

R-00943271

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**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265**

Public Meeting held February 9, 1995

Commissioners Present:

- David W. Rolka, Chairman, Concurring
- Joseph Rhodes, Jr., Vice-Chairman
- John M. Quain, Dissenting - Statement attached
- Lisa Crutchfield
- John Hanger, Concurring

Pennsylvania Public Utility
Commission, et al.
v.

Docket No.

Pennsylvania Power and Light Company

R-00943081

Lehigh Valley Power Committee

R-00943081C002

OPINION AND ORDER

BEFORE THE COMMISSION:

Procedural History

On May 13, 1994, Pennsylvania Power and Light Company ("PP&L" or "Company") filed Supplement No. 40 to Tariff Electric - Pa. P.U.C. No. 200, which proposed revisions to the Interruptible Service By Agreement Rider, Rate Schedule IS-1, and the Optional Interruptible Power provisions of Rate Schedules LP-4 and LP-5.

On August 18, 1994, we entered an Order which suspended Supplement No. 40 for a period of five months, opened an investigation and referred the matter to the Office of Administrative Law Judge for such hearings as may be necessary, and the issuance of a Recommended Decision.¹ The Lehigh Valley Power Committee ("LVPC"), an ad hoc group of industrial customers of PP&L, filed a Formal Complaint against Supplement No. 40. Additionally, Bethlehem Steel Corporation filed a petition to

¹ The Commission's Office of Trial Staff was further directed to participate in the proceedings.

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intervene. Also, the Office of Consumer Advocate ("OCA") filed a Notice of Intervention.

The matter was assigned to Administrative Law Judge ("ALJ") Michael C. Schnierle August 18, 1994. On August 26, 1994, a prehearing conference was convened before ALJ Schnierle at which time procedural and preliminary matters were addressed and a litigation schedule established. Further, the petition to intervene of Bethlehem Steel Corporation was granted.

Pursuant to the litigation schedule established, the record of this matter consists of the direct and rebuttal testimony of Messrs. Richard A. Mazzini, Gerald S. Farber and John F. Sipics, on behalf of PP&L; Stephen J. Baron, on behalf of LVPC, and Mr. James H. Rooney, on behalf of Armstrong World Industries, a member of LVPC. The record produced 224 pages of transcribed notes of testimony and 17 written statements and exhibits.

Main Briefs were filed by PP&L, LVPC, and Bethlehem Steel Corporation. Reply briefs were filed by PP&L, LVPC and the OTS (subsequently withdrawn). Subsequent to evidentiary hearings and the filing of said briefs, the Recommended Decision ("R.D." hereafter) of ALJ Schnierle was issued in this matter on December 1, 1994.

ALJ Schnierle concluded that the proposed tariff supplement is in the public interest. His Ordering Paragraphs are set forth as follows:

1. That Supplement No. 40 to Pennsylvania Power & Light Company's Tariff Electric-Pa. P.U.C. No. 200 is found to be just, reasonable, nondiscriminatory, and, therefore, lawful.

2. That Supplement No. 40 to Pennsylvania Power & Light Company's Tariff Electric-Pa. P.U.C. No. 200 is approved.

3. That the suspension of Supplement No. 40 to Pennsylvania Power & Light Company's Tariff Electric-Pa. P.U.C. No. 200 by Commission Order entered August 18, 1994, is terminated.

4. That the Commission's investigation into Supplement No. 40 to Pennsylvania Power & Light Company's Tariff Electric-Pa. P.U.C. No. 200 by Commission Order entered August 18, 1994, is terminated and the record at Docket No. R-00934081 shall be marked closed.

5. That the complaint of the Lehigh Valley Power Committee against Pennsylvania Power & Light Company at Docket No. R-00943081C002 is dismissed, and the record at that docket shall be marked closed.

6. That Pennsylvania Power & Light Company, when it files its next general rate increase, shall file interruptible service rates based upon cost of service and the value to Pennsylvania Power & Light Company of interruptible load, and a cost of service study which supports the proposed rates.

