BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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In re: R-822169 - Pennsylvania Power & Light Company. Investigation into a requested $315 million dollar annual rate increase. Further hearing.

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Harrisburg, Pennsylvania

March 16, 1983

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Pages 1621 to 1667, inclusive

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BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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In re: R-822169, etc. - Pennsylvania Public Utility Commisson, et al vs. Power & Light Company. Investigation into a requested $315 million dollar annual rate increase. Further Hearings.

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Verbatim report of hearing held in Hearing Room No. 1, North Office Building, Harrisburg, Pennsylvania,

Wednesday,
March 16, 1983
at 10:00 a.m.

BEFORE

JOSEPH J. KLOVEKORN, ADMINISTRATIVE LAW JUDGE

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JUDGE KLOVEKORN: Shall we begin? I call to order this hearing in R-822169, Pennsylvania Public Utility Commission versus Pennsylvania Power and Light Company. Do we have any preliminary matters before we begin today's witnesses?

(No response.)

JUDGE KLOVEKORN: If not, Mr. Young.

MR. YOUNG: Mr. George Vanderslice is here for cross examination on his supplemental direct testimony, Statement 18. That's already been identified and certified so that I believe he's ready for cross examination.

JUDGE KLOVEKORN: Fine. Mr. Wilmarth.

MR. WILMARTH: Thank you, Your Honor. Good morning, Mr. Vanderslice.

THE WITNESS: Good morning.

GEORGE F. VANDERSLICE, recalled as a witness, having been previously duly sworn, was examined and testified further as follows:

FURTHER CROSS EXAMINATION

BY MR. WILMARTH:

Q. Examining your statement in the body, it assumes a May 15, 1983 startup date, is that correct?

A. One of the examples --

Q. I am talking about in the body of your statement.

A. Yes.

Q. My recollection is that in conjunction with that May 15 date, the company had projected in one of the volumes of the company in the filing, that the 100 hour warranty run would commence April 1, is that correct?

A. I am not familiar with that testimony.

Q. Well, do you know what I am referring to by the 100 hour warranty?

A. Yes, I do.

Q. Could you explain that very briefly?

A. Well, it's my understanding that the arrangement with General Electric who built the nuclear supply system requires that the unit be run on full power for 100 hours to reach certain warranty requirements as per arrangements with General Electric.

Q. In GFV, Attachment 6, appended to Statement 18, in addition to the May 15 date in the body of your statement, I see a reference here to three other dates, April 1, May 1 and June 1, 1983. Correct?

A. Right.

Q. Then I am really looking at four alternative startup dates reflected in Statement 18 and I would ask you, if you know, what is the company's most current actual estimate, estimated date for Unit 1 startup? Recognizing, of course, that that date or that estimate is subject to change.

A. Sure.

Q. It's been the company's position for some time that the unit will go into service during the second quarter of 1983. I spoke to Mr. Kenyon yesterday to get a better update on it and he still thinks it's highly likely that it will happen in that quarter and in fact, early in the quarter would be the current estimate.

Q. Second quarter would be April through June?

A. Correct.

Q. And by early in the second quarter, can we assume you mean sometime in April?

A. That would be early, yes.

Q. But are you telling us today that the company has no projected startup date per se?

A. Well, I am telling you that I am not here to give it to you because I am not involved directly in the operation of that unit.

Q. But do you know if there is a date?

A. No, I don't.

Q. You don't know? Similarly, then you don't know when the 100 hour warranty run is scheduled to start?

A. No, I don't.

Q. Mr. Vanderslice, I assume you are basically familiar with the Commission's July 1, 1982 Declaratory Order regarding recognition of Unit 1 costs?

A. Yes.

Q. And also with PP&L's petition which precipitated that order?

A. Yes.

Q. Am I correct, then, that inasmuch as PP&L has not yet put Unit 1 into commercial operation, the company is still accruing AFUDC for Unit 1?

A. That's correct.

Q. And thus, there have been no recorded deferrals pursuant to the July 1 Declaratory Order?

A. No, we have not.

Q. And obviously with reference to the figures in GFV, Attachment 6, for April 1, May 1 and June 1, 1983, and with reference to the figures for April 15, 1983 in the body of Statement 15?

A. May 15.

Q. May 15, thank you. These figures for deferrals are all estimated, am I right?

A. They are based on the budget material, same budget material that was used in preparing Future 1.

Q. They are based on the budget material. Did you make the estimates based on that budget material?

A. No, I did not.

Q. Do you know who did make the estimates?

A. Yes, I do.

Q. Who was that?

A. Mr. Berish.

Q. Do you know what process he used in analyzing the budget figures to arrive at the estimates?

A. Well, we have testified in detail on that subject matter. I can refer you to that.

Q. But the estimates were simply provided to you by Mr. Berish and incorporated in your testimony. You personally cannot support the accuracy of the estimates?

A. That's correct.

MR. WILMARTH: I have no further questions. Thank you, Mr. Vanderslice.

THE WITNESS: Your welcome.

JUDGE KLOVEKORN: Mr. Popowsky?

MR. POPOWSKY: Thank you, Your Honor. Good morning, Mr. Vanderslice.

THE WITNESS: Good morning, sir.

BY MR. POPOWSKY:

Q. In your original testimony, Statement Number 2, at pages 30 through 32, did you not state that the company intended to make a claim for deferred costs during this proceeding?

A. I don't have that in front of me, but I believe I did.

Q. At page 32, do you have that, now?

A. Yes, I have page 32.

Q. At page 32 in Attachment 3 to Statement Number 2, did you not indicate that the company's claim for deferred costs annual amortization claim would be approximately 3.6 million plus income taxes and other taxes applicable to the additional return?

A. That's correct.

Q. Now, what did you think those taxes would be at that time?

A. I didn't compute them at that time.

Q. Well, if you had $1,206,000.00 of return, and you were going to try to determine what the taxes would be on that return, wouldn't that ordinarily be estimated by using some sort of pre-tax return on the unamortized balance, such as approximately 20 percent rather than an after tax return or weighted cost of capital of approximately 12.71 percent?

A. I am not sure I understand your question.

Q. If we just looked at that paragraph on page 32 where you indicated that the company's annual amortization would be 2,364,000 and a return on the unamortized balance of 1,206,000, which you said would be claimed in this proceeding, and in addition, you indicated income taxes and other taxes applicable to the additional return would be claimed, what would be an estimate that you would have made, having read that paragraph of what the taxes on that

additional return would be?

A. Well, I don't think there's enough information there to make the computation you are talking about. You'd have to have more detail on what is behind those figures and the detail of those figures in order to know how to compute the tax.

Q. If the return was 1,206,000, is it likely that the taxes on that return would be greater than another $206,000.00?

A. I think my answer applies. I'd have to look at how that was computed before I'd make the statement that you are talking about.

Q. Would you agree -- perhaps you wouldn't -- that a reasonable estimate of your potential claim based on your testimony in Statement Number 2 and Attachment GFV-3 to that testimony, that assuming a May 15, 1983 date, a reasonable estimate of your claim would have been 2,364,000 in annual amortizations, $1,206,000.00 on return and then perhaps another $800,000.00 of taxes on return?

A. No, I wouldn't agree to that at all.

Q. And why --

A. The taxes that are computed in my supplemental testimony and those that are indicated would have to be computed in my earlier testimony, are based on the capital costs that are not part of the million 206 but part of the 2

million 364.

Q. Well, they're not really part of the million 364 --

A. But they're based on items that are in the 2 million 364.

Q. But you didn't point that out in your statement Number 2, is that correct?

A. Without reading it again, and I haven't read it recently, I don't know. There's a footnote to GFV Statement 3 that the taxes would have to be computed on the amounts shown. It doesn't indicate how they would be computed. That is left up to --

Q. Let's look at that footnote. Isn't that footnote on GFV Attachment 3 -- doesn't that footnote appear after the asterisk on the $1,206,000.00 return and doesn't that footnote state income taxes and other taxes related to return would also be claimed?

A. Well, I think that this matter of income taxes is dealt with in the Commission order. They said that we had to compute, or the income taxes should be computed and it's a matter of how to properly compute them, not where the asterisk appeared or where it doesn't appear. It's either proper the way we did it or it isn't. We're not hanging on whether we put the asterisks in the proper place.

Q. I am just saying what you informed us or the Commission of when you provided Statement Number 2 with

attachment Number 3. Would you agree there that what's set forth is simply that income taxes and other taxes related to return would also be claimed?

A. I have lost my place, here. What tab is my testimony?

MR. YOUNG: Two.

THE WITNESS: What is your question?

BY MR. POPOWSKY:

Q. Would you agree that the asterisk in the footnote on GFV Attachment 3 refers to only income taxes and other taxes related to return would also be claimed?

A. Well, the asterisk appears alongside of the return, the statement says income and other taxes related to return would also be claimed.

Q. And if you were to just -- if you had received this piece of testimony at the beginning of this case and saw that footnote, do you think that you might have assumed that the taxes on the return would have been greater than a million dollars? Greater than $10 million? Greater than $50 million?

A. Well, it seems to me that what I would have done was go back and read what the order said as a matter of course and the order does say that the deferred balance associated with this item, I am reading from the order, must be factored up for income taxes when reflected in charges

for customers.

Q. When you calculated the carrying charges in GFV Attachment 3, did you indicate that the carrying charges had not been grossed up for taxes?

A. I think it's obvious they haven't been.

Q. That's obvious from Attachment 3?

A. To me it was. I made it up, so maybe that's why it was obvious to me.

Q. Does it state anywhere in your testimony or the schedule that this had not been grossed up for taxes?

A. Again, I haven't looked at it recently, but perhaps it does.

Q. Was it the company's intention at the beginning of the case when you said you were going to make that claim in this case, to include whatever amount was allowed as the amortization within the $315 million claim in this case as a type of contingent claim?

A. Say it again?

Q. Was it the company's original intention, when you stated at page 30 to 32, going back to your testimony, that the company intended to seek recognition of the deferred costs in this rate proceeding? Was it the company's intention that whatever this amount was would have been included within the $315 million or would have been supplemental to the 315?

A. Would have been supplemental to.

Q. So it was your position at that time that it was permissible for the Commission to grant the $315 million the company filed for on August 22 plus some unspecified amount in addition to the $315 million? On August 22?

A. Plus an amount to amortize the deferred balances plus any taxes in return, yes, would be dealt with.

Q. So it was your position when you wrote this testimony that the company was, in fact filing for $315 million plus some as yet unknown amortization for these deferred costs?

A. Yes.

Q. Now, in Statement Number 18, the company states that it does not want these deferred costs included in the final rate order in the present case, is that correct? The actual dollars?

A. Statement Number 18?

Q. Your supplemental statement.

A. Where does it say that?

Q. Rather than have the dollars paid by ratepayers at the end of this case, am I correct that it is the company's intention not to start collecting these charges until April 1, 1984?

A. That's correct.

Q. And again, even if the company were to receive a

full $315 million on August 22, 1983, it is still your intention, in making this claim, that the amount of the deferral amortization would still be allowed, even if it were in addition to the 315. Is that correct?

A. What we are asking for in Statement 18 is approval by the Commission of a procedure for amortization of the deferral.

Q. Let's just say hypothetically if the Commission awarded the company $315 million on August 22 and the amount of the deferral turned out to be $20 million, it's the company's intention that the company would receive the 315 million on August the 22nd, and would receive in addition, another $20 million on April 1. Is that correct?

MR. YOUNG: You are assuming the 20 is not included in the 315.

MR. POPOWSKY: That's what I think Mr. Vanderslice is assuming? Is that correct, Mr. Vanderslice?

THE WITNESS: I don't get the 20. You said the deferral is 20 and you are adding 20 and that sounds like a one-year amortization, so I can't agree with that.

BY MR. POPOWSKY:

Q. Let's take your May 1 date with a $90 million amortization and divide that by 5, that would be approximately 18 million, is that correct?

A. In that order.

Q. Using a hypothetical if the company were to receive the full $315 million on August 22, is it your position that the company should also be entitled to receive another 18 million starting April 1 assuming that the May 1 scenario is the one that proves to be correct?

A. The proposal is to start adding to customer's bills as of April 1, 1984, a per kilowatt-hour charge that would be designed to extinguish the deferral of $91 million over a five-year period as a per kilowatt-hour charge.

Q. And I am merely trying to establish that that would be the case even if the company received the full $315 million it requested in base rates on August 22?

A. Correct.

Q. Now, if we compare GFV Attachment 3 which appeared first in your original testimony and appears again in your supplemental testimony, if we compare that attachment with GFV-6, we find that the proposed amount of the -- I am sorry, the proposed amount of the deferral which has to be amortized over five years goes from approximately $11 million -- I am sorry, $11.8 million to a range of 66 to $114 million.

A. No. That's not correct.

Q. Is that -- I am simply referring to the amount that you say has to be amortized?

A. It's not correct. You are misinterpreting the data

that you are looking at.

Q. I understand that the basic deferred amount is comparable. I am saying the total amount that has to be amortized has grown -- what you called the balance to be amortized in GFV-3 is 11,849,000. If we then go to GFV -- and that was assuming a May 15 startup date.

If we go to GFV-6 and also perhaps a better example would be to turn to page 6 of your testimony, the 11 million 849 has grown to 78,633,000, including return. Without return, it is approximately 56 million. Is that correct?

A. I can't agree to that because what GFV-3 described were two elements of it and it was not the total amount that you are describing that is on Attachment 6.

The comparable figure that you are looking for, if you'd look to page 6 of my testimony, this is the supplemental testimony, you will find that there is a figure in the middle of the page there that has the 11 million 849 completed with taxes and with the return and you will see a figure there of 78 million 633.

That is the figure that is comparable to the Attachment 6 figures that you are quoting to me. Not the 11 million. That's only part of it.

Q. That's right. So when you said in GFV Attachment 3, when you referred to the balance to be amortized of 11,849,000, that was only a part of the balance to be

amortized and in fact, a small part of it because you had left out the related income taxes of 45 million.

A. The related income taxes will not be deferred. Those items will occur as the collections take place. They are not part of the deferral.

Q. But they are part of the balance to be amortized?

A. They have to be collected from customers to produce an amount of money that will pay for the other items, yes.

Q. So what you referred to previously was the balance to be amortized of 11,849,000, you now refer to as "the basic deferred amount" of 11,849,000 and state there are related income taxes of 45 million 164 thousand.

A. Right.

Q. And that is due to the grossing up of the AFDC in calculating capital charges, is that correct?

A. Well, it's the income taxes that are applicable to the capital charges.

Q. Were you aware when you prepared GFV Attachment 3 that you had not grossed up the carrying charges?

A. Sure.

Q. How did you select a five-year amortization period for this purpose?

A. Well, I think five years is a reasonable figure. First of all, the amounts that are being deferred are items that would normally be billed to customers after this unit

went into service, if, indeed, the rates were in place to do that and I think the Commission's order deals with that subject.

So it seemed that it should be amortized over some reasonable figure or period in the future. And I think we have -- we looked at what the per millage charge would result in and it appeared in five years it became a fairly reasonable type of charge to add on to a bill.

Q. When you say these charges would have been charged to ratepayers, to the extent that we are dealing with, in substantial amount here with capital charges, if those capital costs had been incurred prior to commercial operation, wouldn't they have been capitalized and paid by ratepayers over the 39 years life of the plant?

A. Allowance for funds is part of the construction cost of a plant.

Q. Let me go on. Would the same be true of operating and maintenance costs prior to the date of commercial operation? Such as --

A. What would be true --

Q. Would they also have been capitalized?

A. Yes.

Q. They would have been paid over the life of the plant?

A. They would be depreciated, yes.

Q. What would have happened to the energy savings if they had been incurred prior to commercial operation? Would they have been treated similar to test power revenues and treated as an offset to the capital costs of the plant?

A. Right.

Q. Wouldn't the balance of that amount, the net amount of those three factors have been included in rate base and then paid over the life of the plant for the depreciation of the return which would be 39 years?

A. If all you say is true prior to commercial operation, that's correct.

Q. Now, in calculating the net deferral, how did you calculate energy savings?

A. Well, the energy savings were computed by taking the results or the expected results in this case of energy savings with the interchange sales and interchange purchases with that unit in operation and then a recomputation was made of the same factors, interchange sales, interchange purchases without that unit and the difference is the value of the power that resulted by having the unit in service; which is not --

Q. Is that the same way you calculated the energy savings from test power revenues?

A. Substantially the same way.

Q. Would that be done using the Pro Mod 3 computer

model assuming Mr. Scheffley's computer model in Schedule II-D-4 of --

A. I am not sure of the terminology you are talking about, but Mr. Scheffley provided the figures.

Q. Am I correct that it would have been done by running the company's production cost model ones with Susquehanna and running it again without Susquehanna and calculating the energy savings -- the energy savings would have been the differential in energy costs?

A. It would appear to me that with Susquehanna, it is a fact. When it actually happens, that's the way, if the unit is on, then you are looking at actual data. If not, you have to compute it without the unit. It is a computation type thing. Now, when you are dealing with a budget, in a budget situation, both computations would be projections.

Q. So for your purposes, is it correct that -- I mean for purposes of the estimate that you have accomplished here, the way the estimate was done would have been to use the computer simulation and run it twice, once with Susquehanna and once without Susquehanna to determine the difference?

A. Again, you didn't do that. What you say is probably true. That was done, it was given to our budget people and they put it into a budget mode and then I have the figures from them.

Q. How will the actual computation be done?

A. I --

Q. When the actual deferrals are accrued? Will you compare the actual costs with a computer simulation of what you believe the costs would have been without Susquehanna?

A. Right.

Q. And that would be provided when you provide this tariff supplement under your procedure? We don't have that yet? Is that correct?

A. I am not sure what you are talking about.

Q. When will we be provided with that information?

A. This is the tariff supplement. I am not sure.

MR. YOUNG: It will be provided as the thing says whenever the facts are available. It won't become a fact until this rate case is finished and the unit has been on for some period until the completion of the case. It won't be provided until the facts can be provided at that date.

MR. POPOWSKY: Okay. That's all. I'll accept that answer.

BY MR. POPOWSKY:

Q. What would have happened to the costs that are included on, for example, GFV-3 or GFV-6, what would have happened if there had been no deferred accounting procedure set up in advance of that case?

A. They would have been recorded in the various

expense accounts of the company.

Q. If there had been no special ratemaking or if the company had not sought recognition of these costs, am I correct that the energy savings would have flowed through to ratepayers? Between the period, for example, -- assuming a May 15 startup date and August 22 rate increase, the energy savings between May 15 and August 22, would those energy savings have gone to ratepayers?

A. Yes.

Q. And the capital costs and O & M, on the other hand, would have been borne by the company, is that correct, during that period?

A. That would have been the effect. That is precisely what the Commission Declaratory Order talks about. The order is designed to prevent that, if you read it.

Q. This was the purpose of the company filing this claim, so the ratepayers would not get the benefit of Susquehanna for approximately a three month period at a time when they were not paying the costs? Is that correct?

A. That's right. Of course, the costs were more than the benefits.

Q. When Susquehanna shuts down for refueling for 15 weeks, in September, 1984, assuming that to be the case, I assume, am I correct that the company does not intend to take the plant out of rate base at that time?

A. That would be highly unusual to do that.

Q. Even if that outage lasted for six months, for example, it wouldn't be the company's intention to take the plant out of rate base during that period, would it?

MR. YOUNG: I object to that question as simply asking for speculation on an unlikely set of events.

MR. POPOWSKY: Unlikely that there will be a six month outage?

MR. YOUNG: At that time, yes.

MR. POPOWSKY: Hypothetically, if the company suffered a six month outage at Susquehanna, would it be the company's intention to remove the plant from rate base at that time?

A. We haven't made such a decision.

BY MR. POPOWSKY:

Q. Assuming that the plant were out of service for six months, but remained in rate base during that period, am I correct that ratepayers would be paying base rates associated with Susquehanna, but would not be receiving energy savings from the plant at that time?

A. In that limited time frame that would probably be true.

Q. Now, you are attempting to prevent the circumstances that we discussed earlier, that is where the ratepayer would receive the benefit of Susquehanna without paying the costs and you are proposing to do that by

amortizing the deferred balance over a five-year period. Is that correct? The net deferred balance?

A. Does this have something to do with the six month outage? What was the preliminary?

Q. No. I moved over to a different question.

A. Then read it over again.

Q. In order to avoid the ratepayers receiving the benefits from Susquehanna for a certain period, energy savings from Susquehanna at a time when they were not paying the base rate costs of Susquehanna, you have set up this deferred accounting method and you have proposed that these charges be paid by ratepayers over a five-year period, is that correct?

A. Well, I am not sure you are stating the major purpose of the Declaratory Order. It was to recognize the situation where any new power plant, and particularly a nuclear plant, it's almost impossible to have a rate proceeding where the rates will go into effect precisely when the plant goes into service.

So if the order provides two different situations, the situation where the plant may go in after the rate hearings are over and one before, and it's to disassociate the in-service date of the plant with the important factor of when it gets into rates. So that seems to be the thrust of the order deals with that matter and not with trying to

withhold savings from customers and that sort of thing at any particular time.

Q. Well, let me just focus on the five-year period. I don't want to mischaracterize what the company is doing. By charging these amounts which appear to range -- assuming an April in-service date which you indicated may have been likely this morning, you were talking about a 91 to $114 million amortization over five years which would translate into 18 to $23 million a year in rates over the first five years of the plant's operation. Is that correct?

A. Uh huh.

Q. Doesn't the inclusion of those amounts in the first five years of the plant's operation almost totally negate the benefits to ratepayers from the modified sinking fund depreciation method that the company has proposed for the early years of Susquehanna?

A. I haven't related the two.

Q. Well, you haven't related the two, but wouldn't and that, by putting these costs up front in the first five years, aren't you effectively negating the benefits to ratepayers that the company sought to provide by reducing the depreciation expense in the early years of the plant?

A. I am not sure that the two things are related in any way. To associate them seems a little abnormal to me.

Q. Would you agree that these two factors produce

exactly opposite results? One, the modified sinking fund reduces the cost of the plant, for example, on the first year from 42 million dollars in depreciation to 14 million and by somewhat lesser amounts each year thereafter, whereas the effect of including the amortization in the first five years of the plant has exactly the opposite effect, that is, of adding approximately $20 million a year to ratepayer costs in the first five years?

A. Yes, but you are singling out one thing and saying this is related to depreciation. There were other things that were done. I think they have been enumerated by various witnesses, to hold the amount down, so the effects are one is to hold them down and obviously if they are adding 18 million, that's going to add to a customer's bill, so they are certainly in opposite directions.

MR. POPOWSKY: That's all the questions I have. Thank you, Mr. Vanderslice.

THE WITNESS: You are welcome.

MR. WILMARTH: Your Honor, I have a few.

BY MR. WILMARTH:

Q. Two matters that came to light by Mr. Popowsky's cross examination, Mr. Vanderslice. First of all, this five year amortization period, is that period recommended by you?

A. That is our proposal.

Q. Well, was that -- what was the basis of that? Your

judgment as to an appropriate amortization period?

A. I believe so, yes.

Q. You decided personally, that would be preferable to 10 years or 15 years or 2?

A. I didn't do it personally. This was the company's proposal. I was part of that discussion.

Q. It could just as easily be a different period, I take it?

A. Mathematically, it could be, but this seemed to be a reasonable period in time. It's a period of time that the Commission has allowed for the amortizations in the past and it is an item that the deferral is a group of costs that relate to the plant in its early stages. It seems like it should be disposed of over a relatively modest period of years.

Q. All right. You stated in response to cross examination by Mr. Popowsky that when you prepared GFV-3, which was attached to your initial statement, that you were aware that you have not -- and Mr. Popowsky and you have been using the term grossed up -- You were aware that you had not grossed up the carrying charges reflected in Attachment 3. Is that correct?

A. That is correct. And I think it says so. We attempted to say so.

Q. Am I correct, Mr. Vanderslice that at the time you

did prepare GFV Attachment 3, you could have calculated, for instance, a $45 million income tax effect that's reflected on page 6 of Statement 18?

A. Well, I think we were really just tracking the way the order read. And if you look at the order, it talks of income taxes as a footnote item. It says in addition to this, we have to gross up or whatever the words are, for income taxes and that's merely the same type of statement that we were making in GFV Attachment 3.

Q. In initial response to my question, however, you have just nodded your head and I assume your response was yes, you could have calculated that $45 million related income tax as reflected on page 6 of Statement 18?

A. I am sure I could have.

Q. At the time you prepared Attachment 3?

A. Right.

Q. Same thing with regard to the estimate of $21.6 million on amortized deferral return. You could have calculated that figure when you prepared Attachment 3, is that correct?

A. I think the important thing to note is that the income taxes occur as you collect the money from the customers. They are not part of the deferral. Therefore, GFV-3 is talking about a deferred amount and the amortization of it. The income taxes happen as the money

comes in. They are not part of the deferral. That's one reason it wouldn't have been appropriate to put it on there.

Q. You had the ability at the time your original statement was prepared and GFV-3 was prepared, to determine that figure that I see here now reflected in Statement 18. Is that correct?

MR. YOUNG: I object. The question is repetitious.

MR. WILMARTH: I haven't had an answer to the question. I am trying to get a yes or no.

MR. YOUNG: He's already answered it. It would have been inappropriate but, he could have done it.

MR. WILMARTH: He said he could have calculated the income tax effect and I asked him if he could have calculated the amortized deferral return and I am simply trying to get a yes or no to that question. If Mr. Vanderslice would give me a yes answer, that's all the questions I have. But I don't believe I have that answer.

THE WITNESS: Maybe it's conceded. I think I have the ability to make the computation, if that's what you are asking.

MR. WILMARTH: That's all I was trying to get on the record. Thank you very much. I have nothing further.

MR. YOUNG: Could we just have a minute?

JUDGE KLOVEKORN: Certainly. Why don't we take a five-minute recess.

(Whereupon, a brief recess was taken.)

JUDGE KLOVEKORN: Back on the record.

