


Pennsylvania Power & Light Company

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October 5, 1995

HAND DELIVERED

Mr. John G. Alford, Secretary
 Pennsylvania Public Utility Commission
 P. O. Box 3265
 Harrisburg, Pennsylvania 17105-3265

Re: **Pennsylvania Public Utility Commission**
 v.
Pennsylvania Power & Light Company
Docket No. R-00943271

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Dear Mr. Alford:

Pursuant to the requirements of 52 Pa. Code § 5.92, Pennsylvania Power & Light Company ("PP&L") hereby submits for filing eight (8) copies of Supplement No. 56 to its Tariff Electric Pa. P.U.C. No. 200. This supplement is being filed in compliance with the Public Utility Commission's ("PUC") order entered September 27, 1995 at Docket No. R-00943271. As specified in the Commission's order, Supplement No. 56 was effective on September 28, 1995. PP&L will not begin to bill the rates contained in this compliance filing until it has been approved by the PUC.

This filing consists of the following tariff revisions which will produce an overall increase of \$85,068,774 in PP&L's retail rates:

- An overall 3.77% increase in base rates;
- A decrease in the Energy Cost Rate from 1.0377¢/KWH to a negative 0.134¢/KWH;

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- An increase in the State Tax Adjustment Surcharge from a negative 1.04% to a negative 0.58%;
- An increase in the Special Base Rate Credit Adjustment from a negative 2.30% to a negative 1.21%.

Also enclosed as a part of this compliance filing are a proof of revenues and supporting calculations.

As indicated on the attached certificate of service, copies of Supplement No. 56, the proof of revenues and the supporting calculations have been served on all of the active participants in this proceeding.

If you have any questions, regarding the enclosed materials, please call.

Very truly yours,



Paul E. Russell

Enclosures

cc: Certificate of Service
Cheryl Walker Davis, Esquire
Mr. Robert F. Wilson
Mr. Robert Bennett
Mr. Clemens B. Glunz
Mr. Glenn Bartron
Mr. Dennis P. Dougherty
Mr. Richard E. Wallace

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Docket No. R-00943271

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing documents upon the active participants listed below, in accordance with the requirements of § 1.54 (relating to service by a participant):

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Paul E. Russell

Dated: October 5, 1995
at Allentown, Pennsylvania

ORIGINAL RECEIVED
OCT 25 1995

1703 Peyton Randolph Court
New Cumberland, PA 17070-2227
October 16, 1995

SECRETARY'S OFFICE
Public Utility Commission

Congressman Matthew Ryan
Pennsylvania House of Representatives
State House
Harisburg, PA 17120

Dear Congressman Ryan:

R-00943271

Using your quote from the 10/12/95 issue of the Harrisburg Evening News, I think ALL state and federal congressmen are "Pigs at the trough." Here is why:

How many of your constituents make \$47,000/year?
How many have the best health care money can buy?
How many receive travel expenses plus many other hidden sources of revenue?
How many have a retirement program that pays them a full salary when they retire?

Congressman, I hope you realize that government is a parasite. Why should a parasite live better than the host, the poor taxpayer? The host can survive for a short time after which all enegry is gone and it dies.

KJR

I am a 57 year old disabled male on a fixed income. I had been gainfully employed for 22 years. I still have a mortgage to pay along with other typical family expenses. I also have expenses associated with my illness. I would like to be able to vote myself a hefty pay raise or do as the cowards in Washington, set up a system where they do not have to record their vote for the tax payer to see. These are men of real courage and conviction. Can you suggest how I can vote myself a raise?

My income has not increased in years yet my expenses continue to rise, health insurance premiums, all taxes, food and clothing. My wife and I have cashed in our insurances for needed cash. We have depleted our small savings account.

Our PUC felt sorry for poor PP&L and gave them a handsome increase. PP&L cried and said we needed more but the PUC is soooo stringent. Come on, who are they kidding, they jacked up what they wanted knowing the PUC would not give them the full amount. The rate payer was duped again. We taxpayers are not blind or stupid. Who knows what the geniuses in Washington will do with Medicare?

I know you in the state as well as Washington would like to see the sick and elderly dry up and go away. It would not

surprise me if the state and federal governments started publishing Dr. Kavorkians number.

As has been said, a society is judged by the way it treats its citizens. How do you people in Harrisburg and Washington judge your performance? How do you think your constituents judge you? On a sacale of 1 to 10, nobody comes near a 5 on the low side!!!

I have not seen any statistics lately but when it comes to trust, politicians are near or at the bottom of the list. Why do you not have the intestinal fortitude to do what is right for the people rather than the party???? You are elected to serve the people not the party. A representative form of government represents the people. You all have forgotten this.

It is beyond my comprehension and understanding why a politician will spend millions to be elected to a job that they are always crying about paying so little. Oh!!!! I know its your devotion to country and the betterment of mankind (choke). Why is it that politicians always retire to their ranches or resorts while the poor old taxpayer goes to rest homes? It amazes me that such low paying jobs can provide so much in material wealth.

By now you should have the impression that people are fed up with politicians. It is time you do the true work you were elected to do.

I am sorry that I have to write such a negative letter but I am disgusted, concerned and tired of the same old politics. Nothing seems to get done until people get angry!!!

A disgusted taxpayer,



Lee R. Conrad

CC: Senator Dole
Governor Ridge
Senator Santorum
Senator Mowery
RUC

Congressman Gingrich
Senator Specter
Congressman Goodling
Congressman Nailor
PP&L

Tom Ridge (sorry you are no longer my governor), I just heard on WHP radio the legislature is going to give itself a pay raise today. You and all your legislative HOGS have no conscious. You are not concerned for the citizens of this state. Now you have gone totally gutless (just like Washington) to face the public by implementing an automatic pay raise every year.

I have been a republican all my life. You will never get another vote from me or my family. I will campaign against you!!!!!! I felt in my heart I should have voted for Peg Luksik, now I know I should have. You promised the voters you would control government, what a joke. This is another example of lying during campaigning thinking the dumb voters will not hold you accountable.

It is extremely sad to see that your main concern is your re-election. Do you realize if you do a good job it will be a done deal??? I cannot believe you are running around the state raising funds for your war chest. The citizens of Pennsylvania have been duped again.

I must admit you are off to a good start: Having one of your staff in a conflict of interest which screwed up the Philadelphia ship yard deal.

If you have a conscious you will not sign the pay raise bill!!!!

A more than disgusted citizen,


Lee R. Conrad

ORIGINAL

MCNEES, WALLACE & NURICK
ATTORNEYS AT LAW

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FOLDER

October 16, 1995

John G. Alford, Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
P. O. Box 3265
Harrisburg, PA 17105-3265

VIA HAND DELIVERY

Re: **Pennsylvania Public Utility Commission, et al v. Pennsylvania Power & Light Company; Docket No. R-00943271**

Dear Secretary Alford:

Enclosed for filing with the Commission are the original and two copies of the Exceptions of the PP&L Industrial Customer Alliance to the Compliance Filing of the Pennsylvania Power & Light Company.