Exceptions to the R.D. were filed by LVPC on December 19, 1994. Replies to Exceptions were filed by PP&L on December 29, 1994. By Order adopted January 12, 1995, we extended the suspension period of Supplement No. 40 for an additional thirty (30) days.

On consideration of the R.D., the Exceptions, and the replies thereto, we shall adopt, in substantial part, the recommendations of ALJ Schnierle.

DISCUSSION

In our August 18, 1994 Order initiating this investigation, we directed that five issues be considered. Those issues were as follows:

1. Whether it is unlawful or discriminatory to make the existing interruptible provision available only to "grandfathered" customers and not for current requests to take service under interruptible tariffs.

2. What will be the impact of PP&L's proposals on the competitiveness or viability of those customers who are excluded from interruptible service.

3. How will PP&L's proposals affect economic development efforts in the utility's service territory.

4. Given that it was necessary to resort to widespread service interruptions throughout the Commonwealth in January of 1994, what impact would curtailing interruptible rates have on the reliability of the electric system.

5. Whether PP&L's proposal is in the public interest.

We shall consider the ALJ recommendations, and Exceptions thereto, relative to the above five issues which were the focus of this investigation.

1. Whether it is unlawful or discriminatory to make the existing interruptible provision available only to "grandfathered" customers and not for current requests to take service under interruptible tariffs.

ALJ Schnierle agreed with the argument of PP&L and Bethlehem that "grandfathering" existing customers would not result in unreasonable discrimination. Specifically, we note that the Company's proposal would: (1) limit the availability of interruptible service to only those customers who were receiving such service as of the date of the instant filing and those additional customers who enter into binding service agreements with PP&L as of a designated cut-off date; and (2) specify that the firm power levels of those customers eligible for interruptible service could not be reduced below the levels stated in the service agreements in effect as of the designated cut-off date.

Consequently, ALJ Schnierle found that it is not unlawful or discriminatory to make the existing interruptible provisions

available only to "grandfathered" customers. Also, contrary to the position of LVPC as stated in its briefs, ALJ Schnierle noted that PP&L is not proposing the termination of all interruptible rate service. Rather, the Company, through this filing, has proposed certain restrictions of interruptible service which restrictions are likely to continue only until the Company's next base rate proceeding. See R.D., p. 8; also p. 48 wherein ALJ Schnierle, in discussing on-site generation, remarked:

Regarding this issue, it is interesting to note that PP&L is not opposed to interruptible rates per se. PP&L does not rule out the adoption of additional interruptible rate provisions in the future, assuming that terms and pricing for such service can be designed to insure that interruptible load is beneficial to the company. (Tr. 22). PP&L proposed to modify the availability of its interruptible rate here, rather than simply raise an unjustifiably low rate, because PP&L prefers to adjust the rate levels as part of a base rate case and not in isolation. (Tr.84-85).

R.D., pp. 48-49.

The key decisions on which the ALJ's analysis is based are Kirk v. West Penn Power Company, 52 Pa. P.U.C. 4 (1978) ("Kirk" hereafter), Application of Susquehanna Township and General Waterworks Corporation, Docket No. A-210700F002 (Order entered May 31, 1990) ("General Waterworks"), and the more recent, ISP Minerals, Inc. v. Columbia Gas of Pennsylvania, Inc., Docket No. R-009222466C0001 (Order entered March 26, 1993).

In Kirk, we permitted the provisions of a utility tariff restricting the availability of a discounted rate for all-electric service to those customers already on the rate or who made rate commitments before a specified cutoff date. ALJ Schnierle agreed

with the Company that Kirk is very similar to the situation which obtains here.²

The factual scenario in Kirk was distinguished from that in General Waterworks. R.D., pp. 9-11. In General Waterworks, we disapproved a proposed settlement whereby existing customers would be charged a lower rate upon acquisition of a portion of territory of Susquehanna Township by Dauphin Consolidated Water Company. We agree with the ALJ result, which concludes that the factual situation here is more akin to Kirk and Crown American than what we decided in the General Waterworks case.