MR. WILMARTH: Your Honor, yesterday, we had marked for identification --

MR. YOUNG: Hold on. We have a few redirect questions for Mr. Vanderslice.

MR. WILMARTH: I am sorry.

REDIRECT EXAMINATION

BY MR. YOUNG:

Q. Mr. Vanderslice, if the $315 million revenue increase that the company has requested in this rate case became effective the same day that Susquehanna 1 went on line, would we be requesting the deferral which is the subject of your supplemental testimony?

A. No, we would not.

Q. And the only purpose of that deferral is because that 315 will not be collected under present Commission procedure?

A. That's right.

Q. I take it you'd be happy to substitute the collection of 315 on the unit for the collection of the deferral?

A. That's correct.

Q. Are the energy savings, do you know that are shown in the calculation of the deferred costs determined on

exactly the same basis as the 186 million of energy savings that's been part of Mr. Scheffley's basic testimony?

A. I believe they are.

MR. YOUNG: I have no other questions.

JUDGE KLOVEKORN: Anything further of Mr. Vanderslice? If not, the witness is excused.

MR. WILMARTH: Yesterday, Your Honor, we identified four documents; Statement Number 9, Statement Number 9 Supplemental, Exhibits Numbers 9 A and 9 B, all sponsored by witness Jim Jones. We had entered into evidence both statements. My understanding today is that there is no cross examination intended by any party in attendance here and therefore, at this time I move for the admission into evidence of Mr. Jones Exhibits 9 A and 9 B.

JUDGE KLOVEKORN: Without objection, they will be received into evidence.

MR. WILMARTH: Staff would, at this time, like to call to the stand Dennis M. Kalbarczyk.

DENNIS M. KALBARCZYK called as a witness, having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

MR. WILMARTH: Your Honor, I have provided to the court reporter three copies each of documents labeled Staff Exhibit Number 12-A and Staff Statement Number 12, and I ask at this time that they be so marked for purposes of

identification.

JUDGE KLOVEKORN: Without objection, they will be so identified.

(Staff Exhibit No. 12-A, Exhibit to accompany Direct Testimony of Dennis M. Kalbarczyk, was produced and marked for identification.)

(Staff Statement 12, Direct testimony of Dennis M. Kalbarczyk, was produced and marked for identification.)

MR. WILMARTH: I have previously provided to you and to all active parties of record copies of the aforementioned document.

BY MR. WILMARTH:

Q. Mr. Kalbarczyk, do you have the documents which have just been marked for identification before you?

A. Yes, I do.

Q. Are you the witness responsible for the preparation of those documents?

A. Yes, I am.

Q. Are there any changes or corrections to either the statement or the exhibit you wish to make at this time?

A. Yes. There is one addition I would like to make. On page 9 of my direct testimony, line 20, I would like to make one addition. It should state, "Adjustment to reflect staff proposed per unit pricing at 7/31/83", and under the dollar adjustment column a credit of 9,246 should occur.

Q. I am not following that. I am sorry, Mr. Kalbarczyk.

A. Page 9 of my direct testimony.

Q. You wish to insert between line 19 and 20?

A. That's right.

Q. Would you please repeat what you wish to insert in between line 19 and 20?

A. Should read, "Adjustment to reflect staff proposed per unit pricing at 7/31/83." Then under the dollar volume, the adjustment should be a credit of 9,246.

Q. That's a negative number or a positive?

A. That's a negative.

Q. And is that going to affect any of the totals listed there?

A. No. The totals would then be correct.

Q. Are there any other changes or corrections?

A. No.

Q. Mr. Kalbarczyk, if I today were to ask you the questions contained in Statement Number 12, would your responses be the same as they are?

A. Yes, they would.

Q. Are those answers correct to the best of your knowledge and belief?

A. Yes, they are.

MR. WILMARTH: I would ask that Statement Number 12 be

marked with today's date, March 16, 1983 and move into evidence the statement, subject to any timely motion to strike made by any party.

JUDGE KLOVEKORN: Without objection, they are admitted.

MR. WILMARTH: I would ask that Staff Exhibit Number 12-A be marked with today's date, March 16, 1983 and moved into evidence subject to any timely motion to strike made by any party.

JUDGE KLOVEKORN: Without objection.

MR. WILMARTH: Mr. Kalbarczyk is available for cross examination.

MR. YOUNG: Good morning, Mr. Kalbarczyk.

THE WITNESS: Good morning.

CROSS EXAMINATION

BY MR. YOUNG:

Q. If we could look at page 4 of your Statement Number 12, as I understand it, the prices with which you have re-priced the inventory which are shown on lines 3 to 5 are current prices?

A. They represent the current prices at around 2/28/83.

Q. Have you made any analysis as to whether the inventory at Martin's Creek 3 and 4 will have any old oil in it that was acquired at higher prices than this?

A. Yes, it would.

Q. But you simply re-priced it all at the current

price level?

A. That's correct.

Q. Further down on that page, in line 18 to 20, you indicate that you have made an adjustment for barrels of inactive oil currently the property of PP&L's subsidiary, Interstate Energy Company. What's the basis for your conclusion that that oil is the property of Interstate Energy Company?

A. First I'd like to mention that currently it is not listed as the property of the subsidiary IEC. It is my opinion now that the properties currently being owned and maintained by Pennsylvania Power and Light, but should be owned by IEC.

Q. On one of the attachments to your Exhibit 12-A, namely response 200.182114, page 2, down in subsection D it says IEC owns no oil --

A. If you could wait just one second.

Q. I'm sorry.

Q. On the second page of 182114, there's a statement in sub paragraph D that IEC owns no oil, is there not?

A. That's correct.

Q. So that your Paragraph 2 should be corrected insofar as it indicates that that oil is owned by IEC?

A. The paragraph that is represented on the page is true to a point. It says that IEC owns no oil. That is the case.

However, IEC is a service corporation that is servicing not only PP&L but Jersey Central Power and Light and Philadelphia Electric company. At this point, PP&L is maintaining the inventory in that IEC pipeline that is servicing not only itself but the other companies, PECO and Jersey Central Power and Light.

Q. I understand that, but on page 4 of your testimony, line 18 you say that that oil is currently the property of IEC and I take it that should be corrected?

MR. WILMARTH: Your Honor, I think there may be a problem of legal interpretation. When we are talking about property, certainly staff is willing to stipulate that this oil is not currently the property of IEC. It is included in rate base.

MR. YOUNG: If we can stick for the moment with that statement.

BY MR. YOUNG:

Q. If we can stick for the moment to that same page in your exhibit in subparagraph B toward the end, there is a statement that the pipeline is fully charged at all times and holds probably 128,000 barrels of oil, since movement through the line is by means of displacement. Is that the basis for your conclusion that the amount of oil in the pipeline claimed by the company is 128,000 barrels?

A. As I interpret the term displacement, there is oil

that is constantly running through the pipeline, and at one time or another may belong to Jersey Central Power and Light, Philadelphia Electric or PP&L. However, the case is that there always has to be some volume of inventory that remains in the line so all customers can be served. According to the pipeline tariff that is filed by IEC, it states that a shipper, which in this case would be one of the three companies which I have just mentioned, should receive the same amount of oil that is put into the line as should be taken out.

Q. But on Page 8 of your testimony, at Line 6, you say PP&L in this rate proceeding is requesting as a measure of value, all of the inactive inventory, 128,000 barrels. Is that correct?

A. What line is that, now? Page 8?

Q. Page 8, line 7 and 6.

A. Yes, that is my opinion.

Q. Have you checked that advice with the company and learned that its claim in this case does not include 128,000 barrels of oil in the pipeline?

A. I had had discussions with the company, but also, in turn, in reviewing answers to interrogatory questions, it would appear -- let me be more specific and refer to some of the interrogatory questions. PP&L interrogatory Number 200.182115.

In asking the interrogatory, I was trying to determine what amount of inactive storage was allocated to any of the other member companies such as PECO, Jersey Central Power and Light. The response to paragraph B at the bottom says PP&L does not lease or otherwise provide any of its Martin's Creek storage facility to any other affiliated or non-affiliated entity.

The sole purpose of the tank farm is to provide adequate storage capacity for Martin's Creek oil-fired. Also referring to interrogatory 200.182117, the answer says that Martin's Creek tank farm services only PP&L's Martin's Creek generating stations. No other user's oil is stored in these facilities.

Referring to Interrogatory Number 175.182009, which deals with Marcus Hook offsite storage, which is part of the company claim for Martin's Creek offsite storage, answer to paragraph B.4 is as indicated on Attachment 3 of this response, the cross charge to Philadelphia Electric and Jersey Central Power and Light Company are based on the oil throughout, not oil stored.

In this case, the way that the contract reads is that only the oil that is taken out of the tank, there is some type of charge that is assigned to the barrels that are taken out. Under all these circumstances, now does it say that any of the oil that's in that tank, all the oils that

are maintained are ever charged or allocated to any of the companies. As another basis --

Q. I guess my question is whether the company hasn't advised you that only 50,000 barrels of the oil in the pipeline is actually included in the inventory in this case?

A. They have stated that, though it has not been able to be documented. As a further analysis --

Q. But you have taken out in your adjustment 128,000 barrels as though all of that in the pipeline would have been claimed?

A. That's correct.

Q. Referring to page 5 of your testimony, you give certain -- in your answer beginning at page 8, also, your answer beginning at page 21, you give certain figures for the capacity of Martin's Creek 3 and 4. The first of those answers deals with capacity figures which are annual, does it not?

A. They are annual figures, that is correct.

Q. Do you regard annual capacity as a proper basis for analyzing the storage needs of Martin's Creek 3 and 4?

A. No. And I did not, when I made my adjustment.

Q. Then your answer beginning at Page 21, deals with monthly capacity, is that correct?

A. That's correct, it does.

Q. And is that what you used as a basis for your

adjustment?

A. I used a monthly.

Q. In fact, the company operates its storage at Martin's Creek so as to provide a 25 day supply, does it not?

A. That's the company's claim. Whether or not that's maintained monthly or on an annual basis, I don't know.

Q. But it would be possible for the company to operate for 25 days at a substantially higher capacity factor than you have shown on your monthly tabulation, would it not?

A. Could you repeat the question again?

Q. It would be possible that Martin's Creek 3 and 4 were operated for 25 days at a substantially higher capacity factor than you show in your monthly tabulation? If it was operated for 25 days straight and then shut down for five or six or the balance of the month, the capacity factor for the 25 would be substantially higher than the monthly figure?

A. If you could be more specific as far as the capacity factor you are utilizing, the capacity factor that will be used would determine how many days the plant would rely on the company's claiming 36.2 but the normal circumstances generally run down around the 40, 45 percent levels. At that rate, with a 25 day supply, the company could possibly run two months.

Q. The company has supplied you with data that when Martin's Creek 3 and 4 are operating at peak capacity, that

they burn 56,000 barrels a day, do they not?

A. That's at an 86.2 percent capacity factor.

Q. When it's operating at that capacity, it's burning 56,000 barrels per day, is that correct?

A. If it operates at that capacity factor.

Q. It could operate at that capacity factor for one day or five days or ten days, depending on requirements of the system, could it not?

A. It does depend greatly on the system. If a plant is running at 86.2 percent, okay, which Martin's Creek 3 and 4 is just about the highest cost generating plant. Normally on off peak hours, the company, PP&L would be like any other buyer in the interchange. They would be out scouting the interchange to see what type of replacement power there could be rather than burning the Martin's Creek, which is much more expensive.

Q. Do you know whether Martin's Creek 3 and 4 have ever operated for 14 days, let's say at 86.2 percent?

A. On a 14 day level? No.

Q. Or on a 20 day level?

A. No.

Q. Or a 25 day level?

A. I would say it has not.

Q. What is your basis for saying that?

A. Right now I am looking at Interrogatory 200.182119,

Attachment 3. Also, Attachment 4. Attachment 4 is really the summary of the capacity factors that the units have run for a 30 day period.

Q. All right. And if --

A. And if you assume what would be running for a 25 day period at 86 percent capacity factor you would be running something up over 805,000 megawatts. If you look back on Schedule 3, on Attachment 3, it took then virtually the whole month, okay, in January of 1980 to reach a little over 8,000 some megawatts. That would have been -- January of '80 is the closest possibility.

Q. Five-sixths of 86 would be close to 69.8 or 70? Am I correct?

A. Again?

Q. In January of 1980 when it ran at 69.8, five-sixths of that month could have been at 86 and it would have come out just about the 69.8.

A. It's a possibility.

MR. WILMARTH: Your Honor, excuse me. Before you finish, Mr. Kalbarczyk, I believe that question assumes evidence that is not of record. Counsel for the company asked if that 69.8 figure would have been generated with the company operating at that 86 percent capacity factor and I don't believe that there is any evidence to substantiate that. In fact, that appears to be the evidence that counsel

is trying to adduce from this witness, but I think he's stated that it couldn't.

MR. YOUNG: The question asked of the witness is whether he knew whether the plant had ever operated for 25 days at that capacity. And he said it couldn't have. We have now made a calculation that shows that it might have in that particular month, give or take a small amount.

THE WITNESS: It had to be right on the button. What we would be talking about is putting out 848,000 megawatts in a 25 day period. The number that you are adding up in 1980 would come up to about 850,000 megawatts. That would have been only one month out of a five-year history that the company has ever even come close to that.

BY MR. YOUNG:

Q. If the unit had been shut down the other six days of that month and had operated for the first 25, it could have gotten up to the 86 percent capacity factor during the 25 days.

A. Possibily.

Q. Okay. On page 7 of your testimony, line 18 to 20, I gather that you have substituted for the company's target of a 25 day inventory, your own target of a 20 day inventory of number 6 oil. Is that correct?

A. That's correct.

Q. What is the basis for your 20 day inventory push?

A. Interrogatory Number 200.182055, page 2, paragraph B, company so states it should be noted that during certain disruptions, a period of at least three weeks could elapse from the time a new supply is contracted for and oil enters the pipeline.

Q. Now comes the 21 days. You have taken off a day and just assumed 20 days would be enough, is that it?

A. I assumed they could at least do one day better.

Q. But if they did five days worse, the station would be out of oil, correct?

A. The company states 21 days.

Q. My question is if they do five days worse than that, the company would be out of oil, would it not?

A. If the company can't hit its 21 days, yes.

Q. But your 20 day suggestion is based solely on that statement, that it takes them at least 23 weeks to get a new supply?

A. Yes.

Q. If Martin's Creek 3 and 4 operated at a daily burn rate of 56,000 barrels, would you agree, subject to check, that your 20 day inventory would survive for only 14 days?

A. Yes. If you are imposing the 86.2 percent capacity factor, subject to check.

MR. YOUNG: I have no other questions.

JUDGE KLOVEKORN: Mr. Popowsky?

MR. POPOWSKY: I have no questions, Your Honor.

JUDGE KLOVEKORN: Mr. Wilmarth?

MR. WILMARTH: Just a moment, Your Honor.

(Brief pause.)

MR. WILMARTH: We have nothing.

THE EXAMINER: If there are no further questions of the witness, the witness is excused. Thank you very much, sir. Do we have any other business, this morning?

MR. YOUNG: I take it that all other testimony by other parties in this proceeding will be filed by Friday of this week, which is the deadline.

MR. POPOWSKY: It is our intent to file our Susquehanna audit testimony and our excess capacity testimony on Friday and the overall accounting testimony on Monday because the overall accounting testimony has to incorporate both of those adjustments and that would still leave more than two weeks before you have to cross examine the accounting witnesses.

JUDGE KLOVEKORN: Okay.

MR. WILMARTH: You are looking for all the Susquehanna related testimony on Friday. As far as I know, we should be able to comply with that date with the possibility of a short statement from Jack Crawford of our Accounting Bureau, and Jack is out of town until Monday of next week and hopefully we would be able to get that out.

MR. YOUNG: What's he talking about?

MR. WILMARTH: He's talking about the nuclear insurance, self insurance, the forced outage fund.

MR. YOUNG: Okay.

JUDGE KLOVEKORN: If there's nothing further, this hearing stands adjourned.

(Whereupon, at 11:20 a.m., the hearing was adjourned.)

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me during the hearing of the within cause, and that this is a true and correct transcript of the same.

Eugene W. Holbert

EUGENE W. HOLBERT, CP
Registered Professional Reporter

The foregoing certification does not apply to any reproduction of the same by any means unless under the direct control and/or supervision of the certifying reporter.

HOLBERT ASSOCIATES
1001 N. Second St.
Harrisburg, Pa. 17102

Staff Exhibit No. 12A
Witness: Dennis M. Kalbarczyk

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

PENNSYLVANIA POWER & LIGHT COMPANY

DOCKET NO. R-822169

Exhibit to Accompany

Direct Testimony

of

Dennis M. Kalbarczyk

Concerning:

Non-Susquehanna Measure of Value

at 7/31/83

Per Pennsylvania Power & Light Company Exh. Future 1, C-6, p.3

Oil Stock
Year Ended July 31, 1983
(Thousands of Dollars)

e.	Description	Oil Stock in Gallons (except for Martins Creek #3&#4 in Bbls)	Avg.Price Per Gal/Bbl at 7/31/83 $	Total Inventory Value $
	Steam Electric Stations			
1	Martins Creek #3&#4 (Residual)	1,720,000(a)	31.67	54,472
2	Martins Creek #3&#4 (Light Oil)	146,300	40.98	5,995
3	Martins Creek #1&#2	43,100	1.02	44
4	Brunner Island	267,000	1.02	272
5	Sunbury	46,100	1.03	47
6	Holtwood	45,000	1.03	46
7	Montour	448,000	1.03	461
8	Keystone	45,700	1.23	56
9	Conemaugh	25,700	1.26	32
0	Susquehanna	171,000	1.02	174
	Combustion Turbines			
1	Allentown	194,400	1.02	198
2	Fishbach	92,100	1.02	94
3	Harrisburg	184,400	1.02	188
4	Harwood	87,500	1.02	89
5	Jenkins	88,400	1.02	90
6	Lock Haven	86,700	1.02	88
7	Suburban	167,200	1.02	171
8	West Shore	99,900	1.02	102
9	Williamsport	87,200	1.02	89
0	Sunbury	182,700	1.02	186
1	Martins Creek	318,700	1.02	325
	Total			63,219

Pa. Public Utility Commission Staff Adjustments

Oil Stock
Year Ended July 31, 1983
(Thousands of Dollars)

Staff Totals as Adjusted		Difference or Adjustment		
Avg.Price Per Gal/Bbl at 7/31/83 $	Total Inventory Value $	Oil Stock in Gallons (except for Martins Creek #3&#4 in Bbls)	Avg.Price Per Gal/Bbl at 7/31/83 $	Total Inventory Value $
27.00	46,440	0	(4.67)	(8,032)
35.00	5,121	0	(5.98)	(874)
.90	39	0	(.12)	(5)
.90	240	0	(.12)	(32)
.90	41	0	(.13)	(6)
.90	41	0	(.13)	(5)
.90	403	0	(.13)	(58)
.90	41	0	(.33)	(15)
.90	23	0	(.36)	(9)
.90	154	0	(.12)	(20)
.90	175	0	(.12)	(23)
.90	83	0	(.12)	(11)
.90	166	0	(.12)	(22)
.90	79	0	(.12)	(10)
.90	80	0	(.12)	(10)
.90	78	0	(.12)	(10)
.90	150	0	(.12)	(18)
.90	90	0	(.12)	(11)
.90	78	0	(.12)	(11)
.90	164	0	(.12)	(22)
.90	287	0	(.12)	(38)
	53,973			(9,246)

a) Represents a 25-Day supply of #6 oil. All other stations are based on estimated oil stocks for period.

Pa. P.U.C. Staff Adjustment
Inventory Adjustments Martins Creek #3 & #4 Residual Oil
(Dollars in Thousands)

	PP&L Requested Inventory 86.2% Cap. 56,000 Bbls/Day 25 days	P.U.C. Allowed Inventory 59.3% Cap. 38,525 Bbls/Day 20 days	P.U.C. Disallowed Inventory 26.9% Cap. 17,475 Bbls/Day 5 days @ 56,000 Bbls. 20 days @ 117,475 Bbls.	P.U.C. $ Adj. for Inv. Disallowed $	Alt. I. Net Result of Inv. Disallowed Assuming the following: 86.2% Cap. 56,000 Bbls/Day 20 days	Alt. II 59.3% Cap. 38,525 Bbls/Day 25 day
Total Active Inventory Barrels	1,400,000	770,500	629,500	19,936a 16,997b	280,000	436,875
Inactive Inventory Barrels						
Oil at Tank Bottoms	192,000	192,000	- 0 -			
Oil in IEC Pipeline	128,000	- o -	128,000	4,054a 3,456b	128,000	128,000
Total Inv. Barrels	1,720,000	962,500	757,500		408,000	564,875
Total Inv. Valued @ $31.67/Barrel	$ 54,472	$ 30,482		$23,990a	$ 12,921a	$ 17,889a
Total Inv. Valued @ $27.00/Barrel	$ 46,440	$25,988		$20,452b	$11,016b	$15,252b

If the per unit price remains at $31.67 and Sch. I is disallowed.

If the per unit price of $27.00 on Sch. I is allowed.

List of Interrogatories Applicable to

Direct Testimony

of

Dennis M. Kalbarczyk

Interrogatory Submitted by & Number	PP&L No. Assigned
Pa.PUC	
R-13	200.182050
V-10	200.182055
V-11	200.182056
RS-8	200.182086
R-34	200.182114
R-35	200.182115
R-36	200.182116
R-37	200.182117
V-15	200.182118
R-38	200.182119
R-39	200.182120
Q-9	175.182009
Q-40	200.182121
Office of Consumer Advocate	
Set 1 Q-20	200.282078
Leghihg Valley Power Committee	
Set I Q-26	200.382026
II Q-3	200.382057
Q-4	200.382058
Q-8	200.382062

Pennsylvania Power & Light Company
Response to Interrogatories
of the PUC Trial Staff
Set IV Dated December 16, 1982

Docket No. R-822169

Q. R-13. Provide copies of any monthly or annual forecast reports, schedules, workpapers, etc. identifying the PP&L station, and/or individual units which will sell power on the PJM interchange or through firm power sales. Provide a copy of the twelve months ended July 31, 1983 and 1982 highlighting the following areas (provide 1 copy with interrogatory):

a. MWH to be sold by station or units.
b. Fuel Cost associated with the stations or units.
c. Applicable Cost to be charged or identified on PJM system.
d. Estimated Selling Price and Profit to be realized thru the PJM transactions.

A. R-13abc. The MWH to be sold by stations and the fuel cost associated with these stations for the 12 months ended July, 31, 1982 are shown on Attachment 1. Interchange from specific stations is not identifiable in the pro-forma forecast of the 12 months ended July 31, 1983. However, estimates of MWH, total fuel cost, and fuel cost applicable to PJM Interchange sales by station fuel type are supplied on Attachment 2.

A. R-13d. Selling price and profit are only available by station fuel type for the 12 months ended July 31, 1982 as shown on Attachment 1. Estimates of selling price and profit by station fuel type for the 12 months ended July 31, 1983 on a pro-forma basis are included on Attachment 2.

HISTORICAL TEST YEAR (12 MONTHS ENDED 3021 31, 1981)

Station	(a) Output For Intersystem Deliveries (MWH)	(b) Total Fuel Cost	(c) Fuel Cost Applicable To Interchange Sales	(d) Selling Price (Billing Rate) (Mills/Kwh)	Estimated Profit ($)
Martins Creek 1-2 (Coal)	$ 730,037	$ 38,475,480	$ 17,619,441		
Brunner Island (Coal)	1,262,947	163,083,772	22,436,340		
Sunbury (Coal)	327,079	45,272,235	5,875,924		
Montour (Coal)	560,807	154,852,391	9,266,692	33.03 (2)	$41,625,028(3
Holtwood (Coal)	0	7,651,785	0		
Keystone (Coal)	15,799	13,152,308	193,495		
Conemaugh (Coal)	84,631	16,140,596	1,450,227		
Martins Creek 3-4 (Heavy Oil)	2,621,460	200,058,393	142,783,296	57.79	8,702,826
CT's & Diesels (Light Oil)	3,764	1,676,531	382,959	101.74	0
Total PP&L Stations	5,606,524	640,363,491	200,008,374		
Resale of Purchases	390,125		16,970,567(1)	47.94	1,733,611
Total Interchange Sales	5,996,649	$ 640,363,491	$216,978,941	44.87	$52,061,465

(1) Cost of Purchases
(2) Average for all Coal Energy Sold to PJM
(3) Total for all Coal Energy Sold to PJM

Attachment 1
200.182050

PRO-FORMA FUTURE TEST YEAR (12 MONTHS ENDING JULY 31, 1983)

Pro-forma Without SSES Unit 1 Station Fuel Type	(a) Output For Intersystem Deliveries (MWH)	(b) Total Fuel Cost (000)	(c) Fuel Cost Applicable To Interchange Sales (000)	(d) Selling Price (Billing Rate) (Mills/Kwh)	Estimated Profit (000)
Coal (Sold to PJM)	2,519,000	$ –	$ 46,806	31.8	$ 33,200
Coal (Sold to NU)	756,000	–	15,740	29.3	6,400
Total Coal	3,275,000	499,076	62,546		39,600
Heavy Oil (Sold to PJM)	4,120,000	277,392	222,993	60.5	26,200
Light Oil (Sold to PJM)	25,000	3,351	2,818	112.7	0
Total PP&L Stations	7,420,000	779,819	288,357		65,800
Resale of PP&L Share of PJM Pool Purchases	268,000	0	7,568 (Purchase Cost)	42.7	3,900
Total Interchange Sales	7,688,000	$ 779,819	$ 295,925	47.6	$ 69,700
Pro-forma With SSES Unit 1 Station Fuel Type					
Coal (Sold to PJM)	6,629,000	$ –	$ 123,448	35.6	$112,700
Coal (Sold to NU)	990,000	–	20,534	29.1	8,300
Total Coal	7,619,000	498,086	143,982		121,000
Heavy Oil (Sold to PJM)	4,753,000	259,750	258,466	60.4	28,300
Light Oil (Sold to PJM)	25,000	3,351	2,818	112.7	0
Total PP&L Stations	12,397,000	761,187	405,266		149,300
Resale of PP&L Share of PJM Pool Purchases	266,000	–	7,234 (Purchase Cost)	38.4	3,000
Total Interchange Sales	12,663,000	$ 761,187	$ 412,500	44.6	$152,300

Attachment 2
200,182050

Pennsylvania Power & Light Company
Response to Interrogatories
of the PUC Trial Staff
Set IV Dated December 16, 1982

Docket No. R-822169

Q. V-10. Refer to Exhibit Future 1, Schedule C-6, pages 1, 2, and 3:

a. On schedule C-6, page 2, provide, by station, the number of days stockpile and what capacity factor is assumed to arrive at estimated inventory levels.

b. Provide same information for C-6, page 3.