As evidenced by the attached Certificate of Service, all parties to this proceeding have been duly served. Please date stamp a copy of this transmittal letter and kindly return for our filing purposes.

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Very truly yours,

McNEES, WALLACE & NURICK

By *Derrick P. Williamson*
David M. Kleppinger
Derrick P. Williamson

Counsel for PP&L Industrial Customer Alliance

DPW/mts
Enclosures

John G. Alford, Secretary
October 16, 1995
Page 2

c: Chairman John M. Quain
Commissioner Robert K. Bloom
Commissioner Lisa Crutchfield
Commissioner John Hanger
Commissioner David W. Rolka
Office of Special Assistants
Mr. Robert F. Wilson
Mr. Robert Bennett
Mr. Clemens B. Glunz
Mr. Glenn Bartron
Mr. Dennis P. Dougherty
Mr. Richard E. Wallace
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION, ET AL.,

v.

PENNSYLVANIA POWER & LIGHT
COMPANY

DOCKET NO. R-00943271

DOCUMENT
FOLDER

EXCEPTIONS OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE
TO THE COMPLIANCE FILING OF THE PENNSYLVANIA
POWER & LIGHT COMPANY

Air Products and Chemicals, Inc.
Alumax Mill Products, Inc.
Appleton Papers, Inc.
Armstrong World Industries
BOC Gases
CertainTeed Corporation
Chamberlain Manufacturing Corporation
Cressona Aluminum Company
ESSROC Materials, Inc.
Grinnell Corporation
Hercules Cement Company

Hershey Foods Corporation
International Paper Company
Lafarge Whitehall Cement
Liquid Carbonic Industries
Magee Carpet Company
M&M/Mars, Inc.
Praxair, Inc.
R. R. Donnelley & Sons
The Stroh Brewery Company
Thomson Cons. Electronics, Inc.
Victaulic Co. of America

DOCKETED
OCT 18 1995

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Harrisburg, PA 17108-1166
(717) 237-5214

Counsel for PP&L Industrial
Customer Alliance

Dated: October 16, 1995

I. INTRODUCTION

Pursuant to 52 Pa. Code § 5.592(c), the PP&L Industrial Customer Alliance ("PPLICA") hereby excepts to certain portions of the "Compliance Filing" submitted on October 5, 1995, by the Pennsylvania Power & Light Company ("PP&L" or "Company") pursuant to 52 Pa. Code § 5.592(a) in compliance with the Opinion and Order entered September 27, 1995, by the Pennsylvania Public Utility Commission ("PUC" or "Commission"). PPLICA sets forth the following two exceptions:

EXCEPTION NO. 1:

PPLICA specifically excepts to PP&L's compliance filing in that PP&L has failed to scale back the Commission approved increase in a manner consistent with the Commission's Order. PP&L's compliance filing reflects a scale-back methodology which allocates almost 8.4% of the Commission approved increase (\$85.1 million) to the LP-5 Firm class; however, under the Company's original proposal, the LP-5 Firm class, once separated from the Interruptible class and the LP-6 Firm class, was to have been allocated only 5.2% of the Company's requested increase. Consequently, PP&L's compliance filing does not reflect a straight scale-back of the revenue increase allocation as directed by the Commission's order. The error in PP&L's scale-back methodology occurred because PP&L prepared its scale-back calculations by including the interruptible customers within the LP-5 group. In so doing, PP&L directly contradicted the Commission's Order which required that interruptible customers constitute, and be treated as, a separate rate class. By including the interruptible class within LP-5, PP&L then assumed a disproportionate percentage of the increase was to

be absorbed by the LP-5 Firm class, thereby penalizing the LP-5 Firm class. PP&L's compliance filing must be revised consistent with the PPLICA analysis.

EXCEPTION NO. 2:

PPLICA specifically excepts to PP&L's compliance filing insofar as the Company has effectively redesigned its interruptible rate for customers receiving service under the current Optional Interruptible Power provision of Rate Schedule LP-5 by decreasing the demand charge and substantially increasing both blocks of the energy charge for interruptible service. In so doing, PP&L has violated the PUC's order which requires that PP&L retain its current rate design for interruptible service and requires that the Company maintain a separate interruptible tariff. In addition, the Commission directed that the rate increase for the interruptible rate class be limited to 1.5 times the system average increase as developed in the presentation of PPLICA. The Company's redesign of interruptible rates within proposed Rate Schedule IS-T violates the Commission's order both with respect to the retention of the current rate design and the 1.5 times system average increase cap. Therefore, the compliance filing must be revised consistent with the Commission's directive to incorporate the maintenance of PP&L's previous interruptible rate design, subject to a 1.5 times system average increase.

II. EXCEPTIONS

1. **PP&L's Compliance Filing Improperly Scales Back the Commission Approved Increase Resulting in a Disproportionate Share of that Increase Being Placed Upon the LP-5 Firm Class.**

As recognized by PP&L in its compliance filing, the Commission authorized PP&L to increase its retail rates by \$85.1 million. Compliance Filing, p. 2. However, because PP&L had initially sought an increase in rates of over \$261 million, the Commission clarified in its Order that the distribution of the approved revenue increase should be accomplished through the application of a straight scale-back from PP&L's initial allocation proposal, as modified by the Commission to incorporate treatment of interruptible customers as a separate class (the interruptible class receiving an increase of no more than 1.5 times the system average increase). See Commission Order, pp. 211-12. In short, the Commission required that PP&L's compliance filing reflect the establishment of a separate interruptible rate class as well as separate LP-5 Firm and LP-6 Firm rate classes. Commission Order, p. 229.

PP&L's initial base rate case filing provided that the LP-5 Class (which, under PP&L's analysis included LP-6 and interruptible customers along with LP-5 Firm customers) was to absorb 15.45% of its requested revenue increase of \$261 million (\$258 million on a total PUC basis). PP&L Exhibit Future 1 - Revised, D-3, p. 5. However, the LP-5 Firm class, once separated from the LP-6 Firm class and the interruptible class, was to be allocated approximately 5.2% of PP&L's originally requested \$261 million increase. By way

of further explanation, PP&L's original class revenue increase allocation proposal treated the LP-5 rate schedule as inclusive of the LP-5 Firm class, the LP-6 Firm class, and the Interruptible class. As such, the Company allocated 15.45% of its requested revenue increase to that all-encompassing LP-5 rate class. If the Company's original proposal had treated the LP-5 Firm class as distinct from the LP-6 Firm class and the Interruptible class (as the Commission has now ordered), the LP-5 Firm class would have been allocated only \$13.5 million, or 5.2% of the Company's \$258 million request (on a total PUC basis). PPLICA Statement No. 7, p. 44, Table I (showing breakdown of the Company's allocation of the requested increase to the Company's all-inclusive LP-5 class) (attached as Appendix "A").