In its Exceptions, LVPC does not directly object to the ALJ recommendations with respect to his conclusion that the restriction of interruptible service should be approved under the facts of this case. Indirectly, however, LVPC is opposed to reliance upon Kirk for approval based on its view that the interruptible service offerings as now constituted are not "dysfunctional" rates, which were to be phased out as were the rates in Kirk. LVPC Exc., p. 7.

On consideration of the Exceptions, we would agree with and affirm the result of the R.D. That is, we find substantial evidence that the interruptible rate provisions have ceased to be in the public interest as an economical alternative for those qualified customers, as such rates now operate to the detriment of PP&L and its other rate classes. Therefore, we shall adopt the conclusion of the ALJ concerning this issue.

² Equally applicable, and we note with approval, are the ALJ's discussion of Gazella v. Pennsylvania Gas and Water Company, 65 Pa. P.U.C. 416 (1987), ISP Minerals, Inc. v. Columbia, and Crown American Corp. v. Pennsylvania Public Utility Commission, 76 Pa. Commonwealth Court 305, 463 A.2d 1257 (1983).

Additionally, we note that it was the recommendation of ALJ Schnierle that the Company be directed to file with its next base rate case, interruptible service rates based upon cost of service and the value to PP&L of interruptible load, and a cost of service study which supports such rates. See R.D., Ordering Paragraph No. 6. On December 30, 1994, PP&L filed for a general rate increase under Section 1308(d) of the Public Utility Code, 66 Pa. C.S. §1308(d). See Docket No. R-00943271. This rate proceeding includes supporting cost of service information recommended by ALJ Schnierle in the instant proceeding.

2. What will be the impact of PP&L's proposals on the competitiveness or viability of those customers who are excluded from interruptible service.

The Company presently provides service under four different rate provisions:

Rate Schedule IS-1: This rate became effective on November 28, 1983, and makes interruptible service available to green houses and environmentally-controlled growing facilities that use a minimum of 200 kilowatts (kW) of interruptible lighting load as a daylight supplement. PP&L introduced this rate specifically to promote the greenhouse business in Pennsylvania. See R.D. p. 4 referencing PP&: St. 1, p. 8.

Interruptible Service By Agreement: On February 6, 1989, Interruptible Service By Agreement was introduced as a rider to otherwise applicable rate schedules. This rider makes interruptible service available, by agreement, to large general service customers who take service at 66,000 volts or higher under conditions that were different from those in other tariff provision. (PP&L St. 1, App.1). One customer is served under this rider. That customer has approximately 124 Mw of load subject to interruption.

Rate Schedule LP-4 and LP-6 - Optional Interruptible Power Provisions: Rate Schedules LP-4 and LP-5 are available to

provide general service to customers at minimum voltage levels of 12,470 and 69,000 volts, respectively. (PP&L Ex.1). On July 31, 1992, an Optional Interruptible Power Provision was added to each of these rate schedules.³ The OIPPs, which are available to customers with at least 1,000 kW of interruptible load, provide substantially reduced prices to customers that contract to accept interruptions in electric service for system and local emergencies, economic load control and tests of their ability to interrupt.

The bulk of PP&L's interruptible service is provided under the OIPPs. OIPP customers represent 335 Mw of load subject to interruptions, constituting 75% of the total on-peak demand under Rate Schedule LP-4 and LP-5 for these customers.