A. V-10. a. PP&L's bituminous coal policy is to maintain power plant bituminous coal inventory levels within a 30 to 45 day range. Prior to the expiration of the UMWA contract, a 90-day stockpile will have been built-up over a one year period. Levelizing the three year bituminous coal inventory program over the life of the UMWA contract, PP&L would expect to maintain an average of 50 days coal stock.

An exception to this policy is the bituminous coal supply at Keystone and Conemaugh which is not under PP&L's control. These stocks are determined by the Keystone/Conemaugh Operating Committee. Fuel stocks at Company operated bituminous-burning power plant are based upon the above indicated days stockpile at a specific daily burn rate. Such daily burn rates provide for the continuous operation of these plants during peak output.

	Coal Stock In Tons	Required Daily Burn Rate in Tons	Capacity Factor
Bituminous			
Brunner Island	600,000	12,000	83.6%
Sunbury	120,000	2,400	95.7%
Martins Creek	140,000	2,800	79.4%
Montour	625,000	12,500	89.3%

Since the present and projected markets for anthracite and petroleum coke are different than the bituminous coal market, i.e., more restricted supplies and subject to international market conditions, required inventory levels are subject only to coal yard space limitations for these fuels. These coal stocks are based upon a 13-month average for the test period. Therefore, such coal stocks were not based on any specific days stockpile, daily burn rates or capacity factors.

PP&L's system reserve of anthracite silt is required because of silt availability. Silt, which is a by-product of inefficient anthracite coal-cleaning operations in years past, is becoming extremely scarce since modern anthracite cleaning operations do not produce a usable silt product. The low-cost system reserves, which meet PP&L quality requirements, must be acquired from old silt deposits when available and held for future consumption.

b. Martins Creek #3 & #4 (No. 6 oil) normally operate within a minimum of 10-days supply during lighter burn periods and a maximum of 25-days supply during heavier burn periods. Levelizing the No. 6 oil inventory and accounting for occasional supply disruptions, the annual average inventory represents a 25-day supply. It should be noted that during certain disruptions a period of at least three weeks could elapse from the time a new supply is contracted for and oil enters the pipeline.

This 25-day supply is considered active inventory. In addition, there is inventory in the oil line and on the tank bottoms which is considered inactive. Although this oil is recoverable, special handling is required. An average inactive No. 6 oil inventory level of 320,000 bbls. is used for calculating the total No. 6 oil inventory at Martins Creek #3 & #4.

Fuel stocks at Martins Creek #3 & #4 are based upon the above indicated days stockpile at a specific daily burn rate. Such daily burn rates provide for the continuous operation of these units, during peak demand.

	Oil Stock In Bbls.	Daily Burn Rate in Bbls.	Capacity Factor
No. 6 Oil			
Martins Creek #3 & #4	1,720,000	56,000	86.2%

All other oil stocks are based upon a 13-month average for the test period. Therefore, such oil stocks were not based on any specific days stockpile, daily burn rates or capacity factors.

Pennsylvania Power & Light Company
Response to Interrogatories
of the PUC Trial Staff
Set IV Dated December 16, 1982

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Q. V-11. Please recalculate Exhibit Future 1, schedule C-6, pages 2 and 3 on th following basis:

a. Use the same number of days inventory as stated in answers to 10 & b, but ending inventory volumes must be based and calculated o the annual capacity factors generated at each unit as planned fo the twelve-month period ending July 31, 1983. Specify th capacity factor at each station. Note: Total Inventory Valu shall utilize the volumes calculated in V-11a times the per uni rates used on schedules C-6, pages 2 and 3.

A. V-11. See Attachment 1 and Attachment 2 of this response.

Line No.	Description		Coal Stock in Tons	Average Inventory Price Per Ton at 7/31/83	Total Inventory Value
	Bituminous				
1		Brunner Island	526,850(a)	$47.00	$ 24,762
2		Sunbury	103,400(a)	43.53	4,501
3		Martins Creek	119,300(a)	46.86	5,590
4		Montour	525,200(a)	47.67	25,036
5		Keystone	89,800	33.51	3,009
6		Conemaugh	105,800	43.85	4,639
	Anthracite				
7		Sunbury	1,263,800	8.76	11,701
8		Holtwood	159,200	23.32	3,712
	Petro Coke				
9		Sunbury	2,200	41.03	90
10		Holtwood	31,600	32.54	1,028
11	System Reserve (b)		4,723,800	4.43	20,926
12	Total				$104,994

(a) Represents a supply of bituminous utilizing the average annual daily burn rate based on the capacity factor for the 12-month period ending July 31, 1983 as follows: Brunner Island - 74.1%; Sunbury - 77.5%; Martins Creek - 69.5%; Montour - 75.5%. All other stations are based on a 13-month average of coal stocks not on capacity factors, days stockpile, etc.

(b) See explanation on Exhibit Future 1, Schedule C-6, page 2.

Note: The above calculated inventory levels at the Company's bituminous power plants produce less than a 50-day supply at the required daily burn rate necessary to provide continuous operation of these plants at peak output as shown below:

	Number of Days Supply
Brunner Island	44
Sunbury	43
Martins Creek	43
Montour	42

Pennsylvania Power & Light Company
Response of Interrogatories
of the PUC Trial Staff
Set VII Dated January 7, 1983

Docket No. R-822169

Q. RS-8. Provide the dispatch order of PP&L generating units used in the PROMOD analysis of the test year by load segment.

A. RS-8. Provided on attachment 1 is the dispatch order for the PP&L generating units by generation level as modeled in PROMOD. The dispatch order can vary from month to month for various reasons. One example is what occurs when Martins Creek Unit 3 or 4 is requested by the PJM dispatchers to generate through the nighttime hours instead of shutting down; in this way, the expense of starting these large oil-fired units is saved. The result is that in the dispatch order for that day, the first generation level (representing the unit's normal minimum) for Martins Creek 3 or 4 would appear before the higher generating levels of the PP&L coal units.

PP&L CO.
GENERATING UNIT DISPATCH ORDER[1]
USED IN PROMOD ANALYSIS
FOR FUTURE TEST YEAR 8/82-7/83

PP&L Co. Generating Plant	Unit Number	Generation Level (MW)[2]
Holtwood Hydro		20
Holtwood Hydro		102
Wallenpaupack		44
Susquehanna		945
Keystone	1	62
Keystone	2	62
Conemaugh	1	57
Conemaugh	2	57
Holtwood	17	36
Brunner Island	3	433
Montour	1	356
Montour	2	455
Sunbury	4	58
Brunner Island	2	140
Brunner Island	1	138
Sunbury	1 & 2	50
Sunbury	3	40
Keystone	1	84
Keystone	2	84
Keystone	1	101
Keystone	2	101
Conemaugh	1	77
Conemaugh	2	77
Conemaugh	1	91
Conemaugh	2	91
Sunbury	1 & 2	80
Sunbury	1 & 2	120
Sunbury	3	60
Sunbury	1 & 2	152
Montour	2	595
Montour	1	545
Sunbury	3	80
Brunner Island	2	264
Sunbury	4	86
Montour	2	730
Montour	1	730
Brunner Island	1	237
Holtwood	17	50
Brunner Island	2	387
Brunner Island	3	624
Brunner Island	1	331
Brunner Island	3	730
Sunbury	3	103
Sunbury	4	108
Holtwood	17	63
Holtwood	17	73
Sunbury	4	134
Martins Creek	1	40
Martins Creek	2	40

PP&L Co. Generating Plant	Unit Number	Generation Level (MW)[2]
Martins Creek	1	91
Martins Creek	2	91
Martins Creek	1	121
Martins Creek	2	121
Martins Creek	1	150
Martins Creek	2	150
Martins Creek	3	157
Martins Creek	4	157
Martins Creek	3	500
Martins Creek	4	500
Martins Creek	3	810
Martins Creek	4	810
Martins Creek and Sunbury (Combustion Turbines)		132
Allentown and Harrisburg (Combustion Turbines)		128
Harwood, Williamsport, and Jenkins (Combustion Turbines)		96
West Shore, Fishbach, and Lock Haven (Combustion Turbines)		90
Suburban (Combustion Turbine)		31
Martins Creek, Brunner Island, and Sunbury (Diesels)		19
Keystone and Conemaugh (Diesels)		3

NOTE 1: The dispatch order can vary from month to month for various reasons. Also, the PP&L Co. share (76 MW) of Safe Harbor Water and Power Corporation generation is not shown in the dispatch order because it is considered a firm purchase.

NOTE 2: This represents the normal continuous unit generating capability (PP&L Co. Share only) when not limited by air or cooling water temperature.

Pennsylvania Power & Light Company
Response to Interrogatories of the
PUC Trial Staff - Set XI
Dated February 8, 1983

Docket No. R-822169

Q. R-34. With regard to Interstate Energy Company (IEC), a wholly owned sub
sidiary of PP&L:

a) Submit a brief corporate history of IEC, including details of PP&L
involvement.

b) Indicate the length of the IEC pipeline and the volume of "inactiv
oil" maintained. Explain the "inactive oil" requirement.

c) Itemize IEC's current capital investment by account, to wit:
pipelines, building, equipment, etc.

d) List the companies serviced by IEC. Is the inactive oil inventc
allocated among such companies? If so, in what proportion
inventory charged to those companies and what is the basis for su
allocation?

e) What was the per barrel cost of oil for the first volumes of oil
the IEC pipeline necessary to satisfy the inactive oil inventc
requirement?

A. R-34. a) In 1971, Gulf Interstate Engineering Company (GIEC), a subsidiary
Gulf Interstate Corporation (GIC), was engaged by Pennsylvania Pov
& Light Company (PP&L) to design and construct an oil pipeli
transportation system to run primarily from south of Philadelphia
Martins Creek, Pennsylvania, where PP&L was in the process
constructing two new oil-fired generating units at its Martins Cr
Steam Electric Station. As originally contemplated, the pipel
system would be capable of transporting crude oil, residual oil
Number 2 heating oil for a number of electric utilities.

In 1972, a formal contract was executed among GIEC, PP&L and Int
state Energy Company (IEC), a subsidiary of GIEC. IEC, follow
extensive hearings, was granted a Certificate of Public Convenie
by the Pennsylvania Public Utility Commission at Docket No. A. 97
on February 6, 1973, under Section 201 of the Public Utility Law
supply pipeline transportation in Pennsylvania of boiler fuel
electric public utilities. On March 8, 1976, PP&L, through a whc
owned subsidiary, Realty Company of Pennsylvania, acquired all
the capital stock of IEC. PP&L filed on January 29, 1980, an app
cation to the Commission to enable it to acquire directly all of
IEC stock. This application was approved by the Commission
February 29, 1980 at Docket No. A-00101951 - F.500.

Philadelphia Electric oil is transported to the Cromby generati station at milepost 27. Jersey Central oil is transported to t Gilbert generating station by a branch pipeline and is transferr from the mainline pipeline at milepost 67. PP&L oil is transport to the Martins Creek generating station at milepost 84. In order transport high pour #6 fuel oil, which may have a pour point as hi as 110° Fahrenheit (it becomes a solid mass at temperatures le than pour point), the pipeline has heaters installed at sever points to maintain a temperature of at least 120°F. The pipeline fully charged at all times and holds approximately 128,000 barre of oil since movement through the line is by means of displacemer When the pipeline is shutdown for maintenance or other reasons, t #6 fuel oil in the line must be displaced with lighter oil whi will not solidify at normal ambient temperatures.

c) See Attachment 1 of this response.

d) The companies serviced by IEC are Jersey Central Power & Lig Company, Pennsylvania Power & Light Company and Philadelph Electric Company. IEC is a common carrier and provides an o transportation service to its three customers. The product tran ported is owned by the customers of the pipeline, IEC owns no oi No "allocation" of oil in the pipeline is made nor is proper. T oil in the pipeline at any given time can be owned by one, two all three of the customers depending on the batches being tran ported at the time.

e) The pipeline was first put into service in June 1976 using the car of residual oil purchased on June 1, 1976 at $10.89 per barrel. indicated in part "b" of this question, the movement through t system is by means of displacement; therefore, oil in the pipeli would be priced at the current average oil inventory cost.

Pennsylvania Power & Light Company

Net Book Value Carrier Property-In Service
At December 31, 1982 of Interstate Energy Company

Account Number	Description	Carrier Property In Service At 12/31/82	Reserve For Depreciation At 12/31/82	Net Book Value 12/31/82
151	Land	$ 296,629.17	$ -	$ 296,629.1
152	Right of Way	4,792,301.07	1,025,717.00	3,766,584.0
153	Line Pipe	8,249,864.73	1,807,235.00	6,442,629.7
154	Line Pipe Fittings	1,358,482.50	295,875.00	1,062,607.5
155	Pipeline Construction	31,727,255.91	6,959,570.46	24,767,685.4
156	Buildings	2,182,938.07	444,420.00	1,738,518.0
158	Pumping Equipment	1,189,934.07	227,463.00	962,471.0
159	Machine Tools & Machinery	7,117.00	1,564.00	5,553.0
160	Other Station Equipment	4,932,158.56	1,040,184.00	3,891,974.5
161	Oil Tanks	86,936.81	18,674.00	68,262.8
163	Communications Systems	68,873.60	5,440.00	63,433.6
164	Office Furniture and Fixtures	176,594.33	44,533.00	132,061.3
165	Operating Equipment	108,191.65	70,174.50	38,017.1
166	Other Property	3,381.39	561.00	2,820.3
		$55,180,658.86	$11,941,410.96	$43,239,247.9

Pennsylvania Power & Light Company
Response to Interrogatories of the
PUC Trial Staff - Set XI
Dated February 8, 1983

Docket No. R-822169

Q. R-35. With regard to the Martins Creek off-site storage facility, please provide the following:

a) Description of the facility to include, but not limited to:

1. storage capacity

2. inactive inventory level requirement

3. capital cost

4. associated rate base claim in the current rate case

5. O&M costs of the facility for the test year and historic period.

b) Does PP&L lease or otherwise provide any of its Martins Creek storage facility to any other affiliated or non-affiliated entity? If so:

1. identify such entity(ies) and attach copies of applicable contracts;

2. provide the monthly amounts of oil stored and cost charged to such entity(ies) over the past 24 months;

3. describe how associated revenues collected by PP&L are booked;

4. what transactions are projected for the test period and how are associated revenues reflected in the instant rate case filing?

A. R-35.

a.1) The Martins Creek Tank Farm consists of four residual oil storage tanks with a total gross capacity of 1,676,680 barrels and two #2 oil storage tanks with a total gross capacity of 208,717 barrels.

a.2) The gross "inactive" inventory level of the residual oil tanks during normal operation is 183,059 barrels. The gross "inactive" inventory level of #2 oil is 2,487 barrels.

a.3&4) PP&L leases the tank farm facilities from Bankers Leasing Corporation. Therefore, no Measures of Value claim has been made for these facilities.

a.5) O&M costs charged to PP&L by Gulf Interstate Energy, Inc. (GIEI), operators of the tank farm facilities for the historic test year were $1,931,394 and are projected to be $1,936,000 for the future test year.

b.1-4) PP&L does not lease or otherwise provide any of its Martins Creek storage facility to any other affiliated or non-affiliated entity. The sole purpose of the tank farm is to provide adequate storage capacity for the Martins Creek oil fired units.

Pennsylvania Power & Light Company
Response to Interrogatories of the
PUC Trial Staff - Set XI
Dated February 8, 1983

Docket No. R-822169

Q. R-36. Does the 1,720,000 barrels of oil shown on PP&L Exhibit Future 1, S
C-6, page 3, line 1, reflect only PP&L's share of inventory at July
1983? If not, identify the projected inventory levels, by user,
Martins Creek for the period ending July 31, 1983.

A. R-36. The 1,720,000 barrels of oil inventory shown in the referenced exhi
reflects only PP&L's projected inventory of residual oil. This oil
stored principally at the Martins Creek Tank Farm and the Marcus H
Terminal facilities.

Pennsylvania Power & Light Company
Response to Interrogatories of the
PUC Trial Staff - Set XI
Dated February 8, 1983

Docket No. R-822169

Q. R-37. If the answer to Staff Interrogatory No. R-36 is "yes", will there additional volumes in inventory at Martins Creek as of July 31, 1 maintained for users other than PP&L? If so, please identify all s users and indicate dates and projected July 31, 1983 inventory volume

A. R-37. The Martins Creek tank farm serves only PP&L's Martins Creek generat station. No other users' oil is stored in these facilities.

Pennsylvania Power & Light Company
Response to Interrogatories
of the Office of Consumer Advocate
Set I - Capacity Requirements/Energy Savings
Dated January 3, 1983

Docket No. R-822169

Q.20. Please provide copies of all workpapers, computer printouts, and input data for computer programs used in developing WFH-3. Please include any and all documentation necessary to understand computer input and output.

A.20. One copy of the following items is being supplied to the Office of Consumer Advocate. Because this material is voluminous, copies are not attached to responses supplied to other parties. Copies of this material will be made available for inspection at the Company's headquarters in Allentown or in the hearing room during these proceedings.

- Descriptive summary of the data and procedures used in development of data in Exhibit WFH-3, including
  - Procedure for the determination of PP&L's Direct Cost of Power using PP&L's DCP program.
  - Discussion of methods used in the Economic Analysis of Benefits due to Susquehanna.
  - Example copies and descriptions of the actual data from PP&L's Prod Cost and DCP programs.
- A copy of all workpapers related to the calculation of the data in Exhibit WFH-3, from computer output to its final form.
- Card image descriptions of our production costing program's (PROD COST) input and output data (from the user's guide).
- A copy of the base case input dataset to PP&L's Prod Cost program, with applicable comments were needed, plus a copy of all input data changes related to the various sensitivity scenarios.
- A copy of all PP&L related output from PP&L's Prod Cost program, for the base case and all sensitivity cases.
- A copy of all the output from PP&L's DCP program for all the cases examined including
  - The output DCP summaries for all years up to 1995 and
  - a summary of the input data to the program for all the years included in the DCP output summaries.

STATION	1983 GWH (1)	1983 CF (2)	1984 GWH	1984 CF	1985 GWH	1985 CF	1986 GWH	1986 CF	GWH	CF
BRUNNER ISLAND (1-3)	9413	74	9321	73	9267	72	9319	73	9283	73
MARTINS CREEK (1-2)	1598	61	1441	55	1307	53	1366	52	1259	48
SUNBURY (1-4)	2509	74	2290	67	2287	67	2228	66	2151	63
HOLTWOOD (17)	541	86	503	79	535	84	536	84	533	84
MONTOUR (1-2)	9963	77	9928	77	9960	77	9942	77	9867	76
SUBTOTAL	24024	74	23483	73	23436	72	23391	72	23093	71
KEYSTONE (PL SHARE)	1125	63	1179	66	1143	64	1177	65	1192	66
CONEMAUGH (PL SHARE)	850	50	828	49	856	50	813	10	802	47
SUBTOTAL (PL COAL)	25999	72	25491	71	25435	71	25381	60	25087	70
MARTINS CREEK (3-4)	3010	27	2467	17	2307	16	2020	14	1900	13
SUSQ OWNED (1-2) (3)	3043	64	4405	51	9806	64	9501	62	10079	65
SUBTOTAL (PL STEAM)	32052	60	32363	55	37548	57	36901	51	37066	56
SUSQUEHANNA BUYBACK	225	64	306	51	640	64	497	62	400	65
COMB TURB & DIESELS (4)	30	1	30	1	30	1	30	1	30	1
PL OWNED HYDRO (5)	965	50	965	50	985	40	1030	41	1030	41
TEST POWER (6)	1754		2268		0		0		0	
TOTAL GENERATION	35026		35932		39203		38459		38535	
ENERGY INTERCHANGE										
IMPORTS (7)	591		753		538		600		655	
EXPORTS (7)	11090		10755		13630		12597		12106	
SYSTEM NET OUTPUT (8)	25327		25930		26112		26462		27083	

(1) All fossil station and total Susquehanna (owned + buyback) generations obtained from Pool [illegible], except CT which is set manually.
(2) [illegible] on winter ratings
(3) Does not include Allegheny Electric [illegible] Atlantic [illegible] Electric shares
(4) Based on recent history.
(5) [illegible] on [illegible] yr. history. Increases in [illegible] and 1995 reflect [illegible] and Holtwood expansions
(6) [illegible] produced while testing Susquehanna [illegible] commercial in-service
(7) Includes [illegible] pool-to-pool energy added to both imports and exports
(8) Equal to customer sales plus [illegible] Electric obligation plus losses and [illegible]

Pennsylvania Power & Light Company
Response to Interrogatories
of the Lehigh Valley Power Committee
Set I Dated January 7, 1983

Docket No. R-822169

Q. 26. Provide PP&L and PJM forced outage rates on a monthly basis from 1978 to the present.

A. 26. The PP&L and PJM forced outage rates on a monthly basis from January 1978 through September 1982 are listed on the attachment. Data for October through December 1982 is not available at this time.

The forced outage rates listed on the attachment are calculated over the PJM weekday peak hours for each month.

PP&L AND PJM FORCED OUTAGE RATES
JANUARY 1978 THROUGH SEPTEMBER 1982

PP&L FORCED OUTAGE RATES

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	27.10	22.67	20.76	6.54	11.05	10.38	12.00	11.22	15.87	15.22	9.57	10.65
1979	11.29	12.45	8.99	5.79	8.60	14.07	10.23	11.94	10.96	8.87	6.90	2.61
1980	11.32	11.33	9.49	6.44	7.99	7.85	11.58	11.22	8.32	6.24	13.19	16.99
1981	12.67	13.25	11.15	8.82	14.01	12.77	18.48	17.27	13.31	6.34	6.17	9.32
1982	9.76	8.81	7.40	5.77	7.85	7.18	13.60	9.56	6.89	-	-	-

PJM FORCED OUTAGE RATES

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	19.77	17.92	17.66	14.66	15.21	14.23	13.03	13.21	10.97	11.24	12.67	14.08
1979	16.25	11.83	10.28	11.56	15.32	15.23	14.99	16.25	18.90	17.62	16.82	14.53
1980	15.71	15.99	16.78	12.95	14.44	13.85	15.23	16.30	15.95	13.99	16.14	18.30
1981	18.68	16.57	16.97	20.71	19.48	20.88	18.34	15.77	13.23	13.09	14.46	15.43
1982	12.27	14.44	12.18	12.31	13.01	14.85	17.15	15.04	12.79	-	-	-

Attachment 1
200.382026

Q. 3 Provide the monthly net generation of each PP&L generating unit for:

a. Calendar year 1980 to date.
b. All 1983 PP&L forecasts. Provide the purpose for each forecast (i.e., FERC, ECR, etc.), the date of each forecast, and an explanation as to why the forecast was changed from prior forecasts.

