's
13 overstated balances from prior years would represent the appropriate resolution.

14
15 Q. Please summarize your position concerning PECO's Accounts Receivable financing.

16 A. My position is that this financing should be reflected in the ratemaking process, and that PECO's failure
17 to reflect it should be unacceptable. If the Commission decides that the AFUDC rate is the appropriate
18 place for recognizing PECO's accounts receivable financing, then PECO's AFUDC accruals made from
19 1990 through the present should be restated, and PECO's plant balance reduced accordingly, in addition
20 to having PECO correct its AFUDC rate prospectively.

21 If the Commission determines that PECO's accounts receivable financing should be reflected for
22 ratemaking purposes outside of the AFUDC rate calculation, then it should either be reflected in the
23 capital structure at the 5.45% weighted average cost rate shown in PECO's response to PAIEUG-V-19, or
24 deducted from rate base with the 5.45% interest cost reflected as an element of the cost of service.

25
26 Reserve Accounts

1 Q. Since the preparation of your direct testimony, has the Company conceded that the portion of its
2 Uncollectible Accounts Reserve that is related to generation should be reflected in the stranded cost
3 calculation?

4 A. Yes. PECO's response to Navy data request 1-19 agrees with this. If a portion of PECO's Uncollectible
5 Accounts Reserve were attributed to generation, PECO's response to Navy 1-19(a) indicates that it agrees
6 that it should be reflected in the stranded cost calculation.

7
8 Q. Did PECO provide a calculation of the portion of its Uncollectible Accounts Reserve that is related to
9 generation?

10 A. No. PECO's response to Navy data request 1-18(b) stated that the Company "does not currently make
11 such a distinction" between uncollectibles that relate to (1) generation and (2) other than generation.
12

13 Q. Have you estimated the amount of PECO's Uncollectible Accounts Reserve that is related to generation?

14 A. Yes. PECO's filing, at Schedule C-4, shows a balance of Uncollectible Accounts Reserve at December 31,
15 1996 of \$126.017 million, and PECO indicates that this is 100% related to its electric operations. In its
16 filing, PECO has allocated costs to generation using a 52.5% factor, which is based upon generation labor.
17 It is more logical, however, that PECO's uncollectibles should be allocated to generation on the basis of
18 revenues. PECO's response to Navy 1-61 indicates that approximately 90% of PECO's uncollectibles
19 relate to residential revenue.

20 PECO Exhibit WRS-10 (filed with witness Sundermeir's rebuttal, PECO St.13-R) provides the
21 Company's break-out of revenues for Rates R and CAP into functional categories. Revenues shown there
22 for Competitive Transition Charge and Electric Generation comprise approximately 56% of the total.
23 (\$385.803 million CTC + \$227.368 million Electric Generation = \$613.171 million revenue for
24 generation; \$613.171 million / \$1,096.984 million total revenue = 56%) Electric Generation and CTC
25 revenue are the categories which relate to PECO's electric generation, and comprise 56% of the total
26 revenue for Rates RL and CAP. Consequently, I have used a 56% allocation of the Uncollectible
27 Accounts Reserve as the portion relating to generation. In doing so, I note that this represents a
28 conservative allocation to PECO's generation function and attempting to further refine the calculation by

1 including other rate classes such as Rate RH (61% generation) and Rate GS (75% generation) would
2 increase the allocation to generation.

3 Based on the above, the portion of PECO's Uncollectible Accounts Reserve related to generation
4 is \$70.569 million. ($\$126.017 \text{ million} \times 56\% = \70.569 million) This amount of generation related
5 Uncollectible Accounts Reserve should be offset against PECO's CTC assets that are earning a return
6 during the CTC period. PECO's claim for stranded generation related costs should be reduced by the
7 \$70.569 million

8
9 Q. Mr. Cohn's rebuttal testimony at page 32 indicates that PECO's reserves for property damage and
10 personal injury claims generally relate to the distribution function. What expense account did PECO
11 charge for its accrual for property damage and personal injury claims?

12 A. PECO's response to OCA-XIII-7 indicates that the Company's accrual of \$1,840,000 is included in 1996
13 expenses in FERC account 925. Account 925 is not a distribution account; it is an administrative and
14 general account. Mr. Cohn's rebuttal on this includes no citation to where in its filing PECO has fully
15 excluded property damage and personal injury damage expense from generation-related expenses. Thus,
16 Mr. Cohn's suggestion that none of this was charged to generation is unsupported and appears to be
17 inconsistent with PECO's accounting for this expense in Account 925.

18
19 Q. Concerning PECO's Workers Compensation Reserve, has Mr. Cohn also maintained in his rebuttal that
20 workers compensation is related to PECO's distribution function?

21 A. No.

22
23 Q. In what account did PECO record its accrual for Workers' Compensation expense?

24 A. The Company's response to OCA-XII-9 indicates that PECO recorded the electric portion of its accrual
25 (94% or \$4,877,566) in 1996 expenses in FERC account 925.

26
27 Q. Do you agree with the conclusions presented by PECO witness Cohn regarding the Company's Workers
28 Compensation Reserve?

1 A. No, I do not. With respect to PECO's Workers Compensation Reserve, Mr. Cohn's analysis is faulty. At
2 page 32 of his rebuttal, Mr. Cohn claims that because workers compensation claims will be paid out as
3 claims are made, this is "basically a difference in timing" which he claims is already reflected in PECO's
4 working capital element. As I explain below, there is no basis for concluding that PECO's workers
5 compensation accruals -- which created the reserve -- have been reflected in working capital. Moreover,
6 the fact that PECO is accruing the expense prior to paying the claims is not a valid reason for failing to
7 reflect the generation-related portion of PECO's workers compensation reserve as an offset to the
8 Company's stranded cost claim. To the contrary, PECO's accrual in a reserve before payment is part of
9 the reason why the generation-related portion of the reserve represents an offset to PECO's claim for
10 stranded costs.

11
12 Q. Please explain why fact that PECO is accruing the expense prior to paying the claims is not a valid reason
13 for failing to reflect the generation-related portion of PECO's workers compensation reserve as an offset
14 to the Company's stranded cost claim.

15 A. This is similar to PECO's recording of deferred income taxes in a liability account to reflect the fact that it
16 records an expense for deferred income taxes prior to the time when it remits the payment of the taxes to
17 the government. The deferred tax liability is recognized for ratemaking purposes as an offset to the
18 utility's rate base. Similarly, the generation-related portion of PECO's workers compensation reserve --
19 which reflects the amount of expense accruals in excess of payment -- should also be reflected as an offset
20 to PECO's generation-related costs.

21
22 Q. Please discuss PECO's accounting for the Workers Compensation Reserve.

23 A. PECO has been recording workers compensation expense on its books prior to making payment of such
24 claims. For example, PECO's Schedule C-4 shows that the Company charged a net amount of \$1.394
25 million of workers compensation expense in 1996. PECO recorded the expense in Account 925. PECO's
26 recorded expenses in 1996 are \$1.394 million greater than they otherwise would be because of its accruals
27 to the Workers Compensation Reserve. As of December 31, 1996, PECO shows a balance of \$11.957
28 million in its Workers Compensation Reserve, which suggests that through that date PECO's charges to

1 expense have exceeded its claim payments by this amount. In the ratemaking process, amounts charged
2 on a utility's books, particularly during a test year, are charged to ratepayers unless a specific adjustment
3 is made to the recorded expenses. Ratepayers are essentially paying PECO's workers compensation
4 expense as it is being recorded on PECO's books. PECO's accounting, which has built up this reserve,
5 records the expense prior to when PECO pays for claims, as evidenced by the \$11.957 million reserve
6 balance existing on PECO's books at December 31, 1996 for workers compensation.

7
8 Q. Please explain why you have concluded that PECO's workers compensation expense accruals are not
9 reflected in the calculation of cash working capital.

10 A. Mr. Cohn provides no evidence that workers compensation was specifically considered in PECO's
11 working capital in the current case or in its last rate case. I was a witness for the OCA in PECO's last
12 rate case, Docket No. R-891364, and sponsored the calculation of the cash working capital allowance in
13 that proceeding. *To the best of my knowledge and recollection there was no explicit consideration or*
14 *recognition of PECO's reserve for workers compensation as a source of cash working capital. Moreover,*
15 *PECO has indicated that its accrual of workers compensation expense commenced subsequent to its last*
16 *rate case, so the additional expenses produced by the Company's accrual process (which have increased*
17 *expenses each year and which PECO projects will continue to increase expenses in the future) could not*
18 *have been considered in the determination of cash working capital in PECO's last rate case.*

19
20 Q. Should PECO's reserve for workers compensation be reflected in the current case?

21 A. Yes. Reflecting the impact of the generation-related portion of PECO's workers compensation reserve in
22 the current proceeding would appropriately recognize this source of funds to PECO, and would reflect this
23 only once, not twice as Mr. Cohn alleges on page 33 of PECO St. 3-R. In contrast, PECO's proposal
24 *improperly results in the generation-related portion of PECO's workers compensation reserve not being*
25 *recognized at all in this proceeding.*

26
27 Q. Please summarize your adjustment for recognizing the generation-related portion of PECO's Workers
28 Compensation Reserve as an offset to its sunk cost claim.

1 A. PECO has charged accruals to its Workers Compensation Reserve to expense, which has increased
2 expenses. A portion of workers compensation costs relates to PECO's generation function. The workers
3 compensation cost is related to PECO's work force, and PECO has used a 52.5% factor for allocating
4 work-force related costs to the generation function. PECO's Schedule C-4 shows that as of December 31,
5 1996, PECO's reserve balance for workers compensation was \$11.957 million, and that 87% of this
6 relates to PECO's electric operations. Using PECO's 87% electric allocation and its 52.5% work-force
7 based generation allocation indicates a \$5.461 million reserve for workers compensation related to
8 generation. ($\$11.957 \text{ million} \times 87\% \times 52.5\% = \$5.461 \text{ million}.$) PECO's claim for stranded generation
9 related costs should be offset by this amount.

10
11 Q. Would this adjustment be larger if PECO's projected December 31, 1998 balance were used?

12 A. Yes, it would. PECO's response to PAIEUG-V-9(c) shows that it projects its workers compensation
13 expense accruals to increase its recorded expenses in 1997 and in 1998 and to produce a total reserve
14 balance of \$12.664 million by December 31, 1998. This December 31, 1998 balance is approximately
15 5.9% greater than PECO's December 31, 1996 balance. Consequently, the offset to PECO's stranded cost
16 claim for the generation-related portion of its workers compensation reserve would also be 5.9% larger if
17 this adjustment were derived using PECO's projected December 31, 1998 balance, rather than using
18 PECO's actual December 31, 1996 balance as I just did above.

19
20 Adjusted Return for "Stranded" Generation-Related Assets

21 Q. Does PECO's rebuttal address the proposal you made in your direct testimony concerning application of
22 the reduced return on equity on stranded generation assets similar to the California PUC's "Preferred
23 Policy Decision"?

24 A. PECO witness Hill's rebuttal (PECO St.1-R), at pages 23-30, addresses certain "sharing" proposals
25 generally; however, there does not appear to be any rebuttal from PECO concerning this specific
26 recommendation. For example, at page 24, Mr. Hill lists "recommendations that shareholders be forced to
27 forego a return on their investment" as something to which his rebuttal responds. However, his rebuttal
28 does not specifically address the reduced return on equity proposal articulated in my direct testimony. At

1 any rate, regardless of Mr. Hill's rebuttal or lack thereof, I continue to recommend that this proposal be
2 adopted. As described in my direct testimony, an adjustment to set the equity return that at 90% of the
3 cost rate for long-term debt would be consistent with the principles of benefits for ratepayers and proper
4 incentives for utilities. Attachment 2 to my direct testimony presented an excerpt from the California
5 PUC's "Preferred Policy Decision," R.94-04-031, explaining the rationale for the reduced return on
6 equity. In its Decision D.96-12-088, on December 20, 1996, the California Commission reaffirmed these
7 findings stating that:

8 After reviewing all the comments on this issue, we are not persuaded that the return on equity set
9 forth in the Preferred Policy Decision needs to be further reduced or increased. We are not
10 convinced that the risks have changed so significantly with the enactment of AB 1890 to warrant
11 any such change. Further, we agree with SDG&E that the 90% of the embedded cost of debt as a
12 reasonable rate of return on equity 'is appropriate.' We continue to believe that it will provide the
13 right incentives for utilities to minimize transition costs, and thus, ratepayers will benefit.
14 (D.96-12-088, mimeo. at 33.)
15

16 In sum, I recommend that PECO's equity return applied to stranded generation costs be set at 90% of the
17 cost rate for long-term debt, which would be consistent with the principles of benefits for ratepayers and
18 proper incentives for utilities.

19 Market Valuation

20
21 Q. PECO witness Hill's rebuttal (PECO St. 1-R), at pages 24-25, continues to advocate that the lowest of
22 PECO's three market valuations be adopted and claims that ratepayers are protected against any
23 underestimation of market price by the rate cap provisions of the Competition Act. Do you agree?

24 A. No. Amounts charged to ratepayers as CTC essentially represent amounts in excess of rates that would
25 prevail under competitive market conditions. The rate cap provision does not protect ratepayers from
26 paying PECO hundreds of millions of dollars in above market prices. Moreover, I continue to view
27 PECO's projected market valuations as uncertain and PECO's use of the lowest market valuation as being
28 contrary to the provisions of the Competition Act. Pennsylvania Consolidated Statutes Section 2808(C)(4)
29 states that the electric utilities have the duty to mitigate generation related transition costs, and includes
30 examples of efforts the utilities may take to mitigate the costs. Included in the examples of utility
31 mitigation efforts is "Maximization of market revenues from existing rate base generation assets."

1 (Section 2808(C)(4)(V)) PECO's attempt to utilized the lowest market valuation obtained goes against
2 the cost mitigation requirements set forth in the Statutes.

3
4 OTHER ISSUES

5 Q. What issues do you discuss in this section of your testimony?

6 A. In this section of my testimony I respond to PECO witness Cohn's rebuttal concerning a depreciation
7 reserve shift and re-emphasize the need for equity in stranded cost recovery.

8
9 Depreciation Reserve Shift

10 Q. At page 30 of rebuttal, Mr. Cohn claims that your basis for opposing PECO's proposed depreciation
11 reserve shift in an assumption that PECO is attempting to shift an "arbitrarily-determined" reserve
12 amount from distribution to generation. Is he correct?

13 A. No. The term "arbitrarily determined" cannot be found in my direct testimony, and originates with Mr.
14 Cohn in his rebuttal. I have pointed out that in Docket No. ER96-2637-001, FERC rejected a similar
15 proposal another utility to shift to transmission and distribution customers the costs of uneconomic
16 generation assets by adjusting its existing book depreciation reserves.

17
18 Q. Does Mr. Cohn's rebuttal claim that FERC approved PECO's proposed depreciation reserve shift?

19 A. No. Mr. Cohn's rebuttal does not attempt to claim that FERC has approved PECO's proposed
20 depreciation reserve shift.

21
22 Q. What aspect of the depreciation reserve shift did FERC find objectionable in Docket No. ER96-2637-001?

23 A. FERC did not object to that utility writing down or writing-off uneconomic assets to help it be more
24 competitive in restructured markets; however, FERC did find objectionable the attempt by the utility to
25 shift the costs of uneconomic nuclear assets into rates within FERC's jurisdiction.

26
27 The Need for Equity in Stranded Cost Recovery

28 Q. Why is there a need for equity in stranded cost charges among ratepayers of different utilities?

1 A. If high cost utilities, such as PECO, are permitted full recovery of their uneconomic costs, this could be
2 unfair to the low-cost, more economic utilities in the state. The "fairness between utilities" objective
3 requires that the low-cost utilities should be permitted to enter the competitive era in electric generation
4 with their existing economic advantage left intact.

5

6 Q. Does that conclude your surrebuttal testimony?

7 A. Yes, it does.

1997 and 1998 Projected Generation Related Capital Expenditures

Line No.	Description	1997	1998
1	Capital Expenditures Reflected in Net Generation Plant and CWIP Calculations in Filing (1)	162,732,000	123,834,000
2	Generation Related Construction Expenditures Based on Project Listing by Station (2)	195,068,000	151,821,000
<u>Breakdown of Line 2 by Station:</u>			
<u>Conemaugh, Cromby & Delaware</u>			
3	Total Projects	3,427,000	2,427,000
4	Projects Which Improve Efficiency or Extend Life	3,427,000	2,427,000
5	% of Projects Which Improve Effic. or Extend Life	100.00%	100.00%
<u>PGG</u>			
6	Total Projects	64,529,000	49,441,000
7	Projects Which Improve Efficiency or Extend Life	9,398,000	3,240,000
8	% of Projects Which Improve Effic. or Extend Life	14.56%	6.55%
<u>Eddystone</u>			
9	Total Projects	3,085,000	3,025,000
10	Projects Which Improve Efficiency or Extend Life	3,085,000	3,025,000
11	% of Projects Which Improve Effic. or Extend Life	100.00%	100.00%
<u>Keystone</u>			
12	Total Projects	2,792,000	2,792,000
13	Projects Which Improve Efficiency or Extend Life	1,535,600	1,535,600
14	% of Projects Which Improve Effic. or Extend Life	55.00%	55.00%
<u>Muddy Run</u>			
15	Total Projects	20,545,000	11,958,000
16	Projects Which Improve Efficiency or Extend Life	17,100,000	10,900,000
17	% of Projects Which Improve Effic. or Extend Life	83.23%	91.15%
<u>SPCO</u>			
18	Total Projects	11,095,000	4,174,000
19	Projects Which Improve Efficiency or Extend Life	9,125,000	2,230,000
20	% of Projects Which Improve Effic. or Extend Life	82.24%	53.43%
<u>Limerick</u>			
21	Total Projects	30,557,000	46,596,000
22	Projects Which Improve Efficiency or Extend Life and are Necessary to Maintain Plant	14,341,000	14,457,000
23	% of Projects Which Improve Effic. or Extend Life	46.93%	31.03%
<u>Salem</u>			
24	Total Projects	43,215,000	17,573,000
25	Projects Which Improve Efficiency or Extend Life	42,161,000	17,316,000
26	% of Projects Which Improve Effic. or Extend Life	97.56%	98.54%
<u>PBAPS</u>			
27	Total Projects	14,829,000	12,978,000
28	Projects Which Improve Efficiency or Extend Life	14,829,000	12,978,000
29	% of Projects Which Improve Effic. or Extend Life	100.00%	100.00%
30	<u>PECO Nuclear (Improvement or Extension not Identified by Co.)</u>	994,000	857,000
31	Total Projects	195,068,000	151,821,000
32	Total Projects, Excluding PECO Nuclear	194,074,000	150,964,000
33	Total Projects Which Improve Efficiency and/or Extend Life and/or are Not Necessary to Maintain Plant	115,001,600	68,108,600
34	% of Projects Which Improve Efficiency and/or Extend Life	59.26%	45.12%
35	% of Projects Which Do Not Improve Efficiency / Extend Life	40.74%	54.88%

Notes/Source:

(1) Amount from Company Exhibit ABC-1, Schedule 2, page 2.

(2) Amount calculated from Company response to PAIEUG-IV-2, Attachment PAIEUG-IV-2(b).

Lines 3 through 31 calculated from the response to PAIEUG-IV-2, Attachment PAIEUG-IV-2(b) and the response to Navy - 1 - 8 and Navy - 1 - 8 Supplement.

Navy - 1 - 8 Question:

Refer to the response to PAIEUG-IV-2, specifically, Attachment PAIEUG-IV-2(b). Identify which projects will extend the useful life of the plant.

Navy - 1 - 8 Answer:

Attachment Navy-I-8(a) provides the requested data for Limerick and all of PECO's fossil and hydro units. Peach Bottom and Salem will be provided as soon as available. Note that projects that extend the useful life are not part of life extension programs but in most cases are projects necessary for a plant to operate to the end of its current life.

Responsible Witness: J. Doering

GENERATION CAPITAL EXPENDITURES PROJECTED 1997 AND 1998

<u>Station</u>	<u>Project Description</u>	<u>EX*</u>	<u>EFF**</u>	<u>1997</u>	<u>1998</u>
Conemaugh	Conemaugh 1997 Budget	91%	15%	1,927,000	1,927,000
Cromby	Station Capital	X	X	500,000	500,000
Delaware	Delaware Common Air Heater Replacement	X	X	1,000,000	0
PGG	GE Stack Replacement	X	X	6,000,000	3,000,000
	GE Turbine Rotor Upgrade			400,000	400,000
	GE IGV Upgrade			300,000	300,000
	Rich #4 Exciter Rewinds - Motor/Generator			75,000	200,000
	Rich #3 Pole Piece Replacement			145,000	0
	Rich #4 Primary Cable Replacement	X		275,000	0
	Rich #4 Motor Primary Cable Replacement	X		254,000	0
	Rich #4 Cooling System			100,000	0
	Rich #3/#4 AVR Replacement	X		250,000	0
	Rich Replace Aux Power	X		859,100	0
	Rich-Refurbish/Rplce River Water System	X		900,000	0
	Rich Rplce Drop Sig Sys	X		80,000	0
	DGS Minor, Misc Additions/Improvements			380,000	345,000
	P&W Replace Engine Parts			60,000	60,000
	P&W Replace Sequencers	X		300,000	240,000
	P&W Install SCADA Equipment			100,000	160,000
	Lamokin #4/5/6 AVR Replacement	X		330,000	0
	Lam Rplce Drop Sig Sys	X		150,000	0
	Rich #3 Cooling System/Cooler Rprs			0	100,000
	Rich #3 Exciter Rewinds			0	75,000
	Passport Project			1,539,000	426,000
	General Projects			51,132,074	41,735,000
	Back-up Generation			400,000	2,000,000
Tools & Test Equip. Project			200,000	400,000	
Eddystone	Replace Reheat Burner Controls	X	X	100,000	0
	Condenser Inserts Unit #1	X	X	276,000	0
	Replace Expansion Joints	X	X	100,000	0
	Replace Sample Analyzer		X	140,800	0
	Oil Safety Shut-Off Valves, Units 3 & 4		X	150,000	0
	Replace Cummunicators, Units 3 & 4		X	172,000	0
	Install Oil Purifiers, Units 1 & 2		X	160,000	0
	Replace Modicons 584's, Unit 1 & 2		X	180,000	0
	Misc. Additions, Replacements, Improv.	X	X	1,022,000	3,025,000
	Replace Boiler Feed Pump Impellers	X	X	17,000	0
	Replace Coal Dumper Rotary Barrell	X	X	729,000	0
BFPT Woodward Governor Replacement		X	19,000	0	
BFPT Woodward Governor Replacement		X	19,000	0	
Keystone	Keystone 1997 Budget	45%	10%	2,792,000	2,792,000

GENERATION CAPITAL EXPENDITURES PROJECTED 1997 AND 1998

<u>Station</u>	<u>Project Description</u>	<u>EX*</u>	<u>EFF**</u>	<u>1997</u>	<u>1998</u>
Muddy Run	MR #3 & #4 Overhaul	x	x	1,900,000	5,900,000
	MR #1 & #2 Overhaul	x	x	5,000,000	2,000,000
	MR #7 & #8 Overhaul	x	x	6,100,000	0
	MR Capital Maint. Fund			312,000	200,000
	MR Gen. Leads			1,000,000	200,000
	MR Gen. Relaying			154,000	75,000
	MR Mag. Relays & Static Exciter Pool			840,000	400,000
	MR Rotor Scanners			1,139,000	183,000
	MR #8 Stator	x		1,200,000	0
	MR #5 & #6 Overhaul	x	x	2,900,000	0
	MR Starting System		x	0	50,000
	MR Starting System		x	0	2,950,000
	SPCO	Cono Statis Exciter & Gov. Pool	x		1,000,000
Cono Spare Circuit Breaker				72,500	0-
Cono #10 Transformer Circuit Breaker		x		72,500	0
Cono #9 Circuit Breaker Replacement		x		72,500	0
Cono #11 Circuit Breaker Replacement		x		72,500	0
Cono #2 Unit Transformer Replacement		x		1,658,000	0
Cono Capital Maint. Pool				2,415,000	1,850,000
Cono Rotor Scanners Units 8-11				483,000	94,000
Cono #10 Unit Rehabilitation		x	x	415,000	0
Cono #11 Unit Rehabilitation		x	x	1,572,000	0
Cono #9 Unit Rehabilitation		x	x	3,262,000	0
Cono #1 Unit Transformer Placement 1998		x		0	1,600,000
Cono #8 Circuit Breaker Replacement		x		0	80,000

* Extension

** Efficient

GENERATION CAPITAL EXPENDITURES
PROJECTED 1997 AND 1998

6/13/97

LIMERICK

			MAINTAIN & RUN PLANT	IMPROVE EFFICIENCY	EXTEND LIFE
		DESCRIPTION			
		Information Technology St			
		Turbine Bldg Roof	X		X
		Misc. Facilities Pro. 1997		X	
		Site Road Paving	X		X
1,333	145	Unit 1 Cycle Mods	X		
1,333	144	Unit 2 Cycle Mods	X		
400	1,500	Snubber Reduction	X		
		Refuel Platform Up		X	
		Chemistry Instruments	X		X
		I&C Upgrades	X		X
		Rad Monitor Upgrade	X		X
		On-Site Sewage			
		Off-Site Sewage			
804	2,333	ECCS Sup Pool	X		
		Cooling Tower Fill	X		X
		Recorders Delete		X	
		Permanent Platform	X		X
		Hydrogen Water	X		X
		Hydrogen Water	X		X
		Hydrogen Water	X		X
		New Air Backwash			
180	139	New Air Backwash			
		Thermolag	X		
		Cool Tower Fill	X		X
		Repl Extraction			
		Digital EHC		X	
		Drywell Outage		X	
		RWCU Dump Valve	X		X
10,286	26,678	Turbine Rotors	X		
		Digital Fd Wtr Vib	X		X
		Inst Canned Rotor		X	
300		Shield for Hydrogen	X		
		Modify MSIV Design	X	X	
		MSIV Repl Stems	X	X	
		RFPT Control Upgr	X	X	
		RFPT Control Upgr	X	X	
		MSRV Improv Strat	X	X	
		Tiger Team RX/TB		X	
1,550	1,000	LGS Misc Capital Rplc	X		
580		Circ Wtr Expansion	X		
		Non-Mod Projects - Common			
		Tools & Lab Equipment			
		NED Support of Station Projects			
		Benefits & Overheads			
		Benefits & Overheads			
		Insr Air/Instr Gas			
	700	Suppression Pool	X		

GENERATION CAPITAL EXPENDITURES
PROJECTED 1997 AND 1998

6/13/97

LIMERICK

DESCRIPTION	MAINTAIN & RUN PLANT	IMPROVE EFFICIENCY	EXTEND LIFE
Diesel Diagnostics			
Spent Fuel Pool			
Sidetec On-Line Co			
Sidetec On-Line Co			
On-Line Thermal Fatigue			
On-Line Thermal Fatigue			
Rplc RFPT Lube Oil			
Permanent Drywell			
		<u>1997</u>	<u>1998</u>
Necessary to maintain & run plant (Does not extend life or improve efficiency)		16,216,000	32,139,000
Total Limerick		30,557,000	46,596

Interrogatory Navy - 1 - 8 Supplemental

Navy - 1 - 8 Question:

Refer to the response to PAIEUG-IV-2, specifically, Attachment PAIEUG-IV-2(b). Identify which projects will extend the useful life of the plant.

Navy - 1 - 8 Answer Supplemental:

Refer to Attachment Navy-I-8(a) Supplemental.

