

Pennsylvania Public Utility Commission v. PECO Energy Company
Docket No. R-00973953

Petition of Enron Energy Services Power, Inc.
Docket No. P-00971265

R-00973953, etc

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Enron/Exh. 2
Dated: November 19, 1997

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Enron Energy Services Power, Inc.

Docket No. R-00973953

Docket No. P-00971265

Public Utility Commission

Interrogatories, Set I

Witness: Steven J. Kean

FUC-I-1:

Please indicate whether Utility Workers Union of America Lawsuit (Utility Workers Union of America Lawsuit, AFL-CIO System Local No. 120, *et al.* v. The Pennsylvania Public Utility Commission, and John M. Quain, Chairman, Pennsylvania Public Utility Commission; No. 0269 M.D. 1997) constitutes a "legal impediment" to the sale of securitization bonds and the rate cuts found at page 5 of the Enron Choice Petition.

Response:

Please see the Testimony of Susan P. Voorhees (Statement No. 9).

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Interrogatories, Set I

Witness: Steven J. Kean

FUC-I-2:

Please indicate what the implicit all-hours market price of energy and capacity is in the Choice Plan's proposed allowance of \$5.415 [\$5.461] billion in stranded costs for PECO Energy. Also please indicate the discount rate used in this assumption, as well [as] the capacity factor of PECO's nuclear generating portfolio and the projected reserve margin for the next 5 years in PJM.

Response:

For the purposes of Enron's Choice Plan, we simply used PECO's \$5.461 billion amount for stranded costs. Enron did not separately develop support for that figure.

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Interrogatories, Set I

Witness: Yolanda H. Lopez

FUC-L3:

Please provide an estimate of projected kwh sales levels for each year of the transition period and the basis for those numbers.

Response:

No independent projections of kwh sales levels for each year were performed. Instead, Enron uses the same kwh sales data as PECO used in its Partial Settlement for each year.

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Interrogatories, Set I

Witness: Yolanda H. Lopez

FUC-14:

Please indicate the reason for the sharp rise in the ITC in years 2007 and 2008 of the Choice Plan.

Response:

For 2007 and 2008, Enron uses the same generation caps as proposed by PECO. However, Enron developed its own generation charges/credits which escalate at a steady rate over the transition period. Accordingly, the CTC/ITC charges are the difference between PECO's stated generation caps less the generation credits proposed by Enron for 2007 and 2008.

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Interrogatories, Set I

Witness: Andrew Fastow

PUC-1-5:

If Enron purchases a bond for which the ITC is insufficient to pay annual principal and interest, indicate whether ratepayers will be responsible for an additional CTC or ITC payment to fulfill the obligations of the note.

Response:

No. Under the Choice Plan, the true-up review is designed to result in no increase in the amounts payable by ratepayers even if the ITC rate is increased. The Choice Plan will require a highly creditworthy party (the "Guarantor") to enter into an agreement with PECO that will be known as the "ITC Shortfall Agreement." The ITC Shortfall Agreement will require the Guarantor to fund shortfalls if the ITC payment stream is not sufficient to meet the amortization schedule of the Transition Bonds. The ITC Shortfall Agreement allows Enron to fulfill its promise to cap the level of rates paid by ratepayers while satisfying the rating agencies' criteria requiring a true-up mechanism in all transition bond financings as a condition of receiving the highest available bond rating as well as what we believe to be required for a favorable Internal Revenue Service ("IRS") ruling. Through the ITC Shortfall Agreement, Enron is seeking to eliminate the risk that an increase in ITC payments pursuant to a true-up will result in any increase in total amounts required to be paid by ratepayers in order to service the Transition Bonds.

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Interrogatories, Set I

Witness: Steven J. Kean

PUC-1-6:

Please indicate if the rate cuts indicated on page 5 of the Choice Plan petition would decrease if a legal impediment existed to the sale of securitization bonds. If the answer is yes, please indicate by how much.

Response:

The Choice Plan is conditioned in the manner set forth in the Enron Petition. Enron's view on the nature of the current outstanding lawsuits as set forth in the Testimony of Susan P. Voorhees (Statement No. 9). Enron has not evaluated the impact of other legal impediments to the securitization which have yet to arise.

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Interrogatories, Set I

Witness: Steven J. Kean

PUC-I-7:

Please indicate whether Enron would continue to support the Choice Plan if the interest rate on the securitization bonds was lowered to AAA bond rate level.