A. 3 a. See Attachment I

b. See Attachment II

NET GENERATION FOR P.P.& L. UNITS
1980

	January	February	March
Brunner Island 1	181,252	213,576	214,437
Brunner Island 2	243,524	246,296	240,447
Brunner Island 3	450,371	385,647	448,372
Total	875,147	845,519	903,256
Martins Creek 1	31,862	64,434	84,839
Martins Creek 2	90,471	92,247	90,668
Martins Creek 3	409,067	354,869	349,586
Martins Creek 4	361,631	188,946	286,665
Total	974,031	700,496	811,758
Montour 1	520,101	366,313	2,724
ATG #11	4,631	4,358	0
Montour 2	407,997	497,045	530,776
Total	932,729	867,716	533,500
Sunbury 1	52,395	42,179	47,738
Sunbury 2	4,691	3,165	52,392
Sunbury 3	68,283	65,681	71,268
Sunbury 4	93,779	77,460	77,792
Total	219,148	188,485	249,190
Holtwood	52,156	48,994	22,648
Holtwood Hydro	58,176	29,400	59,808
Wallenpaupack	7,636	3,834	4,607
Keystone (PL Share)	88,776	57,807	77,564
Conemaugh (PL Share)	79,576	94,075	98,883
CT's & Diesels	2,658	3,852	4,187
Total Stations	3,290,033	2,840,158	2,765,401

NET GENERATION FOR P.P.& L. UNITS
1980

	April	May	June
Brunner Island 1	211,904	201,213	167,551
Brunner Island 2	230,154	229,685	231,784
Brunner Island 3	261,803	(1,185)	404,127
Total	703,861	429,713	803,462
Martins Creek 1	74,418	95,241	79,317
Martins Creek 2	31,877	93,116	80,686
Martins Creek 3	157,544	302,616	175,122
Martins Creek 4	85,644	64,434	251,500
Total	349,483	555,407	586,625
Montour 1	423,474	470,383	384,307
ATG #11	4,752	2,526	4,316
Montour 2	499,213	420,064	486,327
Total	927,439	892,973	874,950
Sunbury 1	43,129	46,564	47,914
Sunbury 2	44,482	50,959	54,367
Sunbury 3	68,736	2,953	(1,277)
Sunbury 4	28,092	73,864	86,264
Total	184,439	174,340	187,268
Holtwood	(449)	42,756	42,059
Holtwood Hydro	73,125	70,552	41,415
Wallenpaupack	16,573	4,386	3,594
Keystone (PL Share)	111,919	108,132	123,667
Conemaugh (PL Share)	80,840	88,300	118,675
CT's & Diesels	320	1,296	875
Total Stations	2,447,538	2,367,855	2,782,590

NET GENERATION FOR P.P.& L. UNITS
1980

	July	August	September
Brunner Island 1	217,282	185,530	123,689
Brunner Island 2	236,460	261,917	191,016
Brunner Island 3	524,570	365,718	413,159
Total	978,312	813,165	727,864
Martins Creek 1	30,762	3,053	36,783
Martins Creek 2	88,978	70,639	71,969
Martins Creek 3	274,295	253,590	153,837
Martins Creek 4	269,818	341,956	176,670
Total	663,853	669,238	439,259
Montour 1	346,538	380,309	445,805
ATG #11	3,084	4,241	3,114
Montour 2	430,932	523,990	415,745
Total	780,554	908,540	864,664
Sunbury 1	49,850	52,684	52,970
Sunbury 2	56,364	59,441	56,627
Sunbury 3	(1,739)	(3,283)	(3,073)
Sunbury 4	90,786	90,210	83,485
Total	195,261	199,052	190,009
Holtwood	41,398	43,660	44,020
Holtwood Hydro	29,245	20,799	10,890
Wallenpaupack	6,029	5,282	6,710
Keystone (PL Share)	128,395	127,270	130,218
Conemaugh (PL Share)	118,515	118,182	98,169
CT's & Diesels	7,781	6,398	2,133
Total Stations	2,949,343	2,911,586	2,513,936

NET GENERATION FOR P.P.& L. UNITS
1980

	October	November	December
Brunner Island 1	101,393	199,893	148,249
Brunner Island 2	244,118	1,712	140,698
Brunner Island 3	476,633	497,418	457,695
Total	822,144	699,023	746,642
Martins Creek 1	88,229	82,302	99,296
Martins Creek 2	89,121	68,044	74,568
Martins Creek 3	163,156	408	181,706
Martins Creek 4	220,151	260,967	327,214
Total	560,657	411,721	682,784
Montour 1	524,286	503,940	465,475
ATG #11	0	6,068	5,219
Montour 2	11,818	503,744	512,914
Total	536,104	1,013,752	983,608
Sunbury 1	51,931	28,870	39,841
Sunbury 2	57,586	40,171	54,598
Sunbury 3	23,606	71,173	75,545
Sunbury 4	86,614	60,125	92,498
Total	219,737	200,339	262,482
Holtwood	43,986	13,665	40,536
Holtwood Hydro	13,590	23,757	39,697
Wallenpaupack	870	1,758	1,681
Keystone (PL Share)	116,549	137,378	104,733
Conemaugh (PL Share)	93,595	98,316	113,158
CT's & Diesels	344	2,470	522
Total Stations	2,407,576	2,602,179	2,975,843

NET GENERATION FOR P.P.& L. UNITS
1981

	January	February	March
Brunner Island 1	172,649	189,043	121,680
Brunner Island 2	232,601	216,449	246,654
Brunner Island 3	517,415	354,627	416,799
Total	922,655	760,119	785,133
Martins Creek 1	84,284	72,083	92,498
Martins Creek 2	53,197	70,478	89,866
Martins Creek 3	310,699	125,859	280,748
Martins Creek 4	247,114	227,141	330,863
Total	695,294	495,561	793,975
Montour 1	518,092	453,808	93,426
ATG #11	6,033	5,690	1,042
Montour 2	534,453	463,371	473,336
Total	1,058,578	922,869	567,804
Sunbury 1	8,720	8,107	47,595
Sunbury 2	55,168	45,094	48,675
Sunbury 3	69,442	61,585	72,769
Sunbury 4	80,209	42,658	56,624
Total	213,539	157,444	225,663
Holtwood	51,082	23,755	19,341
Holtwood Hydro	16,716	52,208	58,170
Wallenpaupack	497	515	4,439
Keystone (PL Share)	103,274	110,891	129,426
Conemaugh (PL Share)	33,256	34,632	103,703
CT's & Diesels	5,932	701	1,984
Total Stations	3,100,823	2,558,695	2,689,638

NET GENERATION FOR P.P.& L. UNITS
1981

	April	May	June
Brunner Island 1	61,330	58,077	(2,056)
Brunner Island 2	202,138	236,874	217,181
Brunner Island 3	363,412	(1,343)	232,861
Total	626,880	293,608	447,986
Martins Creek 1	87,739	67,804	93,185
Martins Creek 2	16,282	80,254	82,613
Martins Creek 3	292,381	260,104	319,105
Martins Creek 4	312,091	29,346	306,574
Total	708,493	437,508	801,477
Montour 1	331,256	499,854	485,689
ATG #11	3,549	4,545	5,669
Montour 2	505,989	336,652	495,968
Total	840,794	841,051	987,326
Sunbury 1	47,668	44,626	50,373
Sunbury 2	46,872	38,003	51,093
Sunbury 3	15,439	66,510	65,761
Sunbury 4	78,295	85,608	54,942
Total	188,274	234,747	222,169
Holtwood	16,548	53,218	51,243
Holtwood Hydro	65,948	70,148	64,127
Wallenpaupack	4,556	11,446	6,759
Keystone (PL Share)	90,985	45,182	74,750
Conemaugh (PL Share)	64,196	44,943	41,157
CT's & Diesels	264	5,134	11,043
Total Stations	2,606,938	2,036,985	2,708,037

NET GENERATION FOR P.P.& L. UNITS
1981

	July	August	September
Brunner Island 1	155,632	191,729	209,314
Brunner Island 2	242,777	251,369	153,948
Brunner Island 3	297,830	476,029	322,197
Total	696,239	919,127	685,459
Martins Creek 1	36,921	75,212	81,731
Martins Creek 2	76,983	78,793	70,377
Martins Creek 3	277,382	159,516	156,844
Martins Creek 4	311,324	227,503	175,051
Total	702,610	541,024	484,003
Montour 1	510,650	308,113	259,672
ATG #11	1,878	883	1,275
Montour 2	193,603	240,734	500,093
Total	706,131	549,730	761,040
Sunbury 1	46,918	47,059	40,754
Sunbury 2	46,250	47,204	43,185
Sunbury 3	62,978	57,474	51,587
Sunbury 4	82,355	82,526	80,144
Total	238,501	234,263	215,670
Holtwood	38,286	51,722	49,749
Holtwood Hydro	41,548	22,316	22,933
Wallenpaupack	6,413	4,668	7,847
Keystone (PL Share)	116,740	103,721	59,807
Conemaugh (PL Share)	74,366	102,092	108,468
CT's & Diesels	2,312	2,462	570
Total Stations	2,623,146	2,531,125	2,395,546

NET GENERATION FOR P.P.& L. UNITS
1981

	October	November	December
Brunner Island 1	155,428	190,142	193,262
Brunner Island 2	204,159	69,364	195,914
Brunner Island 3	502,577	435,058	406,687
Total	862,164	694,564	795,863
Martins Creek 1	79,653	67,252	66,159
Martins Creek 2	73,044	42,848	56,611
Martins Creek 3	(1,421)	(2,051)	31,518
Martins Creek 4	191,024	50,536	85,944
Total	342,300	158,585	240,232
Montour 1	486,240	349,921	467,957
ATG #11	1,198	3,255	4,772
Montour 2	112,765	464,770	526,108
Total	600,203	817,946	998,837
Sunbury 1	51,592	48,462	43,459
Sunbury 2	44,893	40,078	38,847
Sunbury 3	60,850	40,653	49,329
Sunbury 4	82,607	69,143	75,856
Total	239,942	198,336	207,491
Holtwood	39,919	51,952	53,298
Holtwood Hydro	38,648	62,984	52,874
Wallenpaupack	1,590	4,892	(32)
Keystone (PL Share)	55,457	51,162	123,149
Conemaugh (PL Share)	72,862	105,765	76,937
CT's & Diesels	323	176	347
Total Stations	2,253,408	2,146,362	2,548,996*

*Does not include 3 of Harwood Wind Turbine.

NET GENERATION FOR P.P.& L. UNITS
1982

	January	February	March
Brunner Island 1	196,382	182,148	227,536
Brunner Island 2	205,927	228,354	251,311
Brunner Island 3	479,044	340,942	487,164
Total	881,353	751,444	966,011
Martins Creek 1	79,142	77,995	96,690
Martins Creek 2	83,229	74,730	84,660
Martins Creek 3	282,904	257,514	166,953
Martins Creek 4	266,587	252,887	272,241
Total	711,862	663,126	620,544
Montour 1	423,918	455,727	412,249
ATG #11	3,686	4,404	3,911
Montour 2	393,976	422,447	470,545
Total	821,580	882,578	886,705
Sunbury 1	44,822	36,686	41,365
Sunbury 2	35,224	39,047	41,338
Sunbury 3	64,313	55,079	28,108
Sunbury 4	77,156	73,420	78,763
Total	221,515	204,232	189,574
Holtwood	48,996	40,424	6,105
Holtwood Hydro	51,815	61,906	71,383
Wallenpaupack	736	1,509	8,390
Keystone (PL Share)	119,958	98,869	119,784
Conemaugh (PL Share)	85,328	43,992	88,175
CT's & Diesels	8,909	321	426
Total Stations	2,952,052	2,748,401	2,957,097

NET GENERATION FOR P.P.& L. UNITS
1982

	April	May	June
Brunner Island 1	212,278	200,062	42,943
Brunner Island 2	240,890	219,931	209,654
Brunner Island 3	361,476	61,993	403,793
Total	814,644	481,986	656,390
Martins Creek 1	73,581	58,087	52,490
Martins Creek 2	43,621	44,345	46,689
Martins Creek 3	148,785	115,925	70,421
Martins Creek 4	248,030	166,746	111,866
Total	514,017	385,103	281,466
Montour 1	30,184	381,982	395,983
ATG #11	283	3,931	4,091
Montour 2	468,201	461,183	487,085
Total	498,668	847,096	887,159
Sunbury 1	43,855	45,635	40,442
Sunbury 2	44,167	44,388	41,062
Sunbury 3	55,470	50,925	54,845
Sunbury 4	41,600	(286)	69,781
Total	185,092	140,662	206,130
Holtwood	42,780	52,595	50,750
Holtwood Hydro	71,925	56,173	64,720
Wallenpaupack	16,668	5,509	11,057
Keystone (PL Share)	125,326	92,621	78,011
Conemaugh (PL Share)	44,872	45,962	84,036
CT's & Diesels	234	425	441
Total Stations	2,314,226	2,108,132	2,320,160

NET GENERATION FOR P.P.& L. UNITS
1982

	July	August	September
Brunner Island 1	153,693	137,026	145,954
Brunner Island 2	225,284	55,015	195,264
Brunner Island 3	336,074	461,719	391,706
Total	715,051	653,760	732,924
Martins Creek 1	20,174	29,769	44,946
Martins Creek 2	57,843	50,325	34,829
Martins Creek 3	108,585	67,700	50,213
Martins Creek 4	133,880	87,153	35,662
Total	320,482	234,947	165,650
Montour 1	426,692	462,036	479,507
ATG #11	3,671	3,202	2,287
Montour 2	416,630	341,661	213,450
Total	846,993	806,899	695,244
Sunbury 1	43,730	43,892	28,192
Sunbury 2	41,087	43,196	27,139
Sunbury 3	50,792	53,013	54,889
Sunbury 4	82,302	78,120	76,693
Total	217,911	218,221	189,913
Holtwood	51,712	49,380	34,947
Holtwood Hydro	44,621	24,190	15,654
Wallenpaupack	4,750	2,318	1,550
Keystone (PL Share)	85,424	121,877	115,903
Conemaugh (PL Share)	81,631	70,645	71,666
CT's & Diesels	1,138	558	272
Total Stations	2,369,713	2,182,795	2,023,723

NET GENERATION FOR P.P.& L. UNITS
1982

	October	November	December
Brunner Island 1	180,221	176,406	209,300
Brunner Island 2	239,912	232,742	226,089
Brunner Island 3	460,412	470,740	423,150
Total	880,545	879,888	858,539
Martins Creek 1	36,433	44,400	71,746
Martins Creek 2	66,423	73,761	49,496
Martins Creek 3	65,665	139,746	(3,057)
Martins Creek 4	(3,709)	11,769	131,365
Total	164,812	269,676	249,550
Montour 1	444,580	496,731	489,813
ATG #11	226	4,624	5,434
Montour 2	134,250	418,689	495,100
Total	579,056	920,044	990,347
Sunbury 1	45,262	46,573	48,057
Sunbury 2	40,895	45,580	47,551
Sunbury 3	62,506	61,340	63,025
Sunbury 4	86,835	79,311	92,133
Total	235,498	232,804	250,766
Holtwood	53,579	51,499	53,387
Holtwood Hydro	15,418	27,219	51,778
Wallenpaupack	2,205	31	349
Keystone (PL Share)	131,645	101,356	113,788
Conemaugh (PL Share)	51,633	50,934	94,965
CT's & Diesels	297	286	378
Total Stations	2,114,688	*2,533,737	2,663,847**

*Does not include 36,833 mwh Susq. Test Generation.
**Does not include 255,815 mwh Susq. Test Generation.

MONTHLY NET GENERATION BY GENERATING UNIT CALENDAR YEAR, 1983

	PRELIMINARY 1983 OPERATING BUDGET FORECAST	FINAL 1983 OPERATING BUDGET FORECAST
Purpose	Preliminary estimate of 1983 energy costs for use in rate case (1983 Preliminary Operating Budget)	Final estimate of 1983 energy costs for use in final 1983 Operating Budget and 1983-84 ECR Forecast.
Date Forecast Made	6/82	12/82
Reason Forecast Changed	-	Revised customer sales forecast, new bi-lateral energy contracts resulted in higher generation for most coal units with a slight decrease in oil units.
Data	See Attachment II, Pages 2-3	See Attachment II, Pages 4-5

MONTHLY NET GENERATION
BY GENERATING UNIT
CALENDAR YEAR 1983
PRELIMINARY OPERATING BUDGET
(GWH)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Brunner Island #1	2,118	203	181	203	194	183	40	178	185	179	189	186	197
#2	2,531	244	219	244	234	226	213	207	22	221	233	228	240
#3	4,532	433	388	435	305	118	386	400	413	399	419	411	425
Total	9,181	880	788	882	733	527	639	785	620	799	841	825	862
Martins Creek #1	728	73	68	75	69	47	54	60	65	18	62	69	68
#2	704	73	68	76	69	47	43	0	66	59	65	70	68
Total	1,432	146	136	151	138	94	97	60	131	77	127	139	136
Sunbury #1-2	1,044	61	73	101	97	97	86	89	91	88	90	81	90
#3	681	67	54	17	64	61	56	58	60	58	61	60	65
#4	818	83	66	84	77	21	67	68	76	73	77	48	78
Total	2,543	211	193	202	238	179	209	215	227	219	228	189	233
Keystone (PL Share) #1	621	58	52	58	56	58	55	57	57	55	52	6	57
#2	538	54	50	54	14	0	44	54	54	52	54	53	55
Total	1,159	112	102	112	70	58	99	111	111	107	106	59	112
Conemaugh (PL Share) #1	596	51	46	51	48	51	48	51	51	49	51	48	51
#2	554	51	46	51	50	51	50	51	51	15	37	50	51
Total	1,150	102	92	102	98	102	98	102	102	64	88	98	102
Montour #1	4,932	469	422	378	90	448	425	440	452	437	459	447	465
#2	4,965	468	422	468	451	454	432	447	454	234	223	446	466
Total	9,897	937	844	846	541	902	857	887	906	671	682	893	931
Holtwood #17	470	47	38	6	41	42	39	41	44	43	38	45	46
Total Coal Units	25,832	2,435	2,193	2,301	1,859	1,904	2,038	2,201	2,141	1,980	2,110	2,248	2,422

MONTHLY NET GENERATION
BY GENERATING UNIT
CALENDAR YEAR 1983
PRELIMINARY OPERATING BUDGET
(GWH)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Martins Creek #3	2,357	260	260	261	55	83	150	213	227	187	175	256	230
#4	2,477	263	267	266	221	63	137	208	230	181	157	260	224
Total	4,834	523	527	527	276	146	287	421	457	368	332	516	454
Total Fossil Steam	30,666	2,958	2,720	2,828	2,135	2,050	2,325	2,622	2,598	2,348	2,442	2,764	2,876
Susquehanna #1 (PL 90% Share) (Commercial Generation)	3,375	0	0	0	0	225	450	450	450	450	450	450	450
Susquehanna #1 (PL 90% Share) (Test Period Generation)	1,580	351	351	351	351	176	0	0	0	0	0	0	0
Total Susquehanna #1 (PL 90% Share)	4,955	351	351	351	351	401	450	450	450	450	450	450	450
Combustion Turbines	28	6	2	2	0	5	4	3	4	1	0	1	0
Diesels	2	0	0	0	0	0	1	0	0	0	0	0	1
Holtwood Hydro	584	55	53	70	70	66	49	36	28	25	31	46	55
Wallenpaupack Hydro	77	8	7	7	8	6	6	6	6	6	6	5	6
Safe Harbor Hydro (PL 1/3 Share)	302	28	28	45	45	37	22	14	10	9	14	22	28
Total Generation	36,614	3,406	3,161	3,303	2,609	2,565	2,857	3,131	3,096	2,839	2,943	3,288	3,416

MONTHLY NET GENERATION
BY GENERATING UNIT
CALENDAR YEAR 1983
FINAL OPERATING BUDGET
(GWH)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Brunner Island #1	2,215	205	185	205	198	205	44	196	196	190	196	190	205
#2	2,669	246	222	245	238	245	230	238	92	199	238	230	246
#3	4,696	437	395	437	311	128	418	432	432	418	432	418	438
Total	9,580	888	802	887	747	578	692	866	720	807	866	838	889
Martins Creek #1	817	79	71	79	72	71	67	70	72	21	68	72	75
#2	799	71	72	81	74	73	69	19	41	72	75	75	77
Total	1,616	150	143	160	146	144	136	89	113	93	143	147	152
Sunbury #1-2	1,049	61	78	101	98	101	90	93	93	80	86	81	87
#3	778	68	73	17	66	68	60	62	62	90	62	60	90
#4	852	87	62	87	81	25	80	83	83	60	83	53	68
Total	2,679	216	213	205	245	194	230	238	238	230	231	194	245
Keystone (PL Share) #1	618	13	41	57	56	57	55	57	57	55	57	56	57
#2	567	57	52	58	28	0	33	57	57	55	57	55	58
Total	1,185	70	93	115	84	57	88	114	114	110	114	111	115
Conemaugh (PL Share) #1	566	48	43	48	46	48	47	48	48	47	48	47	48
#2	482	44	40	45	43	45	43	44	45	13	32	43	45
Total	1,048	92	83	93	89	93	90	92	93	60	80	90	93
Montour #1	5,043	470	425	379	90	470	449	464	464	449	464	449	470
#2	5,027	468	423	468	453	468	447	462	461	238	224	447	468
Total	10,070	938	848	847	543	938	896	926	925	687	688	896	938
Wallwood #17	518	49	44	6	43	49	47	48	48	47	41	47	49
Total Coal Units	26,696	2,403	2,226	2,313	1,897	2,053	2,179	2,373	2,251	2,034	2,163	2,323	2,481

MONTHLY NET GENERATION
BY GENERATING UNIT
CALENDAR YEAR 1983
FINAL OPERATING BUDGET
(GWH)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Martins Creek #3	2,301	272	238	259	49	126	138	177	212	204	175	231	220
#4	2,461	287	250	272	186	107	142	184	222	214	153	231	213
Total	4,762	559	488	531	235	233	280	361	434	418	328	462	433
Total Fossil Steam	31,458	2,962	2,714	2,844	2,132	2,286	2,459	2,734	2,685	2,452	2,491	2,785	2,914
Susquehanna #1 (PL 90% Share) (Commercial Generation)	3,375	0	0	0	0	225	450	450	450	450	450	450	450
Susquehanna #1 (PL 90% Share) (Test period Generation)	1,580	351	351	351	351	176	0	0	0	0	0	0	0
Total Susquehanna (PL 90% Share)	4,955	351	351	351	351	401	450	450	450	450	450	450	450
Combustion Turbines	28	6	2	2	0	5	4	3	4	1	0	1	0
Diesels	2	0	0	0	0	0	1	0	0	0	0	0	1
Holtwood Hydro	584	55	53	70	70	66	49	36	28	25	31	46	55
Wallenpaupack Hydro	77	8	7	7	8	6	6	6	6	6	6	5	6
Safe Harbor Hydro (PL 1/3 Share)	302	28	28	45	45	37	22	14	10	9	14	22	28
Total Generation	37,406	3,410	3,155	3,319	2,606	2,801	2,991	3,243	3,183	2,943	2,992	3,309	3,454

Pennsylvania Power & Light Company
Response to Interrogatories
Of the Lehigh Valley Power Committee
Set II Dated January 24, 1983

Docket No. R-822169

Q. 4. Provide annual forced outage rate of each PP&L generating unit for:

a. Calendar year 1976 to date.

b. All 1983 PP&L forecasts. Provide the purpose for each forecast (i.e., FERC, ECR, etc.), the date of each forecast, and an explanation as to why the forecast was changed from prior forecasts.

A. 4.a The annual forced outage rates for each generating unit are listed in Attachment 1, pages 1 to 4.

A. 4.b The 1983 forecasted forced outage rate is listed in Attachment 2. The forecast was prepared in June, 1982 for the preliminary 1983 Operating Budget. The same data was used in the final 1983 Operating Budget.

1976-1982 ANNUAL FORCED OUTAGE RATES

STEAM STATIONS	1976 %	1977 %	1978 %	1979 %	1980 %	1981 %	1982 %
Brunner Island No. 1	5.44	7.29	12.40	9.97	15.58	31.64	15.85
Brunner Island No. 2	7.09	11.19	10.60	14.81	15.32	16.28	10.53
Brunner Island No. 3	14.26	17.24	22.25	15.91	13.39	18.33	11.65
Holtwood S.E.S.	4.67	2.24	9.37	8.06	13.52	11.68	5.68
Martins Creek No. 1	18.88	16.41	19.44	35.81	22.67	13.69	10.23
Martins Creek No. 2	11.92	8.40	24.92	31.30	18.44	18.69	10.58
Martins Creek No. 3	18.96	20.66	16.78	14.67	15.23	20.14	10.81
Martins Creek No. 4	-	14.61*	16.15	13.92	13.14	11.54	6.45
Montour No. 1	20.40	11.32	17.07	8.28	11.19	13.24	10.84
Montour No. 2	13.94	13.28	19.47	8.10	7.96	15.11	14.47
Sunbury No. 1-2-3	5.30	4.78	12.18	9.61	19.89	6.91	8.75
Sunbury No. 4	5.67	9.10	14.13	15.36	8.91	12.19	8.47

*10 Months

1976-1982 ANNUAL FORCED OUTAGE RATES

DIESELS	1976 %	1977 %	1978 %	1979 %	1980 %	1981 %	1982 %
Brunner Island No. 1	.00	0.07	.00	1.52	2.31	5.66	16.30
Brunner Island No. 2	.00	0.53	0.29	5.05	1.09	9.34	3.20
Brunner Island No. 3	0.36	0.59	0.15	1.52	.00	0.00	0.93
Martins Creek No. 1	14.72	33.21	30.64	0.16	2.10	25.28	6.57
Martins Creek No. 2	0.15	0.30	32.56	39.68	.00	24.13	17.03
Sunbury No. 1	2.83	1.34	7.32	6.23	0.91	0.01	11.27
Sunbury No. 2	4.22	0.01	0.12	0.41	0.34	0.01	1.57

1976-1982 ANNUAL FORCED OUTAGE RATES

COMBUSTION TURBINES	1976 %	1977 %	1978 %	1979 %	1980 %	1981 %	1982 %
Allentown CT No. 1	1.67	0.22	15.99	4.13	3.28	18.48	2.61
Allentown CT No. 2	0.14	3.09	14.13	4.21	3.99	50.12	10.52
Allentown CT No. 3	1.41	0.18	13.02	4.25	2.37	15.39	2.78
Allentown CT No. 4	1.07	0.44	15.85	4.30	3.53	16.01	3.51
Jenkins CT No. 1	1.73	2.92	9.36	7.02	1.32	2.82	4.80
Jenkins CT No. 2	1.78	19.21	2.95	8.86	0.54	2.58	5.00
Harrisburg CT No. 1	0.15	1.35	16.37	17.98	3.39	6.16	3.48
Harrisburg CT No. 2	27.50	0.47	16.15	0.56	3.36	4.29	20.37
Harrisburg CT No. 3	60.17	10.55	37.40	8.43	3.34	5.59	6.49
Harrisburg CT No. 4	1.27	0.41	15.44	0.14	13.03	2.28	3.57
Harwood CT No. 1	0.15	14.14	0.89	5.89	1.03	1.75	0.14
Harwood CT No. 2	0.16	13.84	1.34	5.25	0.90	3.60	3.08
Williamsport CT No. 1	3.91	6.02	7.30	22.55	1.71	0.95	3.45
Williamsport CT No. 2	5.66	9.93	5.91	21.49	5.47	0.79	3.42
Suburban	1.53	3.60	13.83	17.52	46.99	25.79	2.40
Fishbach CT No. 1	8.03	10.45	13.90	17.40	26.29	34.57	0.56
Fishbach CT No. 2	23.80	12.94	25.19	17.83	6.27	5.94	0.24
Lock Haven CT	4.18	13.45	29.54	22.11	4.60	8.78	9.88
West Shore No. 1	1.25	0.46	0.19	2.71	31.40	1.31	5.42
West Shore No. 2	0.89	0.37	0.31	2.36	10.18	2.39	25.63
Martins Creek CT No. 1	2.52	19.66	12.87	4.15	5.50	1.62	5.63
Martins Creek CT No. 2	1.98	0.24	7.19	1.02	3.15	1.29	3.14
Martins Creek CT No. 3	2.04	1.16	10.44	1.43	3.15	1.25	8.50
Martins Creek CT No. 4	2.33	.00	6.85	1.01	1.20	1.30	3.16
Sunbury CT No. 1	1.23	0.61	9.88	5.07	7.52	8.30	4.68
Sunbury CT No. 2	1.21	1.87	9.68	11.84	29.89	7.05	4.97

1976-1982 ANNUAL FORCED OUTAGE RATES

HYDRO		1976 %	1977 %	1978 %	1979 %	1980 %	1981 %	1982 %
Safe Harbor HES	1	0.07	0.02	33.04	8.90	2.76	1.43	.00
	2	0.01	0.04	26.28	.00	2.95	.00	0.02
	3	0.37	.00	22.93	0.24	1.26	0.01	0.04
	4	0.00	0.01	31.76	1.25	2.54	0.33	0.65
	5	3.29	.00	21.24	0.31	3.53	.00	0.82
	6	0.06	0.04	27.41	0.21	1.68	.00	0.07
	7	0.47	1.64	21.40	2.51	1.39	1.15	3.58
Holtwood HES	1	.00	11.40	9.83	3.38	0.92	0.48	2.00
	2	0.49	0.09	0.55	0.52	0.86	6.49	1.12
	3	.00	0.21	0.02	0.33	1.72	2.29	0.40
	4	.00	.00	0.07	0.42	1.04	1.27	4.11
	5	0.41	0.11	0.36	6.12	6.42	0.70	4.22
	6	.00	0.09	0.40	.00	5.06	1.00	5.88
	7	.00	0.16	0.54	3.66	1.84	0.72	0.73
	8	.00	0.07	0.09	0.39	1.68	0.81	0.49
	9	0.03	0.36	0.02	36.51	1.16	3.33	0.83
	10	0.03	0.13	0.23	1.12	3.70	0.48	4.51
Wallenpaupack HES	1	3.09	0.36	3.11	9.85	10.80	4.38	56.43
	2	0.32	0.06	2.19	8.33	8.03	4.10	3.36

1983 FORECASTED FORCED OUTAGE RATE

Steam Stations	Forced Outage Rate %
Brunner Island No. 1	15.38
Brunner Island No. 2	13.64
Brunner Island No. 3	17.42
Holtwood SES	8.98
Martins Creek No. 1	21.60
Martins Creek No. 2	20.35
Martins Creek No. 3	17.50
Martins Creek No. 4	14.35
Montour No. 1	12.22
Montour No. 2	12.78
Sunbury No. 1-2-3	10.67
Sunbury No. 4	11.94

Pennsylvania Power & Light Company
Response to Interrogatories
of the Lehigh Valley Power Committee
Set II Dated January 24, 1983

Docket No. R-822169

Q. 8 Provide annual capacity factor of each generating unit for:

a. Calendar year 1976 to date.
b. All 1983 PP&L forecasts. Provide the purpose for each forecast (i.e., FERC, ECR, etc.), the date of each forecast, and an explanation as to why the forecast was changed from prior forecasts.