Against the above-referenced factual background, PP&L, prior to addressing the five issues that we set forth for investigation in this filing, took the position that there are two overriding considerations involved in this proceeding. Those considerations are: (1) whether PP&L should be permitted to limit the availability of its interruptible service provisions where, under the existing facts and circumstances, continuing their unrestricted availability would be tantamount to having an outstanding offer, of indefinite duration, to acquire additional unneeded capacity at an excessive price⁴; and (2) whether a non-

³ At such time as the LP-4 and LP-5 rate schedules were introduced, PP&L also offered interruptible service under Rate Schedule IS-2, which became effective July 1, 1984. Rate Schedule IS-2 made interruptible service available to customers with at least 7,500 kW of billing demand that could interrupt a portion of their operations for limited periods of time. Rate IS-2 customers left the rate to take service under the OIPPs. Consequently, effective December 20, 1993, Rate Schedule IS-2 was withdrawn. See PP&L St. 1. Attachment 1.

⁴ PP&L explains that interruptible load is a capacity equivalent resource and, therefore, an interruptible service provision represents an offer by the utility to purchase that resource at a price equal to the discount from firm service

cost based, economic development rate discount, once offered, may be subject to reasonable restrictions on its availability or, instead, must continue for an unlimited duration.⁵

ALJ Schnierle, on consideration of the second question, relied upon Crown American, for the proposition that the protection of economic interests and the competitive position of a utility customer is not an objective of Section 1502 of the Public Utility Code, 66 Pa. C.S. §1502, nor of the regulatory scheme of the Code, in general. R.D., p. 16.

More important to our consideration here, ALJ Schnierle has set forth several cogent reasons supportive of his conclusion that the competitive position of PP&L's customers will not be adversely affected by the implementation of Supplement No. 40. That discussion states in pertinent part:

First, customers who could qualify for interruptible service based on the interruptible nature of their processes have already signed up for the rate discounts. (PP&L St. 1 at 16). As of May 13, 1994, 47 customers had taken advantage of the interruptible rate provision of LP-4 and LP-5 rate schedules. All additional customers who could qualify were given 60 days notice by letter of PP&L's intention to close the rate to new customers. PP&L customers had more than two years to sign up for the rate, and received advance notice of the rate closure. Additional time to sign up was provided by the litigation of this case. The only customers who have not signed up for the rate are those who would have to install on-site generation to mitigate interruptions. (PP&L St. 1 at 13-14).

provided under the applicable interruptible rate. See PP&L M.B., pp. 16-17.

⁵ The Company further explains that its interruptible service provisions were designed to provide a price discount in excess of the actual difference in cost between firm and interruptible power as an incentive for economic development within its service area.

Second, 76% of the total load served under Rate Schedules LP-4 and LP-5 is already served under interruptible rates. (LVPC late-Filed Ex.1).

Third, new load added by existing interruptible customers, resulting from expansion of facilities, new industrial processes or new business, will still qualify for interruptible service. (PP&L Ex.1).

Fourth, load served under Rate Schedule LP-4 and LP-5 that was not eligible for the interruptible rate by the proposed cut-off date typically requires the addition of on-site generation before any interruption could be sustained. Use of on-site generation substantially diminishes any economic benefits that might be achieved. (PP&L St. 1 at 14-15; PP&L St. 1R at 19-22).

R.D., pp. 16-17.

ALJ Schnierle was not persuaded by any of the arguments of the LVPC that there is a need, under PP&L's present circumstances, to maintain its interruptible rates under the terms and conditions previously approved. Contrary to the LVPC position, it was noted by the ALJ that "Because PP&L intends to keep interruptible rates open for new interruptible load added by existing interruptible customers, the primary impact of PP&L's proposal is to foreclose the use of on-site generation, which has small economic benefit compared to the use of interruptible rates for a truly interruptible manufacturing process." (R.D., p. 19); (Emphasis original; footnote omitted).

LVPC filed Exceptions to the ALJ recommendations with respect to the overall effect on economic development efforts of PP&L and towards its system reliability.

Concerning the economic development efforts of the Company, LVPC points out that the potential loss of large industrial customers and their respective contribution to the recovery of embedded costs of the utility is of importance to the

Commission and to all ratepayers. See LVPC Exc. p., 9 citing Pennsylvania Public Utility Commission v. UGI Utilities, Inc., Docket No. R-00943064 (November 30, 1994).