Response:

No. The interest rate on the proposed transition bond is unrelated to the AAA bond market. The interest rate is derived from taking the proposed monthly ITC cash flows (as outlined in the Response to PUC Interrogatories, Set 1, Question 8, which have been materially reduced from the PECO proposed CTC/ITC cashflows) and discounting them at an implicit interest rate that would create a present value of \$5,461,000,000 on August 31, 1998. The implicit interest rate that was calculated was equal to 9.66% which is substantially lower than the implicit rate in the PECO Partial Settlement stranded cost charges.

Enron Energy Services Power, Inc.

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Interrogatories, Set I

Witness: Steven J. Kean

FUC-I-8:

Please provide a "proof of revenue" showing that the Choice Plan's ITC listed on page 23 of the petition is adequate to fund annual principal and interest on a \$5.416 [\$5.461] billion bond with a 9.66% interest rate.

Response:

See the attached sheets.

Sheet1

Proof Enron ITC	Expected ITC Cash Flow Receipt Schedule (ignoring the effect of seasons)		
		1998	1999
\$ 146,888,715			
\$ 440,808,146	15-Jan	0	38,717,429
\$ 440,808,146	15-Feb	0	38,717,429
\$ 748,531,769	15-Mar	0	38,717,429
\$ 830,785,832	15-Apr	0	38,717,429
\$ 1,044,888,757	15-May	0	38,717,429
\$ 1,027,311,504	15-Jun	0	38,717,429
\$ 1,008,434,888	15-Jul	0	38,717,429
\$ 1,158,828,075	15-Aug	0	38,717,429
\$ 1,309,890,190	15-Sep	0	38,717,429
\$ 1,284,830,883	15-Oct	38,717,429	38,717,429
	15-Nov	38,717,429	38,717,429
	15-Dec	38,717,429	38,717,429
Term Total			
	Annual Monthly Total	110,152,287	440,808,146
	Term Total	9,533,388,183	
	8/31/98 NPV of the above monthly cash flows @9.68%^a		

By)

2000	2001	2002	2003
36,717,429	36,717,429	62,377,847	77,566,288
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
36,717,429	62,377,847	77,566,288	87,082,398
440,608,146	722,871,580	915,603,903	1,035,472,668
5,461,000,000			

2008	2009
108,865,013	107,062,533
107,052,533	0
107,052,533	0
107,052,533	0
107,062,533	0
107,052,533	0
107,052,533	0
107,052,533	0
107,052,533	0
107,052,533	0
107,052,533	0
107,052,533	0
107,052,533	0
1,288,242,874	107,062,533

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Interrogatories, Set I

Witness: Yolanda H. Lopez

PUC-I-9:

In the annual "proofs of revenue" contained in the Choice Plan petition, please indicate why total sales of 33,583,208 Mwh is used for each year of the transition period.

Explain why each year's proof of revenue does not incorporate a kwh level that would occur due to normal growth in sales.

Response:

Enron did not use 33,583 gWhs in the Proof of Revenue statements, but uses this amount in the Derivation summaries for purposes of stating "system average" unit rates. (Note that the sales data presented in Enron's Derivation summaries are identical to the sales data used in PECO's Derivation summaries, with the exception of the "Other" category.) For purposes of deriving revenue recovery, as computed in the Proof of Revenue statements and presented in the Derivation summaries, Enron uses rate design sales that total 30,764 gWhs. In summary, Enron relied upon PECO's sales data to present revenue recovery and compute rates, which did not incorporate a growth assumption for every year in the transition period.

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Interrogatories, Set I

Witness: Harry J. Kingerski

PUC-I-10:

Please indicate how the Choice Plan petition complies with Section 2804(4)(i)(A) of the Act establishing a rate cap on total charges "to any customer who purchases generation from that utility." Please indicate how the Choice Plan petition complies with the rate caps for charges "to customers" pursuant to Sections (4)(i)(B) and (4)(ii) as well.

Response:

It is Enron's interpretation that Section 2804(4)(i)(A) of the Act requires that charges for electric service to a customer from a distribution utility which also sells generation to that customer shall not exceed the previous bundled price of electricity, as of the effective date of the Act. The Choice Plan offers discounts from that bundled price and at no time during the transition period are present bundled rate levels exceeded.