Responsible Witness: J. Doering

GENERATION CAPITAL EXPENDITURES
PROJECTED 1997 AND 1998

Supplemental

Station	Project Description	1997	1998
SALEM	Tests, Instr., Misc. E	250,000	23,000
	2 { Minor Adds, Repl.	15,000	2,000
	2 { Minor Adds, Repl.	14,000	1,000
	Minor Adds, Repl.	30,000	2,000
	Salem Pot	117,000	11,000
	Tests, Instr., Misc. E	17,000	0
2 -	Minor Adds, Repl.	60,000	0
	Tests, Instr., Misc. E	36,000	3,000
2 -	Minor Adds, Repl.	95,000	5,000
	Upgrade Salem Sim.	64,000	21,000
1 -	Salem TSC Upgrade	64,000	0
	Off Sys. Annual 1997	36,000	0
	Off Sys. Annual	80,000	0
	Off Sys. Annual	14,000	0
	Network Annual 1997	80,000	6,000
1 {	Network Annual 1997	434,000	39,000
	Network Annual 1997	84,000	0
	Budget Allocation	0	223,000
	Oil Water Separat.	1,000	0
1 {	Digital Fdwtr. Cntr.	135,000	0
	Digital Fdwtr. Cntr.	75,000	0
	RMS Upgrades-UNI	0	1,556,000
	Circ. Water Sys. Mo.	3,000	0
	Misc. Struct. Install.	108,000	0
	EEP-Cwts. Basket	98,000	0
	EEP-Cwts. Bskt. Re.	13,000	1,000
	EEP-Cwts. Basket	19,000	0
	Repl. R41 Rad. Monit.	243,000	0
	Repl. R41 Rad. Monit.	11,000	0
	EEP-Maurice River	2,175,000	428,000
	EEP-Commercial	4,715,000	911,000
	Waste Gas Sys. Ana.	11,000	0
	Switchgear Penet	6,000	0
1 {	Replace VS5/VS6 VA	1,000	16,000
	Various Instrum.	76,000	0
	Repl. Doric Comput.	0	437,000
	Repl. Doric Comput.	0	264,000
	Turb. Lube Oil Upgr.	272,000	0
	Turb. Lube Oil Upgr.	1,000	0
	Imprv. Stream Gen. Re.	2,000	0
	Stm. Gen. Feed Pump	11,000	0
	Stm. Gen. Feed Pump	13,000	0
	Fuel Handling Upgr.	3,000	0
	Fuel Handling Upgr.	1,000	0
	Replace P250 Comp.	736,000	0
	House Heating Boil	1,000	0
	Feedwater Flow M	50,000	0
2 -	Repl. 11C Feedwater	103,000	0
	Voltage Regulator	232,000	0
1 {	Replace AEH Power	19,000	0
	Overhead Annuniator	158,000	1,278,000

PROJECTED 1997 AND 1998

Station	Project Description	1997	1998
SALEM	Overhead Annunator Replacement	74,000	1,475,000
	Steam Generator-Si Preparation	2,679,000	0
	Steam Generator-Remove & Replace	4,218,000	0
	Steam Generator-Disposal	8,731,000	0
	Steam Generator-Licensing	1,052,000	0
	Steam Generator-Costs	2,257,000	0
	Small Bore Piping	110,000	0
	Small Bore Piping	0	1,024,000
	RMS Upgrades-UNI	24,000	1,038,000
1	RMS Upgrades-UNI	0	1,168,000
1	Service Water Hand.	0	57,000
	Upgrd. HD Piping, HG	76,000	0
	Replace FW HTR/MS	200,000	0
	Insulate Fain Coil Pipe	143,000	0
1	Replace DG SW CO	40,000	0
1	Replace Six Feedwater	0	19,000
	Replace SGFP Recir.	203,000	0
2	Hagan Controls R&	1,863,000	167,000
2	Hagan Controls R&	275,000	258,000
1	Minor Restart Pro.	-655,000	0
2	New Air Dryers Wit.	34,000	0
1	Vent Fan Mtr. (1EO-2)	133,000	0
	Replace Alt. Shuld.	84,000	0
2	Service Water Pump	256,000	0
	Repl. (2) 230V Bkrs.	20,000	0
	Cond. Cont'l Sys. (1E)	221,000	4,000
1	Cond. Cont'l Sys. (2E)	13,000	0
	Replace Steam Tra.	275,000	0
	Replace Steam Tra.	20,000	0
2	RCP Oil Collection	266,000	0
	Cntrl. Room Emerg.	378,000	0
	Add RN16 Radiation	552,000	0
	Add RN16 Radiation	2,000	0
1	SU1 Lightning Mast.	10,000	0
	SU2 Lightning Mast.	8,000	0
	Fiber Optic Cable	0	368,000
	Cntrl. Rm. Chill Wtr.	4,000	0
	4160 Vac. Breakers	113,000	0
	4160 Vac. Breakers	281,000	0
2	SW Pmp. Strainer Bk.	166,000	0
	4160 Vac. Breakers	189,000	0
1	Trg. Mgmt. Mini. Info.	0	259,000
1	Permit Renewal	2,463,000	2,136,000
	Starting Air/Turbo	278,000	0
	Starting Air/Turbo	2,000	0
2	MSR Drain Lines, Uni.	226,000	0
	MTLO Demisters/Ev.	1,000	0
	Repl. Turb. Trip Blo.	15,000	0
1	Repl. Turb Trip Blk.	5,000	0
	Repl. Main Turb. Limi.	69,000	0
	Transmitter Base Le.	161,000	0

<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
<i>SALEM</i>			
1	CCP Tube Change	11,000	0
	Isolation Transfer	316,000	0
1	Replace P250 Comp.	204,000	0
	Rept. Low Press Ms.	64,000	0
2	DMS-A1	8,000	0
	S/W Lg. Bore Pipe. Au.	5,000	0
1	Condensate Xfer. P.	0	126,000
	Condensate Xfer. P.	0	318,000
2	Replace Fdwtr. Heater	0	2,559,000
	HVAC Aux. Bldg. Upg.	1,000	0
2	HVAC Aux. Bldg. Upg.	1,000	0
	EEP-Fish Ladders	456,000	183,000
1	EEP-Sound Deter.	73,000	94,000
	SU2 Turb. Rotor Re.	172,000	0
2	Repl. L/B Hdr. Pipe In.	6,000	0
	Small Bore Piping 1	64,000	0
1	EEP-Phragmites	797,000	498,000
	EEP-Alloways	1,070,000	412,000
1	EEP-Cohannsey	356,000	137,000
	EEP-Upland Buffe.	-17,000	0
1	EEP-Bayside Tract	188,000	70,000
	Replace Serv. Wtr.	23,000	0
2	Replace Serv. Wtr.	23,000	0
	Scrwash Pumps	9,000	18,000
1	Repl. Sw. L/B Hdr. Pip.	5,000	0
	Fdwtr. Flow Meas.	1,000	0
1	Security CCVT Sys.	4,000	0
	Battery Charger	146,000	0
1	1EC3360 Control	47,000	0
	RMS Upgrades-UNI	0	208,000

* END OF LIST

PROJECTED 1997 AND 1998

<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
Salem	2 { RCP Leakoff Flow-R	71,000	0
	RCP Seal Inj. Flow-T	30,000	0
	Rotometer Trans.	85,000	0
	Rotometer Trans.	60,000	24,000
	Replace 12SW76(1EC)	94,000	0
	1 { SW308/311 Set pt(1E)	66,000	0
	CFCU's (1EE-0161)	65,000	0
	HD9 Valve Replace	77,000	0
	O'Pressure Prote	102,000	0
	MMIS-Cond. & Fdwt.	69,000	0
	2 - Cond. Pmp. Seal Wat.	13,000	0
	1 { Woodward Actual	105,000	0
	Relief Vlv. on Cond.	7,000	0
	O'Pressure Protec.	21,000	0

CONTINUED....

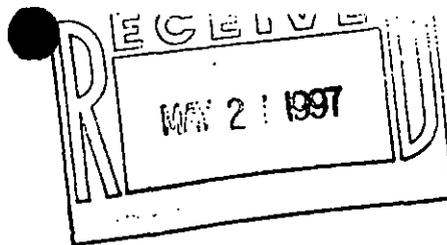
NOTE:

1 = PROJECTS THAT WILL EXTEND USEFUL LIFE OF PLANT
 2 = PROJECTS THAT IMPROVE EFFICIENCY

GENERATION CAPITAL EXPENDITURES PROJECTED 1997 AND 1998

I = IMPROVE
 E = EXTEND
 B = BOTH
 N/A = Not Applicable

Station	Project Description	1997	1998
PBAPS	I Site Master Plan	154,000	0
	B Station Non-MOD - ALL 3	3,620,000	2,571,000
	I Lightning Protection for DC Circuit	98,000	0
	E Spent Fuel Storage (ISFSI)	1,069,000	2,086,000
	B Permanent Equipment Vibr.	40,000	0
	E Access Hole Cover	0	927,000
	B Thermo-Lag	256,000	255,000
	I Future Service Platforms	325,000	324,000
	E Misc. RPV Internals	0	255,000
	B Repl. Recirc. Mg. Sets W/ASD's	2,061,000	1,150,000
	B Replace RFPT MCUs	306,000	64,000
	B GE-NUMAC Neutron Monitoring	1,407,000	883,000
	E ECCS Suction Strainer Blockage Issue	511,000	679,000
	B Drywell Chillers Upgrade	174,000	173,000
	E RPV Core Shroud Stabilizer	0	724,000
	E RPV Shroud Access Cover	0	504,000
	B Cond. Demin. Controls	651,000	185,000
	I HPCI Steam Line Upgrade	188,000	0
	I Intake Water System Upgrade	383,000	181,000
	B Small MOD Projects	954,000	163,000
<hr/>			
BUDGET HOLDER	Future Projects/Future Engineering	1,681,000	0
	B Misc. Projects with <\$500K to go - ALL 3	50,000	0
	E Core Spray T-Box Clamp	118,000	461,000
N/A	Remove Obsolete Equipment @ Sample	41,000	0
	B Condensate Demin. System Upgrade	281,000	0
	E Repair Core Spray Downcomer	0	324,000
	I Information Technology	465,000	695,000



Attachment 6
(8 pages)

Interrogatory PAIEUG-IV-2

PAIEUG-IV-2 Question:

- a. Refer to page 7, lines 15-22, of Mr. Cohn's testimony. Please provide a listing and brief description of all CWIP projects at 12/31/96. Segregate the projects between betterments and replacements.
- b. Please provide a listing and brief description of all construction expenditures by project and by month for 1997 and 1998. Segregate the projects between betterments and replacements.
- c. Please provide a listing of all CWIP projects and dollars closed to plant in service projected by month for 1997 and 1998. Segregate the projects between betterments and replacements.
- d. Please describe in detail the process that PECO employed to project construction expenditures including the decision criteria utilized for review and approval of the projects.
- e. Please describe in detail the process that PECO employed to project CWIP closings to plant in service.
- f. Please describe in detail the process that PECO employed to minimize its construction expenditures during the 1997 and 1998 time periods.
- g. Please describe in detail the process that PECO employed to minimize its construction expenditures beyond 1998.
- h. Please provide copies of the Company's accounting procedures that describe categories of construction expenditures including betterments and replacements.

PAIEUG-IV-2 Answer:

- a. Pages 216 to 216.3 of PECO Energy Company's 21996 FERC Form 1 gives a brief description and dollar amount of projects in excess of \$750,000. Currently the Company does not use betterment accounting.
Attachment PAIEUG-IV-2(a) provides a listing with descriptions and estimated budgeted costs for projects in excess of \$500,000 and in-service date in 1997 or 1998.
- b. As the filing projects generation assets into 1997 and 1998, we have assumed that the interrogatory was referring to construction expenditures related to only generation assets. As such we are providing, Attachment PAIEUG-IV-2 (b) which is a listing of construction expenditures for generation by year.
- c. Attachment PAIEUG-IV-2 (a) provides a listing with descriptions and estimated budgeted costs for projects in excess of \$500,000 and in-service date in 1997 or 1998.
- e. Estimated closings of CWIP to plant in service used in the filing were developed using the budgeted 1997 and 1998 capital expenditures adjusted for any significant projects for which in service dates were known. All other in service dates were assumed to be in the year expenditures were made.
- f. Based on the requirements of the Federal Energy Regulatory Commission, the Company records construction expenditures, retirements and replacements based on defined levels of retirement units. The Company has separate retirement units for nuclear and fossil production.

Responsible Witness: A. B. Cohn

GENERATION CAPITAL EXPENDITURES PROJECTED 1997 AND 1998

<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
Conemaugh	Conemaugh 1997 Budget	1,927,000	1,927,000
Cromby	Station Capital	500,000	500,000
Delaware	Delaware Common Air Heater Replacement	1,000,000	0
PGG	GE Stack Replacement	6,000,000	3,000,000
	GE Turbine Rotor Upgrade	400,000	400,000
	GE IGV Upgrade	300,000	300,000
	Rich #4 Exciter Rewinds - Motor/Generator	75,000	200,000
	Rich #3 Pole Piece Replacement	145,000	0
	Rich #4 Primary Cable Replacement	275,000	0
	Rich #4 Motor Primary Cable Replacement	254,000	0
	Rich #4 Cooling System	100,000	0
	Rich #3/#4 AVR Replacement	250,000	0
	Rich Replace Aux Power	859,100	0
	Rich-Refurbish/Rplce River Water System	900,000	0
	Rich Rplce Drop Sig Sys	80,000	0
	DGS Minor, Misc Additions/Improvements	380,000	345,000
	P&W Replace Engine Parts	60,000	60,000
	P&W Replace Sequencers	300,000	240,000
	P&W Install SCADA Equipment	100,000	160,000
	Lamokin #4/5/6 AVR Replacement	330,000	0
	Lam Rplce Drop Sig Sys	150,000	0
	Rich #3 Cooling System/Cooler Rprs	0	100,000
	Rich #3 Exciter Rewinds	0	75,000
	Passport Project	1,539,000	426,000
	General Projects	51,132,074	41,735,000
	Back-up Generation	400,000	2,000,000
Tools & Test Equip. Project	200,000	400,000	
		<u>67,956,000</u>	<u>51,868</u>
Eddystone	Replace Reheat Burner Controls	100,000	0
	Condenser Inserts Unit #1	276,000	0
	Replace Expansion Joints	100,000	0
	Replace Sample Analyzer	140,800	0
	Oil Safety Shut-Off Valves, Units 3 & 4	150,000	0
	Replace Cummunicators, Units 3 & 4	172,000	0
	Install Oil Purifiers, Units 1 & 2	160,000	0
	Replace Modicons 584's, Unit 1 & 2	180,000	0
	Misc. Additions, Replacements, Improv.	1,022,000	3,025,000
	Replace Boiler Feed Pump Impellers	17,000	0
	Replace Coal Dumper Rotary Barrell	729,000	0
	BFTP Woodward Governor Replacement	19,000	0
BFTP Woodward Governor Replacement	19,000	0	
		<u>3,085,000</u>	
Keystone	Keystone 1997 Budget	2,792,000	2,792,000

GENERATION CAPITAL EXPENDITURES PROJECTED 1997 AND 1998

<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
Muddy Run	MR #3 & #4 Overhaul	1,900,000	5,900,000
	MR #1 & #2 Overhaul	5,000,000	2,000,000
	MR #7 & #8 Overhaul	6,100,000	0
	MR Capital Maint. Fund	312,000	200,000
	MR Gen. Leads	1,000,000	200,000
	MR Gen. Relaying	154,000	75,000
	MR Mag. Relays & Static Exciter Pool	840,000	400,000
	MR Rotor Scanners	1,139,000	183,000
	MR #8 Stator	1,200,000	0
	MR #5 & #6 Overhaul	2,900,000	0
	MR Starting System	0	50,000
	MR Starting System	0	2,950,000
		<u>20,545</u>	<u>11,958</u>
SPCO	Cono Statis Exciter & Gov. Pool	1,000,000	550,000
	Cono Spare Circuit Breaker	72,500	0
	Cono #10 Transformer Circuit Breaker	72,500	0
	Cono #9 Circuit Breaker Replacement	72,500	0
	Cono #11 Circuit Breaker Replacement	72,500	0
	Cono #2 Unit Transformer Replacement	1,658,000	0
	Cono Capital Maint. Pool	2,415,000	1,850,000
	Cono Rotor Scanners Units 8-11	483,000	94,000
	Cono #10 Unit Rehabilitation	415,000	0
	Cono #11 Unit Rehabilitation	1,572,000	0
	Cono #9 Unit Rehabilitation	3,262,000	0
	Cono #1 Unit Transformer Placement 1998	0	1,600,000
Cono #8 Circuit Breaker Replacement	0	80,000	
		<u>11,045</u>	<u>4,174</u>
Limerick	Information Technology St.	1,000,000	1,500,000
	Turbine Bldg Roof	500,000	500,000
	Misc Facilities Proj. 1997	400,000	400,000
	Site Road Paving	250,000	0
	Unit 1 Cycle MODS	1,333,000	145,000
	Unit 2 Cycle MODS	1,333,000	144,000
	Snubber Reduction	400,000	1,000,000
	Refuel Platform Up	100,000	500,000
	Chemistry Instruments	100,000	100,000
	I&C Upgrades	200,000	100,000
	RAD Monitor Upgrade	200,000	200,000
	On-Site Sewage	1,000,000	0
	Off-Site Sewage	400,000	0
	ECCS Sup. Pool	804,000	2,333,000
	Cooling Tower Fill	790,000	500,000
	Recorders Delete	11,000	0
	Permanent Platform	100,000	200,000
	Hydrogen Water	148,000	0
	Hydrogen Water	187,000	0
	Hydrogen Water	55,000	0
	New Air Backwash	100,000	0
	New Air Backwash	100,000	0
	Thermolag	180,000	139,000
Cooling Tower Fill	750,000	0	
		<u>10,441</u>	<u>7,761</u>

GENERATION CAPITAL EXPENDITURES PROJECTED 1997 AND 1998

<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
	Repl. Extraction	156,000	0
	Digital EHC	100,000	500,000
	Drywell Outage	173,000	0
	RWCU Dump Valve	37,000	0
	Turbine Rotors	10,268,000	26,678,000
	Digital Fd Wtr Vib	100,000	300,000
	Inst. Canned Rotor	100,000	300,000
	Shldng for Hydrogen	300,000	0
	Modify MSIV Desig.	70,000	1,881,000
	MSIV Repl. Stems	1,730,000	0
	Rfpt. Control Upgr.	140,000	140,000
	Rfpt. Control Upgr.	280,000	484,000
	MSRV Improv. Strat.	100,000	0
	Tiger Team RX/TB	100,000	0
	LGS Misc. Capital Rplc. #933	1,000,000	1,000,000
	Circ. Wtr. Expansion	580,000	0
	Non-MOD Projects - Common	1,000,000	250,000
	Tools & Lab Equipment	1,000,000	250,000
	Need Support of Station PR	5,000	3,000
	Benefits & Overheads	2,877,000	4,099,000
	Benefits & Overheads	0	0
	Instr Air/Instr GA	0	100,000
	Suppression Pool	0	700,000
	Diesel Diagnostics	0	500,000
	Spent Fuel Pool	0	1,000,000
	Sidetec On-Line Co.	0	100,000
	Sidetec On-Line Co.	0	100,000
	On-Line Thermal FA	0	50,000
	On-Line Thermal FA	0	200,000
	Repl RFPT Lube Oil	0	100,000
	Permanent Drywell	0	100,000
		<u>20,116</u>	<u>38,835</u>
PECO Nuclear	Facilities	15,000	0
	Tools	480,000	480,000
	Lab Equipment	300,000	200,000
	Merrill Creek	<u>199,000</u>	<u>177,000</u>
		994	857
Salem	RCP Leakoff Flow-R	-71,000	0
	RCP Seal Inj. Flow-T	30,000	0
	Rotometer Trans.	85,000	0
	Rotometer Trans.	60,000	24,000
	Replace 12SW76(1EC)	94,000	0
	SW308/311 Set pt(1E)	66,000	0
	CFCU's (1EE-0161)	65,000	0
	HD9 Valve Replace	77,000	0
	O'Pressure Prote	102,000	0
	MMIS-Cond. & Fdw.	69,000	0
	Cond. Pmp. Seal Wat.	13,000	0
	Woodward Actual	105,000	0
	Relief Viv. on Cond.	7,000	0
	O'Pressure Protec.	21,000	0
		<u>865</u>	<u>24,716</u>

GENERATION CAPITAL EXPENDITURES PROJECTED 1997 AND 1998

<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
	Tools, Instr., ME-19	250,000	23,000
	Minor Adds, Repl.	15,000	2,000
	Minor Adds, Repl.	14,000	1,000
	Minor Adds, Repl.	30,000	2,000
	Salem Pot	117,000	11,000
	Tools, Instr., Misc. E	17,000	0
	Minor Adds, Repl.	60,000	0
	Tools, Instr. Misc. E	36,000	3,000
	Minor Adds, Repl.	95,000	5,000
	Upgrade Salem Sim.	64,000	21,000
	Salem TSC Upgrade	64,000	0
	Off Sys. Annual-1997	36,000	0
	Off Sys. Annual	80,000	0
	Off Sys. Annual	14,000	0
	Network Annual 1997	80,000	6,000
	Network Annual 1997	434,000	39,000
	Network Annual 1997	84,000	0
	Budget Allocation	0	223,000
	Oil Water Separat.	1,000	0
	Digital Fdwtr. Cntr.	135,000	0
	Digital Fdwtr. Cntr.	75,000	0
	RMS Upgrades-UNI	0	1,556,000
	Circ. Water Sys. Mo.	3,000	0
	Misc. Struct. Install.	108,000	0
	EEP-Cwts. Basket	98,000	0
	EEP-Cwts. Bskt. Re.	13,000	1,000
	EEP-Cwts. Basket	19,000	0
	Repl. R41 Rad. Monit.	243,000	0
	Repl. R41 Rad. Monit.	11,000	0
	EEP-Maurice River	2,175,000	428,000
	EEP-Commercial	4,715,000	911,000
	Waste Gas Sys. Ana.	11,000	0
	Switchgear Penet	6,000	0
	Replace VS5/VS6 VA	1,000	16,000
	Various Instrum.	76,000	0
	Repl. Doric Comput.	0	437,000
	Repl. Doric Comput.	0	264,000
	Turb. Lube Oil Upgr.	272,000	0
	Turb. Lube Oil Upgr.	1,000	0
	Imprv. Stream Gen. Re.	2,000	0
	Stm. Gen. Feed Pump	11,000	0
	Stm. Gen. Feed Pump	13,000	0
	Fuel Handling Upgr.	3,000	0
	Fuel Handling Upgr.	1,000	0
	Replace P250 Comp.	736,000	0
	House Heating Boil	1,000	0
	Feedwater Flow M	50,000	0
	Repl. 11C Feedwater	103,000	0
	Voltage Regulator	232,000	0
	Replace AEH Power	19,000	0
	Overhead Annuniator	158,000	1,278,000

GENERATION CAPITAL EXPENDITURES PROJECTED 1997 AND 1998

<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
	Overhead Annuniator Replacement	74,000	1,475,000
	Steam Generator-Si Preparation	2,679,000	0
	Steam Generator-Remove & Replace	4,218,000	0
	Steam Generator-Disposal	8,731,000	0
	Steam Generator-Licensing	1,052,000	0
	Steam Generator-Costs	2,257,000	0
	Small Bore Piping	110,000	0
	Small Bore Piping	0	1,024,000
	RMS Upgrades-UNI	24,000	1,038,000
	RMS Upgrades-UNI	0	1,168,000
	Service Water Hand.	0	57,000
	Upgrd. HD Piping, HG	76,000	0
	Replace FW HTR/MS	200,000	0
	Insul. Fain Coil Pipe	143,000	0
	Replace DG SW CO	40,000	0
	Replace Six Feedwater	0	19,000
	Replace SGFP Recir.	203,000	0
	Hagan Controls R&	1,863,000	167,000
	Hagan Controls R&	275,000	258,000
	Minor Restart Pro.	-655,000	0
	New Air Dryers Wit.	34,000	0
	Vent Fan Mtr. (1EO-2)	133,000	0
	Replace Alt. Shutd.	84,000	0
	Service Water Pump	256,000	0
	Repl. (2) 230V Bkrs.	20,000	0
	Cond. Cont'l Sys. (1E)	221,000	4,000
	Cond. Cont'l Sys. (2E)	13,000	0
	Replace Steam Tra.	275,000	0
	Replace Steam Tra.	20,000	0
	RCP Oil Collection	266,000	0
	Cntrl. Room Emerg.	378,000	0
	Add RN16 Radiation	552,000	0
	Add RN16 Radiation	2,000	0
	SU1 Lightning Mast.	10,000	0
	SU2 Lightning Mast.	8,000	0
	Fiber Optic Cable	0	368,000
	Cntrl. Rm. Chill Wtr.	4,000	0
	4160 Vac. Breakers	113,000	0
	4160 Vac. Breakers	281,000	0
	SW Pmp. Strainer Bk.	166,000	0
	Hand Geometry	189,000	0
	Trg. Mgmt. Mini. Info.	0	259,000
	Permit Renewal	2,463,000	2,136,000
	Starting Air/Turbo	278,000	0
	Starting Air/Turbo	2,000	0
	MSR Drain Lines, Uni.	226,000	0
	MTLO Demisters/Ev.	1,000	0
	Repl. Turb. Trip Blo.	15,000	0
	Repl. Turb Trip Blk.	5,000	0
	Repl. Main Turb. Limi.	69,000	0
	Transmitter Base Le.	161,000	0

**GENERATION CAPITAL EXPENDITURES
PROJECTED 1997 AND 1998**

<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
	CCP Tube Change	11,000	0
	Isolation Transfer	316,000	0
	Replace P250 Comp.	204,000	0
	Rept. Low Press Ms.	64,000	0
	DMS-A1	8,000	0
	S/W Lg. Bore Pipe. Au.	5,000	0
	Condensate Xfer. P.	0	126,000
	Condensate Xfer. P.	0	318,000
	Replace Fdwtr. Heater	0	2,559,000
	HVAC Aux. Bldg. Upg.	1,000	0
	HVAC Aux. Bldg. Upg.	1,000	0
	EEP-Fish Ladders	456,000	183,000
	EEP-Sound Deter.	73,000	94,000
	SU2 Turb. Rotor Re.	172,000	0
	Repl. L/B Hdr. Pipe In.	6,000	0
	Small Bore Piping 1	64,000	0
	EEP-Phragmites	797,000	498,000
	EEP-Alloways	1,070,000	412,000
	EEP-Cohannsey	356,000	137,000
	EEP-Upland Buffe.	-17,000	0
	EEP-Bayside Tract	188,000	70,000
	Replace Serv. Wtr.	23,000	0
	Replace Serv. Wtr.	23,000	0
	Scmwash Pumps	9,000	18,000
	Repl. Sw. L/B Hdr. Pip.	5,000	0
	Fdwtr. Flow Meas.	1,000	0
	Security CCVT Sys.	4,000	0
	Battery Charger	146,000	0
	1EC3360 Control	47,000	0
	RMS Upgrades-UNI	0	208,000
PBAPS	Site Master Plan	154,000	0
	Station Non-MOD	3,620,000	2,571,000
	Lightning Protection for DC Circuit	98,000	0
	Spent Fuel Storage (ISFSI)	1,069,000	2,086,000
	Permanent Equipment Vibr.	40,000	0
	Access Hole Cover	0	927,000
	Thermo-Lag	256,000	255,000
	Future Service Platforms	325,000	324,000
	Misc. RPV Internals	0	255,000
	Repl. Recirc. Mg. Sets W/ASD's	2,061,000	1,150,000
	Replace RFPT MCU's	306,000	64,000
	GE-NUMAC Neutron Monitoring	1,407,000	983,000
	ECCS Suction Strainer Blockage Issue	511,000	679,000
	Drywell Chillers Upgrade	174,000	173,000
	RPV Core Shroud Stabilizer	0	724,000
	RPV Shroud Access Cover	0	504,000
	Cond. Demin. Controls	651,000	185,000
	HPCI Steam Line Upgrade	186,000	0
	Intake Water System Upgrade	383,000	181,000
	Small MOD Projects	954,000	163,000

16,228

15,847

**GENERATION CAPITAL EXPENDITURES
PROJECTED 1997 AND 1998**

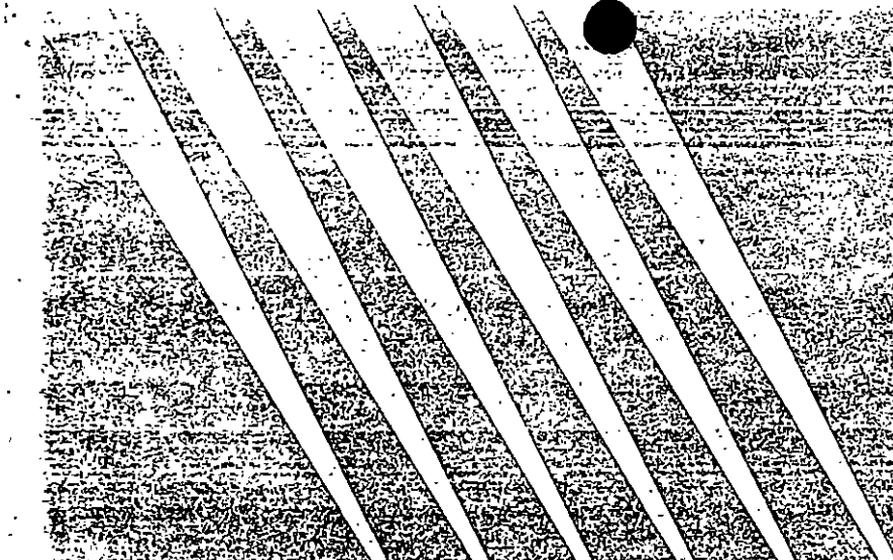
<u>Station</u>	<u>Project Description</u>	<u>1997</u>	<u>1998</u>
	Future Projects/Future Engineering	1,681,000	0
	Misc. Projects with <\$500K to go	50,000	0
	Core Spray T-Box Clamp	116,000	461,000
	Remove Obsolete Equipment @ Sample	41,000	0
	Condensate Demin. System Upgrade	281,000	0
	Repair Core Spray Downcomer	0	324,000
	Information Technology	465,000	695,000

2,634

1,480

195,158,000

151,821



*Virginia Electric and
Power Company*

*Application for
Approval of
Alternative
Regulatory Plan*

*Before the State Corporation
Commission of Virginia*

Case No. PUE960296

Filed March 24, 1997

Volume 1 of 7



VIRGINIA POWER

TESTIMONY OF ROBERT E. RIGSBY
FOR
VIRGINIA ELECTRIC AND POWER COMPANY
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUE960296

1 Q. Please state your name, business address, and position with
2 Virginia Electric and Power Company.

3 A. My name is Robert E. Rigsby, and my business address is One
4 James River Plaza, Richmond, Virginia. I am Executive Vice
5 President of Virginia Power. A summary of my background
6 and qualifications is included as Appendix A to my
7 testimony.

8
9 Q. Mr. Rigsby, what will your testimony cover?

10 A. My testimony will provide a general overview of Virginia
11 Power's case. That case consists of the Company's response
12 to the directives contained in the Commission's Order of
13 November 12, 1996 instituting this investigation (the
14 Investigation Order), including, most importantly, our
15 request for approval of an alternative form of regulation
16 under legislation enacted by the Virginia General Assembly
17 at its 1996 Session, specifically § 56-235.2B of the Code of
18 Virginia.

19 My testimony will review the development of the
20 proposed alternative form of regulation, including a
21 discussion of some of the details of the Company's proposal.
22 It will also explain why alternative regulation is urgently

1 We are also proposing a feature during the first
2 transition period that will give customers some prospect of
3 an additional benefit while providing an additional
4 incentive to the Company to operate efficiently. If, during
5 that period, the Company's return should exceed a specified
6 upper limit, the excess above that limit will be divided
7 equally between customers and shareholders.

8 The second important element of our proposal is a
9 request for approval in principle of recovery, during the
10 second transition period I have described, of any transition
11 costs (principally NUG costs in excess of market prices and
12 decommissioning costs) that may remain after the end of the
13 first transition period, net of any remaining transition
14 benefits. We are proposing a mechanism for effecting such
15 recovery -- a non-bypassable charge that would be paid by
16 all customers using Virginia Power's transmission or
17 distribution systems to bring in power either from other
18 suppliers or from Virginia Power at unbundled market-based
19 generation/bulk power rates -- that would be implemented if
20 and when retail competition becomes a reality.

21
22 Q. Why are provisions for the nuclear decommissioning
23 obligation not being accelerated during either of the
24 transition periods you have described?

25 A. Nuclear decommissioning costs and certain tax credits may
26 not be accelerated without the loss of substantial federal

1 tax benefits. Congress has specified that for favored tax
2 treatment to be available, decommissioning costs may not be
3 recovered more quickly than on a straight line basis over
4 the life of the nuclear licenses and that certain
5 normalization related tax credits may not be flowed through
6 to customers more quickly than on a straight line basis over
7 the lives of the property giving rise to the credits. Our
8 proposal provides for continued treatment of these items in
9 a manner that maintains their tax advantages.

10
11 Q. Since the Company's NUG obligations seem to constitute the
12 greatest problem for the Company if the market should become
13 competitive, please comment on why they are appropriate for
14 recovery.

15 A. Most of the NUG contracts were entered into in the 1980s,
16 and all but four of the large number of NUGS are qualifying
17 facilities (QFs) under the Public Utility Regulatory
18 Policies Act of 1978 (PURPA). Under PURPA, when a need for
19 new capacity or energy arose Virginia Power was required to
20 obtain it from a QF if QF capacity were available, and to
21 pay the QF the Company's avoided cost -- estimated at or
22 near the beginning of the negotiation process -- for such
23 capacity or energy. Thus the Company had no choice but to
24 enter into contracts with QFs, and to do so under extremely
25 risky circumstances. The process was a risky one because
26 PURPA required that the prices based on avoided cost be

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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OCT 10 1997

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

APPLICATION OF PECO ENERGY
COMPANY FOR APPROVAL OF ITS
RESTRUCTURING PLAN UNDER
SECTION 2806 OF THE
PUBLIC UTILITY CODE

DOCKET NO. R-00973953

Surrebuttal Testimony and Exhibit of

Nicholas Phillips, Jr.