Also, LVPC extensively discusses the propriety of on-site generation as outlined by its witness Stephen J. Baron. The use of on-site generation is, according to LVPC's witness a customer investment decision and should have no bearing on the instant controversy. Quite pointedly, it is argued that:

Whether a customer chooses to install on-site generation in order to take advantage of an interruptible service provision or whether a customer chooses to increase storage of its production output so that it can be interrupted at certain times should be of no concern to PP&L as long as the customer interrupts when requested to do so. A customer's investment decisions regarding the customer's side of its meter is not the business of PP&L. PP&L sells low reliability power under these provisions; customers buy such power, how such a customer chooses to interrupt is the customers own business.

LVPC Exc., p. 11 citing LVPC Statement No. 1, p. 14.

LVPC further objects to the conclusions in the R.D. that economic development goals are promoted, consistent with the benefits of the interruptible service provisions as they were approved in 1992, with PP&L's offering of other economic incentive rates such as the flexible rate rider or real time pricing rate schedules.

Finally, we include in this section, LVPC's Exception which argues, inter alia, that the ALJ undervalued its opposition concerning the potential adverse economic impact on the vitality of the region and the entire Commonwealth. LVPC Exc., pp. 14-16.

In its replies, PP&L repeats its reasons as to why the restriction of its interruptible service rates, in the manner proposed, will not have any adverse impact on the competitiveness

of existing industrial customers and on the economic vitality of the Company's service area.

On consideration of the record herein, we are constrained to agree with the conclusions of the ALJ and PP&L. There has been no showing by LVPC that significant, adverse impact resulting from the restriction of interruptible rates as proposed with Supplement No. 40 is imminent. We are persuaded by the evidence that the restrictions and subsequent repricing of rates for interruptible service will accommodate new load resulting from expansion of facilities, new industrial processes or new businesses who can still qualify for interruptible service under the OIPPs as restructured. Therefore, we shall deny this Exception and adopt the recommendation of the ALJ.

3. How will PP&L's proposals affect economic development efforts in the utility's service territory.

In light of our determination of question no. 2, above, we also answer this question consistent therewith. We agree with the presiding ALJ that no evidence exists that PP&L's proposal has, or will, result in the failure of a potential customer to locate in the Company's service territory. We note with approval the ALJ consideration of this question wherein he observed:

Besides the interruptible rates, PP&L has many other economic development programs. Those programs are not affected by this proposal. Over 3,600 customers take advantage of those other programs, as compared to the 63 customers who use interruptible rates. (PP&L St. 1 at 12, App. 2).

At the time of the hearing in this case, PP&L intended to introduce, on an experimental basis, two new economic development rate schedules. These consist of a competitive or "flexible" rate rider and real-time pricing rate schedules.

The flexible rate rider will be available to customers eligible for service under Rate Schedule LP-5 and will permit PP&L to "flex"

their applicable firm service rates where the customer has a competitive alternative to service from PP&L and intends to select that alternative to the detriment of PP&L and its other customers. This rider will permit PP&L to address individual customers' legitimate competitive options, retain load that might otherwise be lost, and avoid shifting a larger proportion of fixed costs to firm service, residential and commercial customers. (PP&L St. 1-R at 7-8).

Under the proposed real-time pricing rate schedules, PP&L would bill participating customers under their current rate schedules for "baseline" use. ALL deviations from "baseline" use would be charged (or, in the case of reduced use, credited) as a function of PP&L's marginal energy costs. These real-time pricing signals are intended to encourage customers to change their usage patterns to shift load away from high-cost hours and direct any new load to low-cost hours. Real-time pricing is intended to be a more efficient and cost-effective method of achieving many of the benefits of interruptible load without the attendant costs to PP&L and its firm service customers. This would occur because customers would likely curtail their use when prices become very high, which normally occurs during periods of system stress (PP&L St. 1-R at 8).

R.D., pp. 20-22 (Footnote omitted).