With regard to charges for transmission and distribution delivery for a customer who purchases generation from a supplier other than the electric distribution utility, the Choice Plan complies with Section 2804(4)(i)(B) of the Act in that such charges are the same as proposed by PECO in the Partial Settlement and, at least in PECO's view, represent the unbundled charges for such services consistent with current rate levels. For distribution non-delivery services (metering, billing, etc.), under the Choice Plan these services will be provided by the marketplace and are not necessarily comparable to such services currently included in the bundled utility product.

The Choice Plan complies with Section 2804(4)(ii) of the Act in that the sum of the generation credits and CTC/ITC contained in the Plan are less than or do not exceed the sum of such charges contained in the Partial Settlement and, as such, do not exceed the unbundled charges for generation consistent with current rate levels.

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Interrogatories, Set I

Witness: Steven J. Kean

PUC-J-11:

Please indicate how the Choice Plan proposes to comply with Section 2808(F) of the Act (providing for annual reconciliation of the CTC).

Response:

As required by the Act, there will be an annual review of CTC/ITC charges. However, as noted in Response to PUC Interrogatories, Set 1, Question 5, under the Choice Plan, the true-up review is designed to result in no increase in the amounts payable by ratepayers even if the ITC rate is increased. In other words, the Choice Plan insulates customers from an increased ITC as a result of load erosion. If excess recovery occurs, under the Choice Plan, the Commission should direct PECO to refund such excess to customers.

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Interrogatories, Set I

Witness: Steven J. Kean

PUC-I-12:

Please indicate why the Choice Plan requires an interest rate of 9.66% on the securitization bonds, as opposed to an interest rate commensurate with a AAA rating.

Response:

The interest rate on the proposed transition bond is unrelated to the AAA bond market. The interest rate is derived from taking the proposed monthly ITC cash flows (as outlined in the Response to PUC Interrogatories, Set 1, Question 8, which have been materially reduced from the PECO proposed CTC/ITC cashflows) and discounting them at an implicit interest rate that would create a present value of \$5,461,000,000 on August 31, 1998. The implicit interest rate that was calculated was equal to 9.66%. It is also important to recognize that it is not clear that the bonds can all be financed at a AAA rate.

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Interrogatories, Set I**

Witness: Steven J. Kean

PUC-I-13:

Please indicate changes to the projected rates cuts found on page 5 of the Choice Plan if the interest rate on the securitization bonds was changed to a AAA level.

Response:

Please see the Response to PUC Interrogatories, Set I, Question No. 12. In addition, the projected rate cut is unrelated to the AAA bond market. The rate cut was determined by Enron. Enron has proposed to double the PECO proposed rate cut by materially reducing PECO's proposed CTC/ITC rates. As described in the Response to PUC Interrogatories, Set I, Question No. 12, it is the proposed rate cut and the CTC/ITC cash flow that determines the interest rate on the transition bond as opposed to the interest rate on the transition bond determining the rate cut.

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Interrogatories, Set I

Witness: Yolanda H. Lopez

PUC-I-14:

Please provide the following information based on the Choice Plan petition: Provide a table (table 1) showing the following information items for each and every year of the transition period:

- a) system generation price;
- b) system CTC/ITC;
- c) 500 kwh/month Rate R maximum capacity and energy charge;
- d) 500 kwh/month Rate R CTC/ITC;
- e) 500 kwh/month Rate R distribution charges (both fixed and variable, expressed a single cents/kwh charge);
- f) 500 kwh/month Rate R transmission charge;
- g) 500 kwh/month Rate R transmission and distribution charges as of 1/1/97;
- h) Percentage rate cuts versus 1/1/97 for each and every year of the transition period for the 500 kwh Rate R customer who pays the Rate R maximum energy and capacity charges (item c) as well as Rate R CTC/ITC charges (item d), Rate R 500 kwh distribution charges (item e) and Rate R transmission charges (item f).
- i) Total charges and percentage rate cuts versus 1/1/97 for each and every year of the transition period for the 500 kwh Rate R customer who pays the Rate R maximum energy and capacity charges (item c), Rate R 500 distribution charges (item d) [(item e)], Rate R transmission charges (item e) [(item f)] and purchases generation in the market for 3.2 cents/kwh in 1999, with generation prices escalating at 3% per year for each and every year of the transition period.

Response:

Please see the attached sheet.