On Behalf of

United States Department of the Navy

DOCKETED

OCT 20 1997

DOCUMENT
FOLDER

August 1997

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Docket No. R-00973953

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OCT 10 1997

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

Surrebuttal Testimony of Nicholas Phillips, Jr.

1 Q ARE YOU THE SAME NICHOLAS PHILLIPS, JR. THAT PREVIOUSLY SUBMITTED
2 DIRECT TESTIMONY IN THIS PROCEEDING?

3 A Yes. I have previously submitted direct testimony in this proceeding on behalf of the
4 United States Department of Navy (Navy), which contained a description of my
5 educational background and experience.

6 Q WHAT SURREBUTTAL TESTIMONY ARE PRESENTING AT THIS TIME?

7 A I am presenting surrebuttal testimony in response to the rebuttal testimony submitted by
8 Robert A. Clemmer which sets forth what is termed "...a new procedure for allocating
9 A&G expense to the three functions" and a similar new procedure for allocating general
10 plant to the three functions. In addition, I will comment on the rebuttal testimony of Mr.
11 Stephen R. Xander and Mr. William Sundermeir.

12 Q HAVE YOU REVIEWED WHAT MR. CLEMMER HAS TERMED AS HIS "NEW
13 PROCEDURE FOR ALLOCATING A&G EXPENSE" TO PRODUCTION,
14 TRANSMISSION AND DISTRIBUTION FUNCTIONS?

15 A I have reviewed the testimony and exhibits submitted in the rebuttal testimony of Mr.
16 Clemmer. I would like to indicate that there appears to be inadequate or missing

1 information in this regard. Mr. Clemmer's new procedure is partially a special study of
2 A&G accounts and partially an allocation method. In addition, it appears that Mr.
3 Clemmer has only studied certain A&G accounts and has left some accounts allocated
4 in a manner that was proposed in his direct testimony. To my knowledge, Mr. Clemmer
5 has submitted no testimony regarding the reasonableness of the A&G expenses, but
6 presents testimony on the allocation or direct assignment of the expenses to functions.

7 In the first step of the process described by Mr. Clemmer, accounting records
8 identified as "work centers" were examined. Mr. Clemmer's testimony states that A&G
9 costs were functionalized by the following categories:

- 10 1. Production
- 11 2. Transmission and Distribution
- 12 3. Corporate Central Services
- 13 4. Corporate Center

14 The level of A&G costs by the four functions described by Mr. Clemmer do not appear on
15 Exhibit RAC-3 making it difficult to reconstruct and analyze the new proposal.

16 **Q PLEASE DESCRIBE YOUR UNDERSTANDING OF HOW THE A&G EXPENSES WERE**
17 **CATEGORIZED.**

18 **A** My understanding is that the A&G expenses were divided into the following two
19 categories:

- 20 1. **Work centers with activities exclusively related to transmission and distribution**
21 **or that perform corporate A&G functions that would remain unchanged**
22 **when all customers can choose their electricity supplier, and**
- 23 2. **Work centers with activities related to all three functions: production,**
24 **transmission and distribution.**

1 Q WILL YOU COMMENT ON THE PRECEDING TWO CATEGORIES AND THE
2 GROUPINGS?

3 A Yes. If a special study can identify A&G expenses that exclusively relate to transmission
4 and distribution, that study would be informative. However, determining A&G expenses
5 that perform corporate A&G functions that would remain unchanged when all customers
6 can choose their electricity supplier is a completely different type of analysis. One must
7 ask the question: Why would these expenses remain unchanged, and is it reasonable
8 that these expenses remain unchanged? Apparently, A&G expenses that relate to all
9 three functions were allocated to all three functions on an allocation method based on
10 operation and maintenance expense less fuel expense. It is also my understanding that
11 A&G expenses that are related to transmission and distribution were split between
12 transmission and distribution on an allocation method based on operation and
13 maintenance expense dollars less fuel dollars.

14 Q PLEASE COMMENT ON THE ALLOCATION OF THE SECOND CATEGORY
15 PREVIOUSLY DISCUSSED, WHICH PERTAINS TO EXPENSES RELATED TO
16 PRODUCTION, TRANSMISSION AND DISTRIBUTION.

17 A It is my understanding that the A&G expenses in this category would **not** continue to be
18 incurred at the same levels by the distribution company in fulfilling its transmission and
19 distribution function. It is not clear if Mr. Clemmer is suggesting that the total dollars
20 would not continue at these levels or simply that there is production-related A&G
21 expenses in the category.

1 Q HAVE YOU REVIEWED THE RESULTS OF THE ALLOCATION AND DIRECT
2 ASSIGNMENT METHOD NOW PROPOSED BY MR. CLEMMER?

3 A Yes. Mr. Clemmer's Exhibit RAC-3 indicates the following as the result of his new
4 analysis:

5
6
7

Results of New Method of Assigning or Allocating A&G Expense Functions by Mr. Clemmer		
<u>Line</u>	<u>Function</u>	<u>A&G Expense (000)</u>
1	Production-Direct	\$ 2,648
2	Transmission and Distribution-Direct	159,414
3	Production, Transmission and Distribution-Joint	<u>40,430</u>
4	Total	\$202,891

8
9
10
11
12

13 It should be noted that two A&G accounts were not contained in the analysis in the
14 rebuttal testimony of Mr. Clemmer. Account 924 Property Insurance was previously
15 allocated on a rate base allocator and is apparently not a part of this analysis. Account
16 926 Employee Pensions and Benefits was previously allocated on a production,
17 transmission and distribution labor allocator and is also apparently not part of the analysis
18 in the rebuttal testimony of Mr. Clemmer. The previous treatment of these two accounts
19 allocated \$63.3 million to the production function.

20 Q DO THE RESULTS OF MR. CLEMMER'S NEW PROCEDURE APPEAR
21 REASONABLE?

22 A No. I have reviewed PECO's 1996 operation and maintenance expenses by function as
23 set forth in the 1996 FERC Form 1 as shown on Schedule 1 of Exhibit NP-1 (). I also
24 provide a similar analysis based on the 1996 cost of service study previously submitted
25 by Mr. Clemmer on Schedule 2 of Exhibit NP-1 (). With respect to total operation and

1 maintenance expense including fuel but excluding A&G, production expenses are more
2 than 70%, and according to the FERC Form 1, close to 80% of the total operation and
3 maintenance expenses booked by PECO. When fuel and purchased power are
4 subtracted, production, operation and maintenance expense, less fuel and purchased
5 power, amount to approximately 59% of PECO's 1996 expenditures. Based on PECO's
6 analysis, only \$2.6 million of A&G expenses are found to be directly related to the
7 production function. This does not appear reasonable. PECO's study indicates that only
8 1.3% ($\$2.6 \text{ million} \div \202.9 million) of its A&G expenses are directly related to the
9 production function. PECO's total revised study, shown on Exhibit RAC-3, indicates that
10 about 13% ($\$26.6 \text{ million} \div \202.9 million) of the assigned and allocated A&G expenses
11 are related to the production function, while production expenses currently are about 59%
12 of total O&M expenses, excluding fuel and purchased power and between 70% and 80%
13 of total O&M expenses, including fuel and purchased power.

14 Q IN YOUR OPINION, WOULD CORPORATE OVERHEAD BE ASSOCIATED WITH THE
15 PURCHASE OF FUEL?

16 A Yes. Fuel purchasing is one of PECO's largest dollar expense items and includes the
17 negotiation and administration of coal contracts, nuclear fuel and often gas and oil.
18 These items also require transportation, storage, testing and other technical assurances.

19 Q HAVE YOU REVIEWED PECO'S BOOKED PLANT IN SERVICE BY MAJOR FUNCTION
20 FOR 1996?

21 A Yes. Schedule 3 of Exhibit NP-1 () shows plant in service by function based on the
22 1996 FERC Form 1 and the PECO 1996 cost of service study. PECO's production plant

1 in service amounts to approximately 75% of total plant in service, excluding general plant.
2 Transmission plant amounts to approximately 6% and distribution plant amounts to about
3 19%. Therefore, as a matter of plant in service, it is predominantly production plant. As
4 previously stated, it does not appear reasonable that the majority of PECO's plant in
5 service is production plant, and the majority of O&M expenditures is production-related,
6 but the functionalization of A&G expense proposed by Mr. Clemmer produces the
7 opposite results. Because of the complexity associated with the approach proposed by
8 PECO which involves a detailed review of 1700 separately tracked sets of costs, it is
9 recommended that an independent auditor be commissioned to conduct an audit to verify
10 which A&G expenses are related to the production, transmission and distribution
11 functions.

12 **Q HAVE YOU REVIEWED MR. CLEMMER'S TESTIMONY REGARDING HIS NEW**
13 **APPROACH TO THE DIRECT ASSIGNMENT OR ALLOCATION OF GENERAL PLANT?**

14 **A** Yes. Mr. Clemmer basically indicates that he did the same type of analysis that he did
15 with A&G, and provided no further explanation. While Mr. Clemmer indicates that there
16 is very little change in his new analysis from the old analysis, it should be noted that within
17 the basic general plant accounts Mr. Clemmer previously allocated none of the accounts
18 to production or transmission. Now Mr. Clemmer allocates or assigns approximately
19 \$45.5 million to production and \$48.5 million to transmission and distribution, as shown
20 in Exhibit RAC-5.

1 Q HAS THE REVISED ANALYSIS PRESENTED BY MR. CLEMMER SATISFIED YOUR
2 CONCERNS?

3 A No. The revised analysis presented by Mr. Clemmer has taken a small step in the right
4 direction. However, the revised analysis presented by Mr. Clemmer has not alleviated my
5 concerns and still does not appear to recognize that certain corporate overhead functions
6 were related to production, and there has been no showing by PECO that administrative
7 and general costs that were once production related would now be changed to the
8 transmission and distribution functions at the 1996 expense levels.

9 Q WOULD YOU NOW COMMENT ON THE REBUTTAL TESTIMONY OF MR. STEPHEN
10 R. XANDER?

11 A In response to my concerns regarding the intangible transition charge (ITC) and the
12 competition transition charge (CTC), Mr. Xander basically states that there is no problem
13 and he may have set forth an incomplete description of the design methodologies of the
14 ITC and CTC on Page 10 of his direct testimony. He states that the ITC and CTC have
15 different designs, but the application of the mechanics yield the same results. However,
16 he provides no demonstration of his assertion.

17 Q DOES MR. XANDER'S REBUTTAL TESTIMONY APPEAR TO BE IN FULL
18 SYNCHRONIZATION WITH MR. SUNDERMEIR'S REBUTTAL TESTIMONY?

19 A No. Mr. Sundermeir's testimony states that he is concerned that an aggregation of
20 accounts might result in PECO not recovering its full CTC. Part of Mr. Sundermeir's
21 reasoning is apparently that an aggregation of accounts would affect the total billing
22 demand units. If a method that is derived by Mr. Sundermeir which shows CTC amounts
23 as individual rate components produces the same exact revenues as a method simply

1 based on a revenue allocation, it does not logically follow that Mr. Sundermeir would have
2 a problem (as he states in his rebuttal testimony) with respect to the incomplete collection
3 of CTC with load aggregation of multiple accounts by customers.

4 **Q WHAT IS YOUR UNDERSTANDING OF THE DESIGN OF THE CTC?**

5 A It is my understanding that Mr. Clemmer allocated CTC costs to classes and provided
6 those CTC costs allocated to classes to Mr. Sundermeir. Mr. Sundermeir performed an
7 analysis to make CTC cost collection a discrete component of demand and energy rates.

8 **Q WOULD IT BE MORE LOGICAL FOR PECO TO COLLECT WHATEVER AMOUNT OF
9 STRANDED COST ARE ALLOWED BY THE COMMISSION BY USING ONE METHOD?**

10 A Yes. If the CTC costs are reduced through securitization, the final amount of allowed
11 stranded cost should be charged to ratepayers and reconciled and billed as simply as
12 possible.

13 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY AT THIS TIME?**

14 A Yes, it does.

PECO Energy

Analysis of Operation & Maintenance Expenses by Function based on 1996 FERC Form 1

Line	Function	Total O&M Exp (000)	% of Total	Fuel and Purch Pwr Amount (000)	Total O&M Exp Excl Fuel & Purch Pwr (000)	% of Total
PRODUCTION						
1	Steam	\$304,457	18.07%	\$207,621	\$96,836	11.29%
2	Nuclear	555,268	32.95%	128,991	426,278	49.70%
3	Hydro	6,506	0.39%		6,506	0.76%
4	Other Power Generation	21,084	1.25%	14,392	6,692	0.78%
5	Other Power Supply Exp	<u>450,944</u>	26.76%	<u>476,318</u>	(25,374)	-2.96%
6	Total Production	<u>\$1,338,259</u>	79.42%	<u>\$827,322</u>	\$510,937	59.57%
7	TRANSMISSION	\$39,534	2.35%	-	\$39,534	4.61%
DISTRIBUTION						
8	Distribution	\$132,634	7.87%	-	\$132,634	15.46%
9	Customer Accounts Exp	137,489	8.16%	-	137,489	16.03%
10	Customer Serv & Info Exp	24,844	1.47%	-	24,844	2.90%
11	Sales Expense	<u>12,269</u>	0.73%	-	<u>12,269</u>	1.43%
12	Total Distribution	<u>\$307,236</u>	18.23%		\$307,236	35.82%
13	Total O&M Excl A&G	\$1,685,029	100.00%	\$827,322	\$857,707	100.00%

PECO Energy

Analysis of Operation & Maintenance Expenses by Function based on PECO 1996 Cost of Service Study

Line	Function	Total O&M Exp (000)	% of Total	Fuel and Purch Pwr Amount (000)	Total O&M Exp Excl Fuel & Purch Pwr (000)	% of Total
	PRODUCTION					
1	Steam	\$304,455	25.32%	\$207,621	\$96,834	12.30%
2	Nuclear	505,385	42.02%	128,991	376,394	47.79%
3	Hydro	6,506	0.54%		6,506	0.83%
4	Other Power Generation	21,085	1.75%	14,392	6,693	0.85%
5	Other Power Supply Exp	<u>39,798</u>	3.31%	<u>64,076</u>	<u>(24,278)</u>	-3.08%
6	Total Production	\$877,229	72.94%	\$415,080	\$462,149	58.68%
7	TRANSMISSION	\$39,534	3.29%	-	\$39,534	5.02%
	DISTRIBUTION					
8	Distribution	\$132,635	11.03%	-	\$132,635	16.84%
9	Customer Accounts Exp	116,095	9.65%	-	116,095	14.74%
10	Customer Serv & Info Exp	24,844	2.07%	-	24,844	3.15%
11	Sales Expense	<u>12,269</u>	1.02%	-	<u>12,269</u>	1.56%
12	Total Distribution	\$285,843	23.77%		\$285,843	36.30%
13	Total O&M Excl A&G	\$1,202,606	100.00%	\$415,080	\$787,526	100.00%

PECO Energy

Functional Analysis of
Plant in Service Accounts Excluding General Plant
based on 1996 FERC Form 1 Data and
PECO 1996 Cost of Service Study

Line	Function	FERC Form 1		PECO COS	
		Total PIS (000)	Percent of Total	Total PIS (000)	Percent of Total
1	INTANGIBLE PLANT	\$85,439	0.61%	\$98,500	0.69%
	PRODUCTION PLANT				
2	Steam	1,348,380	9.69%	1,348,379	9.49%
3	Nuclear	8,807,319	63.26%	9,079,336	63.91%
4	Hydro	94,544	0.68%	94,543	0.67%
5	Other	<u>139,924</u>	1.01%	<u>139,791</u>	0.98%
6	Total Production	10,390,166	74.63%	10,662,049	75.05%
7	TRANSMISSION PLANT	818,520	5.88%	818,522	5.76%
8	DISTRIBUTION PLANT	2,627,668	18.87%	2,627,802	18.50%
9	Total PIS Excl General Plant	\$13,921,794	100.00%	\$14,206,873	100.00%

Before the

Pennsylvania Public Utility Commission

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OCT 10 1997

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

In the Matter of the Application of)
PECO ENERGY COMPANY)
For Approval of its Restructuring Plan Under)
Section 2806 of the Public Utility Code)
_____)

DOCKET NO. R-00973953

Surrebuttal Testimony of

JOHN B. LEGLER

On Behalf of the

THE DEPARTMENT OF THE NAVY

Filed: August 1, 1997.

DOCKETED

OCT 20 1997

DOCUMENT
FOLDER

1 Surrebuttal Testimony of John B. Legler
2 Before The
3 Pennsylvania Public Utility Commission
4 Docket No. R-00973953

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PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

5
6 Q. PLEASE STATE YOUR NAME AND ADDRESS.

7 A. John B. Legler, 1040 St. Andrews Court, Bogart, Georgia
8 30622.

9
10 Q. ARE YOU THE SAME JOHN B. LEGLER WHO FILED DIRECT TESTIMONY ON
11 THE SUBJECT OF THE COST OF CAPITAL IN THIS PROCEEDING?

12 A. Yes, I am.

13
14 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY AT THIS TIME?

15 A. The purpose of my surrebuttal testimony is to comment upon
16 the rebuttal testimony of Joseph F. Brennan as it pertains to
17 my direct testimony, and to comment upon his update to his
18 original direct testimony.

19
20 Q. MR. BRENNAN COMMENTS ON YOUR TESTIMONY REGARDING THE ADEQUACY
21 OF THE ANNUAL VERSION OF THE DCF MODEL AND YOUR RELIANCE ON
22 AN ARTICLE BY LINKE AND ZUMWALT TO SUPPORT YOUR POSITION. DO
23 YOU HAVE ANY COMMENTS ON MR. BRENNAN'S REBUTTAL TESTIMONY.

24 A. Yes, I do. First, I simply made a reference to that article.
25 My main support for the use of the annual version of the DCF
26 model was that while dividends are paid quarterly, ratepayers

1 also pay their bills (the Company's revenues) throughout the
2 year. The timing of these payments is also neglected in
3 present value terms.

4
5 Mr. Brennan also comments without specific support that
6 regulatory commissions have rejected the article. My
7 experience has been that the annual version of the DCF model
8 has the most wide-spread usage in rate cases. This position
9 is supported by Mr. Brennan's Exhibit JFBr-2, page 2 of 3. I
10 find Mr. Brennan's criticism surprising since it is the same
11 basic version of the model that he also uses in this
12 case. Mr. Brennan adjusts his dividend yield by increasing
13 it by one-half of his adopted growth rate to "reflect the
14 periodic payment of dividends as opposed to the continuous
15 payment." [Note 2 to Exhibit JFBr-1, Schedule 17]. I adjust
16 the dividend by adding the projected dividend for the next
17 four quarters rather than using the current dividend. My
18 analysis resulted in my adoption of a dividend yield for PECO
19 of 9.0% as shown on page 22 at line 23 of my direct
20 testimony. Mr. Brennan adopted an adjusted dividend yield of
21 8.1% in his original direct testimony, and an adjusted
22 dividend yield of 8.9% in his updated rebuttal testimony.
23 The timing effect of dividends appears to be about 0.1% which
24 hardly seems worthy of Mr. Brennan's criticism even if he is
25 correct, which he is not.

26

1 Q. MR. BRENNAN ASSERTS THAT YOU UNDERSTATED THE RISK PREMIUM IN
2 YOUR CAPM APPLICATIONS, DO YOU AGREE?

3 A. No, I do not. Mr. Brennan states on page 10 of his rebuttal
4 testimony that "On page 15 of the 1996 Yearbook relied upon
5 by Dr. Legler, Ibbotson Associates indicate that large
6 company stocks earned a 12.5% return for the years 1926-1995
7 and that the income return on long-term government bonds
8 approximated 5.2%. The difference is 7.3%, not the 7.0%
9 figure supported by Legler." No such statement appears on
10 page 15 of the 1996 Yearbook. It appears that Mr. Brennan is
11 referring to Table 6-7 from page 118 and a discussion which
12 appears on page 151.

13
14 The difference between our risk-free rates of 7.3% and 7.0%
15 is attributable to the difference between the total return on
16 long-term government bonds of 5.5% and the income return on
17 those bonds of 5.2%. On page 44 of his original direct
18 testimony, Mr. Brennan stated that he calculated the market
19 risk premium of 7.3% by subtracting the "long-term bond
20 return of 5.2%" from the common stock return of 12.5%. What
21 he didn't say was that he subtracted the long-term income
22 return.

23
24 Ibbotson and Associates state on page 151 that "When
25 calculating the equity risk premium, some analysts subtract a
26 long-term Treasury bond's total return--rather than its

1 income return--from the total return on the overall stock
2 market." They argue that the income return is the better
3 measure.

4
5 I subtracted the total return. I believe that it is more
6 consistent with the measure of the risk-free rate we use in
7 the CAPM. We use the current (or some variant of it) 30-year
8 T-Bond yield. If an investor sells the T-bond before
9 maturity, the realized return has three components--the
10 income return, the capital appreciation, and the reinvestment
11 return. If the bond is held to maturity, the return will
12 equal the total return. Accordingly, using the income return
13 in the calculation of the risk premium and the total return
14 as the risk-free rate adds one more element of mismatching to
15 the CAPM inputs. Perhaps it is to avoid this that the total
16 return is often used in calculating the market risk premium.

17
18 Q. MR. BRENNAN UPDATED HIS MARKET RISK PREMIUM USED IN HIS CAPM
19 FROM 7.3% TO 7.5%. USING YOUR APPROACH, WHAT WOULD THE
20 REVISED RISK PREMIUM BE ACCORDING THE 1997 YEARBOOK?

21 A. Based on an updated stock return of 12.7% and a long-term
22 government bond return of 5.4%, it would be 7.3%.

1 Q. MR. BRENNAN ALSO CRITICIZES YOUR FAILURE TO UPDATE PECO'S
2 VALUE LINE BETA IN MAKING YOUR CAPM CALCULATIONS. HOW DO YOU
3 RESPOND?

4 A. Mr. Brennan states that I used the June 13, 1997 Value Line
5 Investment Survey Summary & Index to calculate a forecasted
6 market premium, but failed to use that issue to update PECO's
7 beta. I note two things. First, he is uncritical of my use
8 of that publication to calculate a forecasted market premium.
9 Second, when he used that publication to update Exhibit JFBr-
10 1, Schedule 18, page 1 of 2 he made at least one error. He
11 shows the beta for CINergy Corporation to be .90. As shown
12 in Exhibit___(JBLr-1), Schedule 1 of my surrebuttal
13 testimony, CINergy's beta should have been shown as .85. It
14 did not increase in value, nor did any of the beta's for the
15 other companies in Mr. Brennan's group of barometer
16 companies.

17
18 Q. MR. BRENNAN ASSERTS ON PAGES 11 AND 12 OF HIS REBUTTAL
19 TESTIMONY THAT IF YOU USE A BETA OF 0.90 FOR PECO AND A
20 MARKET PREMIUM OF 7.5% AND YOUR RISK-FREE RATE OF 6.8%, YOUR
21 CAPM ESTIMATE FOR PECO WOULD BE 13.55%. DO YOU AGREE?

22 A. His arithmetic is correct, but here is one example of
23 Mr. Brennan's selective updating. He apparently stops the
24 clock at June 13, 1997. Since that time the yield on 30-year
25 Treasury bonds has declined to a level below 6.5%. For
26 example, on July 24, 1997 the yield on the 30-year Treasury

1 bond is 6.43%. This would offset some of the increase in
2 my estimate that Mr. Brennan is suggesting. The CAPM
3 estimate of PECO's cost of equity using Mr. Brennan's equity
4 risk premium of 7.5%, a beta of .90, and risk-free rate of
5 6.43% would be 13.18%

6
7 Q. MR. BRENNAN ALSO ASSERTS ON PAGE 12 OF HIS REBUTTAL TESTIMONY
8 THAT IF YOUR CAPM ESTIMATE OF 12.26% FOR YOUR GROUP OF
9 COMPARABLES USING VALUE LINE BETAS IS UPDATED USING A MARKET
10 RISK PREMIUM OF 7.5%, YOUR RESULT WOULD BE 12.65%. IS HE
11 CORRECT?

12 A. No, he is not. Setting aside my disagreement with his method
13 of determining the risk premium, and setting aside my comment
14 concerning the updating of the risk-free rate, he is still
15 wrong. He failed to update the Value Line betas for my group
16 of comparables. If he believes that PECO's beta should be
17 updated, the betas of my group of comparables should also be
18 updated. This is the appropriate way.

19
20 Using an equity risk premium of 7.5%, and an updated average
21 beta of .75, and a risk-free rate of 6.43%, the CAPM estimate
22 for the group of comparables would be 12.05%.

1 Q. MR. BRENNAN ALSO COMMENTS ON YOUR USE OF THE CAPM IN YOUR
2 RISK PREMIUM STUDY FOR PECO UNDER THE GENERAL QUESTION OF
3 OTHER AREAS OF YOUR TESTIMONY NEEDING CHANGES TO REFLECT THE
4 PROPER BETA AND MARKET RISK PREMIUM BEGINNING ON PAGE 12 OF
5 HIS REBUTTAL TESTIMONY. DO YOU AGREE WITH HIS ANALYSIS AND
6 ASSERTIONS?

7 A. No, I do not. He focuses on my CAPM estimate of PECO's cost
8 of equity for 1997 in my risk premium study. He asserts that
9 the proper beta for PECO should .90 rather than .85, and the
10 market risk premium should be 7.5% rather than 7.0%.
11 Apparently, Mr. Brennan does not understand my study. The
12 estimate for 1997 assumes that all information available to
13 investors is as of the end of 1996. The PECO beta and the
14 market risk premium he suggests be used were not available
15 until mid-1997. They may affect the estimate for 1998 (not
16 part of my study), but not the estimate for 1997.

17
18 Mr. Brennan asserts that this would move the risk premium
19 from 4.52% to 5.32% for 1997. This appears to be a rather
20 large change, but it should be put in the proper context of
21 being an estimate for one year of a study of twenty years.
22 Furthermore, it would seem that any changes in the
23 methodology he suggests for one year should be incorporated
24 into the estimates for the other nineteen years.
25 Accordingly, the equity risk premium should be based on the
26 income return of Treasury bonds for all years, not just 1997.

1 Mr. Brennan also suggests that the average premium for the
2 last five years would move from my estimated 3.84% to 4.00%.
3 I don't agree with his estimate for 1997 for the
4 reasons stated above, and accordingly, don't agree with this
5 revision. More importantly, he totally ignores the estimated
6 risk premiums of the other methods contained in that study.
7 He also limits his comments to short-term risk premiums,
8 ignoring the long-term risk premiums.

9
10 The estimated risk premiums Mr. Brennan suggests for 1997 on
11 page 3 of 3 of my Schedule 11 to Exhibit___(JBL-1) really
12 stand out if put on that Schedule and not just discussed as
13 Mr. Brennan does on page 13 of his rebuttal testimony.
14 Although he doesn't state it, the implied risk premium for
15 1997 based on the Treasury rate would be 6.75%. This would
16 be 112 basis points higher than the risk premium for any year
17 regardless of the level of the long bond's yield. The 5.32%
18 risk premium he suggests for 1997 based on the utility bond
19 yield is 100 basis points higher than the risk premium for
20 any year regardless of the level of utility bond yield.

21
22 I agree with a statement made by Mr. Brennan on page 14 of
23 his rebuttal testimony. He states, "My observation is that
24 when interest rates are relatively high, all else equal, risk
25 premiums tend to be lower than average, and vice-versa." The
26 risk premiums Mr. Brennan suggests for 1997 hardly are

1 consistent with this tendency.

2
3 Q. MR. BRENNAN USES YOUR RISK PREMIUM STUDY TO SUPPORT A RETURN
4 ON COMMON EQUITY FOR PECO OF 12.06% ON PAGES 14 AND 15 OF HIS
5 REBUTTAL TESTIMONY. DO YOU AGREE WITH HIS ANALYSIS?

6 A. Counter to the Ibbotson and Associates position, Mr. Brennan
7 argues that an average risk premium calculated over a short
8 period of time when interest rates are similar to current or
9 projected interest rates is a preferred approach. He adds a
10 risk premium of 4.00% based on one figure from among many in
11 my study, which he argues that he "corrected," to a current
12 Baa bond yield of 8.06% to arrive at a cost rate of 12.06%.
13 Of course, I disagree with his "correction," but even if I
14 were to accept it, the current yield on Baa public utility
15 bonds is 7.90% (7/09/97) not over 8%. Accordingly, if we
16 were to add a risk premium of 4.00% to the current yield, the
17 estimated cost of equity would be 11.90%.

18
19 Q. MR. BRENNAN TAKES ISSUE WITH YOUR DISCUSSION OF HIS TESTIMONY
20 ON S&P BOND RATING AND BUSINESS RISK CLASSES. DO YOU AGREE
21 WITH HIS COMMENTS?

22 A. On the basis of his rebuttal testimony, I believe our
23 understanding is the same. It just was not clear to me from
24 reading his direct testimony. He is also partially correct
25 that my direct testimony has typographical errors on pages 56
26 and 57. There I have a B++, it should have read BBB+, not

1 BBB as he suggests. S&P has four major investment grade bond
2 rating classes, AAA, AA, A, and BBB. These classes are
3 further refined by attaching pluses (+) and minuses (-) to
4 them. S&P also has designated business position ratings.
5 As stated by Mr. Brennan there are seven of these categories
6 ranging from Above Average to Below Average. Mr. Brennan has
7 provided a cross referenced table of S&P Financial Benchmarks
8 for electric utilities as Schedule 4 of his Exhibit JFBr-2.
9 This table indicates a pretax interest coverage for a company
10 with a business position of 6 (PECO's) of 4.15 for an A
11 rating and 3.15 for a BBB rating. For bond ratings, there
12 are two rating classes between single A and BBB. They are A-
13 and BBB+. My point was simply why should the midpoint, 3.65,
14 be associated with one of these ratings as suggested by Mr.
15 Brennan.

16
17 Q. MR. BRENNAN STATES ON PAGE 16 OF HIS REBUTTAL TESTIMONY THAT
18 YOU GAVE WEIGHT TO THE ESTIMATED RETURN ON EQUITY FOR MOODY'S
19 24 ELECTRICS IN ARRIVING AT YOUR JUDGMENT WITH RESPECT TO THE
20 COST OF EQUITY FOR PECO. IS HE CORRECT?

21 A. He certainly is correct that I considered the estimated cost
22 of equity for Moody's 24 electric in reaching my judgment.
23 The results of my studies are shown on page 51 of my direct
24 testimony. The results for Moody's 24 electric are the
25 results for the risk premium model under "comparable
26 companies". This average result was 10.96%, well below my

1 recommendation for PECO. To conclude that I based my
2 recommendation for PECO on the results of one financial model
3 applied to Moody's 24 electric utilities would be erroneous.
4

5 Q. MR. BRENNAN STATES THAT HE DOES NOT AGREE WITH YOUR OPINION
6 THAT THE RISKINESS OF PECO IS COMPARABLE TO MOODY'S 24
7 ELECTRIC UTILITIES. DO YOU AGREE WITH HIS POSITION?