Consequently, consistent with Administrative Law Judge Christianson's recommended decision to utilize a traditional scale back approach for the overall increase granted in this proceeding (R.D., p. 226) and the Commission's affirmance of the straight scale back of PP&L's proposal (Commission Order, p. 212), PP&L's compliance filing should reflect an allocation of the increase to the LP-5 Firm class which represents 5.2% of the Commission approved \$85.1 million base rate increase; i.e., PP&L's compliance filing should reflect a class target increase to the LP-5 Firm customer class of approximately \$4.4 million.

PP&L's compliance filing, however, reflects an increase to the LP-5 firm class of \$7.1 million which represents almost 8.4% of the Commission's approved \$85 million increase. PP&L Compliance Filing, Section D, Exhibit D-3, pp. 1, 5. Under a straight

scale-back scenario, the LP-5 Firm class should have been allocated a class target increase of only 5.2%, or approximately \$4.4 million, of the approved \$85 million increase. Attached as Appendix "B" to these exceptions is a proper scale-back of the allocation of the Commission's approved \$85.1 million increase, showing the "class target dollar increase" and the proper "class revised increase."

PPLICCA believes that PP&L committed its error by treating the interruptible class as part of the LP-5 Firm class in initially identifying the allocation of the approved increase (though PP&L has apparently factored out the LP-6 Firm class). Indeed, PP&L states in its compliance filing that: "Rate charges were designed to achieve the base rate increase allocation in the rate design forms initially proposed by PP&L." Compliance Filing, Section D, p.2. In other words, for the purpose of allocating the approved rate increase, the Company treated the interruptible class as a part of the LP-5 Firm class (as it had done under its original filing). In so doing, PP&L violated the Commission's Order which demanded that PP&L institute a straight scale back of its proposal consistent with the Commission approved PPLICCA modifications which included the treatment of the interruptible rate schedule as a class separate and distinct from the LP-5 Firm and LP-6 Firm rate classes.¹ In short, as per PP&L's compliance filing, Section D, Exhibit D-3, p. 1, PP&L failed to

¹It appears that PP&L did separate the LP-6 Firm class from the LP-5 Firm class for the purpose of the revenue allocation contained in its compliance filing. PP&L included the LP-6 class as part of the all-inclusive LP-5 group for the purpose of allocation in its original filing. Consequently, PP&L has not followed its original allocation methodology in any event.

separate the LP-5 firm class from the LP-5 interruptible class for the purpose of its compliance allocation, thereby violating the Commission's order.

In addition to violating the Commission's order, the Company's error will also unduly penalize customers within the LP-5 Firm class. Specifically, if the Company's compliance filing is not properly corrected, the allocation of \$7.1 million to the LP-5 Firm class will cause an increase to the rates of LP-5 Firm customers of 5.1%. A proper allocation (as per Appendix B), results in an increase to the LP-5 Firm rates of 3.3% (slightly less than the 3.77% system average increase). See Appendix B. There is no justification for penalizing customers receiving service under the LP-5 Firm rate schedule by ascribing to them an additional \$2.5 million over a straight scale back of the originally requested increase to the LP-5 firm group of customers.

A proper, straight scale-back of the Company's original allocation as modified by the Commission's order to treat the interruptible rate schedule as a class separate from the LP-5 Firm and LP-6 Firm rate schedules, insures that the LP-5 Firm class is allocated 5.2% of the approved increase. Toward that end, PP&L's compliance filing must be revised consistent with the scale-back methodology and allocation contained in Appendix B.

2. PP&L's Compliance Filing Reflects An Improper Redesign of PP&L's Interruptible Rate Offering, Thereby Violating the Commission's Order.

PP&L originally proposed in its base rate case filing that the Commission approve two separate industrial rate classes, LP-5 and LP-6, with interruptible service under both rate schedules being included within them. PP&L further proposed a new "design" for interruptible rates which essentially amounted to the application of a flat dollar/Kw "interruptible credit" which would have been applied to LP-5 and LP-6 firm rates. As the Commission noted in its Order: "In this proceeding, PP&L proposed to significantly alter the interruptible rate option under Schedules LP-4 and LP-5." Commission Order, p. 220.

PPLICA adamantly opposed PP&L's redesign of the interruptible rate option and argued that PP&L's proposal would effectively transform interruptible service into a firm service rate with a load factor insensitive credit which would result in a dramatic change in rate design philosophy and would cause an unprecedented increase in rates without any meaningful justification. See Commission Order, p. 223. PPLICA, therefore, proposed that LP-5 and LP-6 interruptible customers be treated as a separate class and that the current design of PP&L's interruptible rate option be maintained, given the impropriety of PP&L's proposal. Id.

The Commission concluded that, consistent with the PPLICA proposal, the interruptible rate option customers should be treated as a separate class and ordered PP&L to develop tariffs accomplishing the necessary revisions. Commission Order, p. 229. The

Commission further ordered that, consistent with PPLICA's argument, the rate increase for the interruptible rate option class should be limited to 1.5 times the system average as developed in the presentation of PPLICA. Id. Specifically, the Commission stated: "We, hereby, reject PP&L's proposed rate design which would eliminate the separate interruptible tariff and replace this with an interruptible credit. We direct the Company to retain the rate design consistent with the recommendations contained herein." Id. (emphasis added).

The rate design of PP&L's currently effective interruptible service offering (referred to as the Optional Interruptible Power provision of service under current Rate Schedules LP-4 and LP-5) is such that customers taking the Interruptible Power Option under current Rate Schedule LP-5 are levied a demand charge of \$9.60 per Kw and an energy charge of 3.21¢ per kwh for the first 400 hours use of billing Kw and 2.14¢ per kwh thereafter (exclusive of the ECR). PP&L Exh. OJK 1-4, Digest of Proposed Charges Requested, p. 11.

Despite the PUC's directive requiring that PP&L maintain the current rate design for interruptible service (while treating interruptible customers as a separate class), PP&L's compliance filing effectively redesigns the current interruptible rate offering. Specifically, PP&L's proposed Rate Schedule IS-T (which represents the separate class that is presently the Optional Interruptible Power offering under Rate Schedule LP-5) provides that the interruptible demand charge is to be decreased from \$9.60 per Kw to \$7.80 per Kw, a reduction to the demand charge of nearly 19%. Conversely, PP&L's new design under its proposed Rate Schedule IS-T provides that the energy charge for interruptible service is to be

increased from 3.21¢ per kwh to 5.00¢ per kwh for the first 400 hours use of billing Kw and from 2.14¢ per kwh to 3.40¢ per kwh for the excess block; these represent respective increases of approximately 56% and 59% after the ECR roll-in.

To effect structural changes of this magnitude to the interruptible rate design does not constitute the "retention" of the current interruptible rate design as required by the Commission's order. This is especially so given that Company's design proposal effectively destroys the existing cost relationships between the demand and energy charges for interruptible service. By decreasing the demand charge and increasing the energy charge (both blocks) for interruptible service under proposed Rate Schedule IS-T, PP&L has effectively redesigned its interruptible rate offering. In so doing, PP&L has violated the PUC's order which required that PP&L retain the existing rate design subject to implementation of the 1.5 times system average increase (an increase of 5.65%) to be ascribed to interruptible rates. In addition to violating the PUC's order, PP&L's redesign results in interruptible customers with the highest load factor and greatest energy consumption receiving rate increases far in excess of the approved 1.5 times system average increase due to the combined impact of reducing the demand charge and increasing the energy charge, again in violation of the Commission's order.