ENRON RESPONSE TO PUC1-14

Cents per kWh Charges

	Col. (a)	(b)	(c)	(d)	(e)	(f)	(g) (c)+(d)+(e)+(f)	(h)	(i) (g)-(h) / (h)	(j)	(k) (d)+(e)+(f)+(j)	(l) (k)-(h) / (h)
ENRON PROPOSAL												
	System		Rate R - 500 kWh/month rates						Scenario A		Scenario B	
Year	Gen. Price 1_1	CTC Price 2_1	Gen Price 3_1	CTC/ITC Price 4_1	Dist. Price 5_1	Tran. Price 6_1	Total Rate	PECO's Total Rate 7_1	% Increase (Decrease)	Gen. Rate esc. 3% annually	Total Rate w/ Gen. Rate in col. (j)	% Increase (Decrease)
1997								\$ 14.22				
9/1/98	3.58	1.31	4.12	0.90	5.75	0.57	11.34		-20%	3.20	10.42	-27%
1999	3.58	1.31	4.12	0.90	5.75	0.57	11.34		-20%	3.20	10.42	-27%
2000	3.58	1.31	4.12	0.90	5.75	0.57	11.34		-20%	3.30	10.52	-26%
2001	3.63	2.23	4.19	2.21	5.75	0.57	12.72		-11%	3.39	11.92	-16%
2002	3.69	2.77	4.25	2.97	5.75	0.57	13.54		-5%	3.50	12.79	-10%
2003	3.74	3.11	4.32	3.45	5.75	0.57	14.09		-1%	3.60	13.37	-6%
2004	3.80	3.06	4.38	3.37	5.75	0.57	14.07		-1%	3.71	13.40	-6%
2005	3.86	3.00	4.45	3.30	5.75	0.57	14.07		-1%	3.82	13.44	-6%
2006	3.92	3.44	4.51	3.89	5.75	0.57	14.72		3%	3.94	14.15	-1%
2007	3.98	3.88	4.58	4.47	5.75	0.57	15.37		8%	4.05	14.84	4%
2008	4.04	3.83	4.65	4.36	5.75	0.57	15.33		8%	4.18	14.86	4%

1_1 Derivation Summaries, 9/1998 - 2008, Cents/kWh line, column (g).

2_1 Derivation Summaries, 9/1998 - 2008, Cents/kWh line, column (f).

3_1 Enron's Proposed DistributionTariff, page 73, Rate R table, "Energy Charge-TDS" line.

4_1 Enron's Proposed DistributionTariff, page 69, Rate R table, "Energy Charge-TDS" line.

5_1 Proof of Revenue statements, "Proposed" column, 9/1998-2008.

6_1 Proof of Revenue statements, "Proposed" column, 9/1998-2008.

7_1 Transmission and distribution rates for 1/1/97 are not available; this represents the average Total Rate as of 1/1/97 per Proof of Revenue statements, "Current" column, 9/1998-2008.

8_1 Per Commission interrogatory, Set no. 1, Question no. 14 (h).

9_1 Per Commission interrogatory, Set no. 1, Question no. 14 (i).

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Interrogatories, Set II

**Witness: Steven J. Kean and
Harry Kingerski**

PUC-II-1:

How are the terms of the IECPA settlement provisions handled in the Enron proposal?

Response:

Enron Energy Services Power, Inc. ("EESPI") assumes that the question is directed to the portion of the proposed Partial Settlement Agreement generally referring to PAIEUG member interests, since IECPA is not a party to these proceedings.

EESPI has attempted in its Choice Plan to replicate the principal PAIEUG settlement provisions, which are found at paragraph 12 of the Partial Settlement Agreement, with certain limited exceptions which EESPI has fully explained. See generally, EESPI Petition, paragraph 23(d); EESPI Statement No. 5, at pages 12 to 20; Exhibit 1 to EESPI Petition (Proposed Delivery Service Tariff), immediately following page 75; Proposed Treatment of Miscellaneous Riders (4 pages).

The following is an issue by issue explanation of how the Enron proposal deals with settlement provisions.

Provision: The LILR will continue to be available through at least December 31, 2008 to current LILR customers.