8 A. No, I do not. Mr. Brennan draws his conclusion based on bond
9 ratings and business position rankings. In Schedule 15 of my
10 direct testimony, I find the same thing with respect to bond
11 ratings as he does. In addition, I considered betas, Safety
12 Rankings, equity ratios, and Price stability. Some
13 indicators suggest that PECO is less risky, and some suggest
14 that PECO is more risky. Mr. Brennan assigned numerical
15 values to bond rating and business position. In my opinion
16 they provide an unwarranted precision to the rankings and
17 ratings. Furthermore, I don't know what the percentage signs
18 (%) on line 4 of page 17 of his rebuttal mean. I would
19 suggest that PECO's Moody's bond rating of Baa1 is only a
20 "notch" below the Moody's 24 average of A3. That is a
21 smaller difference than the difference between A by S&P and
22 A3 by Moody's for Moody's 24 electric utilities according to Mr.
23 Brennan's statement on page 17, line 3 of his rebuttal
24 testimony. In my opinion, Mr. Brennan's selection of
25 barometer companies could be attacked on similar grounds.
26 Limited to bond ratings, it would be hard to justify the

1 inclusion of American Electric Power. For American Electric
2 Power, Mr. Brennan shows an average Moody's bond rating of
3 A3, and an average S&P bond rating of A-, and an S&P average
4 business position of "Somewhat Above Average" or 2.0
5 compared to PECO's business position of 6.0. Clearly, other
6 risk indicators must support its inclusion.

7
8 Q. MR. BRENNAN STATES THAT THE DIFFERENCE IN YIELD BETWEEN A
9 RATED AND BBB RATED BONDS IS 41 BASIS POINTS. DO YOU HAVE A
10 COMMENT ON THIS FINDING?

11 A. The question relates to the difference between A rated and
12 BBB bonds. Mr. Brennan answers the question based on a Baa
13 rating which is a Moody's rating while a BBB rating is an S&P
14 rating. More recent Moody's yields as of July 9, 1997 are
15 7.51% for A rated public utility bonds, and 7.90% for Baa
16 rated public utility bonds. The difference is 39 basis
17 points.

18
19 Q. MR. BRENNAN STATES ON PAGE 17 OF HIS REBUTTAL TESTIMONY THAT
20 YOU DID NOT TAKE OBVIOUS INVESTMENT RISK DIFFERENCES BETWEEN
21 PECO AND MOODY'S 24 ELECTRICS IN ARRIVING AT YOUR
22 RECOMMENDATION FOR PECO. HOW DO YOU RESPOND?

23 A. It appears to me that Mr. Brennan is interpreting my
24 statement regarding comparable riskiness to mean the same
25 level of riskiness in a very strict sense. Actually on page
26 36 of my direct testimony I made the statement "Overall,

1 based on measures of financial and business risk, I would
2 judge PECO to be of comparable risk (slightly higher risk)
3 compared to the group of Moody's 24 Electrics." My
4 recommendation for PECO is 11.4% compared to the market-
5 determined cost of equity for Moody's 24 Electrics of 10.96%
6 (an average). My recommended return for PECO is "40 or so"
7 basis points more than the estimated market-required cost
8 rate for common equity for Moody's 24 suggested by Mr.
9 Brennan on page 17 of his rebuttal testimony.

10
11 Q. DO YOU HAVE ANY CONCLUDING COMMENTS ON MR. BRENNAN'S REBUTTAL
12 TESTIMONY?

13 A. Yes, I do. Mr. Brennan states on page 21 of his rebuttal
14 testimony that my recommendation is the product of subjective
15 judgment. Of course, we both recognize that judgment is
16 involved in all our analyses, and any recommendation, even if
17 based on an arithmetic average of our results involves
18 subjective judgment. In the end, Mr. Brennan's
19 recommendation is the simple average of the results of two
20 models applied exclusively to PECO. It totally ignores any
21 use of the results for his barometer group. Mr. Brennan
22 acknowledges that he uses "a comparable group only as a
23 check". [Brennan, Rebuttal Testimony, page 21, lines 17-18]

24
25 I have difficulty understanding how he used the group to
26 check his recommendation. Based on his direct testimony and

1 his rebuttal testimony, the cost of equity for the group of
2 barometer companies (comparables) remained exactly the same,
3 11.3% [Brennan Exhibit JFB-1; Schedule 2, original and
4 updated]. His estimated cost rate for PECO increased from
5 11.6% to 12.2%.

6
7 It appears to me that much of this increase in PECO's cost of
8 equity can be traced to a substantial increase in the
9 dividend yield portion of Mr. Brennan's DCF analysis. In
10 making that calculation, Mr. Brennan included a spot price
11 for PECO of \$20.125 as of June 17, 1997 (Exhibit JFBr-1,
12 Schedule 15, page 2 of 3). PECO's stock closed on July 24,
13 1997 at \$22.25. Substituting that one number in Mr.
14 Brennan's DCF analysis for PECO would reduce the estimate
15 from 11.5% to 11.2%. Clearly, Mr. Brennan's estimate is very
16 much dependent upon the date he chooses to do it.

17
18 With respect to the CAPM estimate for PECO, Mr. Brennan
19 assumed the June 6, 1997 30-year Treasury bond yield of 6.8%
20 as the risk-free rate. This isn't even the same date as he
21 used for his DCF analysis. If we were to assume the 30-year
22 Treasury bond yield of 6.43% as of July 24, 1997, the CAPM
23 would produce a quite different result. That result would be
24 approximately 12.1%.

$$25 \quad 12.07\% = 6.43\% + .90(12.7\% - 6.43\%)$$

26 The average results based on Mr. Brennan's methodology would

1 be approximately 11.6%; $[(11.2\% + 12.07\%)/2 = 11.635\%]$.

2

3 In short, I find Mr. Brennan's criticism of my testimony to
4 be selective in attacking only the parts of my studies which
5 produced the highest results and attempting to increase those
6 estimates somewhat. I find his own methods and updates to
7 depend very much upon the day he selects to perform the
8 analyses. As I have demonstrated, picking another day would
9 have resulted in estimates approximating my original
10 estimates and my recommendations.

11

12 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

13 A. Yes, it does.

PAGE NUMBERS

Bold type refers to Ratings and Reports; italics to Selection & Opinion

NAME OF STOCK	Ticker Symbol	Timeliness		Rank for Safety			Current P/E Ratio	Est'd Yield next 12 mos.	Est'd Earnings 12 mos. to 12-31-97	Est'd Div'd next 12 mos.	Exhibit (JBLr-1) Schedule 1									
		Recent Price	Beta	Estimated Range of 3-5 yr. average prices 2000-2002	En	En					En	En	En	En	En	En				
1765 Carnival Corp. 'A'	CCL	38	3	3	1.15	40-60	(5-60%)	17.7	1.2%	2.15	.46	46	2/28	.29	.27	6/30	.11	.09	5	CBO
166 Carolina Power & Lt.	CPL	35	5	2	.80	30-40	(N-15%)	13.0	5.5%	2.70	1.93	92	3/31	.56	.81	9/30	.47	.455	3	PHL
596 Carpenter Technology	CRS	45	3	3	.70	50-70	(10-55%)	13.0	3.2%	3.45	1.46	83	3/31	.86	.86	6/30	.33	.33	3	CBO
835 Carter-Wallace	CAR	16	4	3	1.30	13-20	(N-25%)	23.5	1.3%	.68	.20	8	3/31	.03	.09	6/30	.04	.04	2	CBO
846 1086 Cascade Communic. (NDO)	CSCC	33	-	3	1.75	85-125	(160-280%)	38.8	NIL	.85	NIL	7	3/31	.15	.11	3/31	NIL	NIL	-	CBO
1307 Cascade Corp.	CAE	17	3	3	.85	25-40	(45-135%)	10.3	2.9%	1.65	.50	50	4/30	♦.40	.37	6/30	▲.10	.09	2	CBO
476 Cascade Natural Gas	CGC	17	4	3	.55	15-25	(N-45%)	16.8	5.8%	1.01	.98	94	3/31	.69	.72	6/30	.24	.24	3	CBO
1505 Casey's Gen'l Stores (NDO)	CASY	22	4	3	.90	30-45	(35-105%)	18.2	0.5%	1.21	.10	82	1/31	.21	.26	6/30	.025	.025	4	CBO
847 324 Catalina Marketing	POS	40	3	3	1.40	80-120	(100-200%)	25.0	NIL	1.60	NIL	29	3/31	.27	.28	3/31	NIL	NIL	3	CBO
1141 1308 Caterpillar Inc.	CAT	98	2	3	1.20	95-145	(N-50%)	12.4	1.8%	7.90	1.80	50	3/31	2.08	1.53	6/30	.40	.35	3	ASE
1766 Cedar Fair L.P.	FUN	43	3	2	.75	50-60	(15-40%)	12.1	5.8%	3.55	2.50	46	3/31	d.73	d.68	6/30	.625	.575	3	CBO
704 Centener Energy	CX	10	-	4	.70	8-13	(N-15%)	8.0	8.0%	1.25	.80	93	3/31	.13	.04	3/31	.20	.20	-	PAC
213 Centex Corp.	CTX	40	2	3	1.45	40-60	(0-50%)	10.3	0.5%	3.88	.20	18	3/31	.98	.54	9/30	.05	.05	2	NYS
874 Centocor (NDO)	CNTO	35	2	5	1.40	40-75	(15-115%)	70.0	NIL	.50	NIL	61	3/31	.05	d.15	3/31	NIL	NIL	3	CBO
705 Cen. & South West	CSR	21	5	3	.80	18-25	(N-20%)	10.8	8.3%	1.95	1.74-1.00	93	3/31	.12	.22	6/30	.435	.435	4	PAC
167 Cen. Hudson G. & E.	CNH	33	5	3	.60	30-40	(N-20%)	11.6	6.5%	2.85	2.14	92	3/31	1.18	1.20	6/30	.53	.525	3	CBO
706 Cen. La. Electric	CNL	26	5	1	.65	25-30	(N-15%)	12.4	6.1%	2.10	1.58	93	3/31	.31	.42	6/30	▲.395	.385	3	CBO
168 Cen. Maine Power	CTP	11	3	4	.80	10-17	(N-55%)	12.2	8.2%	.90	.90-NIL	92	3/31	.43	.78	6/30	.225	.225	4	CBO
1438 1823 Cen. Newspapers 'A'	ECP	65	1	2	.70	65-90	(0-40%)	20.3	1.2%	3.20	.80	37	3/31	.81	.43	9/30	.19	.17	2	CBO
169 Cen. Vermont Pub. Serv.	CV	11	4	2	.75	13-17	(20-55%)	7.3	8.2%	1.50	.90	92	3/31	1.08	1.13	9/30	♦.22	.22	4	CBO
750 Century Tel. Enterprises	CTL	30	3	3	.95	45-70	(50-135%)	12.2	1.2%	2.45	.37	86	3/31	.55	.50	6/30	♦.092	.09	4	PAC
1587 1428 Cephalon Inc. (NDO)	CEPH	12	4	4	1.20	25-40	(10-25%)	NMF	NIL	d.231	NIL	41	3/31	d.61	d.62	3/31	NIL	NIL	3	CBO
2205 Ceridian Corp.	CEN	36	3	3	1.05	55-85	(55-135%)	13.3	NIL	2.70	NIL	34	3/31	.69	.59	3/31	NIL	NIL	4	CBO
679 Cerner Corp. (NDO)	CERN	19	3	4	1.60	25-40	(30-110%)	63.3	NIL	.30	NIL	68	3/31	.06	.13	3/31	NIL	NIL	3	CBO
847 1545 Champion Enterprises	CHB	17	3	3	1.40	25-40	(45-135%)	10.6	NIL	1.60	NIL	79	3/31	.28	.28	3/31	NIL	NIL	3	ASE
916 Champion Int'l	CHA	48	4	3	.90	40-65	(N-35%)	NMF	0.4%	d.55	.20	84	3/31	d.39	.88	6/30	.05	.05	4	CBO
1685 Charming Shoppes (NDO)	CHRS	5%	3	5	1.00	6-12	(10-120%)	31.8	NIL	.17	NIL	23	4/30	d.02	d.02	3/31	NIL	NIL	5	PHL
2109 Chase Manhattan Corp.	CMB	97	-	3	NMF	105-160	(10-65%)	11.5	2.6%	8.45	2.54	39	3/31	1.97	d.32	6/30	▲.62	.56	-	ASE
845 136 Checkpoint Systems	CKP	15	5	3	1.20	25-40	(65-165%)	25.0	NIL	.60	NIL	38	3/31	.07	.10	3/31	NIL	NIL	5	PAC
1355 Chemed Corp.	CHE	37	3	2	.70	55-75	(50-105%)	12.3	5.7%	3.00	2.12	36	3/31	.85	1.24	6/30	.52	.52	4	CBO
1891 ChemFirst Inc.	CEM	26	-	3	NMF	30-45	(15-75%)	17.9	1.6%	1.45	.41	89	3/31	.39	.12	6/30	.20	.10	-	CBO
917 Chesapeake Corp.	CSK	33	4	3	.90	35-55	(5-65%)	22.8	2.4%	1.45	.80	84	3/31	d.15	.33	6/30	.20	.20	3	ASE
408 Chevron Corp.	CHV	72	3	1	.80	85-100	(20-40%)	16.0	3.2%	4.50	2.32	49	3/31	2.27	.94	6/30	▲.58	.50	3	ASE
358 Chile Fund	CH	26	3	4	1.00	35-60	(35-130%)	NMF	3.1%	NMF	.80	48	12/31	22.58(q)	26.45(q)	3/31	.52	.71	4	CBO
1466 Chiquita Brands Int'l	CQB	15	2	4	.70	20-30	(35-100%)	13.0	1.3%	1.15	.20	42	3/31	.60	.60	6/30	.05	.05	3	PHL
1245 Chiron Corp. (NDO)	CHIR	19	3	3	1.10	30-45	(60-135%)	47.5	NIL	.40	NIL	41	3/31	.09	.07	3/31	NIL	NIL	3	ASE
1467 Chock Full o'Nuts	CHF	5%	2	4	.75	7-12	(20-105%)	8.3	NIL	.71	NIL	42	1/31	.16	.13	3/31	NIL	NIL	3	CBO
1780 Chris-Craft	CCN	45	4	2	.85	45-60	(0-35%)	36.0	NIL	1.25	NIL	71	3/31	.18	.01	3/31	NIL	NIL	3	CBO
1749 102 Chrysler	C	32	4	3	1.20	35-50	(10-55%)	7.1	5.6%	4.50	1.80	26	3/31	1.46	1.32	6/30	.40	.35	3	CBO
612 Chubb Corp.	CB	61	3	2	1.05	80-110	(30-80%)	14.5	1.9%	4.20	1.16	60	3/31	1.09	.79	6/30	▲.29	.27	2	NYS
956 Church & Dwight	CHD	27	3	3	.75	25-35	(N-30%)	20.9	1.6%	1.29	.44	43	3/31	.27	.20	6/30	.11	.11	3	CBO
707 CILCORP Inc.	CER	39	4	2	.65	40-55	(5-40%)	12.6	6.3%	3.10	2.46	93	3/31	.71	.78	6/30	.615	.615	4	CBO
751 Cincinnati Bell	CSN	31	2	3	.90	35-55	(15-75%)	20.1	1.3%	1.54	.40	86	3/31	.35	.29	6/30	.10	.10	2	CBO
613 Cincinnati Financial (NDO)	CINF	79	3	2	.70	80-110	(10-40%)	16.5	2.1%	4.80	1.64	60	3/31	1.30	1.05	9/30	.41	.37	3	ASE
1309 Cincinnati Milacron	CMZ	23	3	3	1.20	40-60	(75-160%)	11.8	1.6%	1.95	.36	50	3/31	.33	.36	6/30	.09	.09	3	PHL
708 Cineroy Corp.	CIN	34	4	2	.85	30-40	(N-20%)	13.1	5.5%	2.60	1.86	93	3/31	.72	.70	6/30	.45	.43	3	CBO
325 Cintas Corp. (NDO)	CTAS	63	3	3	1.00	65-100	(5-60%)	30.6	0.5%	2.06	3.0	29	2/28	.47	.39	6/30	▲.30	.25	3	ASE
1686 Circuit City Stores	CC	38	5	3	1.15	45-65	(20-70%)	28.4	0.4%	1.34	.15	23	2/28	.69	.83	6/30	.035	.03	4	PAC
1790 Circus Circus Enterpr.	CIR	26	5	3	1.35	45-65	(75-150%)	15.3	NIL	1.70	NIL	69	4/30	.40	.42	3/31	NIL	NIL	4	ASE
1055 Cirrus Logic (NDO)	CRUS	12	4	3	1.55	20-35	(65-190%)	54.5	NIL	.22	NIL	28	3/31	d.02	d.17	3/31	NIL	NIL	4	CBO
1087 Cisco Systems (NDO)	CSCO	64	2	3	1.55	70-105	(10-65%)	27.8	NIL	2.30	NIL	7	4/30	.52	.37	3/31	NIL	NIL	3	CBO
2110 Citicorp	CCI	115	2	3	1.40	115-175	(0-50%)	13.5	2.0%	8.50	2.25	39	3/31	2.01	1.75	6/30	.525	.45	2	CBO
752 Citizens Utilities 'B'(+)	CZNB	9%	4	1	.70	14-17	(50-80%)	14.5	NIL	.65	NIL	86	3/31	.13	.16	3/31	NIL	NIL	4	CBO
2111 City National Corp.	CYN	24	2	3	1.45	25-40	(5-65%)	14.5	1.8%	1.65	.44	39	3/31	.38	.35	6/30	.11	.09	2	CBO
1687 Claire's Stores	CLE	19	1	3	1.40	25-40	(30-110%)	16.5	0.7%	1.15	.13	23	4/30	.17	.14	6/30	.03	.02	5	NYS
946 CLARCOR Inc.	CLC	25	3	3	.75	30-45	(20-80%)	13.9	2.6%	1.80	.66	52	2/28	.27	.27	6/30	.162	.16	3	CBO
1546 Clayton Homes	CMH	15	3	3	1.40	19-30	(25-100%)	14.6	0.5%	1.03	.80	79	3/31	.22	.20	6/30	.02	.016	4	PHL
1781 Clear Channel	CCU	52	3	3	1.25	30-45	(N-N%)	74.3	NIL	.70	NIL	71	3/31	.10	.09	3/31	NIL	NIL	3	CBO
597 Cleveland-Cliffs	CLF	42	4	3	.90	50-75	(20-80%)	8.5	3.1%	4.95	1.30	83	3/31	.26	.30	6/30	.325	.325	3	CBO
957 Clorox Co.	CLX	127	3	1	1.00	120-145	(N-15%)	25.0	1.8%	5.08	2.32	43	3/31	1.27	1.15	6/30	.58	.53	3	PHL
1547 Coachmen Ind.	COA	17	3	4	1.25	25-40	(45-135%)	8.7	1.3%	1.95	.22	79	3/31	.26	.28	6/30	.05	.05	3</	

Certificate of Service

I hereby certify that I this day served the foregoing document on the following in the matter of PECO Energy Company, Application for approval of a Restructuring Plan and Consumer Education Program.

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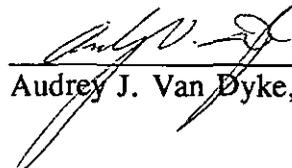
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Audrey J. Van Dyke, Esq.

Dated: October 9, 1997

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DJH

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PROTHONOTARY'S OFFICE
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October 10, 1997

James J. McNulty, Esquire
Prothonotary
Pennsylvania Public Utility Commission
P.O. Box 3265
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DOCUMENT
FOLDER

**RE: Application of PECO Energy Company for Approval of its Restructuring Plan under Section 2806 of the Public Utility Code.
Docket No. R-00973953**

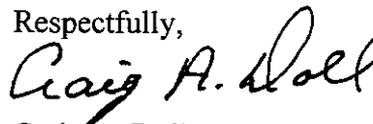
Dear Mr. McNulty:

Pursuant to the Commission's Regulations at 52 Pa. Code §5.342(d), attached is a Certificate of Service identifying the interrogatories of the Pennsylvania Electric Competition Coalition propounded to PECO Energy which have been served on the active parties in this proceeding.

Please time stamp the enclosed copy and return it in the enclosed envelope. Thank you for your cooperation.

If you have any questions, please do not hesitate to call.

Respectfully,



Craig A. Doll

CAD/kmv
Attachments

cc: All parties of record

135

Certificate of Service

I hereby certify that I have this date served the following Interrogatories by facsimile, first class or overnight/express mail, upon the persons addressed below:

PECC Interrogatories: Set I - R-10 through R-21

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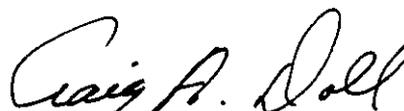
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October 10, 1997

By FAX AND FEDEX

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DOCUMENT
FOLDER

Re: Application of PECO Energy Company for Approval of its Restructuring
Plan under Section 2806 of the Public Utility Code
Docket No. R-00973953

Dear Ms. Miller:

Enclosed are PECO Energy Company's Answers to Mid Atlantic Power Supply
Association's Interrogatories:

Set I: MAPSA-WFS-3 and MAPSA-TPH-1.

If you have any questions, please call me at (215) 841-4252.

Sincerely,

Paul Bonney

PRB/mbo
Enclosures

cc: w/enclosures
Certificate of Service (w/enclosure)
James McNulty, Acting Prothonotary (Certificate of Service Only)

Certificate of Service

I hereby certify that I have this date served the following Answers by facsimile, first class or overnight/express mail, upon the persons addressed below:

Mid Atlantic Power Supply Association's Interrogatories: Set I: MAPSA-WFS-3 and MAPSA-TPH-1.

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(215) 841-4252

Dated: October 10, 1997

Interrogatory MAPSA-I-WFS-3

MAPSA-I-WFS-3 Question:

Has PECO ever performed a study, or had a study performed for it, in which the weighted average hourly marginal energy cost of serving the residential class profile during the on-peak period, including losses, was compared to the weighted average hourly marginal energy cost of serving the system load profile in the on-peak period?

- a. If yes, please identify and provide copies of all studies performed.
- b. If not, please explain fully the basis for the assumption implicit in the rebuttal of Mr. Johnstone's testimony (Exhibit WFS-8) that the weighted average marginal energy cost to serve residential customers during the on-peak period is equal to the weighted average marginal energy cost to serve the system profile during the on-peak period, after accounting for average energy losses.

MAPSA-I-WFS-3 Answer:

PECO Energy is in the process of analyzing the marginal cost to serve typical load profiles for different rate classes relative to the marginal cost to serve a 100 percent load factor profile.

- a. The study will be made available when it is completed.
- b. The rebuttal of Mr. Johnstone's testimony was based on a misunderstanding of the adjustment Mr. Johnstone made to the average energy price used in his analysis. He is correct in his assertion that a residential load profile should be slightly more expensive to serve on a marginal basis than the system profile. Pending results of the study referenced in the first part of this response, it is not certain whether the adjustment that should be made to average energy prices is 3 percent, less than 3 percent, or more than 3 percent.

Responsible Witness: W. F. Sundermeir

DOCUMENT
FOLDER

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OCT 16 1997

MAPSA-I-TPH-1 Question:

Please explain in detail your understanding of PECO's obligations and role as "supplier of last resort" as required by the Competition Act. (PECO Statement No. 1-R, Page 8, Lines 5-6.)

MAPSA-I-TPH-1 Answer:

In accordance with the Competition Act, PECO Energy's obligations as an electric distribution company include procuring generation service for those customers who do not select an alternate generation supplier, those customers who cannot get electric supply from an alternate supplier, or those customers who have an alternate supplier but that supplier for whatever reason does not deliver their electric supply to PECO Energy's system.

Responsible Witness: T. P. Hill, Jr.



PECO ENERGY

Legal Department

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October 10, 1997

By Federal Express

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Re: Application of PECO Energy Company for Approval of its Restructuring
Plan under Section 2806 of the Public Utility Code
Docket No. R-00973953

Dear Daniel:

Enclosed are PECO Energy Company's Answers to Enron's Interrogatories.:

Set IX: Nos. 1-6.

Sincerely,

Paul Bonney

PRB/mbo

Enclosures

cc: w/enclosures
James McNulty, Acting Prothonotary (Certificate of Service Only)
Certificate of Service

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Interrogatory Enron IX-1

Enron IX-1 Question:

Please reconcile any and all differences, by rate class, between the sales numbers shown on the Derivation of CTC and Market Energy/Capacity Revenue Requirements summarize (which total 30,797,199 Mwbs based on all rate classes presented in the "Derivation summaries") in Appendix C. In addition, identify the on-peak and off-peak Kwh sales numbers associated with the Large Interruptible Load Rider (LILR) and all sales associated with Economic Efficiency Rider (EER) for the same period for both referenced sources.

Enron IX-1 Answer:

The total sales shown for each rate class in the Proof of Revenue are not essential to the development of rates. It is the relative breakdown of these sales between pricing blocks which is generated by the billing sample that is important. The sales used in the "Derivation of CTC and Market Energy/Capacity Revenue Requirements" sheets are pro-forma 1996 sales and, as explained in the Rejoinder Testimony of Robert A. Clemmer (PECO St. No. 12-RJ), will not be equal to the total sales shown in the Proof of Revenue.

The 1996 sales associated with LILR on-peak sales is 652,934 MWh. The sales figures for off-peak LILR are approximately 2,225,571 MWh and EER sales are approximately 996,115 MWh.

Responsible Witness: T. P. Hill, Jr.

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Interrogatory Enron IX-2

Enron IX-2 Question:

If not addressed in the response in Question No. 1, please specify the amount of sales included in either the Derivation of CTC and Market Energy/Capacity Revenue Requirements summaries or the Proof of Revenue statements to which the CTC will not apply, by rate class.

Enron IX-2 Answer:

The CTC will not apply to the on-peak LILR sales.

Responsible Witness: T. P. Hill, Jr.

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Interrogatory Enron IX-3

Enron IX-3 Question:

The annual total CTC revenues amounts shown on the Derivation of CTC and Market Energy/Capacity Revenue Requirements summaries in Appendix C for the years 1999 through 2008 have a nominal value of approximately \$9.559 billion. Please reconcile this total with the \$5.461 billion CTC revenue recovery amount permitted under the Settlement Agreement. In addition, state what interest rate underlies your calculation, to what year the revenue stream is valued (i.e., 1997 dollars or 1998 dollars), and on what periodic basis the revenue stream is valued (i.e., year-end/beginning or month-end/beginning).

Enron IX-3 Answer:

The answer to this question was provided in response to a request made during the oral deposition of Thomas P. Hill, Jr. taken on September 23 & 25, 1997 as well as being discussed in the rejoinder testimony of Alan B. Cohn (PECO St. No. 3-RJ).

Responsible Witness: T. P. Hill, Jr.

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Interrogatory Enron IX-4

Enron IX-4 Question:

Explain why CTC revenues and sales data associated with Rate Schedules RT, TL and AL were not included in the Derivation of CTC and Market Energy/Capacity Revenue Requirements summaries, although the Proof of Revenue statement (a.k.a. Circulation of Revenue worksheets) were submitted in Appendix C for these rate schedules.

Enron IX-4 Answer:

RT, TL and AL rate classes are not specified in the "Derivation of CTC and Market Energy/Capacity Revenue Requirements summaries" because they are not specified as separate rate classes in the Company's 1996 Cost of Service Study contained in PECO Exhibit RAC-10.

Responsible Witness: T. P. Hill, Jr.

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Interrogatory Enron IX-5

Enron IX-5 Question:

Explain why CTC revenues and sales data associated with Rate Schedules RS were not included in the Derivation of CTC and Market Energy/Capacity Revenue Requirements (i.e., a Proof of Revenue statement was not submitted for this rate schedule although rates were listed in the proposed tariff sheets each year).

Enron IX-5 Answer:

The RS rate class was not specified in the Derivation of CTC and Market Energy/Capacity Revenue Requirements because RS was not specified as a rate class in the Company's 1996 Cost of Service study (Exhibit RAC-10).

Responsible Witness: T. P. Hill, Jr.

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Interrogatory Enron IV-6

Enron IX-6 Question:

Please provide proof of Revenue statements for the period in question for Rate Schedules RS, POL and SLS.

Enron IX-6 Answer:

Rate RS rate structure is identical to Rate R except for an additional metering charge. Subsequent to the filing of the settlement, the Company has unbundled Rates POL and SLS for purposes of the Retail Access Pilot. The unbundled versions of these rates for the period 1999-2008 are provided in Attachment Enron IV-6.

Responsible Witness: T. P. Hill, Jr.