In order to correct this deficiency and in order to comply with the Commission's order, the rate design of proposed Rate Schedule IS-T must retain the integrity of the current Optional Interruptible Power offering such that the cost relationships between the demand and

energy charges are maintained. In other words, the only changes in the rate design for services provided under the new Rate Schedule IS-T should be equal percentage increases at 1.5 times the system average increase of 3.77% (5.65%) to the demand charge and both blocks of the energy charge for interruptible service. Uniformly increasing the demand and energy charges on an equal percentage basis is the only reasonable means by which the interruptible rate design can be "retained" as per the Commission's order, and it is consistent with the 1.5 times system average increase cap approved by the Commission for interruptible customers. Toward that end, PPLICA has provided Appendix "C" which reflects 5.65% increases to the demand charge and to both blocks of the energy charge for service under proposed Rate Schedule IS-T; note that the data contained in Appendix C compares both present interruptible rates and proposed rates after the roll-in of Commission approved Energy Cost Rate adjustments. The PP&L compliance filing, specifically the rates in proposed Rate Schedule IS-T, must be corrected consistent with the PPLICA analysis as it is quantified in Appendix C in order to comply with the Commission's order.

III. CONCLUSION

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that this Commission grant the exceptions as set forth herein and require that PP&L's compliance filing be appropriately revised.

Respectfully submitted,

McNEES, WALLACE & NURICK

By 

David M. Kleppinger
Derrick P. Williamson
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166
(717) 237-5214

Counsel for PP&L Industrial
Customer Alliance

Dated: October 16, 1995

APPENDIX A

TABLE 1

**PENNSYLVANIA POWER & LIGHT COMPANY
SUMMARY OF PP&L'S PROPOSED
CLASS REVENUE INCREASES**

<u>RATE SCHEDULE</u>	<u>PRESENT REVENUE (w/roll-ins)</u>	<u>PROPOSED REVENUE</u>	<u>% INCREASE</u>	<u>\$ INCREASE</u>
RS	\$886,748,156	\$1,022,317,001	15.29%	\$135,568,845
RTS	19,773,844	23,212,510	17.39%	3,438,666
RTD	363,891	416,266	14.39%	52,375
GS-1	161,735,899	167,996,786	3.87%	6,260,887
GS-3	506,985,301	541,081,324	6.73%	34,096,023
LP-4:				
LP-4, L4	267,879,730	290,306,487	8.37%	22,426,757
INTERRUPTIBLE	18,728,254	25,103,901	34.04%	6,375,647
ECO/IND	(13,254,820)	(14,273,227)	7.68%	(1,018,407)
LP-5:				
LP-5	148,535,286	162,231,436	9.22%	13,696,150
LP-6	32,506,451	34,367,438	5.72%	1,860,987
INTERRUPTIBLE	91,661,728	116,416,358	27.01%	24,754,630
ECO/IND	(13,090,615)	(13,292,954)	1.55%	(202,339)
LPEP	8,404,855	8,867,562	5.51%	462,707
ISA	20,448,546	20,480,185	0.15%	31,639
IS-1	186,035	189,472	1.85%	3,437
BL	480,920	524,346	9.03%	43,426
SA	4,292,175	4,866,903	13.39%	574,728
SM	1,618,482	1,839,857	13.68%	221,375
SHS	14,778,848	16,915,571	14.46%	2,136,723
SE	346,823	417,878	20.49%	71,055
TS(R)	54,756	61,980	13.19%	7,224
SI-1(R)	69,788	83,638	19.85%	13,850
GH-1(R)	36,095,375	41,918,917	16.13%	5,823,542
GH-2(R)	7,533,184	8,751,267	16.17%	1,218,083
STANDBY	1,148,211	1,156,092	0.69%	7,881
TOTAL PUC	\$2,204,031,103	\$2,461,956,994	11.70%	\$257,925,891
OTHER REV	53,479,000	54,274,118	1.49%	795,118
ANN ADJ.	25,615,499	28,529,260	11.37%	2,913,761
FERC	483,916,000	483,916,000	0.00%	0
TOTAL OP REV	\$2,767,041,602	\$3,028,676,372	9.46%	\$261,634,770

APPENDIX B

**PENNSYLVANIA POWER & LIGHT COMPANY
CLASS REVENUE DISTRIBUTION PER PAPUC ORDER
(PPLICA COMPLIANCE ANALYSIS)**

RATE SCHEDULE	PRESENT REVENUE (W. ROLL-INS)	ORIGINAL FILED INCREASES	CLASS PERCENT OF INCREASE	CLASS TARGET \$INCREASE	% INCREASE CAP LEVEL 5.65%	ADJUSTMENTS	CLASS REVISED INCREASE	REVISED % INCREASE
RS	\$895,151,514	\$135,568,845	52.5612%	\$44,095,416	4.93%		\$46,465,255	5.19%
RTS	\$20,070,943	\$3,438,666	1.3332%	\$1,118,468	5.57%	5.65%	\$1,134,885	5.65%
RTD	\$367,653	\$52,375	0.0203%	\$17,036	4.63%		\$17,951	4.88%
GS-1	\$162,851,489	\$6,260,887	2.4274%	\$2,036,430	1.25%		\$2,145,874	1.32%
GS-3	\$511,987,046	\$34,096,023	13.2193%	\$11,090,146	2.17%		\$11,686,169	2.28%
LP-4:								
LP-4, L4C	\$256,399,212	\$21,408,350	8.3002%	\$6,963,326	2.72%		\$7,337,559	2.86%
INTERRUPTIBLE	\$19,746,229	\$6,375,647	2.4719%	\$2,073,757	10.50%	5.65%	\$1,116,524	5.65%
LP-5:								
LP-5	\$139,551,352	\$13,493,811	5.2317%	\$4,389,026	3.15%		\$4,624,908	3.31%
LP-6	\$28,606,724	\$1,860,987	0.7215%	\$605,309	2.12%		\$637,840	2.23%
INTERRUPTIBLE	\$94,469,041	\$24,754,630	9.5976%	\$8,051,744	8.52%	5.65%	\$5,341,626	5.65%
LPEP	\$8,485,200	\$462,707	0.1794%	\$150,501	1.77%		\$158,590	1.87%
ISA	\$20,740,107	\$31,639	0.0123%	\$10,291	0.05%	-1.17%	(\$242,659)	-1.17%
IS-1	\$188,889	\$3,437	0.0013%	\$1,118	0.59%		\$1,178	0.62%
BL	\$485,026	\$43,426	0.0168%	\$14,125	2.91%		\$14,884	3.07%
SA	\$4,313,879	\$574,728	0.2228%	\$186,937	4.33%		\$196,984	4.57%
SM	\$1,625,844	\$221,375	0.0858%	\$72,005	4.43%		\$75,875	4.67%
SHS	\$14,822,644	\$2,136,723	0.8284%	\$694,995	4.69%		\$732,347	4.94%
SE	\$353,623	\$71,055	0.0275%	\$23,112	6.54%		\$24,354	6.89%
TS(R)	\$55,141	\$7,224	0.0028%	\$2,350	4.26%		\$2,476	4.49%
SI-1(R)	\$70,062	\$13,850	0.0054%	\$4,505	6.43%		\$4,747	6.78%
GN-1(R)	\$36,439,874	\$5,823,542	2.2578%	\$1,894,178	5.20%		\$1,995,978	5.48%
GN-2(R)	\$7,606,063	\$1,218,083	0.4723%	\$396,196	5.21%		\$417,489	5.49%
STANDBY	\$1,154,469	\$7,881	0.0031%	\$2,563	0.22%		\$2,701	0.23%
TOTAL PUC	\$2,225,542,023	\$257,925,891	100.0000%	\$83,893,533	3.77%		\$83,893,533	3.77%
OTHER REV	\$53,479,000	\$795,118		\$266,690			\$266,690	
ANN ADJ.	\$25,590,903	\$2,913,761		\$964,777			\$964,777	
FERC	\$483,916,000	\$0		\$0			\$0	
TOTAL OP REV	\$2,788,527,926	\$261,634,770		\$85,125,000			\$85,125,000	