Proposal: This provision is maintained. Testimony of Enron witness Harry Kingerski (Statement No. 5) addresses this provision (p. 13, l. 3), "Specifically, the LILR will continue to be available through December 31, 2008 to current LILR end users." In addition to maintaining the availability of the existing Rider to all existing customers served thereunder, Enron's proposal recommends to the Commission that all such customers have the opportunity for a "fresh start"; in other words, give the customer the opportunity to opt out of an existing LILR contract to participate in direct access. (See Petition, p. 19).

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Interrogatories, Set II

Continuation of Response to PUC-II-1:

Provision: The EER and Rule 4.6 contracts will continue to be available to prospective and current EER and Rule 4.6 customers in accordance with the terms and conditions of the EER, Rule 4.6 and the customer's contract. If the customer's contract is silent with respect to the customer's right to access competitive generation supply, then the customer may obtain competitive supply.

Proposal: This provision is maintained for prospective and current EER (see the *Petition, p. 19*) and for current Rule 4.6 customers (see proposed tariff, Section 4.1). It is not maintained in the tariff for prospective Rule 4.6 customers because, under Enron's proposal, those customers will have the freedom to negotiate special contracts in the competitive marketplace with a multitude of Electric Generation Suppliers (EGSs) rather than with just one entity, PECO. In other words, the potential benefits of special contracts to a customer are made available through the marketplace rather than through the utility tariff.

Regarding EER, page 19 of the *Petition* says that Enron would recommend to the Commission that all EER customers be provided with the opportunity for a "fresh start"; in other words, give the customer the opportunity to opt out of an existing EER contract to participate in direct access.

Provision: For those customers with EER or Rule 4.6 contracts that contain discounts to the Rate HT capacity charge and the first two blocks of Rate HT, the unbundled charges will be, starting January 1, 1999; (i) the Rate HT unbundled distribution and transmission charges, and (ii) the Rate HT CTC/ITC charges discounted by the negotiated percentage discount presently reflected in the customer's contract.

Proposal: This provision is maintained for (i), the Rate HT unbundled distribution and transmission charges. Enron's interpretation of this provision is that PECO would continue to sell generation to the customer under the existing EER or Rule 4.6 contract.

For (ii), Enron's proposal does not address specific obligations or exemptions of the EER or Rule 4.6 customers with respect to the CTC. Enron is awaiting responses from PECO to interrogatories about these customers, and pending receipt of those responses, cannot respond further on this provision.

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Interrogatories, Set II

Continuation of Response to PUC-II-1:

Provision: EER contracts and Rule 4.6 contracts that contain language regarding access rights and unbundling, the customers' right to access competitive generation supply, the unbundling of the customer's contract and the applicability of the CTC/ITC charges will be governed by the terms and conditions of the customers' contracts.

Proposal: This provision is maintained, at the option of the customer. Regarding EER, page 19 of the Petition says that Enron would recommend to the Commission that all EER customers be provided with the opportunity for a "fresh start"; in other words, give the customer the opportunity to opt out of an existing EER contract to participate in direct access. Regarding Rule 4.6 contracts, the proposed Rule 4.1 in Enron's proposed tariff states "Special contracts existing on September 1, 1998 shall continue to remain in effect according to the terms thereof unless the end user exercises any right it may have to terminate said contract."

Provision: All Rate HT industrial customers, LILR customers, and Rule 4.6 and EER customers shall have the right to pay all applicable CTC/ITC charges in one lump sum. For customers exercising this option, PECO and the customers will negotiate a mutually acceptable lump sum using the customer's most recent 12 months of demand and energy usage as billing determinants, unless such demand and energy usage will not be representative of the customer's likely demand and energy consumption during the CTC/ITC recovery period (in which case representative values will be used), applied to the CTC/ITC charges for the entire CTC/ITC recovery period, discounting using PECO's after-tax cost of capital.

Proposal: The lump sum payment provision is maintained. The Petition (p. 19) and Exhibit B to Statement No. 5 (p. 72 of the proposed tariff - Rider CTC/ITC) reference this provision. Rider CTC/ITC says "End users receiving service from an EGS or the Default Service provider under Rate H-T, LILR, Rule 4.6 and EER may elect to prepay their CTC/ITC cost responsibility, which prepayment shall be calculated as the net present value of the CTC/ITC recovery over the period ending December 31, 2008. The CTC/ITC Rider would attach to grandfathered special contracts entered into under Rule 4.6. The discount rate for calculating the net present value shall be 8.71 percent."