Consequently, we shall deny the Exceptions of LVPC consistent with the discussion in the R.D.

4. Given that it was necessary to resort to widespread service interruptions throughout the Commonwealth in January of 1994, what impact would curtailing interruptible rates have on the reliability of the electric system.

LVPC argued, inter alia, that the restriction of interruptible service rates would have an impact on the system reliability of PP&L. ALJ Schnierle, in response to this position stated:

There are no facts in the record to support LVPC's suggestion (LVPC M.B. at 27-29) that PP&L needs more interruptible power to avoid

another rolling blackout situation as occurred in January 1994. LVPC relies on the statements of individual Commissioners regarding the Commission's Electric Energy Emergency Investigation, Docket No. I-00940031 (Order entered September 22, 1994). The comments quoted by LVPC are taken out of context. The credible evidence shows that PP&L does not need additional interruptible load to maintain system reliability.

R.D., p. 25.

LVPC filed extensive Exceptions to this aspect of the R.D. In Exceptions, LVPC disputes the ALJ conclusion that it has taken the statements of individual Commissioners out of context in relation to the Electric Energy Emergency Investigation. LVPC argues that the interruptible service option provides an appropriate, cost effective mechanism to assist PP&L and all Pennsylvania electric utility providers during electric emergencies. LVPC Exc., p. 18.

In contrast, the Company, in its Replies, notes that interruptible load is a capacity-equivalent resource. As do generating facilities, interruptible load has a cost, i.e. the discount of such service from the firm service rate, and contributes directly to the level of revenue requirements borne by firm service customers. See Reply Exc., p. 10. Consequently, PP&L states that the Commission's Bureau of CEEP⁶ findings concerning the investigation of the 1994 electric power emergency are consistent with the Company position that an outstanding offer to purchase the capacity equivalence of interruptible load should not be continued.

Further, argues PP&L, in line with the above reasoning, is the cost-benefit assessment aspect of its proposal. PP&L observes that it is not cost effective to add generating capacity, such as combustion turbine peaking units, at a cost of \$70 per kW -

⁶ Conservation, Economic and Energy Planning.

year. Logically, then, it would not be appropriate to require PP&L to continue to purchase the capacity equivalent resource of interruptible load at a cost of \$140 per kW-year. See PP&L R.E., p. 10.

On consideration of the position of the parties, we shall adopt the recommendation of the ALJ and deny the Exceptions of LVPC. While having interruptible load may be an effective mechanism to assist PP&L in load management during electric emergencies, the pertinent concern must be with regard to cost. Consequently, we view the question as more germane to the appropriate pricing of interruptible service options in light of the cost and value to PP&L of interruptible load. Based on the foregoing, we shall adopt the recommendation of ALJ Schnierle.

5. Whether PP&L's proposal is in the public interest.

ALJ Schnierle has recommended that PP&L's proposal be found to be in the public interest. We endorse his conclusions herein. We find, however, that LVPC has made certain arguments in its Exceptions which need to be addressed in passing.

(a) Two Year Implementation Window

We find the conclusions of ALJ Schnierle concerning the implementation date as it pertains to Armstrong Industries to be reasonable and supported by the Public Utility Code and principles of fairness. Therefore, we conclude that a two-year implementation period is not justified by the facts of this case.

(b) Necessity for Cost of Service Study

LVPC relied on the assertion that detailed cost test information accompanied PP&L's introduction of interruptible rates in 1992, and, as a consequence, should be required prior to implementation of the proposed modifications. PP&L, in its Replies to Exceptions, notes that, contrary to LVPC's assertion, it did not

offer, and neither did we require, any cost test when the interruptible service provisions were previously introduced.

In light of the direction to prepare a cost of service study pertaining to interruptible rates, we shall, hereby, deny the Exceptions of the LVPC concerning this issue. We find the Company's quantitative analysis of the discount rate a more than ample basis to approve of the restrictions and subsequent repricing of this service.