APPENDIX C

PENNSYLVANIA POWER & LIGHT COMPANY
PPLICA DEVELOPMENT OF CORRECTED IS-T RATE

LP-5 - Interruptible
Present Rate, with roll-ins

Proposed IS-T Rate, reflecting 5.65% increase

	UNITS	RATE	REVENUE
All Kw	1,417,083	\$9.4918	\$13,450,698
Kwh Blocks			
First 400/kw	566,833,200	0.042574	\$24,132,513
Excess	1,760,543,830	0.031995	\$56,328,338
Subtotal	2,327,377,030		\$80,460,851
TOD Metering	325	\$11.8648	\$3,856
Subtotal 1			\$93,915,405
Special Base Rate Adjustment @ -1.66 %			(\$1,558,996)
ECR @ -\$0.000242 per kwh			(\$563,225)
Subtotal 2			\$91,793,185
Bill Frequency versus Rate Revenue Correcti			1.02915
Total Proposed Revenues			\$94,469,041

	UNITS	RATE	REVENUE
All Kw	1,417,083	\$10.02	\$14,205,955
Kwh Blocks			
First 400/kw	566,833,200	0.04496	\$25,487,554
Excess	1,760,543,830	0.03379	\$59,491,174
Subtotal	2,327,377,030		\$84,978,728
TOD Metering	325	\$12.53	\$4,073
Subtotal 1			\$99,188,756
Special Base Rate Adjustment @ -1.66 %			(\$1,646,533)
ECR @ -\$0.000242 per kwh			(\$563,225)
Subtotal 2			\$96,978,997
Bill Frequency versus Rate Revenue Correcti			1.02915
Total Proposed Revenues			\$99,806,025

Percent Increase in Total Revenues: 5.65%

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing Exceptions of the PP&L Industrial Customer Alliance to the Compliance Filing of the Pennsylvania Power & Light Company on all known parties of record to this proceeding, in the manner indicated below, properly addressed as follows:

Service via Hand-Delivery:

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JUDGES**

Hon. Robert A. Christianson
Administrative Law Judge
PA Public Utility Commission
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Harrisburg, PA 17105-3265

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**COMMISSION ON ECONOMIC
OPPORTUNITY**

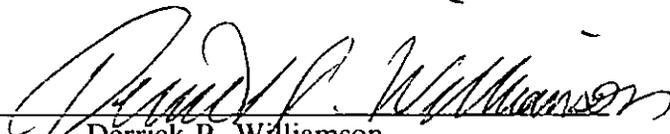
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ERIC JOSEPH EPSTEIN

Mr. Eric Joseph Epstein
2308 Brandywine Drive
Harrisburg, PA 17110


Derrick P. Williamson

Dated this 16th day of October, 1995, in Harrisburg, Pennsylvania.

2000 One Logan Square
Philadelphia, PA 19103-6993
215-963-5000
Fax: 215-963-5299

Morgan, Lewis
& Bockius LLP
C O U N S E L O R S A T L A W

DOCUMENT
FOLDER

October 20, 1995

BY HAND DELIVERY

John G. Alford, Secretary
Pennsylvania Public Utility Commission
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Commonwealth & North Streets
Harrisburg, PA 17120

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INFO. CONTROL DIV.

Re: Pennsylvania Public Utility Commission
v.
Pennsylvania Power & Light Company
Docket No. R-00943271

KJR

Dear Secretary Alford:

Enclosed for filing in the above-captioned proceeding are an original and nine copies of the Reply Exceptions of Pennsylvania Power & Light Company. Also enclosed is an additional copy of the Company's Reply which we request that you date stamp and return to us as evidence of filing.

As indicated on the attached Certificate of Service, copies of the Reply Exceptions have been served on Administrative Law Judge Robert A. Christianson and all active parties of record.

Sincerely,

David B MacGregor

David B. MacGregor
Counsel for Pennsylvania
Power & Light Company

DBM\jta
Enclosures

John G. Alford, Secretary
October 20, 1995
Page 2

cc: Honorable Robert A. Christianson
Chairman John M. Quain
Vice Chairman Lisa Crutchfield
Commissioner John R. Hanger
Commissioner David W. Rolka
Commissioner Robert K. Bloom
Mr. David B. Munsch
Mr. Robert F. Wilson
Mr. Robert Bennett
Mr. Clemens B. Glunz
Mr. Glenn Barton
Mr. Dennis P. Dougherty
Mr. Richard E. Wallace
Certificate of Service

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INFO. CONTROL DIV.

I. INTRODUCTION

On September 27, 1995, the Pennsylvania Public Utility Commission ("PUC" or the "Commission") entered its final Opinion and Order in Pennsylvania Power & Light Company's ("PP&L" or the "Company") 1995 base rate proceeding at Docket No. R-0094327. On October 5, 1995, PP&L filed tariff revisions and other supporting information ("Compliance Filing") implementing the Commission's September 27, 1995 Order and served copies on all parties. On October 16, 1995, the PP&L Industrial Customer Alliance ("PPLICA") filed Exceptions to PP&L's Compliance Filing.^{1/} In accordance with 52 Pa. Code § 5.592(c), PP&L files herewith its Reply to PPLICA's Exceptions.

PPLICA challenges two specific aspects of PP&L's Compliance Filing: (1) the proposed allocation of the rate increase to the LP-5 rate class; and (2) the design of new Rate Schedule IS-T (Interruptible Service - Transmission). Both Exceptions are inconsistent with the PUC's Order, completely without merit and, therefore, should be rejected.