Neither the Partial Settlement or Enron's proposed tariff specifically address when past consumption will not be considered as representative of future consumption, but it is Enron's intention to abide by the spirit of this provision.

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Interrogatories, Set II

Continuation of Response to PUC-II-1:

Provision: Recovery CTC/ITC from industrial and commercial customers that significantly reduce their purchases through installation of on-site generation will be fully set forth in Appendix E hereto, which is incorporated as a part of this Partial Settlement; provided, however, that existing industrial and commercial customers whose peak load during 1996 was at least four (4) megawatts, and who can document that they were actively self generating or considering self-generation as of December 31, 1996 or earlier, will pay CTC/ITC charges following full start-up of any self-generation facility they install before December 31, 2008 as follows:

- i. PECO will calculate the customer's average billing demand and energy usage for calendar year 1996;
- ii Using those billing determinants PECO will determine the dollar amount that would be charged were the customer billed for CTC/ITC using the prevailing Rate HT CTC/ITC charges;
- iii. PECO will bill the customer one-third of the dollar amount determined in accordance with step 2.

Proposal: Enron's proposal did not address specific obligations or exemptions of co-generation or self-generation customers with respect to the CTC.

Enron believe this provision is too ambiguous to permit endorsement by Enron in the absence of additional clarifying information. For example, a customer apparently can qualify for the partial exemption from CTC if they were "considering" self-generation as of December 31, 1996. Enron is not clear whether this means, for example as of that date that:

- (i) there was construction underway;
- (ii) there were plans for construction;
- (iii) a feasibility study has been performed and an affirmative decision had been made;
- (iv) a feasibility study had been made;
- (v) a memo was written on the subject; or
- (vi) a conversation had occurred on the subject.

It is also not clear whether customer's alternative generation has to comprise all of the existing 4 megawatt load, or only some portion thereof, to qualify

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Continuation of Response to PUC-II-1:

for the exemption. And once an exemption is granted, the provision seemed to grant the 2/3rds CTC exemption to total load, even if the portion of the customer's total load which installs self generation of 1 megawatt in 2000 would seem to qualify for the 2/3rds CTC exemption on the total 4 megawatt load.

Pending resolution of these concerns, Enron cannot respond further on this provision.

Overall, while EESPI has replicated the benefits to PAIEUG members in the Partial Settlement Agreement, EESPI believes PAIEUG's complaints about EESPI's proposals to eliminate or modify special service contracts and certain riders are misplaced, because, in the competitive environment created by the Choice Plan, PAIEUG members will be in a better position to negotiate such arrangements with competitive EGS, and will lose no rights under EESPI's Choice Plan. These provisions neither violate 66 Pa.C.S. § 2806(b) (which does not require the maintenance of existing tariff riders) nor do they violate cost-shifting and cap provisions of the Act. There is simply no need or reason to provide for specific flexible generation rates in tariffs, when those rates are unregulated.

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Interrogatories, Set II

Continuation of Response to PUC-II-1:

Provision: All LILR customers' unbundled charges will be: (i) for on-peak usage, 0.5 cents/kWh for distribution plus Gross Receipts Tax ("GRT"), and 0.5 cents/kWh for transmission plus GRT; and (ii) for off-peak usage, the Rate HT CTC/ITC transmission and distribution charges calculated using the customers' billing demand.

Proposal: This provision is maintained. Exhibit B to Statement No. 5 (p. 56 of the tariff) shows the above-stated rates for transmission and distribution.

Provision: PECO will assess no CTC/ITC charges with respect to the on-peak portion of an LILR customer's interruptible load.

Proposal: This provision is maintained. Exhibit B to Statement No. 5 (p. 72 of the tariff) shows the stated exclusion.

Provision: PECO will also not impose any additional CTC/ITC charge on an LILR Customer that obtains supply from a competitive supplier.

Proposal: This provision is maintained. Statement No. 5, p. 12, beginning at l. 26, says "It is also Enron's intention to match the terms of PECO's Partial Settlement relative to the ...LILR." Furthermore, Enron's proposed Rate CTC/ITC does not contain any provision which would discriminate on the basis of the customer's choice of competitive supplier.

Provision: For those (LILR) customers that choose to remain with PECO for their energy supply, the energy charges will be the PJM Billing Rate, or its replacement, for all on-peak energy associated with the customer's interruptible load, and applicable unbundled Rate HT charges for all other energy usage.