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PECO ENERGY COMPANY**SLS Restructuring Unbundling****1999**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

Incandescent Filament Lamps

	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$89.33	\$1.95	\$76.44	\$4.05	\$6.89
58 Billing Watts (nominally 600 Lumens)	\$124.47	\$2.72	\$106.51	\$5.64	\$9.60
103 Billing Watts (nominally 1,000 Lumens)	\$174.60	\$3.82	\$149.41	\$7.91	\$13.46
202 Billing Watts (nominally 2,500 Lumens)	\$240.26	\$5.26	\$205.59	\$10.88	\$18.53
448 Billing Watts (nominally 6,000 Lumens)	\$274.12	\$6.00	\$234.57	\$12.41	\$21.14
690 Billing Watts (nominally 10,000 Lumens)	\$328.18	\$7.18	\$280.82	\$14.86	\$25.32

Mercury Vapor Lamps

115 Billing Watts (nominally 4,000 Lumens)	\$205.46	\$4.50	\$175.81	\$9.30	\$15.85
191 Billing Watts (nominally 8,000 Lumens)	\$216.99	\$4.75	\$185.68	\$9.83	\$16.73
275 Billing Watts (nominally 12,000 Lumens)	\$231.37	\$5.06	\$197.99	\$10.48	\$17.84
429 Billing Watts (nominally 20,000 Lumens)	\$271.79	\$5.95	\$232.57	\$12.31	\$20.96
768 Billing Watts (nominally 42,000 Lumens)	\$387.16	\$8.47	\$331.29	\$17.53	\$29.87
1,090 Billing Watts (nominally 59,000 Lumens)	\$436.41	\$9.55	\$373.44	\$19.76	\$33.66

Sodium Vapor Lamps

94 Billing Watts (nominally 5,800 Lumens)	\$203.92	\$4.46	\$174.50	\$9.23	\$15.73
131 Billing Watts (nominally 9,500 Lumens)	\$221.72	\$4.85	\$189.72	\$10.04	\$17.11
192 Billing Watts (nominally 16,000 Lumens)	\$249.02	\$5.45	\$213.09	\$11.28	\$19.20
294 Billing Watts (nominally 25,000 Lumens)	\$282.92	\$6.19	\$242.09	\$12.81	\$21.83
450 Billing Watts (nominally 50,000 Lumens)	\$337.09	\$7.38	\$288.44	\$15.26	\$26.01

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PECO ENERGY COMPANY**SLS Restructuring Unbundling****2001**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

Incandescent Filament Lamps

	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$94.30	\$1.95	\$76.44	\$3.63	\$12.28
58 Billing Watts (nominally 600 Lumens)	\$131.39	\$2.72	\$106.51	\$5.06	\$17.10
103 Billing Watts (nominally 1,000 Lumens)	\$184.30	\$3.82	\$149.41	\$7.10	\$23.97
202 Billing Watts (nominally 2,500 Lumens)	\$253.61	\$5.26	\$205.59	\$9.77	\$32.99
448 Billing Watts (nominally 6,000 Lumens)	\$289.35	\$6.00	\$234.57	\$11.14	\$37.64
690 Billing Watts (nominally 10,000 Lumens)	\$346.41	\$7.18	\$280.82	\$13.34	\$45.07

Mercury Vapor Lamps

115 Billing Watts (nominally 4,000 Lumens)	\$216.88	\$4.50	\$175.81	\$8.35	\$28.22
191 Billing Watts (nominally 8,000 Lumens)	\$229.05	\$4.75	\$185.68	\$8.82	\$29.80
275 Billing Watts (nominally 12,000 Lumens)	\$244.23	\$5.06	\$197.99	\$9.41	\$31.77
429 Billing Watts (nominally 20,000 Lumens)	\$286.89	\$5.95	\$232.57	\$11.05	\$37.32
768 Billing Watts (nominally 42,000 Lumens)	\$408.67	\$8.47	\$331.29	\$15.74	\$53.17
1,090 Billing Watts (nominally 59,000 Lumens)	\$460.66	\$9.55	\$373.44	\$17.74	\$59.93

Sodium Vapor Lamps

94 Billing Watts (nominally 5,800 Lumens)	\$215.25	\$4.46	\$174.50	\$8.29	\$28.00
131 Billing Watts (nominally 9,500 Lumens)	\$234.03	\$4.85	\$189.72	\$9.01	\$30.45
192 Billing Watts (nominally 16,000 Lumens)	\$262.86	\$5.45	\$213.09	\$10.12	\$34.20
294 Billing Watts (nominally 25,000 Lumens)	\$298.63	\$6.19	\$242.09	\$11.50	\$38.85
450 Billing Watts (nominally 50,000 Lumens)	\$355.81	\$7.38	\$288.44	\$13.70	\$46.29

PECO ENERGY COMPANY**SLS Restructuring Unbundling****2002**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

Incandescent Filament Lamps

	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$97.27	\$1.95	\$76.44	\$2.94	\$15.94
58 Billing Watts (nominally 600 Lumens)	\$135.53	\$2.72	\$106.51	\$4.09	\$22.21
103 Billing Watts (nominally 1,000 Lumens)	\$190.12	\$3.82	\$149.41	\$5.74	\$31.15
202 Billing Watts (nominally 2,500 Lumens)	\$261.62	\$5.26	\$205.59	\$7.90	\$42.87
448 Billing Watts (nominally 6,000 Lumens)	\$298.49	\$6.00	\$234.57	\$9.01	\$48.91
690 Billing Watts (nominally 10,000 Lumens)	\$357.35	\$7.18	\$280.82	\$10.79	\$58.56

Mercury Vapor Lamps

115 Billing Watts (nominally 4,000 Lumens)	\$223.72	\$4.50	\$175.81	\$6.75	\$36.66
191 Billing Watts (nominally 8,000 Lumens)	\$236.28	\$4.75	\$185.68	\$7.13	\$38.72
275 Billing Watts (nominally 12,000 Lumens)	\$251.94	\$5.06	\$197.99	\$7.60	\$41.29
429 Billing Watts (nominally 20,000 Lumens)	\$295.95	\$5.95	\$232.57	\$8.93	\$48.50
768 Billing Watts (nominally 42,000 Lumens)	\$421.58	\$8.47	\$331.29	\$12.73	\$69.09
1,090 Billing Watts (nominally 59,000 Lumens)	\$475.20	\$9.55	\$373.44	\$14.34	\$77.87

Sodium Vapor Lamps

94 Billing Watts (nominally 5,800 Lumens)	\$222.05	\$4.46	\$174.50	\$6.70	\$36.39
131 Billing Watts (nominally 9,500 Lumens)	\$241.42	\$4.85	\$189.72	\$7.29	\$39.56
192 Billing Watts (nominally 16,000 Lumens)	\$271.16	\$5.45	\$213.09	\$8.18	\$44.44
294 Billing Watts (nominally 25,000 Lumens)	\$308.06	\$6.19	\$242.09	\$9.30	\$50.48
450 Billing Watts (nominally 50,000 Lumens)	\$367.05	\$7.38	\$288.44	\$11.08	\$60.15

PECO ENERGY COMPANY**SLS Restructuring Unbundling****2003**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

Incandescent Filament Lamps

	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$99.26	\$1.95	\$76.44	\$1.94	\$18.93
58 Billing Watts (nominally 600 Lumens)	\$138.30	\$2.72	\$106.51	\$2.71	\$26.36
103 Billing Watts (nominally 1,000 Lumens)	\$194.00	\$3.82	\$149.41	\$3.80	\$36.97
202 Billing Watts (nominally 2,500 Lumens)	\$266.96	\$5.26	\$205.59	\$5.23	\$50.88
448 Billing Watts (nominally 6,000 Lumens)	\$304.58	\$6.00	\$234.57	\$5.96	\$58.05
690 Billing Watts (nominally 10,000 Lumens)	\$364.64	\$7.18	\$280.82	\$7.14	\$69.50

Mercury Vapor Lamps

115 Billing Watts (nominally 4,000 Lumens)	\$228.29	\$4.50	\$175.81	\$4.47	\$43.51
191 Billing Watts (nominally 8,000 Lumens)	\$241.10	\$4.75	\$185.68	\$4.72	\$45.95
275 Billing Watts (nominally 12,000 Lumens)	\$257.08	\$5.06	\$197.99	\$5.03	\$49.00
429 Billing Watts (nominally 20,000 Lumens)	\$301.99	\$5.95	\$232.57	\$5.91	\$57.56
768 Billing Watts (nominally 42,000 Lumens)	\$430.18	\$8.47	\$331.29	\$8.42	\$82.00
1,090 Billing Watts (nominally 59,000 Lumens)	\$484.90	\$9.55	\$373.44	\$9.49	\$92.42

Sodium Vapor Lamps

94 Billing Watts (nominally 5,800 Lumens)	\$226.58	\$4.46	\$174.50	\$4.44	\$43.18
131 Billing Watts (nominally 9,500 Lumens)	\$246.35	\$4.85	\$189.72	\$4.82	\$46.96
192 Billing Watts (nominally 16,000 Lumens)	\$276.69	\$5.45	\$213.09	\$5.42	\$52.73
294 Billing Watts (nominally 25,000 Lumens)	\$314.35	\$6.19	\$242.09	\$6.15	\$59.92
450 Billing Watts (nominally 50,000 Lumens)	\$374.54	\$7.38	\$288.44	\$7.33	\$71.39

PECO ENERGY COMPANY**SLS Restructuring Unbundling****2004**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

Incandescent Filament Lamps

	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$99.26	\$1.95	\$76.44	\$0.95	\$19.92
58 Billing Watts (nominally 600 Lumens)	\$138.30	\$2.72	\$106.51	\$1.33	\$27.74
103 Billing Watts (nominally 1,000 Lumens)	\$194.00	\$3.82	\$149.41	\$1.86	\$38.91
202 Billing Watts (nominally 2,500 Lumens)	\$266.96	\$5.26	\$205.59	\$2.56	\$53.55
448 Billing Watts (nominally 6,000 Lumens)	\$304.58	\$6.00	\$234.57	\$2.92	\$61.09
690 Billing Watts (nominally 10,000 Lumens)	\$364.64	\$7.18	\$280.82	\$3.49	\$73.15

Mercury Vapor Lamps

115 Billing Watts (nominally 4,000 Lumens)	\$228.29	\$4.50	\$175.81	\$2.19	\$45.79
191 Billing Watts (nominally 8,000 Lumens)	\$241.10	\$4.75	\$185.68	\$2.31	\$48.36
275 Billing Watts (nominally 12,000 Lumens)	\$257.08	\$5.06	\$197.99	\$2.46	\$51.57
429 Billing Watts (nominally 20,000 Lumens)	\$301.99	\$5.95	\$232.57	\$2.89	\$60.58
768 Billing Watts (nominally 42,000 Lumens)	\$430.18	\$8.47	\$331.29	\$4.12	\$86.30
1,090 Billing Watts (nominally 59,000 Lumens)	\$484.90	\$9.55	\$373.44	\$4.65	\$97.26

Sodium Vapor Lamps

94 Billing Watts (nominally 5,800 Lumens)	\$226.58	\$4.46	\$174.50	\$2.17	\$45.45
131 Billing Watts (nominally 9,500 Lumens)	\$246.35	\$4.85	\$189.72	\$2.36	\$49.42
192 Billing Watts (nominally 16,000 Lumens)	\$276.69	\$5.45	\$213.09	\$2.65	\$55.50
294 Billing Watts (nominally 25,000 Lumens)	\$314.35	\$6.19	\$242.09	\$3.01	\$63.06
450 Billing Watts (nominally 50,000 Lumens)	\$374.54	\$7.38	\$288.44	\$3.59	\$75.13

PECO ENERGY COMPANY**SLS Restructuring Unbundling****2005**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

Incandescent Filament Lamps

	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$99.26	\$1.95	\$76.44	(\$0.04)	\$20.91
58 Billing Watts (nominally 600 Lumens)	\$138.30	\$2.72	\$106.51	(\$0.06)	\$29.13
103 Billing Watts (nominally 1,000 Lumens)	\$194.00	\$3.82	\$149.41	(\$0.08)	\$40.85
202 Billing Watts (nominally 2,500 Lumens)	\$266.96	\$5.26	\$205.59	(\$0.11)	\$56.22
448 Billing Watts (nominally 6,000 Lumens)	\$304.58	\$6.00	\$234.57	(\$0.13)	\$64.14
890 Billing Watts (nominally 10,000 Lumens)	\$364.64	\$7.18	\$280.82	(\$0.15)	\$76.79

Mercury Vapor Lamps

115 Billing Watts (nominally 4,000 Lumens)	\$228.29	\$4.50	\$175.81	(\$0.10)	\$48.08
191 Billing Watts (nominally 8,000 Lumens)	\$241.10	\$4.75	\$185.68	(\$0.10)	\$50.77
275 Billing Watts (nominally 12,000 Lumens)	\$257.08	\$5.06	\$197.99	(\$0.11)	\$54.14
429 Billing Watts (nominally 20,000 Lumens)	\$301.99	\$5.95	\$232.57	(\$0.13)	\$63.60
768 Billing Watts (nominally 42,000 Lumens)	\$430.18	\$8.47	\$331.29	(\$0.18)	\$90.60
1,090 Billing Watts (nominally 59,000 Lumens)	\$484.90	\$9.55	\$373.44	(\$0.20)	\$102.11

Sodium Vapor Lamps

94 Billing Watts (nominally 5,800 Lumens)	\$226.58	\$4.46	\$174.50	(\$0.09)	\$47.71
131 Billing Watts (nominally 9,500 Lumens)	\$246.35	\$4.85	\$189.72	(\$0.10)	\$51.88
192 Billing Watts (nominally 16,000 Lumens)	\$276.69	\$5.45	\$213.09	(\$0.12)	\$58.27
294 Billing Watts (nominally 25,000 Lumens)	\$314.35	\$6.19	\$242.09	(\$0.13)	\$66.20
450 Billing Watts (nominally 50,000 Lumens)	\$374.54	\$7.38	\$288.44	(\$0.16)	\$78.88

PECO ENERGY COMPANY**SLS Restructuring Unbundling****2006**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

<u>Incandescent Filament Lamps</u>	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$104.22	\$1.95	\$76.44	(\$2.03)	\$27.86
58 Billing Watts (nominally 600 Lumens)	\$145.22	\$2.72	\$106.51	(\$2.82)	\$38.81
103 Billing Watts (nominally 1,000 Lumens)	\$203.70	\$3.82	\$149.41	(\$3.96)	\$54.43
202 Billing Watts (nominally 2,500 Lumens)	\$280.31	\$5.26	\$205.59	(\$5.45)	\$74.91
448 Billing Watts (nominally 6,000 Lumens)	\$319.81	\$6.00	\$234.57	(\$6.22)	\$85.46
690 Billing Watts (nominally 10,000 Lumens)	\$382.87	\$7.18	\$280.82	(\$7.45)	\$102.32
 <u>Mercury Vapor Lamps</u>					
115 Billing Watts (nominally 4,000 Lumens)	\$239.70	\$4.50	\$175.81	(\$4.66)	\$64.05
191 Billing Watts (nominally 8,000 Lumens)	\$253.16	\$4.75	\$185.68	(\$4.92)	\$67.65
275 Billing Watts (nominally 12,000 Lumens)	\$269.93	\$5.06	\$197.99	(\$5.25)	\$72.13
429 Billing Watts (nominally 20,000 Lumens)	\$317.09	\$5.95	\$232.57	(\$6.17)	\$84.74
768 Billing Watts (nominally 42,000 Lumens)	\$451.69	\$8.47	\$331.29	(\$8.78)	\$120.71
1,090 Billing Watts (nominally 59,000 Lumens)	\$509.15	\$9.55	\$373.44	(\$9.90)	\$136.06
 <u>Sodium Vapor Lamps</u>					
94 Billing Watts (nominally 5,800 Lumens)	\$237.91	\$4.46	\$174.50	(\$4.63)	\$63.58
131 Billing Watts (nominally 9,500 Lumens)	\$258.67	\$4.85	\$189.72	(\$5.03)	\$69.13
192 Billing Watts (nominally 16,000 Lumens)	\$290.52	\$5.45	\$213.09	(\$5.65)	\$77.63
294 Billing Watts (nominally 25,000 Lumens)	\$330.07	\$6.19	\$242.09	(\$6.42)	\$88.21
450 Billing Watts (nominally 50,000 Lumens)	\$393.27	\$7.38	\$288.44	(\$7.65)	\$105.10

PECO ENERGY COMPANY**SLS Restructuring Unbundling****2007**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

<u>Incandescent Filament Lamps</u>	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$109.19	\$1.95	\$76.44	(\$3.02)	\$33.82
58 Billing Watts (nominally 600 Lumens)	\$152.13	\$2.72	\$106.51	(\$4.21)	\$47.11
103 Billing Watts (nominally 1,000 Lumens)	\$213.40	\$3.82	\$149.41	(\$5.90)	\$66.07
202 Billing Watts (nominally 2,500 Lumens)	\$293.66	\$5.26	\$205.59	(\$8.12)	\$90.93
448 Billing Watts (nominally 6,000 Lumens)	\$335.04	\$6.00	\$234.57	(\$9.26)	\$103.73
690 Billing Watts (nominally 10,000 Lumens)	\$401.10	\$7.18	\$280.82	(\$11.09)	\$124.19
<u>Mercury Vapor Lamps</u>					
115 Billing Watts (nominally 4,000 Lumens)	\$251.12	\$4.50	\$175.81	(\$6.94)	\$77.75
191 Billing Watts (nominally 8,000 Lumens)	\$265.21	\$4.75	\$185.68	(\$7.33)	\$82.11
275 Billing Watts (nominally 12,000 Lumens)	\$282.79	\$5.06	\$197.99	(\$7.82)	\$87.56
429 Billing Watts (nominally 20,000 Lumens)	\$332.19	\$5.95	\$232.57	(\$9.18)	\$102.85
768 Billing Watts (nominally 42,000 Lumens)	\$473.20	\$8.47	\$331.29	(\$13.08)	\$146.52
1,090 Billing Watts (nominally 59,000 Lumens)	\$533.39	\$9.55	\$373.44	(\$14.75)	\$165.15
<u>Sodium Vapor Lamps</u>					
94 Billing Watts (nominally 5,800 Lumens)	\$249.24	\$4.46	\$174.50	(\$6.89)	\$77.17
131 Billing Watts (nominally 9,500 Lumens)	\$270.99	\$4.85	\$189.72	(\$7.49)	\$83.91
192 Billing Watts (nominally 16,000 Lumens)	\$304.36	\$5.45	\$213.09	(\$8.41)	\$94.23
294 Billing Watts (nominally 25,000 Lumens)	\$345.79	\$6.19	\$242.09	(\$9.56)	\$107.07
450 Billing Watts (nominally 50,000 Lumens)	\$411.99	\$7.38	\$288.44	(\$11.39)	\$127.56

PECO ENERGY COMPANY**SLS Restructuring Unbundling****2008**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

Incandescent Filament Lamps

	Bundled	Transmission	Distribution	CTC	Market
32 Billing Watts (nominally 320 Lumens)	\$109.19	\$1.95	\$76.44	(\$5.00)	\$35.80
58 Billing Watts (nominally 600 Lumens)	\$152.13	\$2.72	\$106.51	(\$6.97)	\$49.87
103 Billing Watts (nominally 1,000 Lumens)	\$213.40	\$3.82	\$149.41	(\$9.78)	\$69.95
202 Billing Watts (nominally 2,500 Lumens)	\$293.66	\$5.26	\$205.59	(\$13.46)	\$96.27
448 Billing Watts (nominally 6,000 Lumens)	\$335.04	\$6.00	\$234.57	(\$15.36)	\$109.83
690 Billing Watts (nominally 10,000 Lumens)	\$401.10	\$7.18	\$280.82	(\$18.38)	\$131.48

Mercury Vapor Lamps

115 Billing Watts (nominally 4,000 Lumens)	\$251.12	\$4.50	\$175.81	(\$11.51)	\$82.32
191 Billing Watts (nominally 8,000 Lumens)	\$265.21	\$4.75	\$185.68	(\$12.15)	\$86.93
275 Billing Watts (nominally 12,000 Lumens)	\$282.79	\$5.06	\$197.99	(\$12.96)	\$92.70
429 Billing Watts (nominally 20,000 Lumens)	\$332.19	\$5.95	\$232.57	(\$15.22)	\$108.89
768 Billing Watts (nominally 42,000 Lumens)	\$473.20	\$8.47	\$331.29	(\$21.69)	\$155.13
1,090 Billing Watts (nominally 59,000 Lumens)	\$533.39	\$9.55	\$373.44	(\$24.45)	\$174.85

Sodium Vapor Lamps

94 Billing Watts (nominally 5,800 Lumens)	\$249.24	\$4.46	\$174.50	(\$11.42)	\$81.70
131 Billing Watts (nominally 9,500 Lumens)	\$270.99	\$4.85	\$189.72	(\$12.42)	\$88.84
192 Billing Watts (nominally 16,000 Lumens)	\$304.36	\$5.45	\$213.09	(\$13.95)	\$99.77
294 Billing Watts (nominally 25,000 Lumens)	\$345.79	\$6.19	\$242.09	(\$15.85)	\$113.36
450 Billing Watts (nominally 50,000 Lumens)	\$411.99	\$7.38	\$288.44	(\$18.88)	\$135.05

PECO ENERGY COMPANY**POL Restructuring Unbundling****1999**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

	Company Pole	Transmission	Distribution	CTC	Market
<u>Mercury-Vapor Lamps</u>					
100 Watts (nominally 4,000 Lumens)	\$11.45	\$0.23	\$9.96	\$0.47	\$0.78
175 Watts (nominally 8,000 Lumens)	\$15.54	\$0.32	\$13.46	\$0.65	\$1.12
250 Watts (nominally 12,000 Lumens)	\$19.17	\$0.40	\$16.54	\$0.82	\$1.41
400 Watts (nominally 20,000 Lumens)	\$24.73	\$0.51	\$21.35	\$1.06	\$1.82
400 Watts Floodlight (nominally 22,000 Lumens)	\$26.75	\$0.56	\$23.08	\$1.15	\$1.96
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$15.65	\$0.32	\$13.56	\$0.66	\$1.12
250 Watts (nominally 25,000 Lumens)	\$24.93	\$0.52	\$21.52	\$1.07	\$1.82
400 Watts (nominally 50,000 Lumens)	\$27.37	\$0.57	\$23.61	\$1.18	\$2.01
400 Watts Floodlight (nominally 50,000 Lumens)	\$29.38	\$0.61	\$25.33	\$1.27	\$2.17
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$28.93	\$0.61	\$24.93	\$1.25	\$2.14
1000 Watts (nominally 110,000 Lumens)	\$50.67	\$1.08	\$43.54	\$2.24	\$3.81
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$17.60	\$0.36	\$15.24	\$0.74	\$1.25
100 Watts (nominally 9,500 Lumens)	\$18.60	\$0.38	\$16.10	\$0.79	\$1.33
150 Watts (nominally 16,000 Lumens)	\$20.33	\$0.42	\$17.58	\$0.86	\$1.47
250 Watts (nominally 25,000 Lumens)	\$23.89	\$0.50	\$20.62	\$1.02	\$1.75
400 Watts (nominally 50,000 Lumens)	\$28.98	\$0.61	\$24.98	\$1.26	\$2.13

PECO ENERGY COMP

POL Restructuring Unbundli

1999

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$10.31	\$0.23	\$8.82	\$0.47	\$0.78
175 Watts (nominally 8,000 Lumens)	\$14.45	\$0.32	\$12.36	\$0.65	\$1.12
250 Watts (nominally 12,000 Lumens)	\$18.19	\$0.40	\$15.56	\$0.82	\$1.41
400 Watts (nominally 20,000 Lumens)	\$23.45	\$0.51	\$20.06	\$1.06	\$1.82
400 Watts Floodlight (nominally 22,000 Lumens)	\$25.46	\$0.56	\$21.79	\$1.15	\$1.96

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)	\$14.54	\$0.32	\$12.44	\$0.66	\$1.12
250 Watts (nominally 25,000 Lumens)	\$23.64	\$0.52	\$20.23	\$1.07	\$1.82
400 Watts (nominally 50,000 Lumens)	\$26.08	\$0.57	\$22.32	\$1.18	\$2.01
400 Watts Floodlight (nominally 50,000 Lumens)	\$28.09	\$0.61	\$24.04	\$1.27	\$2.17

Metal-Halide

400 Watts (nominally 36,000 Lumens)	\$27.68	\$0.61	\$23.68	\$1.25	\$2.14
1000 Watts (nominally 110,000 Lumens)	\$49.42	\$1.08	\$42.29	\$2.24	\$3.81

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)	\$16.34	\$0.36	\$13.99	\$0.74	\$1.25
100 Watts (nominally 9,500 Lumens)	\$17.35	\$0.38	\$14.85	\$0.79	\$1.33
150 Watts (nominally 16,000 Lumens)	\$19.08	\$0.42	\$16.33	\$0.86	\$1.47
250 Watts (nominally 25,000 Lumens)	\$22.63	\$0.50	\$19.36	\$1.02	\$1.75
400 Watts (nominally 50,000 Lumens)	\$27.72	\$0.61	\$23.72	\$1.26	\$2.13

PECO ENERGY COMPANY**POL Restructuring Unbundling****2001**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

	Company Pole	Transmission	Distribution	CTC	Market
<u>Mercury-Vapor Lamps</u>					
100 Watts (nominally 4,000 Lumens)	\$12.08	\$0.23	\$10.03	\$0.42	\$1.41
175 Watts (nominally 8,000 Lumens)	\$16.41	\$0.32	\$13.52	\$0.59	\$1.98
250 Watts (nominally 12,000 Lumens)	\$20.24	\$0.40	\$16.60	\$0.74	\$2.50
400 Watts (nominally 20,000 Lumens)	\$26.11	\$0.51	\$21.42	\$0.95	\$3.23
400 Watts Floodlight (nominally 22,000 Lumens)	\$28.23	\$0.56	\$23.15	\$1.04	\$3.49
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$16.52	\$0.32	\$13.62	\$0.59	\$1.99
250 Watts (nominally 25,000 Lumens)	\$26.32	\$0.52	\$21.59	\$0.96	\$3.25
400 Watts (nominally 50,000 Lumens)	\$28.89	\$0.57	\$23.68	\$1.06	\$3.58
400 Watts Floodlight (nominally 50,000 Lumens)	\$31.01	\$0.61	\$25.40	\$1.14	\$3.86
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$30.53	\$0.61	\$25.00	\$1.13	\$3.79
1000 Watts (nominally 110,000 Lumens)	\$53.49	\$1.08	\$43.61	\$2.01	\$6.78
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$18.57	\$0.36	\$15.31	\$0.66	\$2.24
100 Watts (nominally 9,500 Lumens)	\$19.64	\$0.38	\$16.17	\$0.71	\$2.38
150 Watts (nominally 16,000 Lumens)	\$21.46	\$0.42	\$17.65	\$0.78	\$2.61
250 Watts (nominally 25,000 Lumens)	\$25.21	\$0.50	\$20.69	\$0.92	\$3.10
400 Watts (nominally 50,000 Lumens)	\$30.59	\$0.61	\$25.05	\$1.13	\$3.80

PECO ENERGY COMP**POL Restructuring Unbundli****2001**

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$10.88	\$0.23	\$8.82	\$0.42	\$1.41
175 Watts (nominally 8,000 Lumens)	\$15.25	\$0.32	\$12.36	\$0.59	\$1.98
250 Watts (nominally 12,000 Lumens)	\$19.20	\$0.40	\$15.56	\$0.74	\$2.50
400 Watts (nominally 20,000 Lumens)	\$24.75	\$0.51	\$20.06	\$0.95	\$3.23
400 Watts Floodlight (nominally 22,000 Lumens)	\$26.88	\$0.56	\$21.79	\$1.04	\$3.49

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)	\$15.34	\$0.32	\$12.44	\$0.59	\$1.99
250 Watts (nominally 25,000 Lumens)	\$24.96	\$0.52	\$20.23	\$0.96	\$3.25
400 Watts (nominally 50,000 Lumens)	\$27.53	\$0.57	\$22.32	\$1.06	\$3.58
400 Watts Floodlight (nominally 50,000 Lumens)	\$29.65	\$0.61	\$24.04	\$1.14	\$3.86

Metal-Halide

400 Watts (nominally 36,000 Lumens)	\$29.21	\$0.61	\$23.68	\$1.13	\$3.79
1000 Watts (nominally 110,000 Lumens)	\$52.16	\$1.08	\$42.29	\$2.01	\$6.78

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)	\$17.25	\$0.36	\$13.99	\$0.66	\$2.24
100 Watts (nominally 9,500 Lumens)	\$18.32	\$0.38	\$14.85	\$0.71	\$2.38
150 Watts (nominally 16,000 Lumens)	\$20.14	\$0.42	\$16.33	\$0.78	\$2.61
250 Watts (nominally 25,000 Lumens)	\$23.88	\$0.50	\$19.36	\$0.92	\$3.10
400 Watts (nominally 50,000 Lumens)	\$29.26	\$0.61	\$23.72	\$1.13	\$3.80

PECO ENERGY COMPANY**POL Restructuring Unbundling****2002**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

	Company Pole	Transmission	Distribution	CTC	Market
<u>Mercury-Vapor Lamps</u>					
100 Watts (nominally 4,000 Lumens)	\$12.47	\$0.23	\$10.06	\$0.34	\$1.83
175 Watts (nominally 8,000 Lumens)	\$16.92	\$0.32	\$13.56	\$0.47	\$2.58
250 Watts (nominally 12,000 Lumens)	\$20.87	\$0.40	\$16.63	\$0.60	\$3.25
400 Watts (nominally 20,000 Lumens)	\$26.93	\$0.51	\$21.46	\$0.77	\$4.19
400 Watts Floodlight (nominally 22,000 Lumens)	\$29.13	\$0.56	\$23.19	\$0.84	\$4.53
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$17.04	\$0.32	\$13.66	\$0.48	\$2.59
250 Watts (nominally 25,000 Lumens)	\$27.15	\$0.52	\$21.63	\$0.78	\$4.21
400 Watts (nominally 50,000 Lumens)	\$29.80	\$0.57	\$23.72	\$0.86	\$4.65
400 Watts Floodlight (nominally 50,000 Lumens)	\$31.99	\$0.61	\$25.44	\$0.92	\$5.02
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$31.50	\$0.61	\$25.04	\$0.91	\$4.94
1000 Watts (nominally 110,000 Lumens)	\$55.17	\$1.08	\$43.65	\$1.62	\$8.82
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$19.16	\$0.36	\$15.35	\$0.54	\$2.91
100 Watts (nominally 9,500 Lumens)	\$20.26	\$0.38	\$16.21	\$0.57	\$3.09
150 Watts (nominally 16,000 Lumens)	\$22.14	\$0.42	\$17.69	\$0.63	\$3.40
250 Watts (nominally 25,000 Lumens)	\$26.01	\$0.50	\$20.73	\$0.74	\$4.04
400 Watts (nominally 50,000 Lumens)	\$31.56	\$0.61	\$25.09	\$0.91	\$4.94

PECO ENERGY COMP

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2002

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$11.22	\$0.23	\$8.82	\$0.34	\$1.83
175 Watts (nominally 8,000 Lumens)	\$15.73	\$0.32	\$12.36	\$0.47	\$2.58
250 Watts (nominally 12,000 Lumens)	\$19.81	\$0.40	\$15.56	\$0.60	\$3.25
400 Watts (nominally 20,000 Lumens)	\$25.53	\$0.51	\$20.06	\$0.77	\$4.19
400 Watts Floodlight (nominally 22,000 Lumens)	\$27.72	\$0.56	\$21.79	\$0.84	\$4.53

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)	\$15.83	\$0.32	\$12.44	\$0.48	\$2.59
250 Watts (nominally 25,000 Lumens)	\$25.74	\$0.52	\$20.23	\$0.78	\$4.21
400 Watts (nominally 50,000 Lumens)	\$28.40	\$0.57	\$22.32	\$0.86	\$4.65
400 Watts Floodlight (nominally 50,000 Lumens)	\$30.59	\$0.61	\$24.04	\$0.92	\$5.02

Metal-Halide

400 Watts (nominally 36,000 Lumens)	\$30.14	\$0.61	\$23.68	\$0.91	\$4.94
1000 Watts (nominally 110,000 Lumens)	\$53.81	\$1.08	\$42.29	\$1.62	\$8.82

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)	\$17.80	\$0.36	\$13.99	\$0.54	\$2.91
100 Watts (nominally 9,500 Lumens)	\$18.89	\$0.38	\$14.85	\$0.57	\$3.09
150 Watts (nominally 16,000 Lumens)	\$20.78	\$0.42	\$16.33	\$0.63	\$3.40
250 Watts (nominally 25,000 Lumens)	\$24.64	\$0.50	\$19.36	\$0.74	\$4.04
400 Watts (nominally 50,000 Lumens)	\$30.18	\$0.61	\$23.72	\$0.91	\$4.94

PECO ENERGY COMPANY**POL Restructuring Unbundling****2003**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