II. REVENUE ALLOCATION

PP&L proposed a class revenue allocation in this case designed to move all rate classes toward the system average rate of return and to avoid increases to any rate class in excess of 1.5x the system average increase (PP&L St. 8-R, pp. 3-4). In the event that the PUC adopted an increase less than that proposed by

^{1/} PP&L is not aware of any other Exceptions to its Compliance Filing.

the Company, PP&L proposed a traditional proportional scaleback of the original proposal. Id., p. 5. The Commission adopted PP&L's proposal in its entirety, with the exception that PP&L should establish a separate rate class for interruptible customers and that the rate increase to that class should be limited to 1.5x the system average increase (Order, pp. 211-12).^{2/} PP&L's Compliance Filing fully accomplishes each of these results and, therefore, fully meets the express requirements of the Commission's Order.

PPLICA does not appear to dispute that PP&L's Compliance Filing implements the specific requirements of the PUC's Order. Rather, PPLICA objects to the order of PP&L's implementation. Specifically, PPLICA's objection, reduced to its essence, is that the Company should first have created the new interruptible rate classes and then conducted a straight scaleback of PP&L's original class revenue allocation subject to the 1.5x cap (See PPLICA Exc., pp. 3-4). The PPLICA proposal should be rejected for several reasons.

First, PPLICA's proposal is based on the fundamentally false premise that PP&L would have proposed the same class revenue

^{2/} Under PP&L's initial filing, firm and interruptible customers taking service at the same voltage level were combined into a single rate class, e.g., Rate Schedule LP-4, Rate Schedule LP-5 and a new Rate Schedule LP-6. Under the PUC's Order new rate classes will be established for interruptible customers taking service at primary (Rate Schedule IS-P) and transmission (Rate Schedule IS-T) voltage levels.

allocations in this case if it had established separate interruptible rate classes as part of the initial filing. As stated in PPLICA's Exceptions (p. 4): "If the Company's original proposal had treated the LP-5 Firm class as distinct from the LP-6 Firm class and the Interruptible class (as the Commission has now ordered), the LP-5 Firm class would have been allocated only \$13.5 million, or 5.2% of the Company's \$258 million request (on a total PUC basis)."

PPLICA's assumption is incorrect. As explained above, PP&L's initial filing reflected the fact that all firm and interruptible transmission voltage customers were part of one rate class that was served under Rate Schedule LP-5, and proposed a 15.45% rate increase to that rate class. Within the LP-5 rate class, the Company proposed different increases for firm and interruptible customers, i.e., 9.22% for firm customers and 27.01% for interruptible customers. If the Company had broken out these two groups of customers into separate rate classes in its initial filing, it almost certainly would not have proposed a 27% increase to Rate Schedule LP-5 interruptible customers and only a 9% increase to Rate Schedule LP-5 firm customers. As explained in PP&L witness Kasper's testimony, the general goal of the Company's class revenue allocation was to move rate classes toward the system average return and to limit class rate increases to 1.5x the system average (PP&L St. 8-R, pp. 3-4). If the LP-5 rate class had been broken out into two separate rate classes initially, the Company, in all likelihood, would have

proposed a smaller increase to Rate Schedule LP-5 interruptible customers (to maintain the 1.5x cap on class increases) and would have made up the difference by proposing a larger increase to Rate Schedule LP-5 firm customers.

PPLICA, on the other hand, assumes, without any foundation, that, if PP&L had established separate rate classes initially, it would still have proposed a 27% increase for Rate Schedule LP-5 interruptible customers and only a 9% for Rate Schedule LP-5 firm customers. PPLICA then seeks to scaleback the class revenue increases from that starting point, rather than the original point of origin -- a single LP-5 rate class. There is no basis for this hypothetical construct; yet it is the fundamental premise underlying PPLICA's Exception.

Second, if PPLICA's proposal were adopted, an additional \$2.5 million would be allocated to other customer classes, principally residential customers (See PPLICA Exc., App. B). Under PP&L's Compliance Filing, residential customers served on Rate Schedule RS already will receive a significant share of the rate increase. Specifically, under the Company's Compliance Filing Rate Schedule RS receives a 4.91% rate increase, as compared to the 3.77% system average increase (Tab D, p. 1). Under PPLICA's proposal Rate Schedule LP-5 firm customers would receive an increase of only 3.31%, while Rate Schedule RS customers would receive a 5.19% increase. In PP&L's view, it would be inequitable to further burden residential customers, who

are already receiving a larger than system average increase, simply to give Rate Schedule LP-5 firm customers a below system average increase.

Third, PPLICA's proposed allocation of the increase is inconsistent, in several respects, with other portions of the PUC's Order. One goal of the Commission's Order was to move all major rate classes toward the system average return (Order, p. 212). In fact, one of PPLICA's specific goals, which was adopted by the Commission, was to eliminate 50% of the existing class rate of return subsidies. Id. Under PP&L's cost-of-service study, which was adopted by the Commission with certain limited exceptions, Rate Schedule LP-5 is providing a rate of return below the system average (See PP&L Exh. JMK-2, p. 100) at present rate levels. Under these circumstances, Rate Schedule LP-5 should receive an increase greater than the system average increase, not the 3.31% increased proposed by PPLICA.

In addition, in its discussion of the ratemaking treatment of EDI/IDI credits, the PUC held that the cost of these programs, which benefit industrial customers, should be allocated to other industrial customers and not to all rate classes (Order, p. 236). PP&L's interruptible service rates were established as part of the EDI/IDI program and generally should be treated in the same fashion. Under PPLICA's proposal, the revenue deficiency created by capping the rate increase to interruptible service customers would be allocated to all customers, not to other industrial

customers. This is inconsistent with the PUC's Order and should be rejected.^{3/}

In sum, PP&L's Compliance Filing meets all requirements of the PUC's Order. PPLICA's proposal is based on a hypothetical construct that bears no relationship to reality, is flatly inconsistent with the PUC's Order and would unduly burden residential customers. It, therefore, should be rejected.

III. INTERRUPTIBLE SERVICE RATE DESIGN

PPLICA also asserts that PP&L has improperly "redesigned" its interruptible service rate in a manner inconsistent with the PUC's Order (PPLICA Exc., pp. 7-8). PPLICA further asserts that PP&L has violated the Commission's requirement that interruptible service customers should receive a rate increase no greater than 1.5x the system average increase. These allegations are completely false and disregard the record evidence in this case.

PP&L has not redesigned its interruptible service rates. The design of the rate is exactly the same as originally proposed by the Company, i.e., a three-part load factor sensitive rate with a separate metering charge, demand charge and energy charge. The Company has revised the levels of the various charges to produce the revenue requirement results established by the PUC in

^{3/} Similarly, the PUC's Order approved PP&L's proposal to maintain the existing 2.3¢/kwh differential between Rate Schedule RS and Rate Schedule RTS (Order, p. 216). PPLICA's proposal, which would assign a greater increase to Rate Schedule RS, would increase that differential in direct violation of the PUC's Order.

this case and to fairly distribute the revenue increase within the interruptible service class. There has, however, been no redesign of the rate.^{4/}

PPLICA's assertion that PP&L has violated the 1.5x cap for the interruptible class rate increase is totally erroneous. The 1.5x limitation is clearly a cap on the total increase to the interruptible class; it is not and was never intended to be a cap on the level of increase to individual customers. PPLICA itself has characterized the cap as "the interruptible class receiving an increase of no more than 1.5x the system average increase." (PPLICA Exc., p. 3).