A. 8 a. See Attachment I

b. See Attachment II

ANNUAL CAPACITY FACTOR OF EACH GENERATING UNIT

	1981	1982
Brunner Island 1	58.0	70.5
Brunner Island 2	72.3	74.1
Brunner Island 3	66.7	72.2
Total	66.2	72.3
Martins Creek 1	68.8	52.2
Martins Creek 2	60.2	54.0
Martins Creek 3	30.8	20.5
Martins Creek 4	34.7	23.9
Total	37.7	27.0
Montour 1 & ATG 11	71.7	73.7
Montour 2	73.8	71.9
Total	72.7	72.8
Sunbury 1	72.9	76.4
Sunbury 2	81.9	73.7
Sunbury 3	74.7	72.5
Sunbury 4	74.2	71.5
Total	75.6	73.1
Holtwood	78.2	83.8
Holtwood Hydro	63.6	62.3
Wallenpaupack	13.9	14.3
Keystone (PL Share)	57.9	70.9
Conemaugh (PL Share)	50.8	47.9
CT's & Diesel	0.7	0.3
Total Stations	53.4	51.8

ANNUAL CAPACITY FACTOR OF EACH GENERATING UNIT

	1976	1977	1978	1979	1980
Brunner Island 1	74.7	80.7	72.5	79.7	74.0
Brunner Island 2	78.5	77.6	76.0	75.6	73.1
Brunner Island 3	72.4	71.4	65.5	72.2	72.3
Total	74.5	75.2	69.9	74.8	72.9
Martins Creek 1	60.0	57.4	54.5	54.4	58.6
Martins Creek 2	67.5	67.2	43.3	56.5	71.7
Martins Creek 3	26.4	43.8	44.2	41.6	39.8
Martins Creek 4	-	51.9	45.2	38.8	39.5
Total	41.6	49.9	45.4	42.6	43.6
Montour 1	65.7	74.5	67.3	78.4	72.8
ATG 11	Incl. ATG	Incl. ATG	Incl. ATG	Incl. ATG	Incl. ATG
Montour 2	73.1	75.3	68.2	78.2	79.8
Total	69.4	74.9	67.7	78.3	76.2
Sunbury 1	78.6	91.0	83.3	78.4	83.5
Sunbury 2	88.5	80.7	81.3	80.1	80.3
Sunbury 3	81.5	77.0	62.4	71.9	48.5
Sunbury 4	78.8	72.9	66.8	73.4	80.2
Total	81.4	79.0	71.7	75.3	72.5
Holtwood	86.3	88.9	82.1	82.4	68.1
Holtwood Hydro	81.3	70.9	68.4	77.9	52.7
Wallenpaupack	21.4	26.2	23.1	26.6	16.3
Keystone (PL Share)	65.6	53.5	59.1	66.2	71.3
Conemaugh (PL Share)	49.0	52.3	51.5	43.1	70.6
CT's & Diesels	00.8	2.4	2.2	00.8	00.7
Total Stations	57.8	59.1	55.5	58.5	58.1

ANNUAL CAPACITY FACTOR BY GENERATING UNIT CALENDAR YEAR 1983

	Preliminary 1983 Operating Budget Forecast	Final 1983 Operating Budget Forecast
Purpose	Preliminary estimate of 1983 energy costs for use in rate case (1983 preliminary Operating Budget).	Final estimate of 1983 energy costs for use in final 1983 Operating Budget and 1983-84 ECR Forecast.
Date Forecast Made	6/82	12/82
Reason Forecast Changed	--	Revised customer sales forecast new bilateral energy contracts result in increase in fossil un loadings, giving different capa factors.

Unit	Annual Capacity Factor (%)	Annual Capacity Factor (%)
Brunner Island #1	72	76
#2	74	78
#3	70	72
Total Station	72	75
Martins Creek #1	55	62
#2	54	61
Total Station	54	61
Sunbury #1-2	78	79
#3	75	86
#4	70	73
Total Station	75	79
Keystone (PL Share) #1	68	67
#2	58	62
Total Station	63	64
Conemaugh (PL Share) #1	70	67
#2	65	57
Total Station	68	62

ANNUAL CAPACITY FACTOR BY GENERATING UNIT CALENDAR YEAR 1983

Unit	Preliminary 1983 Operating Budget Forecast Annual Capacity Factor (%)	Final 1983 Operating Budget Forecast Annual Capacity Factor (%)
Montour #1	74	75
#2	76	76
Total Station	75	76
Holtwood #17	73	81
Total Coal Units	71	73
Martins Creek #3	33	32
#4	34	34
Total	34	33
Total Fossil Steam	61	62
Susquehanna #1 (PL 90% share of commercial operation)	41 for year, 65 for 7½ month period of commercial operation	41 for year, 65 fo 7½ month period of commercial operati
Total Combustion Turbines	0.6	0.6
Total Diesels	1	1
Holtwood Hydro	65	65
Wallenpaupack Hydro	20	20
Safe Harbor Hydro (PL 1/3 Share)	45	45

Pennsylvania Power & Light Company
Response to Interrogatories
Of the PUC Trial Staff
Set XII Dated February 11, 1983

Docket No. R-822169

Q. V-15 Please provide the projected annual forced outage rates for PP&L generating units for the future test year (these should be the same outage rates used in the Company's PROMOD III calculations). Also, for the same generating units, provide the actual forced outage rates for the historic period. Please provide the requested information using the following format:

FORCED OUTAGE RATES FOR
PP&L GENERATING UNITS
FOR THE FUTURE TEST YEAR (8/82-7/83)
AND HISTORIC YEAR (8/81-7/82)

Station Name	Unit Number	Fuel Type	Forced Outage Rate % Historic Year	Forced Outage Rate % Test Year

A. V-15 Refer to Attachment 1. The forced outage rates projected for the Future Test Year are based on the actual outage hours for the 5 year period 1977 through 1981.

These forced outage rates (Historic and Future Test Year) were calculated using the formula:

$$\text{Forced Outage Rate \%} = \frac{\text{Total Equivalent Forced Outage Hours}}{\text{(Period Hours)-(Planned Outage Hours)}} \times 100\%$$

In other words, the forced outage rate as used in PROMOD III represents the outage rate during the time when the generating unit is not scheduled out of service for its planned outage. The forced outage rates provided in response to previous interrogatories were calculated using total period hours and not period hours minus planned hours. Both methods for calculating forced outage rates utilize the same outage hours but divide by different base hours.

The forced outage hours usually are aggregated on a calendar year basis; therefore the outage hour totals are not readily available for the period August 1981 through July 1982. The Historic forced outage rates will be provided as soon as the totals are available.

Forced Outage Rates For PP&L Generating Units For The Future Test Year (8/82-7/83) And Historic Year (8/81-7/82)

Station Name	Unit Number	Fuel Type	Forced Outage Rate % Historic Year	Forced Outage Rate % Test Year
Brunner Island	1	Coal		16.85
Brunner Island	2	Coal		14.75
Brunner Island	3	Coal		19.45
Martins Creek	1	Coal		24.14
Martins Creek	2	Coal		22.68
Martins Creek	3	#6 Oil		23.17
Martins Creek	4	#6 Oil		16.79
Montour	1	Coal		13.47
Montour	2	Coal		13.85
Sunbury	1,2,3	Coal		10.87
Sunbury	4	Coal		13.25
Holtwood	17	Coal		9.90
Susquehanna	1	Nuclear		35.00

Pennsylvania Power & Light Company
Response to Interrogatories
Of the PUC Trial Staff
Set XII Dated February 11, 1983

Docket No. R-822169

Q. R-38 For Martins Creek Units 3 and 4, provide the following information on a monthly basis, by unit where possible; for the [historic year and test period] period August 1978 through July 1983.

a. Forced Outage rate
b. Hours on line
c. Energy output MWH
d. Capacity factor
e. Fuel Cost
f. Variable operating and maintenance cost
g. Oil consumed (number of barrels)

A. R-38 a. The forced outage rates by months from August 1978 through July 1983 for Martins Creek units 3 and 4 are listed on Attachment 1.

b. The hours on line by months from August 1978 through July 1983 for Martins Creek units 3 and 4 are listed on Attachment 2.

c. The energy outputs by months from August 1978 through July 1983 for Martins Creek units 3 and 4 are listed on Attachment 3.

d. The capacity factors by months from August 1978 through July 1983 for Martins Creek units 3 and 4 combined are listed on Attachment 4.

e. The consumed fuel costs by months from August 1978 through July 1983 for Martins Creek units 3 and 4 are listed on Attachment 5.

f. The variable operating and maintenance expenses are not readily available.

g. The oil consumed (heavy oil and #2 oil) by months from August 1978 through July 1983 for Martins Creek units 3 and 4 listed on Attachment 6.

MARTINS CREEK UNITS 3 AND 4
FORCED OUTAGE RATES
AUGUST 1978 THROUGH JULY 1983

MARTINS CREEK NO. 3 - FORCED OUTAGE RATE - %

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	-	-	-	-	-	-	-	30.16	18.46	25.97	1.42	30.89
1979	12.84	16.69	6.53	5.71	16.04	23.42	5.43	10.76	15.78	15.84	28.87	19.08
1980	0.34	13.09	7.56	14.11	9.97	16.11	13.55	17.25	4.04	5.13	39.19	42.98
1981	8.81	42.48	30.07	8.21	27.79	21.09	4.58	8.37	2.81	0.00	26.67	60.83
1982(1)	13.59	12.61	4.77	16.41	2.11	0.71	4.97	17.50	17.50	17.50	17.50	17.50
1983(1)	17.50	17.50	17.50	17.50	17.50	17.50	17.50	-	-	-	-	-

MARTINS CREEK NO. 4 - FORCED OUTAGE RATE - %

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	-	-	-	-	-	-	-	1.77	31.52	27.89	0.00	29.92
1979	7.68	24.03	19.22	2.55	0.40	34.15	4.54	11.88	16.88	24.14	6.44	9.20
1980	15.17	39.45	26.79	1.28	0.82	3.26	13.94	1.02	6.03	18.95	16.43	15.09
1981	29.57	15.87	8.66	1.09	13.28	27.71	5.60	0.17	6.79	14.53	11.89	3.29
1982(1)	18.56	23.61	0.13	3.31	0.34	10.00	1.51	14.35	14.35	14.35	14.35	14.35
1983(1)	14.35	14.35	14.35	14.35	14.35	14.35	14.35	-	-	-	-	-

(1) The five-year average (1977-1981) forced outage rate was projected for the Pro Forma year with Susquehanna (8/82-7/83).

200.182119
Attachment 1

MARTINS CREEK UNITS 3 AND 4
HOURS ON LINE
AUGUST 1978 THROUGH JULY 1983

MARTINS CREEK NO. 3 - HOURS ON LINE

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	-	-	-	-	-	-	-	442.5	391.0	243.5	77.2	358.5
1979	576.3	561.7	348.4	435.0	549.5	417.7	399.3	409.5	355.7	448.9	101.1	500.4
1980	727.7	578.7	570.9	315.5	498.5	328.4	501.3	462.6	316.7	322.9	19.7	341.6
1981	534.6	270.1	453.1	486.0	429.3	509.5	446.0	298.2	280.6	0.0	0.0	76.7
1982(1)	417.2	432.7	206.1	264.8	225.9	166.1	279.3	351.0	314.0	281.0	379.0	392.0
1983(1)	388.0	372.0	379.0	84.0	123.0	303.0	346.0	-	-	-	-	-

MARTINS CREEK NO. 4 - HOURS ON LINE

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	-	-	-	-	-	-	-	513.0	233.5	525.0	577.4	367.5
1979	622.7	515.5	207.4	391.9	352.6	147.7	403.5	311.0	344.3	412.0	565.2	307.5
1980	542.6	346.2	449.7	170.5	133.4	472.6	485.9	572.5	352.7	387.0	551.2	583.9
1981	479.4	427.5	542.7	511.4	70.1	478.6	506.1	403.6	327.4	328.2	106.9	171.4
1982(1)	455.9	398.7	467.3	434.3	324.8	254.7	333.8	377.0	337.0	196.0	201.0	420.0
1983(1)	416.0	398.0	405.0	304.0	102.0	326.0	372.0	-	-	-	-	-

(1) August 1982 through July 1983 are estimates from the Pro Forma year with Susquehanna.

200.182119
Attachment 2

MARTINS CREEK UNITS 3 AND 4
ENERGY OUTPUTS
AUGUST 1978 THROUGH JULY 1983

MARTINS CREEK NO. 3 - ENERGY OUTPUTS (MWH)

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	-	-	-	-	-	-	-	211786	190271	138450	42506	212107
1979	348765	358247	161374	264005	310312	227872	222500	229094	205361	270831	60510	328390
1980	490067	354869	349586	157554	302616	175122	274295	253590	153837	163156	408	181706
1981	210699	125859	280748	292381	260104	319105	277382	159516	156844	(1421)*	(2051)*	31518
1982(1)	282904	257514	166953	148785	115925	70421	108585	200000	179000	181000	271000	270000
1983(1)	260000	267000	259000	56000	79000	153000	220000	-	-	-	-	-

MARTINS CREEK NO. 4 - ENERGY OUTPUTS (MWH)

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	-	-	-	-	-	-	-	320671	140960	270538	343152	202261
1979	355152	302453	117840	224332	203787	88181	230078	187915	215062	262866	351188	250649
1980	361631	188946	286665	85634	64434	251500	269818	341956	176670	220151	260967	327214
1981	247114	227141	330863	312091	29346	306574	311324	227503	175051	191024	50536	85944
1982(1)	266587	252887	272241	248030	166746	111866	133880	210000	185000	122000	149000	284000
1983(1)	273000	280000	271000	214000	63000	158000	230000	-	-	-	-	-

(1) August 1982 through July 1983 are estimates from the Pro Forma Year with Susquehanna.

*Station Use

200.182119
Attachment 3

MARTINS CREEK UNITS 3 AND 4
CAPACITY FACTORS (%)
AUGUST 1978 THROUGH JULY 1983

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1978	-	-	-	-	-	-	-	43.6	28.1	33.5	32.7	34.0
1979	57.7	60.0	22.9	41.4	42.1	26.8	37.1	34.2	35.6	43.7	34.9	51.7
1980	69.8	47.6	52.1	20.6	30.1	36.1	44.6	48.8	28.0	31.4	22.1	41.7
1981	45.7	32.0	50.1	51.3	23.7	53.0	48.2	31.7	28.1	15.7	4.1	9.6
1982(1)	45.0	46.3	36.0	33.7	23.2	15.4	19.9	33.6	30.8	24.8	35.6	45.4
1983(1)	43.7	49.6	43.4	22.9	11.6	26.3	36.9	-	-	-	-	-

(1) August 1982 through July 1983 are estimates from the Pro Forma year with Susquehanna.

200.182119
Attachment 4

MARTINS CREEK UNITS 3 AND 4
CONSUMED FUEL COSTS
AUGUST 1978 THROUGH JULY 1983

MARTINS CREEK UNIT #3 - CONSUMED FUEL COSTS (DOLLARS)

	January	February	March	April	May	June	July	August	September	October	November	December
1978	-	-	-	-	-	-	-	4789341	4187841	3035995	1023475	4823998
1979	8388954	8732624	4615009	7547420	9007856	7079847	7463096	8053946	7484742	9716921	2391712	13110129
1980	21132439	16350648	16011263	7415503	13474011	8582925	12482568	10776551	6796793	7283282	219049	8719633
1981	15495711	7993813	16530172	18673772	15951899	18616265	15367416	8871478	8820342	-	-	1828321
1982(1)	14608019	13617613	9004311	7963480	6482029	4185919	6217649	10240900	9190300	9158400	13701600	14152100
1983(1)	14085600	14645100	14497100	3165500	4608800	8770800	11999300	-	-	-	-	-

MARTINS CREEK NO. #4 - CONSUMED FUEL COSTS (DOLLARS)

	January	February	March	April	May	June	July	August	September	October	November	December
1978	-	-	-	-	-	-	-	7076068	3205474	6022905	7546932	4536288
1979	8402477	7422619	3067353	6422968	5758300	2900495	7326458	6687683	7890338	9478597	12799675	10158759
1980	15711093	8690558	13156455	5110721	2433576	12284091	11490757	14493477	7723662	9444467	11821479	14798741
1981	12562278	13378090	19890482	17420276	1939104	17264411	17124747	12637659	9546405	10008468	2993340	5045020
1982(1)	14197222	13249042	14267904	12939017	9217121	6445140	7912890	10753000	9498300	6173000	7533400	14886000
1983(1)	14789900	15358100	15168800	12096700	3675300	9057500	12544700	-	-	-	-	-

(1) August 1982 through July 1983 are estimates from the Pro Forma year with Susquehanna.

200.182119
Attachment

MARTINS CREEK UNITS 3 AND 4
OIL CONSUMPTION (BARRELS)
AUGUST 1978 THROUGH JULY 1983

		January	February	March	April	May	June	July	August	September	October	November	December
1978	#2 Oil (BBL)								15,254	10,389	238	9,329	11,603
	Heavy Oil (BBL) #3								366,413	344,548	230,419	75,774	353,774
	#4								541,564	253,098	458,162	556,938	334,524
1979	#2 Oil (BBL)	13,602	11,042	11,303	15,778	11,892	9,598	16,183	11,393	12,970	10,565	9,269	12,195
	Heavy Oil (BBL) #3	576,667	586,032	289,648	443,378	518,923	381,133	381,064	391,301	342,049	446,125	105,359	526,405
	#4	576,221	495,433	193,190	377,347	332,842	156,669	389,178	324,755	360,255	435,930	560,075	405,997
1980	#2 Oil (BBL)	12,982	15,541	14,664	14,086	9,806	13,522	16,816	16,484	17,579	15,859	13,192	15,472
	Heavy Oil (BBL) #3	791,554	579,785	563,791	261,196	483,297	313,094	476,459	422,180	241,144	282,063	8,145	316,347
	#4	588,564	308,380	464,377	178,288	86,092	447,639	438,602	564,937	317,743	367,100	456,092	537,298
1981	#2 Oil (BBL)	14,850	11,725	12,098	11,345	13,062	11,446	16,320	17,448	14,291	6,750	5,235	9,411
	Heavy Oil (BBL) #3	487,517	231,134	460,523	477,656	431,415	537,349	461,611	272,700	274,212	0	0	55,914
	#4	394,982	387,084	553,574	512,796	52,864	498,386	514,366	386,739	299,018	315,079	89,685	153,462
1982[1]													
	#2 Oil (BBL)	18,342	12,457	14,181	12,247	14,948	13,251	15,337	13,976	13,738	10,071	8,381	12,357
	Heavy Oil (BBL) #3	457,146	425,014	279,805	251,522	202,008	128,790	194,577	339,000	303,000	303,000	450,000	450,000
	#4	438,887	414,191	443,524	407,093	286,077	197,751	246,989	356,000	314,000	204,000	247,000	474,000
1983[1]													
	#2 Oil (BBL)	15,167	12,095	13,643	12,405	11,595	11,524	15,190					
	Heavy Oil (BBL) #3	434,000	444,000	432,000	93,000	132,000	263,000	369,000					
	#4	456,000	465,000	452,000	356,000	105,000	271,000	386,000					

(1) August 1982 through July 1983 are estimates from the Pro Forma year with Susquehanna.

200.182119
Attachment 6

Pennsylvania Power & Light Company
Response to Interrogatories
Of the PUC Trial Staff
Set XII Dated February 11, 1983

Docket No. R-822169

Q. R-39 Also, for Martins Creek Units 3 and 4, provide a schedule showing, for each unit if possible, actual monthly ending oil inventory balances (in dollars and barrels) for the period August 1978 through July 1981.

A. R-39

Martins Creek #3 & #4
Oil Stock Inventory
August 1978-July 1981

	RESIDUAL OIL		#2 OIL	
Date	Bbls in Stock	Inventory Value-$	Bbls in Stock	Inventory Value-$
7/81	1,729,234	53,971,799	91,186	3,905,713
6	1,952,503	63,056,427	117,000	5,013,095
5	1,908,205	65,878,592	144,979	6,179,710
4	1,525,927	54,828,077	171,838	7,074,271
3	1,556,830	55,729,265	110,104	4,215,343
2	1,861,004	64,589,661	108,535	3,910,195
1/81	1,045,763	33,196,063	137,054	4,938,542
12/80	1,257,392	36,581,650	170,732	6,135,976
11	1,201,491	30,476,742	202,602	7,160,740
10	1,567,136	38,911,658	195,147	6,817,322
9	2,115,776	52,099,708	195,197	6,662,474
8	1,796,854	44,105,240	156,762	5,317,387
7	1,784,906	44,039,361	128,303	4,354,143
6	1,279,100	33,147,293	138,769	4,694,321
5	1,796,582	47,326,114	128,081	4,258,384
4	2,206,505	59,187,315	120,541	3,913,217
3	1,964,316	54,253,668	107,806	3,455,004
2	1,980,820	55,213,436	86,794	2,697,591
1/80	1,598,906	43,200,109	98,293	2,854,020
12/79	1,421,394	35,238,537	109,604	3,124,288
11	1,554,891	35,356,483	116,734	3,176,362
10	1,479,698	31,859,590	123,052	3,182,983
9	2,360,966	50,825,307	158,646	4,066,828
8	2,016,479	41,839,131	118,644	2,810,463
7	1,957,845	38,229,829	81,554	1,767,914
6	2,054,999	37,978,634	83,300	1,735,341
5	1,967,146	34,487,739	108,323	2,210,244
4	2,321,336	39,059,003	107,036	2,116,016
3	2,192,822	34,084,428	110,126	2,105,357
2	1,438,262	21,043,210	86,574	1,464,338
1/79	1,741,521	25,109,358	131,504	2,249,899
12/78	1,902,092	25,739,695	135,342	2,256,398
11	1,808,574	23,937,194	129,362	2,104,165
10	1,879,924	23,689,968	150,321	2,449,861
9	2,141,112	26,954,199	179,591	2,872,140
8/78	1,857,927	23,100,581	128,361	2,044,229

Pennsylvania Power & Light Company
Response to Interrogatories
Of the PUC Trial Staff
Set XII Dated February 11, 1983

Docket No. R-822169

Q. R-40 Please refer to the Company's response to OCA Interrogatory No. 20 (PP&L Exhibit 200.282078). Included in PP&L's answer to this interrogatory as part of "Attachment I" was a schedule entitled "Production Cost Output Annual Total" (a copy which is attached for reference). Please provide a schedule in similar format for each of years 1978 through 1982 showing actual figures.

A. R-40 The data required to complete a similar schedule for the years 1978 through 1982 is provided on an attachment or has its location/status indicated.

Capacity - Refer to Attachment 1 for copies of the PL Group Installed Sheets for the years, 1978 through 1982. Use the winter net capability from these sheets.

Forced Outage Rate - Refer to PP&L Response 200.382058.

Maintenance Weeks - Refer to PP&L Response 200.382059.

Number of Starts - Refer to Attachment 2.

Hours on Line - Refer to Attachment 3.

Energy Output - Refer to PP&L Response 200.382056.

Capacity Factor - Refer to PP&L Response 200.382062.

Fuel Cost - Totals for dispatch fuel costs are not available.

Variable O&M - Totals for variable O&M are not available.