(c) Burden of proof

As to the burden of proof, we note that ALJ Schnierle relied upon Welch v. Pennsylvania Public Utility Commission, 76 Pa. Commonwealth Ct. 158, 464 A.2d 568 (1983) for the proposition that the burden of proving discrimination is on the party alleging such discrimination. In Exceptions, LVPC broadly objects to its perception that the burden was placed upon it for all aspects of its opposition to the proposed tariff supplement.

On consideration of the position of the LVPC, we would clarify that the burden of proof question in the line of cases for which Welch is cited are rate allocation cases where the Commission has exercised its administrative expertise to establish a just and reasonable rate structure. We are able to support the ALJ determination, without endorsing any far-reaching conclusions as argued by LVPC that the burden was inappropriately allocated to it for other aspects of this case. Therefore, we shall deny this Exception.

CONCLUSION

Based on the foregoing, we shall adopt the Recommended Decision of Administrative Law Judge Michael C. Schnierle;
THEREFORE,

IT IS ORDERED:

1. That the Recommended Decision of Administrative Michael C. Schnierle, be, and is, hereby, adopted, consistent with this Opinion and Order.

2. That the Exceptions and Replies thereto, are granted and denied consistent with this Opinion and Order.

3. That Supplement No. 40 to Pennsylvania Power & Light Company's Tariff Electric-Pa. P.U.C. No. 200 is found to be just, reasonable, nondiscriminatory, and, therefore, lawful.

4. That Supplement No. 40 to Pennsylvania Power & Light Company's Tariff Electric-Pa. P.U.C. No. 200 is approved.

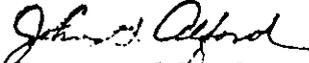
5. That the suspension of Supplement No. 40 to Pennsylvania Power & Light Company's Tariff Electric-Pa. P.U.C. No. 200 by Commission Order entered August 18, 1994, is terminated.

6. That the Commission's investigation into Supplement No. 40 to Pennsylvania Power & Light Company's Tariff Electric-Pa. P.U.C. No. 200 by Commission Order entered August 18, 1994, is hereby, terminated and the record at Docket No. R-00934081 shall be marked closed.

7. That the complaint of the Lehigh Valley Power Committee against Pennsylvania Power & Light Company at Docket No. R-00943081C002 is dismissed, and the record at that docket shall be marked closed.

8. That in Pennsylvania Power & Light Company's pending base rate case at Docket No. R-00943271, the presiding Administrative Law Judge shall direct the Company to present evidence concerning the underlying cost support and/or basis for the Company's interruptible service rates.

BY THE COMMISSION


John G. Alford,
Secretary

(SEAL)

ORDER ADOPTED: February 9, 1995

ORDER ENTERED: FEB 15 1995

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105

PENNSYLVANIA PUBLIC UTILITY
COMMISSION AND LEHIGH VALLEY
COMMITTEE

v.
PENNSYLVANIA POWER & LIGHT
COMPANY

PUBLIC MEETING
FEBRUARY 9, 1995
FEB-95-OSA-43*
DOCKET NO. R-00943081

STATEMENT OF COMMISSIONER JOHN M. QUAIN

Pennsylvania Power & Light Company (PP&L) requests permission to implement a proposal which would limit access to its interruptible rate provision to those customers currently taking such service. PP&L argues that this decision rests on a combination of factors including: cost of service; load management; and economic development. Moreover, while PP&L proposes to restrict the availability of these provisions prospectively, its current rate filing at Docket No. R-00943271 would, if approved, reopen the rate albeit with new pricing.

I must vote today to reject PP&L's proposal. Interruptible service offerings within this Commonwealth have been an excellent tool to encourage economic development, as well as the retention of current load. Consequently, given the competitive forces facing all enterprises in Pennsylvania, I am of the opinion that closing the rate would be a step backward, rather than a step forward. We must remain cognizant of the increasing pressures which face business customers of PP&L, as well the utility itself.

2-9-95

DATED



JOHN M. QUAIN, COMMISSIONER