Under PP&L's proposal, individual interruptible service customers will receive increases both above and below the average increase to the interruptible class as a whole. This is true for every rate class on PP&L's system. The specific increase to individual customers always will vary depending on a variety of factors, including level of usage, load factor, time of use, etc.^{5/} PPLICA seeks a benefit for individual service

^{4/} Indeed, it is PPLICA who has engaged in unsupported changes to PP&L's rates. PPLICA proposes to change the monthly interruptible metering charge from \$15 to \$12.53 (see PPLICA Exc., App. C). PPLICA fails to mention this change in its Exceptions and no party to the case ever opposed the Company's \$15 charge. In fact, PPLICA witness Baron specifically adopted and utilized PP&L's proposed \$15 metering charge in his proof of revenue calculations (PPLICA Ex. SJB-6, p. 2).

^{5/} E.g., the residential class (Rate Schedule RS) increase under the Company's Compliance Filing is 4.91% (Tab D,
(continued...)

interruptible customers that is available to no other customer class on PP&L's system -- a guarantee that individual customers increases will be the same as the class average increase. This request is unreasonable and should be rejected.

For the reasons set forth above, PPLICA's Exception to PP&L's design of its interruptible service rates should be rejected.

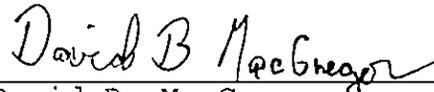
5/(...continued)

p. 1). Increases for individual customers vary from 35% for a hypothetical zero use customer to 3% for a customer using 3000/kwh/month. Similar variations apply to other rate classes as well.

IV. CONCLUSION

WHEREFORE, for the reasons set forth above, PPLICA's Exceptions to PP&L's Compliance Filing should be rejected.

Respectfully submitted,



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DATED: October 20, 1995

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION, ET AL.

v.

PENNSYLVANIA POWER & LIGHT
COMPANY

DOCKET NO. R-00943271

CERTIFICATE OF SERVICE

I hereby certify that I have this day served two copies of the foregoing document upon the participants listed below, in accordance with the requirements of Section 1.54 (relating to service by a participant).

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Dated: October 20, 1995

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Consumer Advocate

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John G. Alford, Secretary
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Room G-23, North Office Bldg.
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission, et al.
v.
Pennsylvania Power & Light Company
Docket No. R-00943271

Dear Secretary Alford:

Enclosed please find for filing an original and two copies of the Office of Consumer Advocate's Reply Exceptions to the Pennsylvania Industrial Customer Alliance Exceptions to the Compliance Filing of Pennsylvania Power and Light Company in the above-captioned proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely,

KJR

Tanya J. McCloskey
Assistant Consumer Advocate

ORIGINAL

Enclosures

cc: All parties of record
Chairman John M. Quain
Commissioner Robert K. Bloom
Commissioner Lisa Crutchfield
Commissioner John Hanger
Commisserner David W. Rolka
Cheryl Walker Davis (Office of Special Assistants)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

Docket No. R-00943271

PENNSYLVANIA POWER & LIGHT
COMPANY

DOCUMENT
FOLDER

REPLY EXCEPTIONS OF THE OFFICE OF CONSUMER ADVOCATE TO
EXCEPTIONS OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE
TO THE COMPLIANCE FILING OF THE
PENNSYLVANIA POWER & LIGHT COMPANY

Tanya J. McCloskey
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For:

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Consumer Advocate

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I. INTRODUCTION

The Office of Consumer Advocate (OCA) is in receipt of the Exceptions of the PP&L Industrial Customer Alliance (PPLICA) to the Compliance Filing of Pennsylvania Power & Light Company in the above-captioned proceeding. PPLICA excepts to the Compliance filing on two grounds--that the Company has scaled back the Commission approved increase in a manner inconsistent with the Commission's Order, and that the Company has improperly redesigned the interruptible rate. The OCA takes no position with respect to PPLICA's internal rate design dispute regarding the interruptible rate. The OCA strenuously opposes, however, PPLICA's effort to shift yet another \$2.5 million onto residential customers who already are receiving a disproportionate share of the rate increase under PP&L's compliance tariff. While RS customers make up approximately 41% of the Company's total revenues, they are receiving 52% of the total increase. Moreover, while the average increase under the Company's proposal for all PP&L customers is 3.77%, the average increase for RS customers is 4.91%. See, Compliance Filing, Tab D.

More importantly, under the PP&L proposal the "typical" PP&L customer who uses 500 kwh per month will receive an increase of 7.28% or nearly double the average percentage increase of 3.77%. An 800 kwh customer will see an increase of 7.90%, while the smallest 100 kwh per month user will see an increase of 10.79%. These disproportionate increases result in part from the Commission's approval of a whopping 35% increase in the basic customer charge, as well as the approval of a third declining block for residential customers. (A copy of the PP&L Bill Analysis requested by the OCA for Rate RS is attached as Exhibit A).

These results are bad enough under the Company's existing compliance filing. Yet, PPLICA wants to allocate an additional \$2.5 million to residential customers so that those customers

will bear the lion's share of the reductions gained for industrial interruptible customers in the Commission's final order. It should be noted that while PPLICA proposes to load an additional \$2.5 million on residential customers, it recommends no increase to the Rate ISA industrial class even though the Company's compliance filing actually results in a 1.17% rate reduction for that class, and even though under the Company's own cost of service study that class was providing a meager return of 0.79% under existing rates.

As the electric industry becomes subject to greater competitive pressure and as the bargaining power of some large customers grows even stronger, the OCA submits that the Commission must be vigilant in ensuring that the costs of these developments not simply be foisted upon those customers who lack any semblance of market power. PP&L's residential customers, particularly the great majority of those customers who use less than 1000 kwh per month, are already bearing a disproportionate share of this increase.

To the extent that PPLICA proposes the shifting of any additional increases onto residential customers, the OCA submits that this request should be denied.

II. REPLY EXCEPTION

A. PPLICA's Request To Redistribute Approximately \$2.5 Million To The Residential Classes Is Without Merit.

PPLICA argues in its Exceptions that PP&L erred in scaling back the Commission approved increase for the LP-5 Firm class and the LP-6 Firm class. The gravamen of PPLICA's argument appears to be that the Company should have first separated the interruptible customers out as a class, and then scaled back the increase for each individual group or class that resulted from that separation.¹ The Company, according to PPLICA, first scaled back the LP-5 class, and then separated out the interruptible customers as a class and capped the interruptible customer class at 1.5 times the system average increase, as specified in the Commission Order. PPLICA argues that this is an incorrect interpretation of the Commission Order.