PENNSYLVANIA POWER & LIGHT COMPANY

STEAM CAPACITY

STATION	UNIT NO.	MANUFACTURER'S MAX. NAMEPLATE RATING GENERATOR	STA. TOTAL	UNIT NET CAPABILITY SUMMER (1)	UNIT NET CAPABILITY WINTER (2)	STATION NET CAPABILITY SUMMER (1)	STATION NET CAPABILITY WINTER (2)
BRUNNER ISLAND	1	363.33		321	324		
	2	405.00		370	330		
	3	790.40	1558.73	730	740	1423	1464
MONTOUR	1	805.50		740	750		
	2	819.00		740	750		
	11 (Aux.)	17.20	1641.7	15	15	1495	1515
SUNBURY	1	75.00		70	76		
	2	75.00		70	76		
	3	103.53		94	103		
	4	156.25	409.78	128	134	362	389
MARTINS CREEK	1	156.25		149	150		
	2	156.25		149	150		
	3	850.50		820	820		
	4	850.50	2013.5	820	820	1938	1940
HOLTWOOD	17	75.00	75.00	72	73	72	73
KEYSTONE (PL SHARE 12.34%)	1	115.50		104	105		
	2	115.50	231.00	103	105	207	210
CONEMAUGH (PL SHARE 11.39%)	1	106.60		97	97		
	2	106.60	213.20	97	97	194	194
PL CO. TOTAL STEAM CAPACITY			6142.91	5697	5785	5697	5785

DIESEL CAPACITY

BRUNNER ISLAND	D1, D2 & D3	2.75	8.25	-	-	8	8
MARTINS CREEK	D1, D2	2.75	5.50	-	-	5	5
SUNBURY	D1, D2	2.75	5.50	-	-	6	6
KEYSTONE (PL SHARE)	3, 4, 5 & 6	.34	1.36	1.4	1.4	2	2
CONEMAUGH (PL SHARE)	A, B, C & D	.31	1.26	1.3	1.3	1	1
PL CO. TOTAL DIESEL CAPACITY			21.87			22	22

COMBUSTION TURBINE CAPACITY

ALLENTOWN	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
HARRISBURG	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
MARTINS CREEK	CT1,CT2,CT3 & CT4	23.58	94.32	-	-	72	96
SUNBURY	CT1, CT2	23.58	47.16	-	-	36	48
HARWOOD	CT1, CT2	16.00	32.00	-	-	28	36
WILLIAMSPORT	CT1, CT2	16.00	32.00	-	-	28	36
WEST SHORE	CT1, CT2	18.59	37.18	-	-	28	36
FISHBACH	CT1, CT2	18.59	37.18	-	-	28	36
JENKINS	CT1, CT2	16.00	32.00	-	-	28	36
LOCK HAVEN	CT1	18.59	18.59	-	-	14	18
SUBURBAN	CT7	29.25	29.25	-	-	20	31
PL CO. TOTAL COMBUSTION TURBINE CAPACITY			487.68			394	517

HYDRO CAPACITY

HOLTWOOD	1 to 8	10.40		-	-		
	9 & 10	12.00		-	-		
	11 & 13 (a)	0.50	108.20	-	-	102	102
WALLENPAUPACK	1 & 2	20.00	40.00	-	-	44	44
1/3 SAFE HARBOR OUTPUT		-	-	-	-	76	76
PL CO. TOTAL HYDRO CAPACITY			148.20			222	222
PL CO. TOTAL CAPACITY			6800.66			6335	6546

LUZERNE ELECTRIC DIVISION-UGI CORP.

HUNLOCK	3	50.00	50.00	46	46	46	46
CONEMAUGH(LU SHARE 1.11%)	1 & 2	10.40	20.80	19	19	19	19
FIRM PURCHASE (APS) HARRISON				50	50	50	50
LU TOTAL STEAM CAPACITY				115	115	115	115

DIESEL CAPACITY

CONEMAUGH (LU SHARE)	A, B, C & D	.03	.12	0.1	0.1		
LU TOTAL CAPACITY			70.92			115	115
PL GROUP INSTALLED CAPACITY			6871.58			6450	6661
KEYSTONE STATION	1 & 2	936.00	1872.00	840	850	1680	1700
CONEMAUGH STATION	1 & 2	936.00	1872.00	850	850	1700	1700

SUPERSEDES DATA DATED June 1, 1977

EFFECTIVE: November 1, 1977

(1) 80° Ambient Air, 80° Circ. Water
(2) 19° Ambient Air, 40° Circ. Water

(a) Water Wheel Exciters

(NET GENERATION BASIS)

PENNSYLVANIA POWER & LIGHT COMPANY — STEAM CAPACITY

STATION	UNIT NO.	MANUFACTURER'S MAX. NAMEPLATE RATING GENERATOR	MANUFACTURER'S MAX. NAMEPLATE RATING STA. TOTAL	UNIT NET CAPABILITY SUMMER (1)	UNIT NET CAPABILITY WINTER (2)	STATION NET CAPABILITY SUMMER (1)	STATION NET CAPABILITY WINTER (2)
BRUNNER ISLAND	1	363.33		321	334		
	2	405.00		378	390		
	3	790.40	1558.73	730	730	1429	1454
MONTOUR	1	805.50		740	750		
	2	819.00		740	750		
	11 (Aux.)	17.20	1641.7	15	15	1495	1515
SUNBURY	1	75.00		70	76		
	2	75.00		70	76		
	3	103.53		94	105		
	4	156.25	409.78	128	131	362	339
MARTINS CREEK	1	156.25		149	150		
	2	156.25		149	150		
	3	850.50		820	820		
	4	850.50	2013.5	820	820	1938	1940
HOLTWOOD	17	75.00	75.00	72	73	72	73
KEYSTONE (PL SHARE 12.34%)	1	115.50		104	105		
	2	115.50	231.00	103	105	207	210
CONEMAUGH (PL SHARE 11.39%)	1	106.60		97	97		
	2	106.60	213.20	97	97	194	194
PL CO. TOTAL STEAM CAPACITY			6142.91	5697	5775	5697	5775
DIESEL CAPACITY							
BRUNNER ISLAND	D1, D2 & D3	2.75	8.25	-	-	8	8
MARTINS CREEK	D1, D2	2.75	5.50	-	-	5	5
SUNBURY	D1, D2	2.75	5.50	-	-	6	6
KEYSTONE (PL SHARE)	3, 4, 5 & 6	.34	1.36	1.4	1.4	2	2
CONEMAUGH (PL SHARE)	A, B, C & D	.31	1.26	1.3	1.3	1	1
PL CO. TOTAL DIESEL CAPACITY			21.87			22	22
COMBUSTION TURBINE CAPACITY							
ALLENTOWN	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
HARRISBURG	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
MARTINS CREEK	CT1,CT2,CT3 & CT4	23.58	94.32	-	-	72	96
SUNBURY	CT1, CT2	23.58	47.16	-	-	36	48
HARWOOD	CT1, CT2	16.00	32.00	-	-	28	36
WILLIAMSPORT	CT1, CT2	16.00	32.00	-	-	28	36
WEST SHORE	CT1, CT2	18.59	37.18	-	-	28	36
FISHBACH	CT1, CT2	18.59	37.18	-	-	28	36
JENKINS	CT1, CT2	16.00	32.00	-	-	28	36
LOCK HAVEN	CT1	18.59	18.59	-	-	14	18
SUBURBAN	CT7	29.25	29.25	-	-	20	31
PL CO. TOTAL COMBUSTION TURBINE CAPACITY			487.68			394	517
HYDRO CAPACITY							
HOLTWOOD	1 to 8	10.40		-	-		
	9 & 10	12.00		-	-		
	11 & 13 (a)	0.50	103.20	-	-	102	102
WALLENPAUPACK	1 & 2	20.00	40.00	-	-	44	44
1/3 SAFE HARBOR OUTPUT		-	-	-	-	76	76
PL CO. TOTAL HYDRO CAPACITY			148.20			222	222
PL CO. TOTAL CAPACITY			6800.66			6335	6536

LUZERNE ELECTRIC DIVISION-UGI CORP.

HUNLOCK	3	50.00	50.00	46	46	46	46
CONEMAUGH(LU SHARE 1.11%)	1 & 2	10.40	20.80	19	19	19	19
FIRST PURCHASE (AMS) HARRISON				50	50	50	50
LU TOTAL STEAM CAPACITY				115	115	115	115
DIESEL CAPACITY							
CONEMAUGH (LU SHARE)	A, B, C & D	.03	.12	0.1	0.1		
LU TOTAL CAPACITY			70.92			115	115
PL GROUP INSTALLED CAPACITY			6871.59			6450	6651
KEYSTONE STATION	1 & 2	936.00	1872.00	840	850	1680	1700
CONEMAUGH STATION	1 & 2	936.00	1872.00	850	850	1700	1700

SUPERSEDES DATA DATED December 1, 1977

EFFECTIVE August 1, 1978

(1) 80° Ambient Air, 80° Circ. Water

(a) Water Wheel Exciters

(NET GENERATION BASIS)

PENNSYLVANIA POWER & LIGHT COMPANY

STEAM CAPACITY

STATION	UNIT NO.	MANUFACTURER'S MAX. NAMEPLATE RATING GENERATOR	MANUFACTURER'S MAX. NAMEPLATE RATING STA. TOTAL	UNIT NET CAPABILITY SUMMER (1)	UNIT NET CAPABILITY WINTER (2)	STATION NET CAPABILITY SUMMER (1)	STATION NET CAPABILITY WINTER (2)
BRUNNER ISLAND	1	363.33		321	334		
	2	405.00		378	390		
	3	790.40	1558.73	730	740	1429	1464
MONTOUR	1	805.50		740	750		
	2	819.00		760	750		
	11 (Aux.)	17.20	1641.7	15	15	1495	1515
SUNBURY	1	75.00		70	76		
	2	75.00		70	76		
	3	103.53		94	103		
	4	156.25	409.78	128	134	362	389
MARTINS CREEK	1	156.25		149	150		
	2	156.25		149	150		
	3	850.50		820	820		
	4	850.50	2013.5	820	820	1938	1940
HOLTWOOD	17	75.00	75.00	72	73	72	73
KEYSTONE (PL SHARE 12.34%)	1	115.50		104	105		
	2	115.50	231.00	103	105	207	210
CONEMAUGH (PL SHARE 11.39%)	1	106.60		97	97		
	2	106.60	213.20	97	97	194	194
PL CO. TOTAL STEAM CAPACITY			6142.91	5697	5785	5697	5785

DIESEL CAPACITY

BRUNNER ISLAND	D1, D2 & D3	2.75	8.25	-	-	8	8
MARTINS CREEK	D1, D2	2.75	5.50	-	-	5	5
SUNBURY	D1, D2	2.75	5.50	-	-	6	6
KEYSTONE (PL SHARE)	3, 4, 5 & 6	.34	1.36	1.4	1.4	2	2
CONEMAUGH (PL SHARE)	A, B, C & D	.31	1.26	1.3	1.3	1	1
PL CO. TOTAL DIESEL CAPACITY			21.87			22	22

COMBUSTION TURBINE CAPACITY

ALLENTOWN	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
HARRISBURG	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
MARTINS CREEK	CT1,CT2,CT3 & CT4	23.58	94.32	-	-	72	96
SUNBURY	CT1, CT2	23.58	47.16	-	-	36	48
HAZWOOD	CT1, CT2	16.00	32.00	-	-	28	36
WILLIAMSPORT	CT1, CT2	16.00	32.00	-	-	28	36
WEST SHORE	CT1, CT2	18.59	37.18	-	-	28	36
FISHBACH	CT1, CT2	18.59	37.18	-	-	28	36
JENKINS	CT1, CT2	16.00	32.00	-	-	28	36
LOCK HAVEN	CT1	18.59	18.59	-	-	14	18
SUBURBAN	CT7	29.25	29.25			20	31
PL CO. TOTAL COMBUSTION TURBINE CAPACITY			487.68			394	517

HYDRO CAPACITY

HOLTWOOD	1 to 8	10.40		-	-		
	9 & 10	12.00		-	-		
	11 & 13 (a)	0.50	108.20	-	-	102	102
WALLENPAUPACK	1 & 2	20.00	40.00	-	-	44	44
1/3 SAFE HARBOR OUTPUT		-	-	-	-		
PL CO. TOTAL HYDRO CAPACITY			148.20			76	76
PL CO. TOTAL CAPACITY			6800.66			222	222
						6335	6546

LUZERNE ELECTRIC DIVISION-UGI CORP.

HUNLOCK	3	50.00	50.00	46	46	46	46
CONEMAUGH(LU SHARE 1.11%)	1 & 2	10.40	20.80	19	19	19	19
FIRM PURCHASE (APS) HARRISON				50	50	50	50
LU TOTAL STEAM CAPACITY				115	115	115	115

DIESEL CAPACITY

CONEMAUGH (LU SHARE)	A, B, C & D	.03	.12	0.1	0.1		
LU TOTAL CAPACITY			70.92			115	115
PL GROUP INSTALLED CAPACITY			6871.58			6450	6661
KEYSTONE STATION	1 & 2	936.00	1872.00	840	850	1680	1700
CONEMAUGH STATION	1 & 2	936.00	1872.00	850	850	1700	1700

SUPERSEDES DATA DATED August 1, 1978

EFFECTIVE: August 28, 1979

(1) 89° Ambient Air, 80° Circ. Water
(2) 19° Ambient Air, 40° Circ. Water

(a) Water Wheel Exciters

(NET GENERATION BASIS)

PENNSYLVANIA POWER & LIGHT COMPANY

STEAM CAPACITY

STATION	UNIT NO.	MANUFACTURER'S NAME PLATE RATING GENERATOR	MANUFACTURER'S NAME PLATE RATING STA. TOTAL	UNIT NET CAPABILITY SUMMER (1)	UNIT NET CAPABILITY WINTER (2)	STATION NET CAPABILITY SUMMER (1)	STATION NET CAPABILITY WINTER (2)
BRUNNER ISLAND	1	363.33		321 (MAX 325)	334 (330)		
	2	405.00		378 (375)	390		
	3	790.40	1558.73	730 (720)	740	1429	1464
MONTOUR	1	805.50		740 (720)	750		
	2	819.00		740 (720)	750		
	11 (Aux.)	17.20	1641.7	15	15	1495	1515
SUNBURY	1	75.00		70	76		
	2	75.00		70	76		
	3	103.53		94	103		
	4	156.25	409.78	128	134	362	389
MARTINS CREEK	1	156.25		149	150		
	2	156.25		149	150		
	3	850.50		820	820		
	4	850.50	2013.5	820	820	1938	1940
HOLTWOOD	17	75.00	75.00	72	73	72	73
KEYSTONE (PL SHARE 12.34%)	1	115.50		104	105		
	2	115.50	231.00	103	105	207	210
CONEMAUGH (PL SHARE 11.39%)	1	106.60		97	97		
	2	106.60	213.20	97	97	194	194
PL CO. TOTAL STEAM CAPACITY			6142.91	5697	5785	5697	5785

DIESEL CAPACITY

BRUNNER ISLAND	D1, D2 & D3	2.75	8.25	-	-	8	8
MARTINS CREEK	D1, D2	2.75	5.50	-	-	5	5
SUNBURY	D1, D2	2.75	5.50	-	-	6	6
KEYSTONE (PL SHARE)	3, 4, 5 & 6	.34	1.36	1.4	1.4	2	2
CONEMAUGH (PL SHARE)	A, B, C & D	.31	1.26	1.3	1.3	1	1
PL CO. TOTAL DIESEL CAPACITY			21.87			22	22

COMBUSTION TURBINE CAPACITY

ALLENTOWN	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
HARRISBURG	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
MARTINS CREEK	CT1,CT2,CT3 & CT4	23.58	94.32	-	-	72	96
SUNBURY	CT1, CT2	23.58	47.16	-	-	36	48
HARWOOD	CT1, CT2	16.00	32.00	-	-	28	36
WILLIAMSPORT	CT1, CT2	16.00	32.00	-	-	28	36
WEST SHORE	CT1, CT2	18.59	37.18	-	-	28	36
FISHBACH	CT1, CT2	18.59	37.18	-	-	28	36
JENKINS	CT1, CT2	16.00	32.00	-	-	28	36
LOCK HAVEN	CT1	18.59	18.59	-	-	14	18
SUBURBAN	CT7	29.25	29.25			20	31
PL CO. TOTAL COMBUSTION TURBINE CAPACITY			487.68			394	517

HYDRO CAPACITY

HOLTWOOD	1 to 8	10.40		-	-		
	9 & 10	12.00		-	-		
	11 & 13 (a)	0.50	108.20	-	-	102	102
WALLENPAUPACK	1 & 2	20.00	40.00	-	-	44	44
1/3 SAFE HARBOR OUTPUT		-	-	-	-	76	76
PL CO. TOTAL HYDRO CAPACITY			148.20			222	222
PL CO. TOTAL CAPACITY			6800.66			6335	6546

LUZERNE ELECTRIC DIVISION-UGI CORP.

HUNLOCK	3	50.00	50.00	46	46	46	46
CONEMAUGH(LU SHARE 1.11%)	1 & 2	10.40	20.80	19	19	19	19
LU TOTAL STEAM CAPACITY				65	65	65	65

DIESEL CAPACITY

CONEMAUGH (LU SHARE)	A, B, C & D	.03	.12	0.1	0.1		
LU TOTAL CAPACITY			70.92			65	65
PL GROUP INSTALLED CAPACITY			6871.58			6400	6611
KEYSTONE STATION	1 & 2	936.00	1872.00	840	850	1680	1700
CONEMAUGH STATION	1 & 2	936.00	1872.00	850	850	1700	1700

SUPERSEDES DATA DATED August 28, 1979

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(2) 19° Ambient Air, 40° Circ. Water

(a) Water Wheel Exciters

(NET GENERATION BASIS)

PENNSYLVANIA POWER & LIGHT COMPANY

STEAM CAPACITY

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	2	405.00		378	390		
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	11 (Aux.)	17.20	1641.7	15	15	1495	1515
SUNBURY	1	75.00		70	76		
	2	75.00		70	76		
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	4	156.25	409.78	128	134	362	389
MARTINS CREEK	1	156.25		149	150		
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	4	850.50	2013.50	820	820	1938	1940
HOLTWOOD	17	75.00	75.00	72	73	72	73
KEYSTONE (PL SHARE 12.34%)	1	115.50		105	105		
	2	115.50	231.00	105	105	210	210
CONEMAUGH (PL SHARE 11.39%)	1	106.60		97	97		
	2	106.60	213.20	97	97	194	194
PL CO. TOTAL STEAM CAPACITY			6142.91	5700	5785	5700	5785

DIESEL CAPACITY

BRUNNER ISLAND	D1, D2 & D3	2.75	8.25	-	-	8	8
MARTINS CREEK	D1, D2	2.75	5.50	-	-	5	5
SUNBURY	D1, D2	2.75	5.50	-	-	6	6
KEYSTONE (PL SHARE)	3, 4, 5 & 6	.34	1.36	1.4	1.4	2	2
CONEMAUGH (PL SHARE)	A, B, C & D	.31	1.26	1.3	1.3	1	1
PL CO. TOTAL DIESEL CAPACITY			21.87			22	22

COMBUSTION TURBINE CAPACITY

ALLENTOWN	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
HARRISBURG	CT1,CT2,CT3 & CT4	16.00	64.00	-	-	56	72
MARTINS CREEK	CT1,CT2,CT3 & CT4	23.58	94.32	-	-	72	96
SUNBURY	CT1, CT2	23.58	47.16	-	-	36	48
HARWOOD	CT1, CT2	16.00	32.00	-	-	28	36
WILLIAMSPORT	CT1, CT2	16.00	32.00	-	-	28	36
WEST SHORE	CT1, CT2	18.59	37.18	-	-	28	36
FISHBACH	CT1, CT2	18.59	37.18	-	-	28	36
JENKINS	CT1, CT2	16.00	32.00	-	-	28	36
LOCK HAVEN	CT1	18.59	18.59	-	-	14	18
SUBURBAN	CT7	29.25	29.25			20	31
PL CO. TOTAL COMBUSTION TURBINE CAPACITY			487.68			394	517

HYDRO CAPACITY

HOLTWOOD	1 to 8	10.40		-	-		
	9 & 10	12.00		-	-		
	11 & 13 (a)	0.50	108.20	-	-	102	102
WALLENPAUPACK	1 & 2	20.00	40.00	-	-	44	44
1/3 SAFE HARBOR OUTPUT		-	-	-	-	76	76
PL CO. TOTAL HYDRO CAPACITY			148.20			222	222
PL CO. TOTAL CAPACITY			6800.66			6338	6546

LUZERNE ELECTRIC DIVISION-UGI CORP.

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CONEMAUGH(LU SHARE 1.11%)	1 & 2	10.40	20.80	19	19	19	19
LU TOTAL STEAM CAPACITY				65	65	65	65

DIESEL CAPACITY

CONEMAUGH (LU SHARE)	A, B,C & D	.03	.12	0.1	0.1		
LU TOTAL CAPACITY			70.92			65	65
PL GROUP INSTALLED CAPACITY			6871.58			6403	6611
KEYSTONE STATION	1 & 2	936.00	1872.00	850	850	1700	1700
CONEMAUGH STATION	1 & 2	936.00	1872.00	850	850	1700	1700

SUPERSEDES DATA DATED January 1, 1981

EFFECTIVE: January 1, 1983

Annual Number of Start-Ups For PP&L Generating Units

1978 - 1982

	1978	1979	1980	1981	1982
Brunner Island #1	13	6	13	19	13
Brunner Island #2	9	15	16	24	18
Brunner Island #3	22	11	16	14	9
Holtwood #17	11	11	12	8	5
Martins Creek #1	48	34	25	16	151
Martins Creek #2	38	37	16	52	100
Martins Creek #3	106	137	159	139	143
Martins Creek #4	113	159	170	160	175
Montour #1	18	10	9	19	20
Montour #2	13	13	9	12	24
Sunbury #1,2,3	8	9	7	15	10
Sunbury #4	11	9	4	8	12
Allentown #1	49	34	24	25	14
Allentown #2	47	28	26	25	9
Allentown #3	48	27	24	20	13
Allentown #4	47	30	23	19	13
Fishbach #1	71	30	29	18	18
Fishbach #2	68	16	29	27	16
Harrisburg #1	67	40	27	27	16
Harrisburg #2	74	36	27	26	16
Harrisburg #3	59	33	24	32	23
Harrisburg #4	71	32	26	23	17
Harwood #1	57	20	21	18	13
Harwood #2	55	18	21	18	13
Jenkins #1	55	29	28	22	10
Jenkins #2	63	26	24	21	9
Lock Haven	67	18	29	18	26
Holtwood Hydro	Not Readily Available				
Martins Creek #1	78	44	33	18	15
Martins Creek #2	84	49	35	22	12
Martins Creek #3	79	45	33	19	14
Martins Creek #4	81	46	30	18	13
Suburban	47	24	18	20	19
Sunbury #1	82	35	44	24	15
Sunbury #2	87	33	18	21	13

	1978	1979	1980	1981	1982
West Shore #1	60	48	33	26	17
West Shore #2	60	37	31	28	15
Williamsport #1	43	24	22	20	16
Williamsport #2	40	23	26	19	16
Wallenpaupack	Not Readily Available				

Annual Hours on Line For PP&L Generating Units

1978 - 1982

	1978	1979	1980	1981	1982
Brunner Island #1	7575.0	8049.5	7679.5	6221.0	7504.5
Brunner Island #2	8028.5	7858.5	7345.0	7379.5	7552.5
Brunner Island #3	6713.5	7101.5	6942.5	6548.0	7630.5
Holtwood #17	7515.2	7739.4	6439.4	7201.9	7604.5
Martins Creek #1	6779.0	6336.9	6410.6	7708.7	5855.5
Martins Creek #2	5615.5	6848.3	7832.3	7218.4	6550.7
Martins Creek #3	5203.7	5104.1	4984.5	3784.1	2827.8
Martins Creek #4	5339.3	4661.3	5048.2	4353.3	3307.4
Montour #1	7120.0	7879.5	7041.0	7227.5	7380.5
Montour #2	6749.5	7493.0	7514.0	7021.5	6930.5
Sunbury #1,2,3	8760.0	8760.0	8784.0	8760.0	8760.0
Sunbury #4	7092.5	7692.0	7938.5	7775.0	7294.5
Allentown #1	165.9	89.6	76.3	72.1	29.9
Allentown #2	179.2	92.5	79.5	69.5	9.9
Allentown #3	175.7	71.4	80.7	71.9	28.1
Allentown #4	179.8	90.1	80.3	72.1	29.1
Fishbach #1	207.3	45.6	68.1	31.8	28.1
Fishbach #2	195.9	21.2	68.6	90.8	26.4
Harrisburg #1	293.3	138.0	81.6	121.7	34.0
Harrisburg #2	307.0	135.3	83.6	108.9	34.3
Harrisburg #3	254.2	112.6	81.7	116.8	44.3
Harrisburg #4	298.7	129.2	75.4	111.7	33.2
Harwood #1	194.1	50.6	64.6	52.4	25.9
Harwood #2	181.0	48.3	62.6	51.9	26.2
Jenkins #1	194.2	57.5	64.9	56.3	23.5
Jenkins #2	240.1	56.2	64.9	51.6	23.8
Lock Haven	241.5	20.9	63.1	37.0	26.2
Holtwood Hydro	7213.8	7770.0	5664.9	8229.5	8677.0
Martins Creek #1	306.8	141.5	110.7	71.1	29.0
Martins Creek #2	314.4	149.0	118.2	80.3	29.8
Martins Creek #3	250.9	134.8	118.6	78.6	29.5
Martins Creek #4	287.0	149.8	115.1	79.3	28.5
Suburban	131.9	19.0	24.2	34.9	18.7

	1978	1979	1980	1981	1982
Sunbury #1	288.9	67.6	141.8	81.1	25.0
Sunbury #2	276.0	62.5	35.6	82.3	23.9
West Shore #1	235.7	65.2	76.9	129.2	38.4
West Shore #2	223.5	63.0	87.5	131.2	27.6
Williamsport #1	133.5	84.5	56.1	65.4	25.6
Williamsport #2	129.5	68.2	53.1	63.7	26.3
Wallenpaupack	2733.8	2787.0	1625.4	1452.0	2694.7

Pennsylvania Power & Light Company
Response to Informal Data Request
of PUC Trial Staff

Docket No. R-822169

Q. 9. With regard to the Marcus Hook off-site storage facility, please provide the following:

a) Description of the facility to include, but not limited to:

1. storage capacity

2. inactive inventory level requirement

3. capital cost

4. associated rate base claim in the current rate case

5. O&M costs of the facility for the test year and historic period.

b) Does PP&L lease or otherwise provide any of its Marcus Hook storage facility to any other affiliated or non-affiliated entity? If so:

1. identify such entity(ies) and attach copies of applicable contracts;

2. provide the monthly amounts of oil stored and cost charged to such entity(ies) over the past 24 months;

3. describe how associated revenues collected by PP&L are booked;

4. what transactions are projected for the test period and how are associated revenues reflected in the instant rate case filing? (Telephone Conference)

A. 9. a.1) The Marcus Hook Terminal facility consists of six residual (#6) oil storage tanks with a total gross capacity of 1,120,322 barrels and two #2 oil storage tanks with a total gross capacity of 373,304 barrels.

a.2) The gross "inactive" inventory level of the residual oil tanks during normal operations is 99,850 barrels. The gross "inactive" inventory level of #2 oil is 33,182 barrels.

a.3&4) The Marcus Hook Terminal facility is owned by Sun Oil Company. Therefore, PP&L has made no Measures of Value claim for these facilities.

a.5) PP&L is charged an oil terminaling fee by Sun Oil Company. The net charge actually incurred by PP&L and included in historic test year O&M is $3,320,247. The estimated net charge for the future test year is $3,144,200.

b.1) Philadelphia Electric Company and Jersey Central Power & Light Company. A copy of the applicable contracts is provided as Attachment 1 and 2 of this response.

b.2) See Attachment 3 of this response.

b.3) Costs charged by PP&L to Philadelphia Electric Company and Jersey Central Power & Light Company are credited against the costs incurred for oil terminaling expenses recorded in Account 501 - Fuel Expense.

b.4) As indicated on Attachment 3 of this response, the costs charged to Philadelphia Electric Company and Jersey Central Power & Light Company are on the basis of oil throughput not oil stored. Therefore, oil storage quantities for these utilities are not specifically budgeted. Applicable charges to these utilities as budgeted for the future test period are shown on Attachment 4 of this response.