	Company Pole	Transmission	Distribution	CTC	Market
<u>Mercury-Vapor Lamps</u>					
100 Watts (nominally 4,000 Lumens)	\$12.72	\$0.23	\$10.09	\$0.22	\$2.18
175 Watts (nominally 8,000 Lumens)	\$17.27	\$0.32	\$13.58	\$0.31	\$3.06
250 Watts (nominally 12,000 Lumens)	\$21.30	\$0.40	\$16.65	\$0.40	\$3.85
400 Watts (nominally 20,000 Lumens)	\$27.48	\$0.51	\$21.49	\$0.51	\$4.97
400 Watts Floodlight (nominally 22,000 Lumens)	\$29.72	\$0.56	\$23.22	\$0.55	\$5.39
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$17.39	\$0.32	\$13.68	\$0.32	\$3.07
250 Watts (nominally 25,000 Lumens)	\$27.70	\$0.52	\$21.66	\$0.51	\$5.01
400 Watts (nominally 50,000 Lumens)	\$30.41	\$0.57	\$23.75	\$0.57	\$5.52
400 Watts Floodlight (nominally 50,000 Lumens)	\$32.64	\$0.61	\$25.47	\$0.61	\$5.95
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$32.14	\$0.61	\$25.07	\$0.60	\$5.86
1000 Watts (nominally 110,000 Lumens)	\$56.30	\$1.08	\$43.68	\$1.08	\$10.46
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$19.55	\$0.36	\$15.38	\$0.36	\$3.45
100 Watts (nominally 9,500 Lumens)	\$20.67	\$0.38	\$16.24	\$0.38	\$3.67
150 Watts (nominally 16,000 Lumens)	\$22.59	\$0.42	\$17.72	\$0.42	\$4.03
250 Watts (nominally 25,000 Lumens)	\$26.54	\$0.50	\$20.76	\$0.49	\$4.79
400 Watts (nominally 50,000 Lumens)	\$32.20	\$0.61	\$25.12	\$0.60	\$5.87

PECO ENERGY COMP**POL Restructuring Unbundli****2003**

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$11.45	\$0.23	\$8.82	\$0.22	\$2.18
175 Watts (nominally 8,000 Lumens)	\$16.05	\$0.32	\$12.36	\$0.31	\$3.06
250 Watts (nominally 12,000 Lumens)	\$20.21	\$0.40	\$15.56	\$0.40	\$3.85
400 Watts (nominally 20,000 Lumens)	\$26.05	\$0.51	\$20.06	\$0.51	\$4.97
400 Watts Floodlight (nominally 22,000 Lumens)	\$28.29	\$0.56	\$21.79	\$0.55	\$5.39

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)	\$16.15	\$0.32	\$12.44	\$0.32	\$3.07
250 Watts (nominally 25,000 Lumens)	\$26.27	\$0.52	\$20.23	\$0.51	\$5.01
400 Watts (nominally 50,000 Lumens)	\$28.98	\$0.57	\$22.32	\$0.57	\$5.52
400 Watts Floodlight (nominally 50,000 Lumens)	\$31.21	\$0.61	\$24.04	\$0.61	\$5.95

Metal-Halide

400 Watts (nominally 36,000 Lumens)	\$30.75	\$0.61	\$23.68	\$0.60	\$5.86
1000 Watts (nominally 110,000 Lumens)	\$54.91	\$1.08	\$42.29	\$1.08	\$10.46

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)	\$18.16	\$0.36	\$13.99	\$0.36	\$3.45
100 Watts (nominally 9,500 Lumens)	\$19.28	\$0.38	\$14.85	\$0.38	\$3.67
150 Watts (nominally 16,000 Lumens)	\$21.20	\$0.42	\$16.33	\$0.42	\$4.03
250 Watts (nominally 25,000 Lumens)	\$25.14	\$0.50	\$19.36	\$0.49	\$4.79
400 Watts (nominally 50,000 Lumens)	\$30.80	\$0.61	\$23.72	\$0.60	\$5.87

PECO ENERGY COMPANY**POL Restructuring Unbundling****2004**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

Mercury-Vapor Lamps

100 Watts (nominally 4,000 Lumens)
 175 Watts (nominally 8,000 Lumens)
 250 Watts (nominally 12,000 Lumens)
 400 Watts (nominally 20,000 Lumens)
 400 Watts Floodlight (nominally 22,000 Lumens)

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)
 250 Watts (nominally 25,000 Lumens)
 400 Watts (nominally 50,000 Lumens)
 400 Watts Floodlight (nominally 50,000 Lumens)

Metal-Halide

400 Watts (nominally 36,000 Lumens)
 1000 Watts (nominally 110,000 Lumens)

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)
 100 Watts (nominally 9,500 Lumens)
 150 Watts (nominally 16,000 Lumens)
 250 Watts (nominally 25,000 Lumens)
 400 Watts (nominally 50,000 Lumens)

	Company Pole	Transmission	Distribution	CTC	Market
	\$12.72	\$0.23	\$10.09	\$0.11	\$2.29
	\$17.27	\$0.32	\$13.58	\$0.15	\$3.22
	\$21.30	\$0.40	\$16.65	\$0.19	\$4.06
	\$27.48	\$0.51	\$21.49	\$0.25	\$5.23
	\$29.72	\$0.56	\$23.22	\$0.27	\$5.67
	\$17.39	\$0.32	\$13.68	\$0.15	\$3.24
	\$27.70	\$0.52	\$21.66	\$0.25	\$5.27
	\$30.41	\$0.57	\$23.75	\$0.28	\$5.81
	\$32.64	\$0.61	\$25.47	\$0.30	\$6.26
	\$32.14	\$0.61	\$25.07	\$0.29	\$6.17
	\$56.30	\$1.08	\$43.68	\$0.53	\$11.01
	\$19.55	\$0.36	\$15.38	\$0.17	\$3.64
	\$20.67	\$0.38	\$16.24	\$0.18	\$3.87
	\$22.59	\$0.42	\$17.72	\$0.20	\$4.25
	\$26.54	\$0.50	\$20.76	\$0.24	\$5.04
	\$32.20	\$0.61	\$25.12	\$0.30	\$6.17

PECO ENERGY COMP**POL Restructuring Unbundli****2004**

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

100 Watts (nominally 4,000 Lumens)
 175 Watts (nominally 8,000 Lumens)
 250 Watts (nominally 12,000 Lumens)
 400 Watts (nominally 20,000 Lumens)
 400 Watts Floodlight (nominally 22,000 Lumens)

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)
 250 Watts (nominally 25,000 Lumens)
 400 Watts (nominally 50,000 Lumens)
 400 Watts Floodlight (nominally 50,000 Lumens)

Metal-Halide

400 Watts (nominally 36,000 Lumens)
 1000 Watts (nominally 110,000 Lumens)

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)
 100 Watts (nominally 9,500 Lumens)
 150 Watts (nominally 16,000 Lumens)
 250 Watts (nominally 25,000 Lumens)
 400 Watts (nominally 50,000 Lumens)

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$11.45	\$0.23	\$8.82	\$0.11	\$2.29
175 Watts (nominally 8,000 Lumens)	\$16.05	\$0.32	\$12.36	\$0.15	\$3.22
250 Watts (nominally 12,000 Lumens)	\$20.21	\$0.40	\$15.56	\$0.19	\$4.06
400 Watts (nominally 20,000 Lumens)	\$26.05	\$0.51	\$20.06	\$0.25	\$5.23
400 Watts Floodlight (nominally 22,000 Lumens)	\$28.29	\$0.56	\$21.79	\$0.27	\$5.67
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$16.15	\$0.32	\$12.44	\$0.15	\$3.24
250 Watts (nominally 25,000 Lumens)	\$26.27	\$0.52	\$20.23	\$0.25	\$5.27
400 Watts (nominally 50,000 Lumens)	\$28.98	\$0.57	\$22.32	\$0.28	\$5.81
400 Watts Floodlight (nominally 50,000 Lumens)	\$31.21	\$0.61	\$24.04	\$0.30	\$6.26
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$30.75	\$0.61	\$23.68	\$0.29	\$6.17
1000 Watts (nominally 110,000 Lumens)	\$54.91	\$1.08	\$42.29	\$0.53	\$11.01
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$18.16	\$0.36	\$13.99	\$0.17	\$3.64
100 Watts (nominally 9,500 Lumens)	\$19.28	\$0.38	\$14.85	\$0.18	\$3.87
150 Watts (nominally 16,000 Lumens)	\$21.20	\$0.42	\$16.33	\$0.20	\$4.25
250 Watts (nominally 25,000 Lumens)	\$25.14	\$0.50	\$19.36	\$0.24	\$5.04
400 Watts (nominally 50,000 Lumens)	\$30.80	\$0.61	\$23.72	\$0.30	\$6.17

PECO ENERGY COMPANY**POL Restructuring Unbundling****2005**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

	Company Pole	Transmission	Distribution	CTC	Market
<u>Mercury-Vapor Lamps</u>					
100 Watts (nominally 4,000 Lumens)	\$12.72	\$0.23	\$10.09	\$0.00	\$2.40
175 Watts (nominally 8,000 Lumens)	\$17.27	\$0.32	\$13.58	(\$0.01)	\$3.38
250 Watts (nominally 12,000 Lumens)	\$21.30	\$0.40	\$16.65	(\$0.01)	\$4.26
400 Watts (nominally 20,000 Lumens)	\$27.48	\$0.51	\$21.49	(\$0.01)	\$5.49
400 Watts Floodlight (nominally 22,000 Lumens)	\$29.72	\$0.56	\$23.22	(\$0.01)	\$5.95
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$17.39	\$0.32	\$13.68	(\$0.01)	\$3.40
250 Watts (nominally 25,000 Lumens)	\$27.70	\$0.52	\$21.66	(\$0.01)	\$5.53
400 Watts (nominally 50,000 Lumens)	\$30.41	\$0.57	\$23.75	(\$0.01)	\$6.10
400 Watts Floodlight (nominally 50,000 Lumens)	\$32.64	\$0.61	\$25.47	(\$0.01)	\$6.57
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$32.14	\$0.61	\$25.07	(\$0.01)	\$6.47
1000 Watts (nominally 110,000 Lumens)	\$56.30	\$1.08	\$43.68	(\$0.02)	\$11.56
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$19.55	\$0.36	\$15.38	(\$0.01)	\$3.82
100 Watts (nominally 9,500 Lumens)	\$20.67	\$0.38	\$16.24	(\$0.01)	\$4.06
150 Watts (nominally 16,000 Lumens)	\$22.59	\$0.42	\$17.72	(\$0.01)	\$4.46
250 Watts (nominally 25,000 Lumens)	\$26.54	\$0.50	\$20.76	(\$0.01)	\$5.29
400 Watts (nominally 50,000 Lumens)	\$32.20	\$0.61	\$25.12	(\$0.01)	\$6.48

PECO ENERGY COMP**POL Restructuring Unbundli****2005**

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$11.45	\$0.23	\$8.82	\$0.00	\$2.40
175 Watts (nominally 8,000 Lumens)	\$16.05	\$0.32	\$12.36	(\$0.01)	\$3.38
250 Watts (nominally 12,000 Lumens)	\$20.21	\$0.40	\$15.56	(\$0.01)	\$4.26
400 Watts (nominally 20,000 Lumens)	\$26.05	\$0.51	\$20.06	(\$0.01)	\$5.49
400 Watts Floodlight (nominally 22,000 Lumens)	\$28.29	\$0.56	\$21.79	(\$0.01)	\$5.95

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)	\$16.15	\$0.32	\$12.44	(\$0.01)	\$3.40
250 Watts (nominally 25,000 Lumens)	\$26.27	\$0.52	\$20.23	(\$0.01)	\$5.53
400 Watts (nominally 50,000 Lumens)	\$28.98	\$0.57	\$22.32	(\$0.01)	\$6.10
400 Watts Floodlight (nominally 50,000 Lumens)	\$31.21	\$0.61	\$24.04	(\$0.01)	\$6.57

Metal-Halide

400 Watts (nominally 36,000 Lumens)	\$30.75	\$0.61	\$23.68	(\$0.01)	\$6.47
1000 Watts (nominally 110,000 Lumens)	\$54.91	\$1.08	\$42.29	(\$0.02)	\$11.56

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)	\$18.16	\$0.36	\$13.99	(\$0.01)	\$3.82
100 Watts (nominally 9,500 Lumens)	\$19.28	\$0.38	\$14.85	(\$0.01)	\$4.06
150 Watts (nominally 16,000 Lumens)	\$21.20	\$0.42	\$16.33	(\$0.01)	\$4.46
250 Watts (nominally 25,000 Lumens)	\$25.14	\$0.50	\$19.36	(\$0.01)	\$5.29
400 Watts (nominally 50,000 Lumens)	\$30.80	\$0.61	\$23.72	(\$0.01)	\$6.48

PECO ENERGY COMPANY**POL Restructuring Unbundling****2006**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

	Company Pole	Transmission	Distribution	CTC	Market
<u>Mercury-Vapor Lamps</u>					
100 Watts (nominally 4,000 Lumens)	\$13.36	\$0.23	\$10.15	(\$0.23)	\$3.20
175 Watts (nominally 8,000 Lumens)	\$18.13	\$0.32	\$13.64	(\$0.33)	\$4.50
250 Watts (nominally 12,000 Lumens)	\$22.37	\$0.40	\$16.70	(\$0.41)	\$5.67
400 Watts (nominally 20,000 Lumens)	\$28.85	\$0.51	\$21.56	(\$0.53)	\$7.31
400 Watts Floodlight (nominally 22,000 Lumens)	\$31.21	\$0.56	\$23.29	(\$0.58)	\$7.93
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$18.26	\$0.32	\$13.74	(\$0.33)	\$4.53
250 Watts (nominally 25,000 Lumens)	\$29.09	\$0.52	\$21.73	(\$0.54)	\$7.37
400 Watts (nominally 50,000 Lumens)	\$31.93	\$0.57	\$23.82	(\$0.59)	\$8.13
400 Watts Floodlight (nominally 50,000 Lumens)	\$34.27	\$0.61	\$25.54	(\$0.64)	\$8.76
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$33.75	\$0.61	\$25.14	(\$0.63)	\$8.63
1000 Watts (nominally 110,000 Lumens)	\$59.12	\$1.08	\$43.75	(\$1.12)	\$15.41
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$20.53	\$0.36	\$15.45	(\$0.37)	\$5.09
100 Watts (nominally 9,500 Lumens)	\$21.70	\$0.38	\$16.31	(\$0.39)	\$5.40
150 Watts (nominally 16,000 Lumens)	\$23.72	\$0.42	\$17.79	(\$0.43)	\$5.94
250 Watts (nominally 25,000 Lumens)	\$27.87	\$0.50	\$20.83	(\$0.51)	\$7.05
400 Watts (nominally 50,000 Lumens)	\$33.81	\$0.61	\$25.19	(\$0.63)	\$8.64

PECO ENERGY COMP**POL Restructuring Unbundli****2006**

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$12.02	\$0.23	\$8.82	(\$0.23)	\$3.20
175 Watts (nominally 8,000 Lumens)	\$16.85	\$0.32	\$12.36	(\$0.33)	\$4.50
250 Watts (nominally 12,000 Lumens)	\$21.22	\$0.40	\$15.56	(\$0.41)	\$5.67
400 Watts (nominally 20,000 Lumens)	\$27.35	\$0.51	\$20.06	(\$0.53)	\$7.31
400 Watts Floodlight (nominally 22,000 Lumens)	\$29.70	\$0.56	\$21.79	(\$0.58)	\$7.93

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)	\$16.96	\$0.32	\$12.44	(\$0.33)	\$4.53
250 Watts (nominally 25,000 Lumens)	\$27.58	\$0.52	\$20.23	(\$0.54)	\$7.37
400 Watts (nominally 50,000 Lumens)	\$30.43	\$0.57	\$22.32	(\$0.59)	\$8.13
400 Watts Floodlight (nominally 50,000 Lumens)	\$32.77	\$0.61	\$24.04	(\$0.64)	\$8.76

Metal-Halide

400 Watts (nominally 36,000 Lumens)	\$32.29	\$0.61	\$23.68	(\$0.63)	\$8.63
1000 Watts (nominally 110,000 Lumens)	\$57.66	\$1.08	\$42.29	(\$1.12)	\$15.41

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)	\$19.07	\$0.36	\$13.99	(\$0.37)	\$5.09
100 Watts (nominally 9,500 Lumens)	\$20.24	\$0.38	\$14.85	(\$0.39)	\$5.40
150 Watts (nominally 16,000 Lumens)	\$22.26	\$0.42	\$16.33	(\$0.43)	\$5.94
250 Watts (nominally 25,000 Lumens)	\$26.40	\$0.50	\$19.36	(\$0.51)	\$7.05
400 Watts (nominally 50,000 Lumens)	\$32.34	\$0.61	\$23.72	(\$0.63)	\$8.64

PECO ENERGY COMPANY**POL Restructuring Unbundling****2007**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

	Company Pole	Transmission	Distribution	CTC	Market
<u>Mercury-Vapor Lamps</u>					
100 Watts (nominally 4,000 Lumens)	\$13.99	\$0.23	\$10.22	(\$0.35)	\$3.90
175 Watts (nominally 8,000 Lumens)	\$19.00	\$0.32	\$13.70	(\$0.49)	\$5.47
250 Watts (nominally 12,000 Lumens)	\$23.43	\$0.40	\$16.76	(\$0.61)	\$6.88
400 Watts (nominally 20,000 Lumens)	\$30.23	\$0.51	\$21.63	(\$0.79)	\$8.88
400 Watts Floodlight (nominally 22,000 Lumens)	\$32.69	\$0.56	\$23.36	(\$0.86)	\$9.63
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$19.13	\$0.32	\$13.80	(\$0.49)	\$5.50
250 Watts (nominally 25,000 Lumens)	\$30.47	\$0.52	\$21.80	(\$0.80)	\$8.95
400 Watts (nominally 50,000 Lumens)	\$33.45	\$0.57	\$23.89	(\$0.88)	\$9.87
400 Watts Floodlight (nominally 50,000 Lumens)	\$35.90	\$0.61	\$25.61	(\$0.95)	\$10.63
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$35.35	\$0.61	\$25.21	(\$0.94)	\$10.48
1000 Watts (nominally 110,000 Lumens)	\$61.93	\$1.08	\$43.82	(\$1.67)	\$18.70
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$21.51	\$0.36	\$15.52	(\$0.55)	\$6.18
100 Watts (nominally 9,500 Lumens)	\$22.74	\$0.38	\$16.38	(\$0.59)	\$6.57
150 Watts (nominally 16,000 Lumens)	\$24.85	\$0.42	\$17.86	(\$0.64)	\$7.21
250 Watts (nominally 25,000 Lumens)	\$29.19	\$0.50	\$20.90	(\$0.76)	\$8.55
400 Watts (nominally 50,000 Lumens)	\$35.42	\$0.61	\$25.26	(\$0.94)	\$10.49

PECO ENERGY COMP**POL Restructuring Unbundli****2007**

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$12.60	\$0.23	\$8.82	(\$0.35)	\$3.90
175 Watts (nominally 8,000 Lumens)	\$17.66	\$0.32	\$12.36	(\$0.49)	\$5.47
250 Watts (nominally 12,000 Lumens)	\$22.23	\$0.40	\$15.56	(\$0.61)	\$6.88
400 Watts (nominally 20,000 Lumens)	\$28.66	\$0.51	\$20.06	(\$0.79)	\$8.88
400 Watts Floodlight (nominally 22,000 Lumens)	\$31.12	\$0.56	\$21.79	(\$0.86)	\$9.63

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)	\$17.77	\$0.32	\$12.44	(\$0.49)	\$5.50
250 Watts (nominally 25,000 Lumens)	\$28.90	\$0.52	\$20.23	(\$0.80)	\$8.95
400 Watts (nominally 50,000 Lumens)	\$31.88	\$0.57	\$22.32	(\$0.88)	\$9.87
400 Watts Floodlight (nominally 50,000 Lumens)	\$34.33	\$0.61	\$24.04	(\$0.95)	\$10.63

Metal-Halide

400 Watts (nominally 36,000 Lumens)	\$33.83	\$0.61	\$23.68	(\$0.94)	\$10.48
1000 Watts (nominally 110,000 Lumens)	\$60.40	\$1.08	\$42.29	(\$1.67)	\$18.70

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)	\$19.98	\$0.36	\$13.99	(\$0.55)	\$6.18
100 Watts (nominally 9,500 Lumens)	\$21.21	\$0.38	\$14.85	(\$0.59)	\$6.57
150 Watts (nominally 16,000 Lumens)	\$23.32	\$0.42	\$16.33	(\$0.64)	\$7.21
250 Watts (nominally 25,000 Lumens)	\$27.65	\$0.50	\$19.36	(\$0.76)	\$8.55
400 Watts (nominally 50,000 Lumens)	\$33.88	\$0.61	\$23.72	(\$0.94)	\$10.49

PECO ENERGY COMPANY**POL Restructuring Unbundling****2008**

NOTE: Negative CTC values will be reflected in the distribution rates in the final Tariff

	Company Pole	Transmission	Distribution	CTC	Market
<u>Mercury-Vapor Lamps</u>					
100 Watts (nominally 4,000 Lumens)	\$13.99	\$0.23	\$10.22	(\$0.58)	\$4.13
175 Watts (nominally 8,000 Lumens)	\$19.00	\$0.32	\$13.70	(\$0.81)	\$5.79
250 Watts (nominally 12,000 Lumens)	\$23.43	\$0.40	\$16.76	(\$1.02)	\$7.29
400 Watts (nominally 20,000 Lumens)	\$30.23	\$0.51	\$21.63	(\$1.31)	\$9.40
400 Watts Floodlight (nominally 22,000 Lumens)	\$32.69	\$0.56	\$23.36	(\$1.43)	\$10.20
<u>Sodium-Vapor Lamps</u>					
70 Watts (nominally 5,800 Lumens)	\$19.13	\$0.32	\$13.80	(\$0.81)	\$5.82
250 Watts (nominally 25,000 Lumens)	\$30.47	\$0.52	\$21.80	(\$1.32)	\$9.47
400 Watts (nominally 50,000 Lumens)	\$33.45	\$0.57	\$23.89	(\$1.46)	\$10.45
400 Watts Floodlight (nominally 50,000 Lumens)	\$35.90	\$0.61	\$25.61	(\$1.57)	\$11.25
<u>Metal-Halide</u>					
400 Watts (nominally 36,000 Lumens)	\$35.35	\$0.61	\$25.21	(\$1.55)	\$11.09
1000 Watts (nominally 110,000 Lumens)	\$61.93	\$1.08	\$43.82	(\$2.77)	\$19.80
<u>High Pressure Sodium Vapor</u>					
70 Watts (nominally 5,800 Lumens)	\$21.51	\$0.36	\$15.52	(\$0.92)	\$6.55
100 Watts (nominally 9,500 Lumens)	\$22.74	\$0.38	\$16.38	(\$0.97)	\$6.95
150 Watts (nominally 16,000 Lumens)	\$24.85	\$0.42	\$17.86	(\$1.07)	\$7.64
250 Watts (nominally 25,000 Lumens)	\$29.19	\$0.50	\$20.90	(\$1.27)	\$9.06
400 Watts (nominally 50,000 Lumens)	\$35.42	\$0.61	\$25.26	(\$1.55)	\$11.10

PECO ENERGY COMP**POL Restructuring Unbundli****2008**

NOTE: Negative CTC values will be reflected in

Mercury-Vapor Lamps

	Customer Pole	Transmission	Distribution	CTC	Market
100 Watts (nominally 4,000 Lumens)	\$12.60	\$0.23	\$8.82	(\$0.58)	\$4.13
175 Watts (nominally 8,000 Lumens)	\$17.66	\$0.32	\$12.36	(\$0.81)	\$5.79
250 Watts (nominally 12,000 Lumens)	\$22.23	\$0.40	\$15.56	(\$1.02)	\$7.29
400 Watts (nominally 20,000 Lumens)	\$28.66	\$0.51	\$20.06	(\$1.31)	\$9.40
400 Watts Floodlight (nominally 22,000 Lumens)	\$31.12	\$0.56	\$21.79	(\$1.43)	\$10.20

Sodium-Vapor Lamps

70 Watts (nominally 5,800 Lumens)	\$17.77	\$0.32	\$12.44	(\$0.81)	\$5.82
250 Watts (nominally 25,000 Lumens)	\$28.90	\$0.52	\$20.23	(\$1.32)	\$9.47
400 Watts (nominally 50,000 Lumens)	\$31.88	\$0.57	\$22.32	(\$1.46)	\$10.45
400 Watts Floodlight (nominally 50,000 Lumens)	\$34.33	\$0.61	\$24.04	(\$1.57)	\$11.25

Metal-Halide

400 Watts (nominally 36,000 Lumens)	\$33.83	\$0.61	\$23.68	(\$1.55)	\$11.09
1000 Watts (nominally 110,000 Lumens)	\$60.40	\$1.08	\$42.29	(\$2.77)	\$19.80

High Pressure Sodium Vapor

70 Watts (nominally 5,800 Lumens)	\$19.98	\$0.36	\$13.99	(\$0.92)	\$6.55
100 Watts (nominally 9,500 Lumens)	\$21.21	\$0.38	\$14.85	(\$0.97)	\$6.95
150 Watts (nominally 16,000 Lumens)	\$23.32	\$0.42	\$16.33	(\$1.07)	\$7.64
250 Watts (nominally 25,000 Lumens)	\$27.65	\$0.50	\$19.36	(\$1.27)	\$9.06
400 Watts (nominally 50,000 Lumens)	\$33.88	\$0.61	\$23.72	(\$1.55)	\$11.10

Certificate of Service

I hereby certify that I have this date served the following Answers by facsimile, first class or overnight/express mail, upon the persons addressed below:

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Dated: October 10, 1997

APPEARANCE SHEET

ALJ HEARING REPORT

Docket No. R-00973953
R-00973953C0001-C0007
 Case Name Pennsylvania Public Utility
Commission v. PECO Energy Company
 Location Philadelphia
 Date October 10, 1997
 ALJ Chestnut & Rainey
 Reporting Firm Holbert

CHECK THOSE BLOCKS WHICH APPLY:

Prehearing held YES NO

Hearing held YES NO

Testimony taken YES NO

Transcript due YES NO

Hearing concluded YES NO

Further hearing needed YES NO

Estimated add'l days YES NO

Briefs to be Filed YES NO

BENCH DECISION YES NO

KJR

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OFFICE OF C.A.L.J.
 PUBLIC UTILITY COMMISSION

REMARKS: Public Input Hearing
held.

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 OCT 24 1997

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Viina Waldron Gaston
Gregory Golazeski
John C. Halderman
Mary McFall Hopper
Conrad O. Kattner
Stephanie Whitton Lewis
Jeffrey J. Norton
Mark B. Peabody
Roslyn G. Pollack
Wendy Schermer
Richard S. Schlegel
Jenny P. Shulbank
Ward L. Smith
Delia W. Stroud
Dawn Getty Sutphin
Noel H. Trask
Ronald L. Zack
Assistant General Counsel

Direct Dial: 215 841 4252

October 13, 1997

~~DOCKETED~~
OCT 13 1997

KJR

By FAX

Honorable Marlane R. Chestnut
Honorable Charles E. Rainey, Jr.
Administrative Law Judges
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

Re: Application of PECO Energy Company for Approval of its Restructuring
Plan under Section 2806 of the Public Utility Code
Docket No. R-00973953

Dear Judge Chestnut and Judge Rainey:

Attached is the Supplemental Rejoinder Testimony in Support of the Joint Petition for
Partial Settlement of Thomas P. Hill, Jr. (PECO St. No. 1-SRJ).

Sincerely,

Paul Bonney/mbo

Paul Bonney
PRB/mbo
Attachments

cc: Certificate of Service (by fax)
Jim McNulty, Acting Secretary (cover ltr. only)

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PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

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Certificate of Service

I hereby certify that I have this day served the foregoing document on the following in the matter of Pennsylvania Public Utility Commission v. PECO Energy Company Pa. PUC Docket No. R-00973953.

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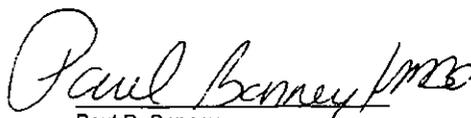
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Director - Regulatory Policy
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Peoria, IL 61602



Paul R. Bonney
Assistant General Counsel
PECO Energy Company
2301 Market Street, S23-1
Philadelphia, PA 19103
(215) 841-4252
(215) 841-6863

Dated: October 13, 1997



PECO ENERGY

Legal Department

PECO Energy Company
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PO Box 8699
Philadelphia, PA 19101-8699
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Jessica N. Cone
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Philadelphia, PA 19103

Craig Doll, Esquire
214 State Street
Harrisburg, PA 17101

KJR

Re: Application of PECO Energy Company for Approval of its Restructuring
Plan under Section 2806 of the Public Utility Code
Docket No. R-00973953

013335

Dear Counsel:

Enclosed are PECO Energy Company's Answers to Pennsylvania Electric
Competition Coalition's Interrogatories:

Set I: PECC-R 1 through 9.

Sincerely,

Paul Bonney/mbo

Paul Bonney

PRB/mbo
Enclosures

cc: w/enclosures
Certificate of Service (w/enclosure)
James McNulty, Acting Prothonotary (Certificate of Service Only)

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Interrogatory PECC-R-1
(Revised 10/13/97)

PECC-R-1 Question:

Regarding the rebuttal testimony of Mr. Hill (PECO Statement No. 1-RJ), page 7, lines 18-19, what is "the level of stranded costs" referred to and what is the date upon which the net present value of the level is based?

PECC-R-1 Answer:

The stranded cost referred to is the \$5.461 billion referenced in the Partial Settlement. It is not a present value figure. It is an asset value at 1/1/99. The revenue requirements associated with the asset are \$6.024 billion at 9/1/98. Note that this represents PECO Energy's calculation only as the other parties to the Partial Settlement may have made their own estimates in determining the settlement is in the public interest.

Responsible Witness: T. P. Hill, Jr.

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Interrogatory PECC-R-2

PECC-R-2 Question:

Regarding the above testimony, page 7, lines 19-20, what is the "revenue stream" referred to and what is the net present value of the revenue stream on the date used in answer to PECC-R-1? Please provide the calculations and assumptions, and identify the gross receipts tax component separately.

PECC-R-2 Answer:

The revenue stream would consist of the CTC revenue. Refer to Exhibit ABC-13 for the calculations. Note that this represents PECO Energy's calculation only as the other parties to the Partial Settlement may have made their own estimates in determining the settlement is in the public interest.

Responsible Witness: A. B. Cohn

Interrogatory PECC-R-3

PECC-R-3 Question:

Regarding the above testimony, page 9, line 12, provide the "adjusted Energy and Capacity Rate Caps" referred to by rate schedule and by year, and show what adjustments were made.

PECC-R-3 Answer:

Attachment PECC-R-3 provides the requested information.

Responsible Witness: T. P. Hill, Jr.