The OCA submits that the Company's allocation of the deficiency that results from imposing a cap on the interruptible customers' rate increase is proper in this case. In accordance with the Commission's Order, the Company limited the rate increase to the interruptible customers to a level of 1.5 times the system average increase, as opposed to the Company's original proposal. The effect of this limitation is to reduce the Company's collection of revenue from the interruptible customers by approximately \$2.7 million. The Commission's Order did not specify how this particular \$2.7 million deficiency should be allocated, but it generally adopted PP&L's original

¹ PPLICA makes the unwarranted assumption that if PP&L had treated the interruptible customers as a separate class initially that was capped at 1.5x the system average increase, the percentage increase for firm large customers would have been the same as under PP&L's original proposal. This assumption is unsupported in light of the fact that PP&L's cost of service study showed that this class had a below system average rate of return.

revenue distribution. In any event, the Commission's Order clearly did not mandate collecting this shortfall from residential ratepayers as proposed by PPLICA.

As PPLICA notes, the Commission directed a straight scale back of the rate increase from the Company's proposal with a few modifications. The Commission did accept PPLICA's modification to treat the interruptible customers as a separate class, and to cap that classes increase at 1.5 times the system average increase. Commission Order at 229. But, the Commission did not accept PPLICA's overall revenue distribution in this proceeding. The Commission explicitly adopted the ALJ's recommendation on this point, which adopted the general PP&L proposal (R.D. at 226). The Commission then modified the general PP&L proposal by limiting the increase to the interruptible class to 1.5 times the system average rate of return, and limiting interclass subsidies. Commission Order at 212. Under such a straight scale back approach, the RS class increase would be no more than 4.93%, or approximately equal to the 4.91% increase proposed by PP&L in the Compliance Filing. PPLICA, through its reallocation, however, proposes an increase of 5.19% for the RS class.

Additionally, the Commission Order requires that a specific rate differential be maintained between the RTS class and the RS class. Commission Order at 219-220. The Company's Compliance Filing maintains that rate differential, resulting in an overall increase of 5.55% to the RTS class. The OCA submits that PPLICA's proposed shifting of approximately \$2.5 million onto the residential classes would distort the rate differential that the Company maintained in its compliance filing in accordance with the Commission Order.

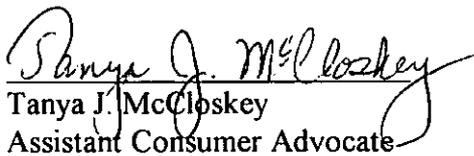
As set forth above, the OCA submits that residential customers already have shouldered a disproportionate share of the \$85 million rate increase approved by the Commission. The majority of PP&L's residential customers will see percentage rate increases of nearly two times

the system average. To shift additional dollars to this class as proposed by PPLICA is unfair and should not be permitted.

III. CONCLUSION

For the reasons set forth above, the Office of Consumer Advocate submits that PPLICA's Exception to PP&L's Compliance Filing must be rejected. There is no support for PPLICA's proposal to reallocate an additional \$2.5 million to residential customers.

Respectfully submitted,


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Dated: October 20, 1995

EXHIBIT A

PENNSYLVANIA POWER & LIGHT COMPANY - EXHIBIT Iv-D-1
 TOTAL RATE REVENUE COMPARISON - BASE RATE + RIDERS
 PRESENT RSO RATE AND PROPOSED RSO RATE

10:23 Monday, October 16, 1995

MONTHLY KWH	PRESENT BILL (\$)	PROPOSED BILL (\$)	DIFFERENCE (\$)	PERCENT DIFFERENCE
0	\$4.64	\$6.36	\$1.72	37.07
100	\$13.72	\$15.20	\$1.48	10.79
200	\$22.78	\$24.03	\$1.25	5.49
300	\$29.98	\$31.89	\$1.91	6.37
400	\$37.17	\$39.75	\$2.58	6.94
500	\$44.37	\$47.60	\$3.23	7.28
600	\$51.56	\$55.46	\$3.90	7.56
700	\$58.76	\$63.31	\$4.55	7.74
800	\$65.95	\$71.16	\$5.21	7.90
900	\$73.14	\$78.43	\$5.29	7.23
1,000	\$80.35	\$85.69	\$5.34	6.65
1,100	\$87.54	\$92.96	\$5.42	6.19
1,200	\$94.73	\$100.23	\$5.50	5.81
1,300	\$101.93	\$107.49	\$5.56	5.45
1,400	\$109.12	\$114.76	\$5.64	5.17
1,500	\$116.32	\$122.03	\$5.71	4.91
1,600	\$123.52	\$129.30	\$5.78	4.68
1,700	\$130.70	\$136.55	\$5.85	4.48
1,800	\$137.91	\$143.82	\$5.91	4.29
1,900	\$145.09	\$151.09	\$6.00	4.14
2,000	\$152.29	\$158.36	\$6.07	3.99
2,100	\$159.49	\$165.61	\$6.12	3.84
2,200	\$166.68	\$172.88	\$6.20	3.72
2,300	\$173.89	\$180.15	\$6.26	3.60
2,400	\$181.07	\$187.42	\$6.35	3.51
2,500	\$188.27	\$194.67	\$6.40	3.40
2,600	\$195.47	\$201.94	\$6.47	3.31
2,700	\$202.66	\$209.21	\$6.55	3.23
2,800	\$209.85	\$216.47	\$6.62	3.15
2,900	\$217.05	\$223.73	\$6.68	3.08
3,000	\$224.24	\$231.00	\$6.76	3.01
3,100	\$231.45	\$238.27	\$6.82	2.95
3,200	\$238.63	\$245.53	\$6.90	2.89
3,300	\$245.83	\$252.79	\$6.96	2.83
3,400	\$253.02	\$260.06	\$7.04	2.78
3,500	\$260.22	\$267.34	\$7.12	2.74
3,600	\$267.42	\$274.60	\$7.18	2.68
3,700	\$274.61	\$281.87	\$7.26	2.64
3,800	\$281.81	\$289.13	\$7.32	2.60
3,900	\$289.00	\$296.39	\$7.39	2.56
4,000	\$296.20	\$303.66	\$7.46	2.52
4,100	\$303.39	\$310.93	\$7.54	2.49
4,200	\$310.59	\$318.19	\$7.60	2.45
4,300	\$317.78	\$325.45	\$7.67	2.41
4,400	\$324.97	\$332.72	\$7.75	2.38
4,500	\$332.17	\$339.99	\$7.82	2.35
4,600	\$339.37	\$347.25	\$7.88	2.32

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission
v.
Pennsylvania Power and Light Company
Docket No. R-00943271

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Reply Exceptions to the Pennsylvania Industrial Customer Alliance Exceptions to the Compliance Filing of Pennsylvania Power and Light Company upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 20th day of October, 1995.

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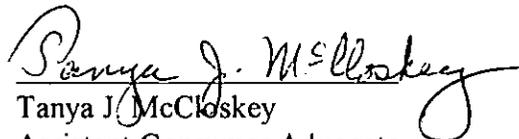
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