

Environmentalists Cross Ex 2

R-973954

8/19/97 HBS

S. F. Tierney

Jan

**Pennsylvania Power & Light Company
Response to Interrogatories of the Environmentalists, Set 2
Dated May 15, 1997**

Docket No. R-00973954

Q.96. (Dr. Tierney testimony page 20, lines 14 to 17) To what extent does "efficient," in this context, include the costs that are external to the market (e.g., environmental externalities)? Please explain.

A.96. The costs include only those internalized in market prices.

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Environmentalists Case Etc 3

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**Pennsylvania Power & Light Company
Response to Interrogatories of the Environmentalists, Set 2
Dated May 15, 1997**

Docket No. R-00973954

- Q.97. (Dr. Tierney testimony, page 20, line 18). To what extent does "socially efficient," in this context, include the costs that are external the market (e.g., environmental externalities)? Please explain.
- A.97. These costs include those that are internalized in market prices "Socially efficient" is meant to refer to customers' preferred level of consumption given market prices.

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