PECO ENERGY COMPANY

LILR & Special Contract Customer Market Generation Rate Cap Adjustment

1999	System	EER/4.6 ⁽¹⁾	LILR On-Peak ⁽²⁾	LILR Off-Peak ⁽³⁾	Adjusted
Market Revenue (\$000)	\$939,902	(\$23,246)	(\$18,488)	(\$37,390)	\$860,778
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	2.80				2.90
2001	System	EER/4.6	LILR On-Peak	LILR Off-Peak	Adjusted
Market Revenue (\$000)	\$1,073,423	(\$26,376)	(\$18,488)	(\$39,393)	\$989,166
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	3.20				3.33
2002	System	EER/4.6	LILR On-Peak	LILR Off-Peak	Adjusted
Market Revenue (\$000)	\$1,173,697	(\$28,693)	(\$18,488)	(\$40,951)	\$1,085,566
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	3.50				3.66
2003	System	EER/4.6	LILR On-Peak	LILR Off-Peak	Adjusted
Market Revenue (\$000)	\$1,240,546	(\$30,571)	(\$18,488)	(\$42,063)	\$1,149,424
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	3.70				3.87
2004	System	EER/4.6	LILR On-Peak	LILR Off-Peak	Adjusted
Market Revenue (\$000)	\$1,330,793	(\$31,197)	(\$18,488)	(\$42,286)	\$1,238,822
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	3.96				4.17
2005	System	EER/4.6	LILR On-Peak	LILR Off-Peak	Adjusted
Market Revenue (\$000)	\$1,364,217	(\$31,823)	(\$18,488)	(\$42,731)	\$1,271,175
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	4.06				4.28
2006	System	EER/4.6	LILR On-Peak	LILR Off-Peak	Adjusted
Market Revenue (\$000)	\$1,598,189	(\$36,205)	(\$18,488)	(\$45,402)	\$1,498,094
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	4.76				5.04
2007	System	EER/4.6	LILR On-Peak	LILR Off-Peak	Adjusted
Market Revenue (\$000)	\$1,798,737	(\$39,961)	(\$18,488)	(\$47,850)	\$1,692,438
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	5.36				5.70
2008	System	EER/4.6	LILR On-Peak	LILR Off-Peak	Adjusted
Market Revenue (\$000)	\$1,865,586	(\$41,213)	(\$18,488)	(\$48,517)	\$1,757,367
Sales (MWh)	33,569,358	(996,115)	(652,934)	(2,225,571)	29,694,738
¢/kWh	5.56				5.92

NOTES:

- (1) EER/4.6 market revenue determined as the proportion of the total EER revenue equal to the ratio of the annual market revenue requirements to the 1996 pro-forma revenue of \$984,938.
- (2) LILR On-Peak revenue calculated at 2.83¢/kWh per PECO Proof of Revenue.
- (3) LILR Off-Peak revenue calculated at the HT end block price for market energy and capacity.

Interrogatory PECC-R-4

PECC-R-4 Question:

Regarding the above testimony, page 9, lines 15-16, show what percentage of total retail volume each of the excluded categories of customers represents.

PECC-R-4 Answer:

Attachment PECC-R-4 provides the requested information.

Responsible Witness: T. P. Hill, Jr.

PECO ENERGY COMPANY
LILR & Special Contract Customer Sales

	<u>Sales</u>	<u>TOTAL Retail Sales</u>	<u>% of TOTAL Retail Sales</u>
EER/4.6	996,115	33,569,358	3%
LILR On-Peak	652,934	33,569,358	2%
LILR Off-Peak	2,225,571	33,569,358	7%

Interrogatory PECC-R-5

PECC-R-5 Question:

Regarding the above testimony, page 13, lines 10-12, provide all sources and documentation for this statement.

PECC-R-5 Answer:

Refer to Attachment PECC-R-5(a)

Responsible Witness: T. P. Hill, Jr.

October 8, 1997



Mr. Kenneth W. Comew
Power Team
2004 Renaissance Boulevard
King of Prussia, PA 19406

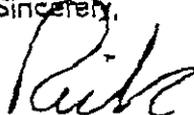
Dear Ken:

Delmarva is submitting a bid to buy PJM Installed Capacity Credits for the following quantities and rates:

<u>Time Period</u>	<u>Quantity</u>	<u>Rate</u>
11/01/97 - 11/30/97	75MW	\$70/MW day

The effective date would be once PJM approves the exchange of credits.

Sincerely,


Richard K. Douglass
Manager, Electric Trading

lcc:s: a:rkd303.doc



2004 Renaissance Boulevard • King of Prussia, Pennsylvania 19406 • Phone: 610-292-6600 • Fax: 610-292-6433

Nancy J. Zausner
President

October 7, 1997

Mr. Richard K. Douglass
Delmarva Power and Light Company
Energy Trading
P.O. Box 6066
Newark, DE 19714-6066

Dear Rick:

This letter is to confirm PECO Energy Company - Power Team's acceptance of Delmarva Power and Light Company's (Delmarva) bid to purchase PJM Installed Capacity Credits from PECO Energy Company (PECO) for the period of November 1, 1997 to November 30, 1997 (see attachment), which bid terms are incorporated herein.

Amount: 75 MW of PJM Installed Capacity Credits

Term: November 1, 1997 to November 30, 1997

Pricing: \$70 per MW day

Tariff: This sale shall take place, be billed, paid for, and treated confidentially pursuant to the terms of PECO's FERC Electric Tariff Volume No. 1.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Nancy J. Zausner'. The signature is fluid and cursive.

Nancy J. Zausner

Agreed: Delmarva Power and Light Company.

A handwritten signature in dark ink, appearing to read 'Richard K. Douglass'. The signature is bold and cursive.

By: Richard K. Douglass

Print: R. K. Douglass

Attachment

Interrogatory PECC-R-6

PECC-R-6 Question:

Regarding the above testimony, page 13, lines 10-12, provide the prices and volumes for sales of PJM capacity by PECO for 1998 or later that have been executed after September 15, 1997, and provide the date the sale was executed.

PECC-R-6 Answer:

In the period after Sept. 15, 1997, to the present, PECO Energy has not made any PJM installed capacity sales for 1998 or later.

Responsible Witness: T. P. Hill, Jr.

Interrogatory PECC-R-7

PECC-R-7 Question:

Regarding the above testimony, page 14, lines 11-14, confirm or deny that PECO has opposed, and continues to oppose, the ability of suppliers to provide a single bill for all services to customers.

PECC-R-7 Answer:

PECO's position has been, and still is, that suppliers may not provide one bill containing both PECO's regulated charges and a supplier's energy charges. The Competition Act does not permit this. PECO notes that the billing system referenced in Mr. Hill's testimony would still be necessary even if suppliers were allowed to offer a single bill for all services.

Responsible Witness: T. P. Hill, Jr.

Interrogatory PECC-R-8

PECC-R-8 Question:

Regarding the above testimony, page 14, lines 21, to page 15, line 2, and the referenced Exhibit TPH-31, provide the source documents from the OCA and PAIEUG testimonies, and provide the specific adjustments to convert the source figures to retail rates, showing separately: (1) load weighting of the all hours energy price; (2) load factor adjustment of the all hours capacity price; (3) reserve margin requirement; (4) line loss for energy; (5) line loss for capacity; and (6) gross receipts tax.

PECC-R-8 Answer:

Attachments PECC-R-8(a), (b) and (c) are the source documents of the OCA and PAIEUG witnesses and workpapers for Exhibit TPH-31.

Responsible Witness: T. P. Hill, Jr.

PJM MARKET PRICE ESTIMATE

YEAR	ENERGY	CAPACITY	TOTAL
	\$/MWh	\$/KW-YR	\$/MWh
	ALL-HOURS		ALL-HOURS
1999	22.35	19.73	24.61
2000	23.61	30.43	27.08
2001	25.14	41.67	29.89
2002	26.38	43.12	31.31
2003	28.14	44.20	33.19
2004	29.42	45.66	34.64
2005	31.84	47.12	37.22
2006	34.12	48.91	39.70
2007	36.01	50.38	41.76
2008	38.30	52.19	44.26
2009	39.64	54.02	45.80
2010	42.34	56.18	48.76
2011	44.06	57.98	50.68
2012	46.14	60.12	53.00
2013	48.02	62.29	55.13
2014	50.28	64.47	57.64
2015	52.76	66.66	60.37

CAPACITY COST

2

		Comb. Cyc.		Adjust. To CT	CT \$/kW	Net	
YEAR	Profit (Loss)	\$/kW					
		1995			44.15		
		1996			45.52		
		1997			46.94		
Summer	Winter	1998	TOTAL		48.40		
-1532	1610	1999	78	1.56	1.56	49.90	24.17
-1372	1890	2000	518	10.36	10.36	51.46	30.82
-1539	1867	2001	328	6.56	6.56	53.06	46.50
-1527	1810	2002	283	5.66	5.66	54.71	49.05
-1617	1766	2003	149	2.98	2.98	56.41	53.43
-1754	1704	2004	-50	-1	0	58.16	58.16
-1842	1816	2005	-26	-0.52	0	59.97	59.97
-1799	1832	2006	33	0.66	0.66	61.84	61.18
-1878	1999	2007	121	2.42	2.42	63.76	61.34
-1954	2023	2008	69	1.38	1.38	65.74	64.36
-1894	2054	2009	160	3.2	3.2	67.79	64.59
-1966	2089	2010	123	2.46	2.46	69.89	67.43
-2064	2242	2011	178	3.56	3.56	72.07	68.51
-2014	2242	2012	228	4.56	4.56	74.31	69.75
-2105	2254	2013	149	2.98	2.98	76.62	73.64
-2191	2277	2014	86	1.72	1.72	79.00	77.28

This worksheet computes the adjusted capacity price after profits from combined cycle units are considered.

PERJF9.XLS

SHEET CAPACITY COST

**PECO ENERGY ALL HOURS MARKET PRICE
FROM EXHIBIT JFB-14, PECO STATEMENT NO. 4-R**

ENERGY

Adjusted by 0.26% Energy Factor, 4.4 % GRT,
& 7% Losses

	\$/MWh (1a)	\$/kWh (2a) = (1a)/1000	\$/kWh (3a) = 1.0026*(2a)/.956/.93
OCA	22.4	0.0224	0.0253
PAIEUG	23.9	0.0239	0.0270

CAPACITY

Adjusted by 18% Reserve, 4.4% GRT,
& 60% Capacity Factor

	\$/kW-year (1b)	\$/kWh (2b) = (1b)/8760	\$/kWh (3b) = 1.18*(2b)/.956/.60
OCA	19.7	0.0022	0.0046
PAIEUG	24.2	0.0028	0.0057

**ALL HOURS MARKET PRICE
ENERGY & CAPACITY**

	¢/kWh
OCA	2.99
PAIEUG	3.26

Interrogatory PECC-R-9

PECC-R-9 Question:

Regarding the above testimony, page 16, lines 4-7, provide spreadsheets for each of the items allegedly not taken into account. The spreadsheets should show the annual value of the alleged "costs and benefits" of each item for every relevant year, show each year's nominal value and each year's net present value (and date upon which net present value is based). With respect to each item, provide all detail and assumptions underlying the annual figures provided so that the annual cost claim can be replicated from base claims (e.g., X number of incremental CAP customers in year Y is based on waiting lists, demographic study, etc.).

PECC-R-9 Answer:

Attachment PECC-R-9(a) provides the workpapers supporting the value of the items not taken into account by Mr. Mitnick. To the extent there are spreadsheets, they are provided also. Note that this represents PECO Energy's calculation only as the other parties to the Partial Settlement may have made their own estimates in determining the settlement is in the public interest.

Responsible Witness: A. B. Cohn

T+D Rate Cap Cost

Estimated Annual Capital Requirements (T+D) \$160 million

(Based upon 1997/98 Budget/Forecast)

Expanded over the 11/1/97 - 7/1/01 period \$720 million

(Based upon \$160m/yr @ 4.5 yrs)

Estimated T+D Depreciation - Annual \$61 million
 $\$10,922 + \$50,283$ (RAC-10, p. 56, 7)

Deprec over 11/1/97 - 7/1/01 \$275 million

Net Plant Increase \$445 million

CC Rate = $\frac{\text{Return}}{\text{Return} + \text{Depr}} = 14.89\% + 2.25\%$ 17.15%

Annual CC rate \$76 million

1996 O&M Expense (incl. alloc. AdG) [RAC-10, p. 56] \$552 million

3% / yr. growth for 4.5 yrs. \$79 million

TOTAL Annual Cost @ 7/1/01 \$155 million

2.5 years additional cap \$388 million

PV @ 9/1/98 (9/1/02 \rightarrow 9/1/98) \$268 million

$$2001 - 78 \text{ million} \times \frac{1}{(1.0871)^{2/3}} = 59M$$

$$2002 - 155 \text{ million} \times \frac{1}{(1.0871)^{4/3}} = 108M$$

$$2003 - 155 \text{ million} \times \frac{1}{(1.0871)^{5/3}} = 99M$$

$$\text{PV @ 9/1/98} = 265 \text{ million}$$

Potential Universal Service Cost

Current Level of CAP/CapRate = 40,000

Limit in Settlement w/o Adj. = 90,000

Potential Increase 50,000

Cost per customer (v/r only)

\$840 x 50%

\$420

Annual Cost

\$2,100,000

		PV	
1998	21,000	1	21,000
1999		$\frac{1}{1.118}$	18,784
2000		$\frac{1}{1.215}$	17,284
2001		$\frac{1}{1.321}$	15,899
2002		$\frac{1}{1.436}$	14,625
2003		$\frac{1}{1.561}$	13,453
			<u>\$101,045</u>

2 months arrears to qualify

50,000 x \$840 x $\frac{2}{12}$

7,000

Estimated Cost

\$108,045

Early Rate Reduction

Program Revenue	\$ 3,344,482
- 10% reduction	334,448
4 months	111,500
Less: GAT	<u>107,000</u>

**PECO ENERGY COMPANY
EER Settlement Value**

Rebuttal

	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Remain EER Discount Only	\$399,306,382	\$66,221,669	\$66,221,669	\$66,221,669	\$66,221,669	\$66,221,669	\$66,221,669	\$66,221,669	\$36,699,590	\$36,699,590	\$36,699,590
Leave Loss of EER Discount	\$474,786,205	\$80,739,099	\$80,739,099	\$80,739,099	\$80,739,099	\$80,739,099	\$80,739,099	\$80,739,099	\$36,699,590	\$36,699,590	\$36,699,590

Settlement

	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Remain EER & Settlement Discounts	\$376,835,440	\$60,201,517	\$58,706,360	\$58,047,829	\$57,313,237	\$56,578,477	\$55,894,140	\$54,817,998	\$53,030,825	\$51,561,690	\$49,773,508
Leave (Same as Remain)	\$376,835,440										

Customer Savings

Remain	Rebuttal	\$399,306,382
	Settlement	<u>(\$376,835,440)</u>
		\$22,470,942
Leave	Rebuttal	\$474,786,205
	Settlement	<u>(\$376,835,440)</u>
		\$97,950,765

**PECO ENERGY COMPANY
LILR Settlement Value**

Rebuttal

Remain	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
On-Peak (@ 1.0 ¢/kWh) 196,854,977 kWh		\$1,968,550	\$1,968,550	\$1,968,550	\$1,968,550	\$1,968,550	\$1,968,550	\$1,968,550	\$1,702,205	\$1,702,205	\$851,102
Off-Peak (@ 2.74 ¢/kWh -- HT End Block) 368,174,504 kWh		\$10,087,981	\$10,087,981	\$10,087,981	\$10,087,981	\$10,087,981	\$10,087,981	\$10,087,981	\$7,016,302	\$7,016,302	\$3,508,151
	\$73,740,014	\$12,056,531	\$12,056,531	\$12,056,531	\$12,056,531	\$12,056,531	\$12,056,531	\$12,056,531	\$8,718,507	\$8,718,507	\$4,359,253
Leave	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
On-Peak (Same as Remain with additional \$1.67/kW) 1,019,230 kW		\$1,702,113	\$1,702,113	\$1,702,113	\$1,702,113	\$1,702,113	\$1,702,113	\$1,702,113			
		\$12,056,531	\$12,056,531	\$12,056,531	\$12,056,531	\$12,056,531	\$12,056,531	\$12,056,531	\$8,718,507	\$8,718,507	\$4,359,253
	\$82,589,735	\$13,758,644	\$13,758,644	\$13,758,644	\$13,758,644	\$13,758,644	\$13,758,644	\$13,758,644	\$8,718,507	\$8,718,507	\$4,359,253

Settlement

Remain	NPV	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Off-Peak (@ CTC End Block) 368,174,504 kWh		\$2,540,404	\$2,393,134	\$2,356,317	\$2,282,682	\$2,209,047	\$2,172,230	\$2,061,777	\$1,914,507	\$1,767,238	\$1,619,968
Total (@ Average T&D rate of 1.28¢/kWh) 565,029,481 kWh		\$7,232,377	\$7,232,377	\$7,232,377	\$7,232,377	\$7,232,377	\$7,232,377	\$7,232,377	\$7,232,377	\$7,232,377	\$7,232,377
	\$63,114,167	\$9,772,781	\$9,625,512	\$9,588,694	\$9,515,059	\$9,441,424	\$9,404,607	\$9,294,155	\$9,146,885	\$8,999,615	\$8,852,345
Leave (Same as Remain)	\$63,114,167										

Customer Savings

Remain	Rebuttal	\$73,740,014
	Settlement	<u>(\$63,114,167)</u>
		\$10,625,847
Leave	Rebuttal	\$82,589,735
	Settlement	<u>(\$63,114,167)</u>
		\$19,475,569

Certificate of Service

I hereby certify that I have this date served the following Answers by facsimile, first class or overnight/express mail, upon the persons addressed below:

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Dated: October 13, 1997



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October 14, 1997

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PA PUBLIC UTILITY COMMISSION
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By Fax And First Class Mail

James McNulty, Acting Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17105-3265

Re: Application Of PECO Energy Company For Approval Of Its Restructuring
Plan Under Section 2806 Of The Public Utility Code
Docket No. R-00973953

Dear Secretary McNulty:

In its October 9, 1997 Order in this proceeding, the Commission directed PECO to inform the Commission whether it agrees that the Commission may render a Final Opinion and Order in PECO's Restructuring Case after December 11, 1997. This letter communicates PECO's answer.

PECO does not agree to extend the December 11, 1997 date by which the Commission will consider all of the evidence and briefs submitted with respect to the Partial Settlement, including Enron's Petition, and render a final decision on whether to accept or reject the Partial Settlement that PECO and various consumer parties support. If the Commission, however, decides on December 11, 1997 to reject in any way the Partial Settlement, then PECO agrees to an extension of the final decision date until March 12, 1998 to permit all parties an opportunity to pursue their full litigation positions by submitting testimony and briefs and conducting cross-examination regarding the issues that the Partial Settlement had resolved.

As to the issues which the Partial Settlement does not address -- e.g., code of conduct and competitive metering and billing -- PECO understands that the Commission is considering resolving these issues in rulemakings or other generic proceedings. If the Commission, however, determines that these unsettled issues should be decided in PECO's Restructuring Proceeding, then

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- Dawn Getty Sutphin
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- Ronald L. Zack
Assistant General Counsel

October 14, 1997
Page 2

PECO agrees that a final order on these unsettled issues may be issued by March 12, 1998 in accordance with the litigation schedule that the Administrative Law Judges previously established to handle those issues.

Sincerely,



Paul R. Bonney

PRB/mbo

cc: John M. Quain, Chairman
David W. Rolka, Commissioner
John Hanger, Commissioner
Robert K. Bloom, Commissioner
Nora Mead Brownell, Commissioner
Administrative Law Judge Marlane R. Chestnut
Administrative Law Judge Charles E. Rainey, Jr.
All parties of record

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following in the matter of Pennsylvania Public Utility Commission v. PECO Energy Company Pa. PUC Docket No. R-00973953.

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Dated: October 14, 1997



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KJR

Re: Application of PECO Energy Company for Approval of its Restructuring
Plan under Section 2806 of the Public Utility Code
Docket No. R-00973953

Dear Counsel:

Enclosed are PECO Energy Company's Answers to Pennsylvania Electric
Competition Coalition's Interrogatories:

Set I: PECC-R 10 through 21.

Sincerely,

Paul Bonney

PRB/mbo
Enclosures

cc: w/enclosures
Certificate of Service (w/enclosure)
James McNulty, Acting Prothonotary (Certificate of Service Only)

Certificate of Service

I hereby certify that I have this date served the following Answers by facsimile, first class or overnight/express mail, upon the persons addressed below:

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Dated: October 14, 1997

Interrogatory PECC-R-10

PECC-R-10 Question:

Regarding the rebuttal testimony of Mr. Hieronymus, PECO Statement No. 6-RJ, page 5, line 4, what are the prices that reflect "relative flatness," i.e., hourly prices, daily prices, monthly prices, annual prices?

PECC-R-10 Answer:

The testimony refers to annual prices.

Responsible Witness: W. H. Hieronymus

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Interrogatory PECC-R-11

PECC-R-11 Question:

Regarding the above testimony, page 5, lines 4-5, is that judgment made with or without the benefit of examination of the Coalition's discovery responses documenting the adjustment?

PECC-R-11 Answer:

This statement was written without the benefit of examination of the Coalition's discovery response.

Responsible Witness: W. H. Hieronymus

Interrogatory PECC-R-12

PECC-R-12 Question:

Regarding the above testimony, page 5, lines 9-11, and Exhibit WHH-9, please break down the "PHB wholesale price all hours" between energy and capacity, and provide the specific adjustments to convert the wholesale components to retail rates, showing separately: (1) load weighting of the all hours energy price; (2) load factor adjustment of the all hours capacity price; (3) reserve margin requirement; (4) line loss for energy; (5) line loss for capacity; and (6) gross receipts tax. Please provide this calculation for each year for each of the four load factors listed.

PECC-R-12 Answer:

Refer to Attachment PECC-R-12(a).

Responsible Witness: T. P. Hill, Jr.
W. H. Hieronymous

**Comparison of System Average Generation Rate Cap
to Retail Energy & Capacity Costs
¢/kWh**

Year	Settlement Energy & Capacity Cap	Settlement Cap Adj To Eliminate LILR & EER Customers	PHB Wholesale Price All Hours	PHB-DRI				PHB-EIA			
				Wholesale Prices Adj To Average Retail				Wholesale Prices Adj To Average Retail			
				60% LF	70% LF	80% LF	100% LF	60% LF	70% LF	80% LF	100% LF
1999	2.80	2.90	2.20	2.68	2.62	2.58	2.51	2.69	2.63	2.59	2.59
2000	2.80	2.90	2.44	3.08	2.98	2.91	2.80	3.05	2.95	2.88	2.77
2001	3.20	3.33	2.75	3.66	3.50	3.37	3.20	3.62	3.45	3.33	3.15
2002	3.50	3.66	2.88	3.83	3.66	3.53	3.35	3.75	3.58	3.45	3.27
2003	3.70	3.87	3.02	4.00	3.82	3.69	3.51	3.89	3.71	3.58	3.39
2004	3.97	4.17	3.16	4.17	3.99	3.86	3.66	4.03	3.85	3.71	3.52
2005	4.07	4.28	3.30	4.35	4.16	4.02	3.83	4.19	4.01	3.87	3.67
2006	4.77	5.04	3.44	4.53	4.34	4.19	3.99	4.36	4.17	4.02	3.82
2007	5.37	5.70	3.58	4.72	4.51	4.36	4.15	4.55	4.35	4.20	3.98
2008	5.57	5.92	3.73	4.91	4.70	4.55	4.33	4.74	4.53	4.38	4.16

DRI@60

PHB-DRI

ENERGY	PHB (\$/MWH)	7% Loss, GRT			EN ADJ	RETAIL	CAPACITY	7% Loss, 18% Reserve, GRT, 60% Load Factor		
		PHB/.93/.956	¢/KWH					PHB(\$/KW-yr)	1.18*PHB/.956/.93/.6	¢/KWH
1999	20.2	22.72	2.27	1.0026	2.68	1999	16.0	35.39	0.40	
2000	21.3	23.96	2.40		3.08	2000	27.0	59.72	0.68	
2001	22.3	25.08	2.51		3.66	2001	45.4	100.43	1.15	
2002	23.5	26.43	2.64		3.83	2002	46.7	103.30	1.18	
2003	24.7	27.78	2.78		4.00	2003	48.1	106.40	1.21	
2004	25.9	29.13	2.91		4.17	2004	49.6	109.72	1.25	
2005	27.1	30.48	3.05		4.35	2005	51.3	113.48	1.30	
2006	28.3	31.83	3.18		4.53	2006	53.1	117.46	1.34	
2007	29.5	33.18	3.32		4.72	2007	55.0	121.66	1.39	
2008	30.8	34.64	3.46	4.91	2008	56.9	125.86	1.44		

2

DRI@70

PHB-DRI

ENERGY	PHB (\$/MWH)	7% Loss, GRT			EN ADJ	RETAIL	CAPACITY	7% Loss, 18% Reserve GRT, 70% Load Factor		
		PHB/.93/.956	¢/KWH					PHB(\$/KW-yr)	1.18*PHB/.956/.93/.7	¢/KWH
1999	20.2	22.72	2.27	1.00195	2.62	1999	16.0	30.34	0.35	
2000	21.3	23.96	2.40		2.98	2000	27.0	51.19	0.58	
2001	22.3	25.08	2.51		3.50	2001	45.4	86.08	0.98	
2002	23.5	26.43	2.64		3.66	2002	46.7	88.54	1.01	
2003	24.7	27.78	2.78		3.82	2003	48.1	91.20	1.04	
2004	25.9	29.13	2.91		3.99	2004	49.6	94.04	1.07	
2005	27.1	30.48	3.05		4.16	2005	51.3	97.27	1.11	
2006	28.3	31.83	3.18		4.34	2006	53.1	100.68	1.15	
2007	29.5	33.18	3.32		4.51	2007	55.0	104.28	1.19	
2008	30.8	34.64	3.46		4.70	2008	56.9	107.88	1.23	

DRI@80

PHB-DRI

ENERGY	PHB (\$/MWH)	7% Loss, GRT			EN ADJ	RETAIL	CAPACITY	7% Loss, 18% Reserve GRT, 80% Load Factor		
		PHB/.93/.956	¢/KWH					PHB(\$/KW-yr)	1.18*PHB/.956/.93/.8	¢/KWH
1999	20.2	22.72	2.27	1.0013	2.58	1999	16.0	26.54	0.30	
2000	21.3	23.96	2.40		2.91	2000	27.0	44.79	0.51	
2001	22.3	25.08	2.51		3.37	2001	45.4	75.32	0.86	
2002	23.5	26.43	2.64		3.53	2002	46.7	77.48	0.88	
2003	24.7	27.78	2.78		3.69	2003	48.1	79.80	0.91	
2004	25.9	29.13	2.91		3.86	2004	49.6	82.29	0.94	
2005	27.1	30.48	3.05		4.02	2005	51.3	85.11	0.97	
2006	28.3	31.83	3.18		4.19	2006	53.1	88.09	1.01	
2007	29.5	33.18	3.32		4.36	2007	55.0	91.25	1.04	
2008	30.8	34.64	3.46	4.55	2008	56.9	94.40	1.08		

4

DRI@100

PHB-DRI

ENERGY	PHB (\$/MWH)	7% Loss, GRT			EN ADJ	RETAIL	CAPACITY	7% Loss, 18% Reserve GRT, 100% Load Factor		
		PHB/.93/.956	¢/KWH					PHB(\$/KW-yr)	1.18*PHB/.956/.93	¢/KWH
1999	20.2	22.72	2.27	1.0000	2.51	1999	16.0	21.24	0.24	
2000	21.3	23.96	2.40		2.80	2000	27.0	35.83	0.41	
2001	22.3	25.08	2.51		3.20	2001	45.4	60.26	0.69	
2002	23.5	26.43	2.64		3.35	2002	46.7	61.98	0.71	
2003	24.7	27.78	2.78		3.51	2003	48.1	63.84	0.73	
2004	25.9	29.13	2.91		3.66	2004	49.6	65.83	0.75	
2005	27.1	30.48	3.05		3.83	2005	51.3	68.09	0.78	
2006	28.3	31.83	3.18		3.99	2006	53.1	70.48	0.80	
2007	29.5	33.18	3.32		4.15	2007	55.0	73.00	0.83	
2008	30.8	34.64	3.46		4.33	2008	56.9	75.52	0.86	

EIA@60

PHB-EIA

ENERGY	¢/KWH	7% Loss, GRT	EN ADJ	RETAIL	CAPACITY	¢/KWH	7% Loss, 18% Reserve GRT, 60% Load Factor
1999	2.03	2.28	1.0026	2.69	1999	0.18	0.40
2000	2.10	2.36		3.05	2000	0.31	0.68
2001	2.19	2.46		3.62	2001	0.52	1.15
2002	2.28	2.56		3.75	2002	0.53	1.18
2003	2.37	2.67		3.89	2003	0.55	1.21
2004	2.46	2.77		4.03	2004	0.57	1.25
2005	2.57	2.89		4.19	2005	0.59	1.30
2006	2.68	3.01		4.36	2006	0.61	1.34
2007	2.80	3.15		4.55	2007	0.63	1.39
2008	2.93	3.30		4.74	2008	0.65	1.44

EIA@70

PHB-EIA

ENERGY	¢/KWH	7%L,GRT	EN ADJ	RETAIL	CAPACITY	¢/KWH	7% Loss, 18% Reserve GRT, 70% Load Factor
1999	2.03	2.28	1.00195	2.63	1999	0.18	0.35
2000	2.10	2.36		2.95	2000	0.31	0.58
2001	2.19	2.46		3.45	2001	0.52	0.98
2002	2.28	2.56		3.58	2002	0.53	1.01
2003	2.37	2.67		3.71	2003	0.55	1.04
2004	2.46	2.77		3.85	2004	0.57	1.07
2005	2.57	2.89		4.01	2005	0.59	1.11
2006	2.68	3.01		4.17	2006	0.61	1.15
2007	2.80	3.15		4.35	2007	0.63	1.19
2008	2.93	3.30		4.53	2008	0.65	1.23

EIA@80

PHB-EIA

ENERGY	¢/KWH	7% Loss, GRT	EN ADJ	RETAIL	CAPACITY	¢/KWH	7% Loss, 18% Reserve GRT, 80% Load Factor
1999	2.03	2.28	1.0013	2.59	1999	0.18	0.30
2000	2.10	2.36		2.88	2000	0.31	0.51
2001	2.19	2.46		3.33	2001	0.52	0.86
2002	2.28	2.56		3.45	2002	0.53	0.88
2003	2.37	2.67		3.58	2003	0.55	0.91
2004	2.46	2.77		3.71	2004	0.57	0.94
2005	2.57	2.89		3.87	2005	0.59	0.97
2006	2.68	3.01		4.02	2006	0.61	1.01
2007	2.80	3.15		4.20	2007	0.63	1.04
2008	2.93	3.30		4.38	2008	0.65	1.08

8

EIA@100

PHB-EIA

ENERGY	¢/KWH	7% Loss, GRT	EN ADJ	RETAIL	CAPACITY	¢/KWH	7% Loss, 18% Reserve GRT, 100% Load Factor
1999	2.03	2.28	1.0000	2.53	1999	0.18	0.24
2000	2.10	2.36		2.77	2000	0.31	0.41
2001	2.19	2.46		3.15	2001	0.52	0.69
2002	2.28	2.56		3.27	2002	0.53	0.71
2003	2.37	2.67		3.39	2003	0.55	0.73
2004	2.46	2.77		3.52	2004	0.57	0.75
2005	2.57	2.89		3.67	2005	0.59	0.78
2006	2.68	3.01		3.82	2006	0.61	0.80
2007	2.80	3.15		3.98	2007	0.63	0.83
2008	2.93	3.30		4.16	2008	0.65	0.86

Interrogatory PECC-R-13

PECC-R-13 Question:

Regarding the above testimony, page 6, lines 1-14, what percentage of PECO customers have a load factor of 80% or higher?