PENNSYLVANIA POWER & LIGHT COMPANY

Oil Terminaling Costs Charged and Storage Quantities
For the Period August 1980 - July 1982

Month	Philadelphia Electric Company Costs Charged	Philadelphia Electric Company Storage in Bbls.*	Jersey Central Power & Light Company Costs Charged	Jersey Central Power & Light Company Storage in Bbls.*
August 1980	$ -	-	$ 59,405	4,368
September	-	-	59,405	30,890
October	-	-	59,405	889
November	-	-	59,405	894
December	-	-	59,405	35,436
January 1981	-	-	57,255	14,707
February	-	49,860	57,255	14,919
March	17,405	23,942	57,255	42,960
April	51,060	108,303	57,255	12,854
May	68,193	149,011	57,255	12,849
June	68,570	52,834	72,966	12,826
July	24,952	26,275	59,873	12,825
12 Months Ended July 31, 1981	$230,180	410,225	$716,139	196,417
August 1981	$ 18,165	88,718	$ 59,873	12,997
September	53,985	62,813	59,873	12,883
October	33,830	60,293	59,873	12,775
November	34,972	72,385	59,873	6,686
December	49,908	13,764	59,873	73,100
January 1982	-	51,043	55,376	12,640
February	59,232	87,393	55,376	10,939
March	64,361	64,106	55,376	10,976
April	37,070	32,648	55,376	10,931
May	34,567	32,648	55,376	10,931
June	2,495	38,157	61,041	10,958
July	15,552	108,144	56,321	10,862
12 Months Ended July 31, 1982	$404,137	712,112	$693,607	196,678

Note: The monthly amounts of oil stored by Philadelphia Electric Company and Jers Central Power & Light Company for the requested 24 months (August 1, 1980 - July 3 1982) are shown above, in addition to costs charged to these utilities during t same period. It should be noted that the costs charged are on the basis of o throughput not oil stored.

* Quantities in storage represent month-end levels.

PENNSYLVANIA POWER & LIGHT COMPANY

Oil Terminaling Costs for the 12 Months Ended July 31, 1983

	Total Oil Terminaling Costs	Jersey Central Power & Light Company Cost	Philadelphia Electric Company Cost	Pennsylvania Power & Light Company Cost
August 1982	$ 326,400	$ (56,300)	$ (21,500)	$ 248,600
September	326,400	(56,300)	(21,500)	248,600
October	326,400	(56,300)	(21,500)	248,600
November	326,400	(56,300)	(21,500)	248,600
December	326,400	(56,300)	(21,500)	248,600
January 1983	345,500	(50,500)	(23,400)	271,600
February	345,500	(50,500)	(23,400)	271,600
March	345,500	(50,500)	(23,400)	271,600
April	345,500	(50,500)	(23,400)	271,600
May	345,500	(50,500)	(23,400)	271,600
June	345,500	(50,500)	(23,400)	271,600
July	345,500	(50,500)	(23,400)	271,600
Total	$4,050,500	$(635,000)	$(271,300)	$3,144,200

Staff Statement No. 12
Witness: Dennis M. Kalbarczyk
Date:

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

PENNSYLVANIA POWER & LIGHT COMPANY

DOCKET NO. R-822169

Direct Testimony

of

Dennis M. Kalbarczyk

Concerning:

Non-Susquehanna Measure of Value

Q. Please state your full name and business address.

A. My name is Dennis M. Kalbarczyk. My business address is P. O. Box 3265, Harrisburg, PA 17120.

Q. By whom are you employed and in what capacity?

A. I am employed by the Pa. Public Utility Commission, Bureau of Rates as a Fixed Utility Analyst in the Electric Division.

Q. What is your education and professional background?

A. I graduated from Husson College with a Bachelor of Science degree in Accounting and earlier from Strayer College with an Associate in Arts degree in Accounting. I have over seven years of experience with the Pa. P.U.C. My experience and education is more fully detailed in the attached Appendix A.

Q. Mr. Kalbarczyk, what items will you specifically be addressing through your direct testimony today?

A. My direct testimony today will address Pennsylvania Power & Light Company's (PP&L) oil stock inventory for the year ended July 31, 1983. I will mainly be addressing the PP&L Exhibit Future 1 - Summary of Measure of Value and Rate of Return, Schedule C-6, page 3. You will also note that Staff Exhibit 12A, Schedule 3 lists and appends interrogatory response by the company which I have relied on.

Q. Please describe your understanding of Exhibit Future 1, Schedule C-6, page 3.

A. Exhibit Future 1, C-6, page 3, reflects the quantity and dollar values assigned to oil inventory balances at various PP&L generating stations as of July 31, 1983. The ultimate purpose of this schedule is to indicate the dollar value of oil inventory included in rate-base in the current rate case filing. The projected current value of oil is $63,219,000. This figure added with other Fuel Stock and Materials and Operating Supplies shown on C-6, page 1 represent a total of $200,742,000. This figure is also reflected on C-1, page 1, line 10.

Q. What is your opinion of the $63,219,000 oil stock inventory value at July 31, 1983?

A. After careful review and analysis of oil quantities and per unit prices for each PP&L generating station, it is my opinion that oil quantities and per unit prices reflected by PP&L on C-6, page 3 are excessive and appropriate adjustments should be made to the company rate base claim.

Q. Mr. Kalbarczyk, can you elaborate on your opinion?

A. Yes. For purposes of my review I examined two areas on C-6, page 3:

Per Unit Pricing at 7/31/83

Inventory Levels at 7/31/83

After reviewing the per unit pricing on Schedule C-6, page 3, I reached the following conclusion: the average price per gallon and barrel at 7/31/83 for all PP&L stations does not reflect the current trend of oil price in the market. Market trends as suppored by PP&L's own reporting to the Commission have been consistently dropping. This has also generally been the recent and continuing trend for world and national prices of oil. Admittedly, forecasting oil markets can be somewhat difficult as to what actual prices may be at 7/31/83. In approaching a conservative method, it is my opinion, that the estimated current price of oil (90¢ per gallon for light oil, $35 a barrel for light oil at Martins Creek Unit 3 & 4 and $27 a barrel for residual oil to Martins Creek Unit 3 & 4 at 2/28/83) should be used in this rate case. If current trends of oil prices were used in lieu of the current price, it would indicate that prices should decrease constantly from month-to-month. Thus at 7/31/83 prices would be much lower than my methodology or the company's claim.

It is somewhat certain that oil price will be reduced further but the overall expectation is that a more stable price should be reached shortly. Further, once the price is stable for a period of time, oil prices may then gradually increase. However, it seems unlikely that price increases will occur before 7/31/83 or rebound above current prices.

Q. Mr. Kalbarczyk, what adjustments are your recommending with regard to per unit pricing?

A. I am recommending that the prices per unit to be utilized for oil on PP&L Schedule C-6 page 3 be as follows:

$.90 per gallon for light oil

$35.00 per barrel for light oil Martins Creek Unit 3 & 4

$27.00 per barrel for heavy oil Martins Creek Unit 3 & 4

These adjustments are reflected on Staff Exhibit 12A, Schedule 1 and in my opinion more accurately reflect prices PP&L will be paying for oil.

Q. Mr. Kalbarczyk, can you please explain what you found regarding inventory levels based on the Company's Exhibit C-6, page 3?

A. The inventory level claimed for Martins Creek Unit 3 & 4, Residual Oil (#6 oil), in my opinion is grossly overstated. This decision is based on two factors:

1. The inventory level asked for by PP&L is based on a 86.2% Capacity Factor (CF) and a 25-day burn level, which in my opinion is unrealistic.
2. Barrels of inactive oil currently the property of PP&L's subsidiary Interstate Energy Company are included in the Martins Creek inventory claim.

Q. Mr. Kalbarczyk, can you please explain the need for inventory levels based on capacity factors at Martins Creek 3 & 4.

A. Yes. The company has to reasonably estimate, on a monthly and annual basis, what the needs of native load customers and interchange sales will be. Also emergency demands have to be taken

into consideration. Thus, the company determines what the estimated capacity factor (CF) should be. Secondly, the company must determine how long it can operated at the above CF until supplies can reasonbly be replenished, this will be referred to as the burn days.

Q. What are the current projected needs of Martins Creek Units 3 & 4?

A. Under the current filing, PP&L is projecting that Martins Creek Unit 3 & 4 will generate 2,394,000 and 2,440,000 MWH, respectively, for a total of 4,854,000 MWH (see Sch. 3, p. 9) of generation at a 33.7% CF. Further, the company estimates that 4,753,000 MWH (see Sch. 3, p. 4) of MC 3 & 4 to be sold on the interchange generation (97.9% of total generation) with the balance to go to PP&L native load customers (101,000 MWH 2.1% of total generation). The estimated profit for sales on the interchange is $28,300,000 or $5.95 MWH sold ($28,300,00 ÷ by 4,753,000). To summarize MC 3 & 4 will run at a 33.7% CF with 97.9% of total generation to be sold on the interchange with 2.1% going to PP&L native load customers.

Q. Mr. Kalbarczyk, what is your opinion of the 86.2% capacity factor?

A. In order for PP&L to burn all the barrels claimed (1,400,00 net/ inactive inventory, Staff Schedule 2) the company must run at a 86.2% CF. This is far in excess of the projected generation for the test period (33.7% CF) or any CF ever experienced in the history of MC 3 & 4. I would also like to mention that the highest annual generation ever by MC 3 & 4 was 6,426,271 MWH in 1978 for a

44.7% capacity factor. Since that period generation has dropped each year to a low of 3,185,831 MWH in 1982 for a 22.2% capacity factor. For the forecasted period of 1983, MC 3 & 4 anticipate a total generation of 4,762,000 MWH for a capacity factor of 33.1%. From 1984 to 1987 (see Sch. 3, p. 20) the generation from MC 3 & 4 will decline each year 2,467,00 MWH, 2,307,000 MWH, 2,020,000 MWH and 1,900,000 MWH respectively. The capacity factor from 1984 to 1987 would then be 17.2%, 16.1%, 14.1% and 13.2%, respectively. It appears that even though MC 3 & 4 may be a reliable station source the demand for its generation will diminish considerably.

Q. Mr. Kalbarczyk, you just mentioned that the 86.2% CF represents a means of an annual comparison for the historic and test periods. Can you respond to a monthly basis of review?

A. Yes. The highest monthly output ever accomplished by MC 3 & 4 was 851,698 MWH in January 1980, for a CF of 69.8%. In the test period the highest monthly output projected is in February 1983, 547,000 MWH (585,000 MWH on 30 day basis) for a CF of 49.6% (See: Sch. 3, p. 8).

Q. Mr. Kalbarczyk, in your opinion what should the capacity factor be for determining MC 3 & 4 inventory needs?

A. In light of all the aspects mentioned, I feel that the capacity factor to be utilized should be 59.3% (700,000 MWH per month). Comparing this CF to the highest monthly MWH generation anticipated for test period would allow a safety margin of approximately 115,000 MWH and a capacity factor 20% higher than its projected needs. (59.3% ÷ 49.6%).

Q. Mr. Kalbarczyk, what is your understanding of the number of day's oil supply at MC 3 & 4?

A. Yes. The company in its answer to Staff Interrogatory V-10 (see Sch. 3, p. 6) states a 25-day supply of oil is needed because additional purchase of oil during certain disruptions can take as long as 3 weeks to obtain for the MC 3 & 4 units.

Q. Mr. Kalbarczyk, what is your opinion of the 25 day supply requested by PP&L?

A. Taking this factor into consideration, it is my opinion that the need for a 25-day inventory is excessive and an inventory based on a 20-day burn rate would be much more reasonble. The 21 days referred to by PP&L in its answer to replenish oil stocks at MC 3 & 4 would indicate that it does not happen every month.

Q. Mr. Kalbarczyk, what adjustment are you then proposing with regard to the 25 days supply as requested by PP&L?

A. I am proposing that inventory levels be determined based on a 20 day supply and the capacity factor of 59.3% which I have recommended previously.

Q. Mr. Kalbarczyk, please elaborate on your comments regarding the inactive oil at Martins Creek Unit 3 & 4, Residual Oil.

A. Yes. In a response to Staff Interrogatory V-10 (see Sch. 3, p. 9), the Company indicated that 320,000 barrels were considered inactive. This volume of inactive oil was separated into two parts: first,

the volume of oil which lay at the bottom of the oil tanks and, second, the volume of oil which was maintained in the oil line. Both of these volumes represent quantities which must be maintained for adequate service of the tanks and oil line. However, the oil line is owned by Interstate Energy Company (IEC), a subsidiary of PP&L. PP&L in this rate proceeding is requesting as a measure of value all of the inactive inventory, 128,000 barrels, See Sch. 3, p. 14) for the pipeline. Currently, IEC services PP&L, Jersey Central Power & Light (JCP&L) and Philadelphia Electric Company (PECO). If the current practice continues, PP&L ratepayers are paying to maintain inactive inventory levels in the pipeline which are not totally devoted to servicing PP&L customers and which, in reality, are required by IEC or any oil pipeline in order to operate. I note that the Federal Energy Regulatory Commission (FERC) provies specific accounts for pipeline companies regarding oil which must be maintained in the pipeline for a company to conduct business. The following FERC description of Account #33 discusses oil which must be maintained in lines and tanks in order to conduct business:

> 33 Operating oil supply.
>
> This account shall include the cost of oil purchased and the value of oil added through tariff allowances and operating gains which is used to maintain lines and tanks in working condition. Additions to operating supply from tariff allowances shallbe credited to revenue at current value. Additions resulting from operating gains shall be credited against operating oil losses and shortages.

In my opinion, the volumes of oil (128,000 barrels) which must be maintained in the pipeline by IEC to conduct business with PP&L, JCP&L and PECO should not be included in the rate base claim of PP&L.

It should also be noted that the IEC Tariff filed with the P.U.C. has a Pipeline Cost Rate (PCR). The PCR attempts to pass on all cost to operate the pipeline according to the usage by its customers. Passing on the cost of inactive oil inventory for the pipeline through IEC's PCR tariff would be more equitable in treating all IEC customers rather than PP&L customers picking up the entire cost of inactive oil inventory.

Q. Mr. Kalbarczyk, in your opinion what are the dollar adjustments to be made regarding oil inventory levels and per unit price as reflected on PP&L Exhibit Future 1, Schedule C-6, page 3?

A. The dollar adjustments are presented in detail on Staff Exhibit 12A, Schedule 1 and 2. The adjustments by category can be summarized as follows:

	Barrels/	$(000) $
Active inventory level based on 59.3% capacity factor at 20-day supply	(629,500)	(16,997)
Inactive inventory for IEC Pipeline	(128,000)	(3,456)
Totals	(757,500)	(29,699)
Pa. P.U.C. Jurisidictional Rate		.9643
Total Adjustment to Measure of Value		(28,639)

Q. Mr. Kalbarczyk, does this conclude your testimony?

A. Yes, it does.

Educational and Professional Background

I graduated in 1971 with a Bachelor Science degree in Accounting from Husson College, Bangor, Maine. In 1969, I received an Associates in Art degree in Accounting from Strayer College, Washington, D.C.

I joined the Pennsylvania Public Utility Commission in October 1975 as an Accountant/Auditor in Bureau of Audits. In October 1982 I transferred to the Bureau of Rates, Electric Division. I have testified on the record in the following proceedings:

Gas Cost Rate 1307(e) proceedings

Energy Cost Rate 1307(e) proceedings

Met Ed 1974 Coal Complaint C-21597

Met Ed/Penelec TMI Investigation I-79040308

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

--oOo--

In re: R-822169 - Pennsylvania Power & Light Company
Investigation into a requested $315 million dollar annual rate increase. Public input hearing.

--oOo--

Williamsport, Pennsylvania

March 16, 1983

Pages 1 to 99

HOLBERT ASSOCIATES
1001 North 2nd Street
Harrisburg, Pa. 17102

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

--oOo--

In re: R-822169 - Pennsylvania Power & Light Company
Investigation into a requested $315 million dollar annual rate increase. Public input hearing.

--oOo--

Stenographic report of proceeding held at
Williamsport Area Community College,
1005 West Third Street,
Williamsport, Pennsylvania,

Wednesday,
March 16, 1983,
at 7:00 o'clock p.m.

--oOo--

Before

JOSEPH J. KLOVEKORN, ADMINISTRATIVE LAW JUDGE

APPEARANCES:

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JUDGE KLOVEKORN: Good evening. I call to order this hearing, Case R-822169, Pennsylvania Public Utility Commission versus Pennsylvania Power & Light Company.

On November 22, 1982, PP&L filed for a 315 million dollar rate increase. On December 3, 1982, the Commission suspended this proposed increase until August 22, 1983, and ordered an investigation to determine PP&L's need, if any, for additional revenue relief.

My name is Joseph Klovekorn. I am an Administrative Law Judge with the Commission. I have been assigned to preside at this investigation.

This hearing is being held as part of that investigation in order to provide an opportunity for the public, PP&L's ratepayers, to express their opinions and testify on the company's proposed increase.

Formal evidentiary hearings are underway on the company's request. We have already had some 15 hearings and approximately 20 more have been scheduled. This is the fifth public input hearing. Others have been held in Allentown, Harrisburg, Bloomsburg and Scranton. And we intend to hold seven more in other locations in the PP&L service territory.

These hearings will conclude April 22nd. Then sometime in June I will make my recommendations to the Commission as to the amount of revenue relief, if any, the company should be granted. The Commission will make a final determination on this request

sometime in August.

Up to this point in the hearing we have heard from the company's experts, and we are now beginning to hear from experts from the Commission's Prosecutory Staff, the Office of Consumer Advocate and other parties as to the company's need for rate relief.

But tonight our purpose is to hear from you, the ratepayers. Anybody who speaks tonight, all they have to do is sign the speaker's list down here in front, and anybody who wishes to can be sworn in and their sworn testimony will be made an official part of this record.

Now, before I begin with tonight's speakers, I would like to introduce and turn the microphone over to David Barasch, Acting Consumer Advocate.

MR. BARASCH: Thank you. Good evening.

My name is David Barasch, and this afternoon I was appointed Acting Consumer Advocate. The Consumer Advocate Walter Cohen has become the Secretary of Welfare.

I am one of three Attorneys for the Consumer Advocate's office who is trying the rate case on behalf of you all. For those of you who do not know who we are, the Consumer Advocate's office was created by the Legislature in 1976 specifically to provide ratepayers, like yourselves, with professional representation in rate cases. It was the Legislature's feeling that the large commercial and industrial concerns were certainly

represented in these rate cases, the companies were certainly represented, but there was some question about whether or not the average person was being represented in the rate case.

We have a staff of 20 people, ten Attorneys, who are quite experienced in these matters, and we have been working at this now for about six years.

In other words, it is our job by law to represent you in the rate case. As the Judge said, the company filed a request in November. We entered the case in January, and for the past two months we have been analyzing the company's materials and cross examining their witnesses.

We are in the process of preparing our direct testimony in opposition to the rate increase. That testimony all will be filed, I believe, by next Monday, at which time the final position of our office in the proceeding will be known.

I would just like to go over four points with you this evening if I could. From our office's viewpoint, there are four major points in this rate case other than the typical questions of what a company's wage expenses are and things like that. And I think these are the things that are of most interest to you, and I would just review them with you.

As the company has said and as everybody knows, the great bulk of this rate increase is directly related to the company's intention to put the Susquehanna plant on line in a few months. The first major issue that we are looking at very carefully, the

company says the plant has cost them 1.6 billion dollars. We have some questions as to whether or not all of the cost of building that plant was justified, and we have hired some nuclear engineers from California who have helped design other nuclear power plants in the past and have conducted what is known as a construction audit, and we will be presenting testimony in that area on Friday, the testimony will be presented, as to what portion of the 1.6 billion that they spent that we believe was prudently spent.

The second major question, which I am sure you are all aware of, is whether or not the plant, if it is there, whether it was needed in the first place. And in that regard, I think you are aware of the fact that the company has considerably more installed capacity than needs to serve the public. We have hired some economists from Boston, Massachusetts, who will be presenting evidence on your behalf, our behalf, as to what portion of the company's investment in all of this generating facility is really necessary to serve the public.

The third question relates to this energy savings number that I think some of you know about. The number 500 million dollars has been thrown around, 315. The company will only be awarded at most 315 million dollars at the end of this case. The difference between that and the 501 is 186 million dollars of savings that the company says will accrue to the public as a result of the operation of the plant. We have some questions

whether that is true and intend to investigate that aspect of the plant.

And fourth is the question of rate design, which we think is very important and something that has not received any attention, which is that the company has proposed to allocate the rate increase, whatever it may be, in a certain fashion, and there is a battle going on in this proceeding between the residential consumers and the industrial consumers as to who should pay what share of whatever amount of rate relief, if any, gets awarded. And that aspect of the proceeding, the Consumer Advocate's office is fighting for the residential class and for the small commercial class.

And that, in essence, is what the case is all about from our office's perspective. If I can answer any questions from any of you at anytime in this proceeding about this or any other utility matter, I will be happy to do it.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you, Mr. Barasch.

I would now like to call on Gerry Caliendo of PP&L.

MR. CALIENDO: Judge Klovekorn, ladies and gentlemen, good evening.

My name is Gerry Caliendo. I am Vice-president and Chief Counsel of Regulatory Affairs for Pennsylvania Power & Light Company. This evening I have with me Bob Mannly. He is the

Community Service Manager for the Susquehanna Division in this area.

We are here for just one reason this evening, and that is to listen to you, our customers, to express your views regarding this rate increase.

We are in favor of these public input hearings. We believe they provide a valuable part of the ratemaking process.

If you have any questions of a service-related nature after you make your statement this evening, we would be glad to answer them for you.

Thank you.

JUDGE KLOVEKORN: Thank you, Mr. Caliendo.

John Quain of the Commission Prosecutory Staff.

MR. QUAIN: Good evening, ladies and gentlemen.

My name is John Quain. I am a member of the Public Utility Commission Prosecutory Staff. What that means is the Utility Commission has hired in staff several lawyers to litigate the interests in every rate case. Myself and one other Attorney are involved in this rate case.

As the Judge indicated in his opening statement, there is a series of these hearings going on throughout the service territory. The reason they are being held, it's very important to hear what you have to say, and your opinion will matter very much in the final determination of this case. We, therefore, urge each and every one of you who has an opinion to express on

how this increase is going to affect you individually or as a group to express that opinion tonight.

Thank you.

JUDGE KLOVEKORN: I would like to call on David Mann of the Susquehanna Alliance.

MR. MANN: The Susquehanna Alliance has been involved in opposition to the Berwick Nuclear Plant for quite some time now. One of the reasons we have been opposed to the plant is for economic reasons.

And we predicted a couple of years ago that there would be a 20 per cent rate increase to Unit 1, and we are sorry to see that that has come true. But we have, because of our having followed the plant for so long, decided to formally intervene in the rate proceeding, and we are attending all of the hearings in Harrisburg and trying to analyze the information and get the information back to the people as best we can.

I think there are a couple of important things that have been said before that I want to reinforce. One, it is real important that you came tonight. I think that we are seeing something new in the Utility Commission in the last couple years and that is a recognition of the need for public input in these proceedings. Historically it hasn't taken place and historically hasn't been considered to a very great degree, but it is becoming a more and more important part of the proceeding. So, it is important that you showed up.

The second thing, it is real important that you speak tonight. No matter what you have to say, it is important that that gets on the record, and you can speak at anytime. You can wait a little while if you want to, but there is a sign-up sheet up here. I encourage you at some point tonight to sign up and speak.