Proposal: This provision is maintained. Statement No. 5, p. 13. l. 8-11, says, "In the event that an LILR end user elects to receive default service, energy will be priced at the PJM Billing Rate, or its replacement, for all on-peak energy associated with an LILR end-user's interruptible load." This provision also is specifically included in the table for Rate DS. Standard Rate HT charges apply to the customer's off-peak energy associated with interruptible load, all other energy, and unbundled transmission and distribution services.

Enron Energy Services Power, Inc.

Docket No. R-00973953

Docket No. P-00971265

Public Utility Commission

Interrogatories, Set II

Witness: Steven J. Kean

PUC-II-2:

What are Enron's present and future anticipated future relationships with the PJM?

Response:

Enron will be a member of PJM and will deliver power to customers through the PJM. Enron intends to (1) actively participate in the PJM restructuring proceedings at FERC and (2) abide by all PJM rules and regulations.

Enron Energy Services Power, Inc.

Docket No. R-00973953

Docket No. P-00971265

Public Utility Commission

Interrogatories, Set I

Witness: Steven J. Kean

PUC-1-8: (AMENDED)

Please provide a "proof of revenue" showing that the Choice Plan's ITC listed on page 23 of the petition is adequate to fund annual principal and interest on a \$5.416 [\$5.461] billion bond with a 9.66% interest rate.

Response:

Attached hereto are the expected quarterly ~~and~~ CTC cash flows under the Enron Choice Plan as amended in the Rebuttal Testimony and Exhibits of Steven J. Kean (Statement No. 1-R). Please note that the amended Enron Choice Plan is now structured quarterly, as opposed to monthly. Moreover, the attached Proof of Revenues equate to an implicit annual interest rate of 9.31%. The quarterly periods are also reflective of the following months:

First Quarter = December, January, February

Second Quarter = March, April, May

Third Quarter = June, July, August

Fourth Quarter = September, October, November

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8/31/98 NPV of ENRON CTC Quarterly Cash Flows from 9/1/98-8/31/08* 20% Case						9.31%	5,461,000,000	4th Quarter 98	1st Quarter 99
3rd Quarter 01	4th Quarter 01	1st Quarter 02	2nd Quarter 02	3rd Quarter 02	4th Quarter 02	1st Quarter 03			
219,029,990	219,029,990	223,308,964	231,866,913	231,866,913	231,866,913	233,471,528	112,857,944	169,286,915	
3rd Quarter 05	4th Quarter 05	1st Quarter 06	2nd Quarter 06	3rd Quarter 06	4th Quarter 06	1st Quarter 07			
212,611,529	212,611,529	221,704,349	239,889,989	239,889,989	239,889,989	248,715,373			

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2nd Quarter 99	3rd Quarter 99	4th Quarter 99	1st Quarter 00	2nd Quarter 00	3rd Quarter 00	4th Quarter 00	1st Quarter 01	2nd Quarter 01
169,286,915	169,286,915	169,286,915	169,286,915	169,286,915	169,286,915	169,286,915	185,867,940	219,029,990
2nd Quarter 03	3rd Quarter 03	4th Quarter 03	1st Quarter 04	2nd Quarter 04	3rd Quarter 04	4th Quarter 04	1st Quarter 05	2nd Quarter 05
236,680,759	236,680,759	236,680,759	232,669,220	224,646,144	224,646,144	224,646,144	220,634,605	212,611,529
2nd Quarter 07	3rd Quarter 07	4th Quarter 07	1st Quarter 08	2nd Quarter 08	3rd Quarter 08	4th Quarter 08		
266,366,142	266,366,142	266,366,142	266,366,142	266,366,142	266,366,142	88,788,714		

Enron Energy Services Power, L

Docket No. R-00973953

Docket No. P-00971265

Public Utility Commission

Interrogatories, Set I

Witness: Yolanda H. Lopez

UC-14: (AMENDED)

Please provide the following information based on the Choice Plan petition: Provide a table (table 1) showing the following information items for each and every year of the transition period:

- a) **system generation price;**
- b) **system CTC/ITC;**
- c) **500 kwh/month Rate R maximum capacity and energy charge;**
- d) **500 kwh/month Rate R CTC/ITC;**
- e) **500 kwh/month Rate R distribution charges (both fixed and variable, expressed a single cents/kwh charge);**
- f) **500 kwh/month Rate R transmission charge;**
- g) **500 kwh/month Rate R transmission and distribution charges as of 1/1/97;**
- h) **Percentage rate cuts versus 1/1/97 for each and every year of the transition period for the 500 kwh Rate R customer who pays the Rate R maximum energy and capacity charges (item c) as well as Rate R CTC/ITC charges (item d), Rate R 500 kwh distribution charges (item e) and Rate R transmission charges (item f).**
- i) **Total charges and percentage rate cuts versus 1/1/97 for each and every year of the transition period for the 500 kwh Rate R customer who pays the Rate R maximum energy and capacity charges (item c), Rate R 500 distribution charges (item d) [(item e)], Rate R transmission charges (item e) [(item f)] and purchases generation in the market for 3.2 cents/kwh in 1999, with generation prices escalating at 3% per year for each and every year of the transition period.**

Response:

Please see the attached sheet.

ENRON AMENDED RESPONSE TO PUC-1-14

Cents per kWh Charges

AMENDED NOV. 19, 1997

Col. (a)	(b)	(c)	(d)	(e)	(f)	(g) c)+(d)+(e)+(f)	(h)	(i) (g)-(h) / (h)	(j)	(k) (d)+(e)+(f)+(j)	(l) (k)-(h) / (h)	
ENRON PROPOSAL												
System												
Rate R - 500 kWh/month rates												
Year	Gen. Price ^{1,1}	CTC Price ^{2,1}	Gen Price ^{3,1}	CTC/ITC Price ^{4,1}	Dist. Price ^{5,1}	Tran. Price ^{6,1}	Total Rate	PECO's Total Rate ^{7,1}	% Increase (Decrease)	Gen. Rate esc. 3% annually	Total Rate w/ Gen. Rate in col. (j)	% Increase (Decrease)
1997								\$ 14.22				
9/1/98	3.48	2.11	4.02	2.69	4.14	0.45	11.30		-21%	3.20	10.48	-26%
1999	3.48	2.11	4.02	2.69	4.14	0.45	11.30		-21%	3.20	10.48	-26%
2000	3.48	2.11	4.02	2.69	4.14	0.45	11.30		-21%	3.30	10.58	-26%
2001	3.61	2.73	4.17	3.60	4.14	0.45	12.36		-13%	3.39	11.58	-19%
2002	3.75	2.88	4.40	3.80	4.14	0.45	12.79		-10%	3.50	11.89	-16%
2003	3.89	2.94	4.62	3.86	4.14	0.45	13.07		-8%	3.60	12.05	-15%
2004	4.04	2.79	4.85	3.64	4.14	0.45	13.08		-8%	3.71	11.94	-16%
2005	4.19	2.65	5.12	3.38	4.14	0.45	13.09		-8%	3.82	11.79	-17%
2006	4.35	2.97	5.40	3.80	4.14	0.45	13.79		-3%	3.94	12.33	-13%
2007	4.52	3.31	5.53	4.38	4.14	0.45	14.50		2%	4.05	13.02	-8%
2008	4.52	3.31	5.53	4.38	4.14	0.45	14.50		2%	4.18	13.15	-8%

NOTE: DATA BASED UPON ENRON REBUTTAL TESTIMONIES OF STEVEN J. KEAN & YOLANDA LOPEZ.

- 1,1 Derivation Summaries, 9/1998 - 2008, Cents/kWh line, column (g).
- 2,1 Derivation Summaries, 9/1998 - 2008, Cents/kWh line, column (f).
- 3,1 Enron's Proposed Distribution Tariff, page 73, Rate R table, "Energy Charge-TDS" line.
- 4,1 Enron's Proposed Distribution Tariff, page 69, Rate R table, "Energy Charge-TDS" line.
- 5,1 Proof of Revenue statements, "Proposed" column, 9/1998-2008.
- 6,1 Proof of Revenue statements, "Proposed" column, 9/1998-2008.
- 7,1 Transmission and distribution rates for 1/1/97 are not available; this represents the average Total Rate as of 1/1/97 per Proof of Revenue statements, "Current" column, 9/1998-2008.
- 8,1 Per Commission Interrogatory, Set no. 1, Question no. 14 (h).
- 9,1 Per Commission Interrogatory, Set no. 1, Question no. 14 (f).