PECC-R-13 Answer:

10.56 percent of PECO customers have load factors equal to 80% or higher.

Responsible Witness: T. P. Hill, Jr.

PECC-R-14 Question:

Regarding the above testimony, page 10, lines 8-12, please discuss how these ideas are affected by a prohibition on the retailer being able to render an overall bill to customers.

PECC-R-14 Answer:

I am unaware of any existing or proposed prohibition that would prevent a retailer from rendering a bill independently for energy or in concert with other products.

Responsible Witness: W. H. Hieronymus

PECC-R-15 Question:

Regarding the rebuttal testimony of Michael S. Freeman, PECO Statement No. 26-RJ, page 3, third to last line, is the generation credit referred to 3 cents/kWh (for residential/commercial) or 3 cents/kWh plus the "participation credit"?

PECC-R-15 Answer:

The generation credit refers to the energy and capacity credit in the retail access Pilot Program only, not including the "participation credit." The generation credit is, on average, 3.0¢/kWh for Rates R, RH, and GS, and, on average, 2.7¢/kWh for Rates HT and PD.

Responsible Witness: M. S. Freeman

PECC-R-16 Question:

Regarding the above testimony, page 4, middle of the page, what is a "windfall" and how does it exist in a competitive market?

PECC-R-16 Answer:

If the energy and capacity cap artificially is set at above-market values, while the overall rate cap does not increase, competitive suppliers will be able to charge their customers more for supply while retaining gross margins that could not be sustained if the energy and capacity cap were set closer to market prices.

Responsible Witness: M. S. Freeman

PECC-R-17 Question:

Regarding the above testimony, page 4, middle of the page, provide all support and specifics for the "suppliers' outlook holds that they will be able to "beat" the generation credit and generate a positive cash flow." Who are the suppliers referred to? What is the generation credit referred to?

PECC-R-17 Answer:

A typical pricing design offered to customers by competitive suppliers in California, New England, and Pennsylvania is one that uses the standard offer generation credit as a default price. When the competitive supplier can obtain supply for less than the standard offer, some portion of the savings is passed on to the customer. The suppliers referred to are power marketers, brokers or buying agents. In the extreme, if a supplier signed many customers to this type of arrangement, then was never able to obtain supply below the standard offer, the supplier would never make any money. Therefore, the outlook of at least some of the suppliers making these offers must be that supply can be obtained for less than the standard offer at some point during the term of the contract. Specifically, statements of the New Energy Ventures official and the customer quoted on Page 7 of the testimony support this viewpoint, even on a one-year basis in the case of the California contract. The standard offer is the value of energy and capacity extracted from the customers' rates.

Responsible Witness: M. S. Freeman

PECC-R-18 Question:

Regarding the above testimony, page 5, middle of the page, provide the prices and volumes for sales of PJM capacity by PECO for 1998 or later that have been executed after September 15, 1997, and provide the date the sale was executed.

PECC-R-18 Answer:

In the period after Sept. 15, 1997, to the present, PECO Energy has not made any PJM installed capacity sales for 1998 or later.

Responsible Witness: M. S. Freeman

PECC-R-19 Question:

Regarding the above testimony, page 5, last answer, identify the sellers of PJM capacity, the "many purchases and sales" referred to, and the dates of such purchases and sales.

PECC-R-19 Answer:

PECO Energy is not aware of capacity purchases or sales within PJM, except for those purchases and sales made by PECO. Recent purchases include the following:

Purchase #1

100 MW of Installed Capacity Credits
Jan. 1, 1997, through May 31, 1997
\$11.60 per kW/year

Purchase #2

50 MW of Installed Capacity Credits
Jan. 1, 1997, through Jan. 31, 1997
\$11.31 per kW-year

Purchase #3

225 MW of Unit Capacity and Dispatchable Energy
June 1, 1997, through Sept. 30, 1997
\$28.80 per kW-year for capacity and option to dispatch energy

Responsible Witness: M. S. Freeman

PECC-R-20 Question:

Regarding the above testimony, page 6, last four lines, provide the offer referred to, and show how the reduction of 6 to 7 percent is calculated.

PECC-R-20 Answer:

The Customer Participation Credit (the "CPC") for Rates HT and PD is equal to 10 percent of the sum of charges for transmission, distribution, and competitive transition. For a 70 percent load factor HT bill, those charges would be as follows:

Assume 1,000 kW of billing demand

Total monthly energy = 1,000 kW x 730 hours x 70 percent = 511,000 kWh

Transmission

$\$2.33/\text{kW} \times 1,000 \text{ kW} = \$2,330$

Distribution

Fixed charge = \$286.86

Variable charges

$\$0.24/\text{kW} \times 1,000 \text{ kW} = \240

$\$0.0140/\text{kWh} \times 150 \text{ hours} \times 1,000 = \$2,100$

$\$0.0083/\text{kWh} \times 150 \text{ hours} \times 1,000 \text{ kW} = \$1,245$

$(511,000 \text{ kWh} - (300 \text{ hours} \times 1,000 \text{ kW})) \times \$0.0028 = \$591$

Competitive Transition Charge

$\$6.88/\text{kW} \times 1,000 \text{ kW} = \$6,880$

$\$0.0374/\text{kWh} \times 150 \text{ hours} \times 1,000 = \$5,610$

$\$0.0223/\text{kWh} \times 150 \text{ hours} \times 1,000 \text{ kW} = \$3,345$

$(511,000 \text{ kWh} - (300 \text{ hours} \times 1,000 \text{ kW})) \times \$0.0075 = \$1,582$

Sum of regulated components of bill = \$24,210

Market Generation Credit

$\$3.31/\text{kW} \times 1,000 \text{ kW} = \$3,310$

$\$0.0315/\text{kWh} \times 150 \text{ hours} \times 1,000 = \$4,725$

$\$0.0244/\text{kWh} \times 150 \text{ hours} \times 1,000 \text{ kW} = \$3,660$

$(511,000 \text{ kWh} - (300 \text{ hours} \times 1,000 \text{ kW})) \times \$0.0171 = \$3,608$

Competitive component of bill = \$15,303

Total bill = \$39,513

CPC = 10% x \$24,210 = \$2,421

Value of CPC relative to total bill = $\$2,421 / \$39,513 = 6.1 \text{ percent}$

Responsible Witness: M. S. Freeman

PECC-R-21 Question:

Regarding the above testimony, pages 7-8, identify the number of customers involved in the referenced pilot programs.

PECC-R-21 Answer:

According to the Edison Electric Institute report, "Retail Pilot Programs: The First Six," approximately 11,400 residential, commercial and industrial customers participated in Public Service of New Hampshire's Pilot Program. Participation figures for the other New Hampshire companies were not available. Total eligibility for the New Hampshire Pilot Program was 17,000 customers.

Responsible Witness: M. S. Freeman

APPEARANCE SHEET

ALJ HEARING REPORT

Docket No. R-00973953
R-00973953C0001-C0007
 Case Name Pennsylvania Public Utility
Commission v. PECO Energy Company
 Location Philadelphia
 Date October 15, 1997
 ALJ Chestnut & Rainey
 Reporting Firm _____

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 Prehearing held YES ___ NO
 Hearing held 9:54 AM YES NO ___
 Testimony taken YES NO ___
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 Transcript due YES NO ___
 Hearing concluded YES ___ NO
 Further hearing needed YES NO ___
 Estimated add'l days 6*
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 Briefs to be Filed YES ___ NO ___
 DATE _____ KJR
 BENCH DECISION YES ___ NO ___

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 PUBLIC UTILITY COMMISSION

REMARKS: ** See appearance sheet for 10-14-97 for a listing of the dates for further hearings.*

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Telephone No.	City State Zip	
Telephone No.	City State Zip	

APPEARANCE SHEET

ALJ HEARING REPORT

Docket No. R-00973953
R-00973953C0001-C0007
 Case Name Pennsylvania Public Utility
Commission v. PECO Energy Company
 Location Philadelphia
 Date October 14, 1997
 ALJ Chestnut & Rainey
 Reporting Firm _____

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Prehearing held YES NO _____
 Hearing held YES NO _____
 Testimony taken YES NO _____
 Transcript due YES NO _____
 Hearing concluded YES _____ NO
 Further hearing needed YES NO _____
 Estimated add'l days 7
 RECORD CLOSED YES _____ NO

Briefs to be Filed YES _____ NO _____
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 YES _____ NO _____

REMARKS: _____

Additional Hearing Dates
 Oct. 15, 1997
 Oct. 16, 1997
 Oct. 17, 1997
 Nov. 14, 1997
 Nov. 17, 1997
 Nov. 18, 1997
 Nov. 19, 1997

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NAME and TELEPHONE NUMBER	ADDRESS			APPEARING FOR
WALTER W. COHEN BELMONT REBMAN MAXWELL +HIPPEL LLP Telephone No. 717-221-7920	City HBG	State PA	Zip 17181	INDIANAPOLIS POWER & LIGHT COMPANY
DANIEL W. MCGILL BARNES & THORNBURG Telephone No. (317) 231-7229	City INDIANAPOLIS	State IN	Zip 46204	INDIANAPOLIS POWER & LIGHT CO.
Lance Haver 215-424-1441 Telephone No.	City Phila	State PA	Zip 19141	Pro SE
Telephone No.	City	State	Zip	
Telephone No.	City	State	Zip	
Telephone No.	City	State	Zip	
Telephone No.	City	State	Zip	
Telephone No.	City	State	Zip	
Telephone No.	City	State	Zip	
Telephone No.	City	State	Zip	
Telephone No.	City	State	Zip	

NAME and TELEPHONE NUMBER	ADDRESS	APPEARING FOR
Steven P. Hershey Community Legal Services Telephone No. 215 981-3777	1424 Chestnut St City Phila State PA Zip 19102	CEPA, TAG, ACORN, John W. Long Jr
D. Clearfield 6 Cornish Telephone No. 717/237-7175	305 N Front St City Hbg State PA Zip 17110	ENRON Power MARKETING Inc
Kenneth L. Mickens Telephone No. (717) 287-1976	P.O. Box 3265 City Hbg. State PA Zip 17120	Office of Trial Staff
William T. Hawke Janet L. Miller Telephone No. 717 236 1300	100 N. 10th St. City Hbg. State PA Zip 17105	Mid-Atlantic Power Supply Association
CRAIG A. DOLL Telephone No. 717-230-9555	214 STATE ST. City Hbg. State PA Zip 17101	Connectiv Energy
PAUL E. RUSSELL Telephone No. (610) 774-4254	2 NORTH 9TH ST City ALLENTOWN State PA Zip 18101	PA. POWER & LIGHT CO.
DONALD A. KAPLAN PRESTON GATES & ELLIS Telephone No. 202-662-8466	1735 New York Ave City WASHINGTON State DC Zip 20006	PP&L, INC
Terrence J. Fitzpatrick Telephone No. 717 236-7714	800 N. Third St. Suite 101 City Harrisburg State PA Zip 17102	GPU Energy
Karen Oll Moury Telephone No. (717) 783-2525	Suite 1102 300 N 2nd St City Hbg State PA Zip 17101	OSBA
Steven Steinmetz Telephone No. (717) 783-5048	1425 Strawberrys Sq City Hbg State PA Zip 17120	OCA
Joseph Dzworetzky Telephone No. 215-496-7014	Hampden Archibald One Logan Sq City Phila State PA Zip 19103	NEV

NAME and TELEPHONE NUMBER	ADDRESS			APPEARING FOR
ROGER E. CLARE Telephone No. 215-643-2364	905 DENSTON DRIVE City AMBLER State PA Zip 19002			ENVIRONMENTALISTS
Christopher B. Craig Telephone No. 717 787-5662	Room 545 - Main Capitol Bldg. City Harrisburg State PA Zip 17120			Sen. Fumo
Paul E. Nordstrom Telephone No. 202 (371-6094	901 15th St NW City Washington State DC Zip 20005			Allegheny Power
Telephone No.	City State Zip			
Telephone No.	City State Zip			
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Telephone No.	City State Zip			



Bringing together business and community leaders to solve urban problems.

Greater Philadelphia Urban Affairs Coalition

1207 Chestnut Street, Philadelphia, PA 19107-4102 215-851-0110 FAX 215-851-0514

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OFFICE OF C.A.L.J.
PUBLIC UTILITY COMMISSION

October 16, 1997

Hon Charles E. Rainey, Jr.
Administrative Law Judge
Public Utility Commission
Room 1302 State Office Building
Broad and Spring Garden Streets
Philadelphia, PA. 19130

RE: Testimony presented on October 10, 1997

Dear Judge Rainey:

You may recall that I presented testimony at the public hearing on October 10, 1997 in support of the proposed settlement. At that time I stated that I had no financial interest in PECO Energy Company. While that statement is accurate, I would like to submit the following information to complete the record.

A representative from PECO Energy Company sits on our board of directors which is comprised of ninety individuals, and we receive a charitable contribution from PECO Energy Company annually. Our annual budget is in excess of \$18 million and the amount received from PECO is less than 1% of that budget.

Very truly yours,

Ernest E. Jones
Executive Director

~~DOCKETED~~

~~OCT 27 1997~~

~~DOCUMENT
FOLDER~~

PROTHONOTARY'S OFFICE
91 OCT 27 AM 9:59

Advisory Council

James M. Ballengee, Esq.
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M. Todd Cooke
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o-chairs
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ava Guerin
ansa Guerin, Ph.D.
era Gunn Harden
a Harkavy, Ph.D.
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ary Scullion, RSM
obert M. Segal, Esq.
William J. Shaw
oward L. Shecter, Esq.
liott Shekrot
an Specter
obert Strunk
arion B. Tasco
ohn Tenhula, Ph.D.
avid Thornburgh
ark G. Twyman
erri H. Walker
ank Welsh
James White
ithony Hardy Williams
vella Williams
James R. Wilson
illy Woodland
cilia Moy Yep
James F. Young
h Yu, Ph.D.



PECO ENERGY

Legal Department

PECO Energy Company
2301 Market Street
PO Box 8699
Philadelphia, PA 19101-8699
215 841 5544
Fax 215 568 3389

James W. Durham
Senior Vice President
and General Counsel

013506

97 OCT 20 AM 11:59

Edward J. Cullen, Jr.
Deputy General Counsel

RECEIVED Direct Dial: 215 841 4252
PROTHONOTARY'S OFFICE

Sandra H. Byrne
Legal Administrator

October 16, 1997

Hand Delivery

DOCUMENT
FOLDER

Daniel Clearfield, Esq.
Alan Kohler, Esq.
Wolf, Block, Schorr and Solis-Cohen
305 N. Front Street, Suite 401
Harrisburg, PA 17101

KJR

Re: Application of PECO Energy Company for Approval of its Restructuring
Plan under Section 2806 of the Public Utility Code Docket No.
R-00973953; Petition of Enron Energy Service Power, Inc.
P-00971265.

Dear Dan and Alan:

Enclosed are two copies of PECO Energy Company's Interrogatories to Enron, Set XI, numbered 1 through 24. Please note that the name Enron, as used in these interrogatories, refers to Enron Corporation, Enron Power Marketing, Inc., Enron Energy Service Power, Inc., and any company or entity affiliated with any of those three companies.

Sincerely,

Paul R. Bonney

PRB/jap

Enclosures

cc: Certificate of Service (w/enclosure)
James McNulty, Acting Prothonotary (Certificate of Service Only)
Gerald Gornish, Esq.

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following in the matter of Pennsylvania Public Utility Commission v. PECO Energy Company Pa. PUC Docket No. R-00973953 **013507**

Honorable Marlane R. Chestnut)
Administrative Law Judge
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

Honorable Charles E. Rainey, Jr.
Administrative Law Judge
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

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PROTHONOTARY'S OFFICE

Kenneth L. Mickens, Esquire
Pennsylvania Public Utility Commission
Office of Trial Staff
P.O. Box 3265
Harrisburg, PA 17105-3265

Tanya McCloskey, Esquire
Steven K. Steinmetz, Esquire
Assistant Consumer Advocate
Office of Consumer Advocate
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Derrick Williamson, Esquire
David Kleppinger, Esquire
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(Counsel for PAIEUG)

Karen Oill Moury, Esquire
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Harrisburg, PA 17101

Christopher B. Craig, Esquire
Democratic Committee on Appropriations
Room 545, Main Capitol Building
Harrisburg, PA 17120
(Counsel for The Honorable Vincent J. Fumo)

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Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102
(Counsel for CEPA, TAG, Action Alliance of Sr. Citizens & John Long, Jr.)

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Alan Kohler, Esquire
Wolf, Block, Schorr and Solis-Cohen
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(Counsel for Enron)

Donald A. Kaplan, Esquire
Preston, Gates, et al.
Suite 500
1735 New York Avenue, NW
Washington, DC 20006-4759
(Counsel for PP&L)

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OCT 21 1997

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(Counsel for PP&L)

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Penn Energy Project
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Harrisburg, PA 17112
(Attorney for Environmentalists)

Roger Clark, Esquire
NESIP
905 Denston Drive
Ambler, PA 19002-3901

DOCUMENT
FOLDER

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Harrisburg, PA 17101
(Counsel for Delmarva Power & Light)

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Delmarva Power & Light Company
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William T. Hawke, Esquire/Todd S. Stewart, Esq.
Malatesta Hawke & McKeon
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Harrisburg, PA 17105
(Counsel for Mid-Atlantic Power Supply Association)

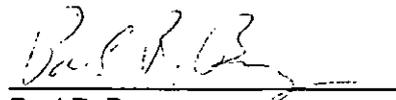
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(Counsel for Allegheny Power)

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David Desalle, Esquire
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Harrisburg, PA 17102
(Counsel for GPU)

Joseph J. Malatesta, Jr., Esquire
Lillian Smith Harris, Esquire
Malatesta Hawke & McKeon LLP
Harrisburg Energy Center
100 North Tenth Street - P.O. Box 1778
Harrisburg, PA 17105
(Municipal Group)

Usher Fogel, Esquire
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207
(Counsel for Pennsylvania Petroleum Association and Pennsylvania Association of Plumbing, Heating, Cooling Contractors, Inc.)

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



Paul R. Bonney
Ward L. Smith
Assistant General Counsel
PECO Energy Company
2301 Market Street, S23-1
Philadelphia, PA 19103
(215) 841-4252
(215) 841-6863

Dated: October 16, 1997

APPEARANCE SHEET

ALJ HEARING REPORT

Docket No. R-00973953

R-00973953C0001-C0007

Case Name Pennsylvania Public Utility
Commission v. PECO Energy Company

Location Philadelphia

Date October 16, 1997

ALJ Chestnut & Rainey

Reporting Firm Horbert Assoc

CHECK THOSE BLOCKS WHICH APPLY:

Prehearing held YES NO

Hearing held YES NO

Testimony taken YES NO

Transcript due YES NO

Hearing concluded YES NO

Further hearing needed *KJR* YES NO

Estimated add'l days _____

RECORD CLOSED YES NO

Briefs to be Filed YES NO

BENCH DECISION YES NO

REMARKS: **DOCKETED**

NOV 13 1997

DATE _____

DATE _____

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OCT 21 1997

OFFICE OF C.A.L.J.
PUBLIC UTILITY COMMISSION

NAMES, ADDRESSES AND TELEPHONE NUMBERS OF PARTIES OR COUNSEL OF RECORD
PLEASE PRINT CLEARLY
INCOMPLETE INFORMATION MAY RESULT IN DELAY OF PROCESS

NAME and TELEPHONE NUMBER	ADDRESS	APPEARING FOR
Charles Daniel Shields Kenneth Mickens Telephone No. _____	Post Office Box 3265 City: Harrisburg State: PA Zip: 17105-3265	Office of Trial Staff
David M. Kleppinger McMees, Wallace & Nurick Telephone No. (717) 232-5214 ✓	P.O. Box 1166 City: Hbg State: PA Zip: 17108	Phila. Area Industrial Energy Users Group (PAIEUG)
Steven Steinmetz Telephone No. (717) 783-5048 ✓	1425 Strawberry Sq. City: Hbg State: PA Zip: 17110	Office of Consumer Advocate

CHECK THIS BOX IF ADDITIONAL PARTIES OR COUNSEL OF RECORD APPEAR ON BACK.

Mary Elluldy
REPORTER

NAME and TELEPHONE NUMBER	ADDRESS			APPEARING FOR
LISA Helpert Preston Gates Ellis + Rouvelas Needs LLP Telephone No. 202 628 1700	1735 NEW YORK AVE NW Suite 500 City State Zip Washington DC 20006			PPTL, Inc.
Bernard A. Ryan Telephone No. (717) 783-2525	Suite 1102, Commerce Bldg 300 N. Second St City State Zip Hghy PA 17101			Office of Small Business Advocate
Deborah Swanstrom Verner, Lipfert, Bernhard McPherson and Hand Telephone No. (202) 371-6137	901 15th St City State Zip Washington DC 20005			Allegheny Power
WALTER W. COHEN OBERMAIER REBMAN MAXWELL THIPPEL LLP Telephone No.	204 STATE ST. City State Zip H.D.C. PA 17101			INDIANAPOLIS POWER AND LIGHT COMPANY
Telephone No.	City State Zip			
Telephone No.	City State Zip			
Telephone No.	City State Zip			
Telephone No.	City State Zip			
Telephone No.	City State Zip			
Telephone No.	City State Zip			
Telephone No.	City State Zip			

NAME and TELEPHONE NUMBER	ADDRESS			APPEARING FOR
Paul R. Bonney Noel H. Tragle Telephone No. 215-841-4252 ✓	2301 Market St. City Philadelphia State PA Zip 19103			PECO Energy
Dan Clearfield Charles Hart Telephone No. 717-337-3175 ✓	305 N. Front St. City Hbg. State PA Zip 17110			ENRON
Janet Miller Malatesta Hawke & McKen Telephone No. 717-236-1300 ✓	100 N. Tenth Street P.O. Box 1778 City Harrisburg State PA Zip 17101			Mid-Atlantic Power Supply Association
Craig Doll Telephone No. 717-230-9555 ✓	214 State St. City Hbg. State PA Zip 17101			Conectiv Energy
Joseph Dumretsky Telephone No. 496-7014	One Logan Square City Phila State PA Zip 19103			NEU
ROGER CLARK Telephone No. 215-643-2364	905 DENSTON DRIVE City AMBLER State PA Zip 19002			ENVIRONMENTALISTS
Telephone No.	City State Zip			
Telephone No.	City State Zip			
Telephone No.	City State Zip			
Telephone No.	City State Zip			
Telephone No.	City State Zip			



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

R-00973953

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October 16, 1997

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The Honorable Edward G. Rendell
Mayor, City of Philadelphia
Room 215 City Hall
Philadelphia, PA 19107-3295

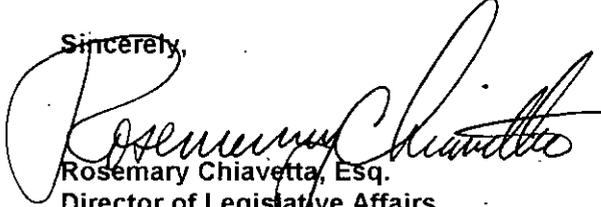
Dear Mayor Rendell:

Thank you for your letter of October 1, 1997, to Chairman John Quain of the Pennsylvania Public Utility Commission concerning the settlement agreement reached by certain parties in PECO Energy's restructuring filing. As you know, this matter is currently pending before the Commission and that is why Chairman Quain asked me to respond to your letter.

Please know that I have taken the liberty of forwarding your correspondence to the Acting Secretary of the Commission for inclusion in the official file in this proceeding.

Thank you again for the benefit of your thinking on this very important issue.

Sincerely,


Rosemary Chiavetta, Esq.
Director of Legislative Affairs

- cc: Chairman John Quain
- Vice Chairman Robert Bloom
- Commissioner John Hanger
- Commissioner David Rolka
- Commissioner Nora Mead Brownell
- Acting Secretary James McNulty ✓

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OCT 21 1997

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R-00973953

CITY OF PHILADELPHIA

OFFICE OF THE MAYOR
ROOM 215 CITY HALL
PHILADELPHIA, PENNSYLVANIA 19107-3295
(215) 686-2181
FAX (215) 686-2170

EDWARD G. RENDELL
MAYOR

October 1, 1997

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

RECEIVED
OCT -6 AM 9:42
CHAIRMAN QUAIN'S OFFICE

Dear Chairman Quain:

As you know from my involvement in this issue, I have been supportive of increased competition in the electric industry and customer choice for all Pennsylvanians. I think we now have a unique opportunity for people in the Philadelphia region to see lower electric rates as a result of the settlement regarding PECO Energy's restructuring filing.

There are many important features of the settlement, including acceleration in the customer choice timetable, and increased benefits and opportunities for our low income families. However, for the Philadelphia region, the single most important aspect of the agreement is the savings associated with the guaranteed ten percent rate reduction. These savings can be used to keep our existing businesses competitive, and attract new industries and jobs to the region.

Settlements by their nature must balance the interests of the various parties. I believe that this agreement not only does that, but also serves broader interests by providing greater support for customer choice throughout the Commonwealth.

JOCKETED
OCT 21 1997

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I support the timely approval of the settlement so that the benefits can be realized as soon as possible.

Sincerely yours,



EDWARD G. RENDELL

EGR/dmc

cc: Honorable Robert K. Bloom, Vice Chairman
Honorable Nora Mead Brownell, Commissioner
Honorable John Hanger, Commissioner
Honorable David W. Rolka, Commissioner
Mr. Edward McBride, PECO



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

IN REPLY PLEASE
REFER TO OUR FILE

October 16, 1997

R-973953

Mr. Thomas S. Johnson
1725 Jennings Way
Paoli, PA 19301

Dear Mr. Johnson:

KJR

Thank you for your letter of October 3, 1997, to Chairman John Quain of the Pennsylvania Public Utility Commission concerning the settlement agreement reached by certain parties in PECO Energy's restructuring filing. As you know, this matter is currently pending before the Commission and that is why Chairman Quain asked me to respond to your letter.

Please know that I have taken the liberty of forwarding your correspondence to the Acting Secretary of the Commission for inclusion in the official file in this proceeding.

Thank you again for the benefit of your thinking on this very important issue.

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Sincerely,

Rosemary Chiavetta
Rosemary Chiavetta, Esq.
Director of Legislative Affairs

13174

cc: Chairman Quain
Acting Secretary McNulty

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PROTHONOTARY'S OFFICE

Thomas S. Johnson
1725 Jennings Way
Paoli, Pa. 19301

October 3, 1997

Mr John Quain
PUC
Harrisburg PA.

A recent Philadelphia Inquirer article has prompted a consumers response.

I urge you to look much further than the proposed 2.8cents per kwhr credit which PECO proposes is the "cap amount they will charge." They charge me 14.5cents now. Does that mean that 11.7 cents is the amount needed to distribute the electricity? That's ridiculous. Almost every other utility in Penna. and for that matter in the county has much lower total costs than PECO. Do PECO lines, poles and relay stations cost that much more than all the others? Do not let PECO or any other Pennsylvania utility grab any more monies than they absolutely need in this once and done restructuring. If you want to truly benefit the consumer and by the way, the state and nation as a whole. Let the market do the pricing. Just look at the long distance telephone services compared with pre 1984 services. Just look at the telecom industry as a whole. Would an unchallenged, contented monopoly spent billions of dollars building towers just so you could make a telephone call from your car?

Tom Johnson
Tom

Received Time . Oci. 3, 12:05PM

Print Time Oct. 3, 12:06PM



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

IN REPLY PLEASE
REFER TO OUR FILE

October 16, 1997

In Re: R-00973953,
R-00973953C0001-
C0007, P-00971265

KJR

(See letter dated 09/11/97)

**R-00973953,R-00973953C0001-C0007
PECO ENERGY COMPANY**

Application for approval of a Restructuring Plan and Consumer Education Program.

**P-00971265
Petition of ENRON Energy Services Power, Inc.**

For approval of an electric competition and customer choice plan and for authority pursuant to section 2807(E)(3) of the Public Utility Code to serve as the provider of last resort in the service territory of PECO Energy Company .

NOTICE

This is to inform you that the **Further Hearings** now scheduled for **Wednesday, November 12, 1997** and **Thursday, November 12, 1997** in Philadelphia, Pennsylvania have been canceled.

13

A new schedule for the Further Hearings is as follows:

Type: Further
Date: Friday, November 14, 1997 - Further Hearing
Monday, November 17-Wednesday, November 19, 1997 - Further Hearings
Time: 10:00 a.m.

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OCT 17 1997

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PROCEEDINGS OFFICE

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Location: **In an available hearing room
Philadelphia State Office Building
Broad and Spring Garden Streets
Philadelphia, Pennsylvania**

Presiding Officer: **Administrative Law Judge Marlane R. Chestnut
Administrative Law Judge Charles E. Rainey, Jr.
1302 Philadelphia State Office Building
Broad and Spring Garden Streets
Philadelphia, Pennsylvania 19130
Telephone: (215) 560-2105**

Please mark your records accordingly.

If you are a person with a disability, and you wish to attend the hearing, we may be able to make arrangements for your special needs. Please call Norma Lewis at the Public Utility Commission:

- Scheduling Office: 717-787-1399
- AT&T Relay Service number for persons who are deaf or hearing impaired:
1-800-654-5988.

pc: Judge Chestnut
Judge Rainey
Rosemary Chiavetta - BPL 111
John Frazier - BPL 101
Office of Trial Staff (2)
Consumer Advocate
Small Business Advocate
Bill Barrett - FUS
Norma Lewis
Steve L. Springer, Scheduling Officer
Beth Plantz
Docket Section
Calendar File

Application for approval of a Restructuring Plan and Consumer Education Program.

P-00971265 Petition of ENRON Energy Services Power, Inc.

For approval of an electric competition and customer choice plan and for authority pursuant to section 2807(E)(3) of the Public Utility Code to serve as the provider of last resort in the service territory of PECO Energy Company.

KENNETH MICKENS ESQUIRE
CHARLES D SHIELDS ESQUIRE
PA PUC OTS
PO BOX 3265
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PAUL R BONNEY ESQUIRE
WARD SMITH ESQUIRE
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