In addition, it is important that you have your testimony sworn. It is only by having it sworn that it will go on the official record and can be used as evidence in the decision-making of the case.

One final point I would like to point out is, many of you probably haven't heard about it because it hasn't been in the papers much, and that is that we have been contending for a long time that this is not a 315 million dollar rate increase. We have called it a five zero one. Now it is unclear as to really how big a rate increase it is.

PP&L has filed some supplemental testimony in the last couple weeks which will put an additional surcharge on your bills above what they already requested starting in April of '84 for some undetermined amount. It will probably be somewhere around 20 million dollars a year for five years, and it reflects some operating charges for the plant that they haven't included in their current rate filing.

So, already we are seeing an admission on the part of the company that this rate increase is going to be larger than they

originally said.

So, again I encourage you to speak. We have a table set up in the back. If you have any questions about the facts of the rate increase, we would be glad to provide you with information.

Thank you for coming.

(Applause.)

JUDGE KLOVEKORN: Thank you, Mr. Mann.

Finally, I would like to call on Mayor Stephen Lucasi, Mayor of Williamsport. And I would like to express on behalf of the Public Utility Commission to the Mayor our appreciation for arranging for us to use this facility tonight and for arranging for a public input hearing in Williamsport.

MAYOR LUCASI: Judge Klovekorn, my fellow citizens.

As the Mayor of the city of Williamsport, I take this opportunity to thank all of you for coming to this public hearing because it gives all of us an opportunity as free and independent people to express our feelings in a democratic way.

As a concerned citizen, as a businessman and as your Mayor of the city of Williamsport, I want to go on record as being opposed to this rate increase.

Thank you very much.

(Applause.)

JUDGE KLOVEKORN: The first speaker on the list is Herbert Enigk.

HERBERT ENIGK, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: Ladies and gentlemen, Judge, I am the County Director for Senior Citizens. We, as senior citizens, are opposed to this rate increase, especially to pay for this plant that they built. After all, PP&L is an industrial outfit. It's the same thing if Bethlehem Steel would come in and say we want to expand but the people of Williamsport is going to have to pay for it. No way do I see that we should help pay to help them build that plant.

As senior citizens on very small incomes, some of them, some of them have a hard time living, I think that the utility bills that they're getting today are taking away their life-style, their freedom and their money that they have saved all of their lives to live on when they get the age of 65.

And also now, they have to take and save on their eating. They have to pay their bills or they get their power turned off. I think that the people, some of them, are living on very, very little as far as their consumption of food is concerned because the bills today that they have to pay, they can't do it.

Some of these people are only living on $260 a month on Social Security. How can they pay for their utility bills and their food and their rent and everything else? They can't do it.

And they beg to please don't raise these bills because

they can't afford it.

That is all. Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you, sir.

Lloyd Bower.

LLOYD BOWER, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: Ladies and gentlemen, I am here tonight to talk for two different organizations. I am President of the Lycoming County Senior Citizens, and we have a hard time living. All your government figures say we earn over $20,000 a year. I would just love to know where they get these figures.

I was in Harrisburg two weeks ago to a meeting similar to this, and our senators and representatives in Washington and Harrisburg said the same thing. I know we have people living in Lycoming County that is living on less than $300 a month. I know these figures are right, and I demanded to know where they got their figures, and they won't tell me. They turn a deaf ear.

And I don't think that PP&L should have the raise that they're asking for. According to their own figures, they are making 30 per cent more power than they need right now. To put this plant in service, they will have over 50 per cent.

They try to sell us that they will sell the power. Where are they going to sell it? They advertised for it, and they

haven't come up with any sales yet.

I am asking you as fellow citizens to join in and make sure we are heard. Goodling's representative in Harrisburg last week got up and said we should not send letters to our Congressmen and our representatives as we had done on this one bill, the banking bill, the ten per cent banking bill, because they didn't have time enough to do anything except throw out the rubbish that we sent in. My answer to him was: why do we have to hit you between the eyes with a baseball bat before you understand what we're talking about?

I know for a fact when PP&L went around several years ago, they took my one business away from me by saying: take out your coal furnaces, put in electricity, in 30 years we're going to have so much power that we're going to take out your meters, we're not even going to meter it.

I was hauling coal at the time, folks. I do know that I am out of business because they put me out.

Now, I am still wondering when they're going to take my meter out because that damn thing is going around faster than hell and doubling four times.

As for the Pennsylvania farmer, my neighbor is the head of the organization and couldn't be here tonight. He asked me to speak for them. They have done the same thing with the farmer as they are doing to you. And you are going to put a lot of little farmers out of business because when they want anything

from a farmer, they go to the big farmer. These little farmers that we got around here don't mean anything. But at the same time, they're going to charge us for their service.

Right now, the Pennsylvania dairymen are starting to pay $1 on every 100 pounds of milk to the government. They say we have a surplus. The only thing that is going to do is put more cows on the supply line and you're going to double your supplies.

If this rate goes through, they're going to have to triple the cows on the line to produce the milk to make their PP&L payments.

If the big organizations out west - and I will use Purina as one of them - and corporate farmers can only go to thes people and say, "Look, this is it, we don't want anymore," that is what they do. But they're not going to those people. In this case, they are coming to us.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you, Mr. Bower.

Stephen Stamos.

STEPHEN STAMOS, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: I am an economist that teaches at Bucknell University, and I have been living in central Pennsylvania now for almost eight years, which has been long enough time to monito

and track along the history of the Berwick generating facility and the PP&L experience with that.

I have also cut my teeth in central Pennsylvania as a regional economist who spent the first five years of my time here studying the central Pennsylvania economy, and in the last three or four years I have been doing entirely energy economics in my teaching and research as well.

Given that, I have a few things I would like to say about the case in general, and then I would like to focus upon what I think are going to be some of the short-term and long-term economic impacts from this rate increase.

I have also been going down --- just as a footnote here, I have been going down to Harrisburg on occasion attending the Court hearing, trying to pay attention to the testimony. I have also familiarized myself with the entire case in having read over most of the material submitted by the company on their behalf in terms of their case.

And one of the things that I think is important for the record to understand is that the point in time PP&L made the decision to go ahead with this plant as a major investment project, it was a point in time when all utilities around the country had to make the same kind of decision based on the data they had to work with. Given that, I think the decision they made was not surprising and very understandable. It was a pragmatic decision made at that point in time in the early 1970's.

What is important, I think, in retrospect historically is that the U. S. economy turned around in 1973 and '74, has been in the doldrums ever since. And one of the important things to understand is that the economics of nuclear power turned against itself throughout that whole time period.

One of the things, then, one would have to pay attention to is to what extent over that time period did the company in fact reflect upon the change in economic environment in terms of what made an attractive investment opportunity to turn progressively less and less so as time went on.

If you look at the company's position for the rate increase, one would find again on the surface no real argument with the reasons why it wants the money. It has to pay for the capital obligations that have been carried to build Unit 1, which is being folded in now into the rate case. It is necessary for increased expenditures for operation and maintenance to ask for some more money. And if you look at the financial condition of the company, it makes sense to ask for more money because the investors would like to see higher dividends. The bond ratings have been deteriorating, the credit ratings have been falling. It would be nice to have higher rates, higher income, to be able to borrow money more easily, particularly to finish the second unit. So, these are all, I think, very understandable reasons.

As one gets into the facts of the case, though - and I don't want to go over them all this evening; they have been put

on the record in Harrisburg - as a practicing economist myself, one of the things that is quite troubling is that once you know how to work the data and statistics, anybody can utilize data and statistics in their own self-serving manipulative manner, and I have seen this done in the Courtroom already, and I am sure when the witnesses come in from the other side with the other point of view, they will do the same.

One of the things that I am readily concluding about this thing for myself is that the case itself, the rate case itself will most likely not be determined upon factual presentation of data or information.

I feel sorry for the PUC and the Judge in this case because what they're going to be looking at at the end of April is two sets of data, two sets of positions for which you can bring in tons and tons of more expert testimony, and there will be no resolution of those conflicts about the assumptions made, the data presented in the cases.

Given that, I think the case, then, at least in my own mind as I study it, is going to have to be determined upon some other criteria. This is not to say - and I don't want to be misunderstood here - it is not to say that it is not important that the excess capacity factor is escalating beyond any reasonable proportion. It is not to say it is unimportant, for example, that we don't need the electricity from the plant for ten years. It is not to say it is unimportant that we may not

even get any net benefits from carrying the cost of that plant for 12 to 15 years. It is not unimportant to say that given the relationship between price increases and the amount that people consume, i. e., the elasticity of demand for this product, this electricity. It is important that the elasticity demand figures are shifting now with higher rate increases, so that people will be using less and less and paying more for it. The company needs the revenues. That is the long-term view.

It is also not unimportant when the company says the plant is going to last 39 years to say that it probably won't last 39 years. It will probably last 20 or 25 at best. It is not unimportant to point out that if the company says the plant is going to operate at 70 per cent capacity, the fact is the historic record for plants like that is 59 per cent.

That is the statistical manipulation I wanted to point out. Those things could be argued with.

The other thing I would have to point out, from 1977 on in terms of the company's practices and decision-making, it was unfortunate, I think understandable from their point of view, but unfortunate given what was happening nationally with nuclear power two years prior to Three Mile Island, that the company, based upon the cost of this investment as inflation and interest rates were beginning to escalate, didn't think about what was going to be the benefits of a major conservation program. So as to avoid the cost of nuclear steam generated electricity, we use

less of what we have on line and maybe we won't need to build another plant or maybe we don't need to build it for a much longer time period.

Also, as plants get along in their process of being constructed, 40, 50, 65, 70 per cent along, other utilities have found it worthwhile to make a serious attempt to analyze what would be the advantages to it and its customers of not completing a particular plant, even if it implies writing off the debt, carrying the debt that has been incurred as opposed to completing it.

I haven't seen, at least to my knowledge, anything from the company that has indicated this was taken seriously at all.

Another consideration I think important to the case is the investors. It's a publicly regulated utility. The PUC has the responsibility to insure an adequate rate of return to the investors, to the utility, so that the service can be provided to its customers. That is the responsibility of the utility.

Up until nuclear power began to raise its head in the late 1970's, with health and safety problems, economic problems, we didn't have these kind of problems in terms of utility regulation. The rate cases went through rather matter of factly. There wasn't a whole lot to talk about. Demonstrate where your costs were increasing, and then consumers could take on incremental marginal rate increases.

We are in a new era now, which the point I want to make

tonight is I think we need new criteria by which to resolve the mistakes of the past in terms of how that burden ought to be shared and not placed upon one person or the other, i. e., the consumers or the company entirely.

I think we are in a position now where a consensus compromise is the only adequate, equitable resolution of the financial problems that the utility is experiencing.

In looking at the economic impact --- and I am going to be forwarding to the PUC and the Administrative Law Judge a report in a couple of weeks I have been working on. In looking at the impact, economic impact regionally and then locally, I think it is very important and I think that the citizens of Williamsport can relate to this, that this rate increase be examined in the context of the national, regional and local economy. This rate case is not taking place in a vacuum, which is to say, the national economy this year, at best we will get a minor recovery. We are already experiencing right now rising natural gas prices, which is bad enough for a lot of industries and consumers. We are experiencing a decrease in inflation and lower fuel prices, petroleum base fuel prices, which I think is fortunate for the time being, but if we have any memory at all in terms of past history, we ought not to get too comfortable with that and particularly as we look down the line toward another rate increase on top of this one, at which time we can expect inflation to be increasing as well as, I think, oil prices

in time.

This is an area that is experiencing some of the higher rates of unemployment in the nation. This county, one of the highest in the nation, 17 and a half per cent official rates. By my estimates, it is much higher than that. I would be willing to go so far as to say that the unemployment, underemployment rate in these northern counties up here could easy run up to 25 per cent or higher. We are talking about counties with per capita incomes of 7,000 to $8,000 a year.

The kinds of equity issues and income distribution issues surrounding this rate case I think are unprecedented, and again, I think that calls for a particular kind of response.

I think individuals can speak for themselves tonight and for groups that they represent, as has already been the case. One of my great concerns is what is going to happen to small firms in this area.

Firms in the central Pennsylvania region are of a particular variety. They are not multi-national firms doing business all over the world with after-tax profits rates of 20, 25 per cent. They are firms that are very competitive in their markets, competitive in their prices, and their after-tax profit rates oftentimes are down to two and three per cent. Many of them are non-union, low wage industry, competitive industries.

It's industries like these where rate increases like we're talking about of 20 per cent are sufficient to drive up the

incremental cost of production to not only create major layoffs but ultimately major plant closings in the area. I think that is a travesty, and if that happens, that is going to be a calculated conscious decision made by these adjudicating bodies. That is going to be a definite outcome of this decision should it pass at the level which it is being requested.

In addition to that, with the economy and the state it is already in in our area, one only has to use a little bit of imagination to imagine what is going to happen with public services. They have already been cut to the bone over the last two years by the Reagan administration. The safety net is low and thin, as we all know. We are going to see a further decline in public services as a result of increased costs of public services, municipal governments, school taxes, property taxes, all going to be falling in suit with this rate increase.

And the important thing I want to emphasize is I'm not just talking about this rate increase. There is no reason to expect that there will not be another major rate increase as Unit 2 is finished and heaven knows in terms of how the things actually function and operate, whether all of their statistical assumptions are going to prove to be correct.

Lastly - and I will finish with this - it is my opinion --- again, I have been working on this for a good while. I think that what has happened is that nuclear power in the late '70's and early '80's has really called forth a major change in the way the

Public Utility Commission regulatory bodies ought to relate to electricity. We can't do it the way we have done it in the past. There is no way, I think, again in terms of equity issues, you can expect the utility to keep year after year putting these burdens and imposing these costs upon the consumers. Somewhere in that mix I think there is the basis for consensus, which is to say, look, the utility made some honest mistakes, let's own up to them, let's let you give a little bit, let's let your investors give a little bit. They made some mistakes, honest mistakes.

We, the consumers as a part of this process, are going to have to pay some of the financial carrying costs of these investments if we don't want the utility to go bankrupt and we want service. We're going to have to carry some of those costs. We're going to have to pay some costs of routine operation and maintenance expenses as inflation increases year to year.

But what I most object to is the size of this increase and what I think is going to be the inequitable distribution of the impact of this rate increase.

I would urge the PUC and the Administrative Law Judge to give a lot of consideration to smoothing out what I think are these equity issues.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you, Mr. Stamos.

Andrew Dincher.

MR. DINCHER: I think I will pass.

JUDGE KLOVEKORN: Mary Lou McCloskey.

MARY LOU McCLOSKEY, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: I am Mary Lou McCloskey, and I am speaking for the Williamsport Branch of CEPA, Consumer's Education and Protective Association.

First of all, I want to thank the Judge for coming. Hopefully the next time the consumers won't have to fight so hard just for a chance to speak out. I know we are here --- I was carrying a stack of petitions. That's just some of the ones that people have sent to me signed that are opposing this.

And to the Public Utility Commission, we, the undersigned, oppose PP&L's 20 per cent rate hike. Since PP&L already has a 30 per cent excess generating capacity, we should not be forced to pay for the Susquehanna Nuclear Plant which is not needed. When inflation is coming down, PP&L's rates should not go up 20 per cent. The workers who are unemployed, families on welfare assistance, senior citizens struggling on a small, fixed income, even average working families cannot afford higher electric rates.

And finally, here is an article from our Sun Gazette, which was about our meeting for here tonight, but right underneath it is about the Berwick plant. Again more trouble at

the Berwick plant before it is even open.

We all know what happened at Three Mile Island. We don't want it happening here, especially in a plant we don't need.

We ask you, the Judge and the PUC Commissioners to deny this rate increase and stop the Susquehanna plant from going on line.

(Applause.)

JUDGE KLOVEKORN: Thank you, Mrs. McCloskey. I assure you the next time you won't have to fight as hard as you did this time to have somebody come from Harrisburg.

(Applause.)

JUDGE KLOVEKORN: Alfrancis East.

ALFRANCIS EAST, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: I am Alfrancis East, and I live in the city. I am a member of the Consumers Education and Protection Association.

And I don't have too much to say because it seems like everybody said what is to be said. But I have something to add.

I am speaking for some of the people that couldn't afford to come out tonight, either sick or had death in the family or something like that.

But Mary Lou and I made about five trips to Harrisburg trying to get this hearing, and I want to thank the Judge for

coming, and I am very happy to see the turn-out that we have had. Of course, we could have had more, but I am satisfied with that.

But we just can't afford this rate hike. I know about three or four people now, where they lived before, they owe such a big electricity bill. They moved out in a smaller place where they pay less rent, but they still have to pay these bills that they already owe, and by the time they pay that, they don't have any money to eat on.

They are getting catsup when it is on sale, two bottles for a dollar and putting water to it and going to Hall's salvage where they get cheap cereal and put it in soup in order for them to pay the bills. A lot of people just don't check on these older people, but they are really having a hard time, and the little bit of money they get, they can't make it.

And I don't even think they need that nuclear plant because it is giving them a lot of trouble now, and we can't afford to pay it. PP&L made that mistake years ago building that plant, and they're trying to get more money. Let them take the loss - not us. We can't even make ends meet as it is.

So, I just hope the Judge will take everything that was said into consideration tonight, and I am quite sure he heard it at other hearings he has had.

And thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you.

Michael Felix.

MICHAEL FELIX, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: On behalf of my colleagues, City Council, city of Williamsport, Dr. Randy Hepel, President, Charles Brigani, Vice-president, Tom Bailey, Carl Hunter, Dudley Anderson and Jessie Bloom, I would like to welcome you and thank you for coming to the city of Williamsport. It is certainly a well-appreciated opportunity for us to give public input into tonight's hearing.

Before I begin, though, one must appreciate the proposed 19 per cent increase by PP&L as an event that is happening which is difficult for many people to speak, yet impossible to remain silent. For those people who will not speak tonight, I wish to give them a moment of my time.

For those of you this evening who feel a 19 per cent increase is not fair, please say "no".

(A chorus of "no's".)

THE WITNESS: Thank you.

This is Williamsport's solid majority and the last reference I will make to them this evening.

As a member of City Council and as chairman of the city's Industrial Advisory Committee, I will share with you some emotional and technical facts about our city, facts I expect you will weigh in your decision-making relative to the proposed rate

increase.

First, let me state -- let me begin by restating the public relations campaign that PP&L is using in marketing its request. PP&L is asking us that we understand the climate of the '70's or the early '60's under which the decision to build nuclear was made. It was described in many presentations that I have listened to due to the problems relating to coal strikes, management of mining coal, forecasted peak capacity, the promise of nuclear energy being more efficient, the pending world oil problem, PUC regulations. All of these and many issues PP&L states caused the decision to go nuclear and we must appreciate the circumstances of this decision.

Let's put on hold for a minute this attitude. Let's look at some emotional facts about our city, Williamsport, and segments of our population.

First, we are a city with a population of 33,000 people, a significant decline from 50,000 in the late '60's. Over one/third of our current population is comprised of elderly, people living on fixed income.

Now, logic says --- and we all know our Social Security system is in trouble. There exists deep concern for out elderly population being financially able to exist in today's world. Health care costs, transportation costs, food, utilities, to name a few, have risen beyond most economist's expectations or predictions, including, as I have been told, beyond any

projections made by PP&L analysts preparing for the decision-making process relative to Berwick.

Now, can you imagine 19 per cent today and 20 per cent next year when Unit 2 comes on line? I ask you this: if you were living on a fixed income, what choices would you make?

Now, I am guessing, of course, but I think 19 per cent increase on this segment of our population will cause these people to forego paying their bills, contributing to a growing national utility problem of shut-offs. So, I ask you, who wins?

The city has a new employment problem, too, part of the national epidemic, of course, come hovering around 15 per cent. Our economy isn't going to provide immediate recovery in relationship to the unemployed. These people will not find employment over night. Many of the people have mortgage payments, health care costs, children in school, food and daily living subsidies, and a 19 per cent increase is devastating to this group of people. Once again, you could be accelerating a shut-off problem due to their inability to pay.

Another segment of our population, those people we see in public assistance, obviously can't pay a 19 per cent increase. Our city, being the largest city in Lycoming County, has a significant number of this population as well.

Now, this concludes the emotional part of my testimony. I admit being a person who thinks about the implications of any kind of increase or decrease on all the segments of our

population, asking myself: is it fair?

Now, let me discuss with you in very lay technical terms the implication a rate increase of this nature will have on our business and industry, more specifically our industries. As chairman of the city's Industrial Advisory Committee, a committee established to examine what could be done to influence our local economy by forming a partnership of the public and private sectors made up of leaders of industry, business, education, government and our civic organizations. Let me share concerns the leaders of our community have.

We have learned during our information-gathering process that a very complex procedure is used to calculate the industrial rate. The process is confusing and very often results in many statements being made as to the rate increase not being as high as actually experienced.

For example, industry net rate in cents per kilowatt is comprised of three major components, the base rate, the demand charge and the energy cost recovery charge. What is important to industry is when you total up what PP&L charges and divide it by the number of kilowatt hours used. The figure arrived at is the actual cost kilowatt to the company. That is what is important.

Members of the Industrial Advisory Committee stated that PP&L will promote the base rate, hasn't changed in five years or the demand schedule has been lowered or the ECR has been slightly

modified. Again, the true rate industry pays is the sum of all of those charges divided by kilowatt hours used.

Based on actual statistics supplied by one local industry, over the last three years rate increases have been approximately 80 per cent, and as we all know, the ECR, the Consumer Price Index, has risen only 20 per cent.

With a 19 per cent projected increase this industry expects to pay a three-year increase of $254,000.

Now, as you can imagine, quoting an industrialist, the cost increases are significant, and with the economy the way it is, it is near impossible to pass these increases on to our consumers. I find that to be an interesting comment.

Folks, the concern of local industry is with PP&L presenting these types of increases, it is becoming more difficult to maintain a profitable and secure business in our area.

As a representative of Williamsport, a resident of the state of Pennsylvania, I ask, will this 19 per cent increase be another factor contributing to the inability of our communities to retain established industries and business and to attract new ones.

Using the expertise that PP&L's marketing and public relations, I would like to borrow their emphasis, that is that we, the public, business and industry and government understand the climate that existed in the '60's and '70's that caused the stockholders and the management of PP&L to decide to choose one

form of energy delivery process over another. As members deciding this issue, I ask that you employ the same reasoning in considering the PP&L rate request. Consider the economic climate of the state of Pennsylvania. Consider the economic climate of the city of Williamsport. Consider people on fixed incomes and the problems they are faced with, people unemployed, rates as high as anytime in our country, people on public assistance. Consider our industries and our businesses and the implications the increase has on these.

In closing, I would like to share with you a quote from George Bernard Shaw: "The reasonable man adapts himself to the world. The unreasonable one persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man."

I believe this to be the case with PP&L. A 19 per cent increase in today's economic climate is very unreasonable.

Thank you very much.

(Applause.)

JUDGE KLOVEKORN: Thank you, sir.

Mrs. Keith Waltz.

MRS. KEITH WALTZ, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: I think this has been fine testimony. Can you hear me?

VOICE: Yes.

THE WITNESS: I think this has been fine testimony presented here tonight. So, there is no question about it, and there is no question about the fact that utilities are high. And so is everything else high.

But I have just a little bit of a different slant because I am not only --- my husband and I, and he isn't able to be here tonight, because his health is worse than mine, but I would have to say that we are both consumers and producers of electricity. From around the nineteen hundreds my family has been involved in the electric business, and we have lived for five years up in the Pennsylvania Electric Company district up in near Erie, and he was sent up there by an uncle. Now, he was educated in foreign languages, but he was sent up there by an uncle who owned this utility company in a very small town. And he went up there to manage this company.

But first he went down to learn the rudiments of it in Kentucky where his uncle was living. And we moved up there and lived for five years in a little tiny town, a little dark country town. And my husband was very efficient. He made their air raid sirens. He fixed up their poles. They had all old property. He went out and he climbed poles and he read meters. And we had three injuries while we were there. So, there is a lot of danger in public utility work.

My husband has had some vertebra in his back injured by

some of his old equipment that fell down and he landed on the ground. But he was called out at all kinds of hours of the night, came in frozen and couldn't get warmed up in the bathtub, and I wondered whether he was ever coming home. I went through five years of that.

And he was called upon in this small town to do all kinds of little things, like things we don't know when we live in the city. He helped people feed their chickens. He did all kinds of little bitty things for everybody. And that was the attitude of the utilities at that time.

And we spent five very pleasant years until finally we had to get rid of it, and we wound up selling it to Pennsylvania Electric Company. Well, you know what happened to the Pennsylvania Electric Company.

And you people here are talking about people living on $300 a month for two people. That is exactly the amount of money my husband writes a check out for every month for the two of us to live on $300 a month. But we live rather frugally. We always have. And that $300 a month for two people does us very well because our health isn't that good. I would much rather be here testifying against the poor medical care that we get sometimes than the electric business as far as I am concerned.

And also, when we came back to Williamsport to live, we were very happy to come back. My husband is a very efficient language teacher. And we came back and took a job in

Montoursville, anything we could get to get away. He could be a little safer on a school chair than he could be on a light pole. And we came back and did that, and he did it very well. Until finally, the Court needed a little bit of pushing, or, did too little bit of pushing around with the discipline in the schools. And when my husband took an early retirement, he was at that time the chief disciplinarian because if you scolded your child or touched your child, then you were in trouble.

We had three incidents here in Williamsport schools of teachers who shook a child and did that sort of thing. And when he got to be the chief disciplinarian, everybody was bringing their problems to him. He said, "It is time for me to get out of here." He said, "I am not going to be bothered. If parents aren't interested in trying to discipline their own children, let's not blame it on the school districts."

And I just feel that --- and I was a very active PTA member here, and I tried to reform the PTA for making them into a social affair and paying a little more attention to the education. But he soon decided this is not for us. So, we decided we would do a little travelling. And we found some freighter travelling to do where the Arab oil carried us all around the world at very little cost on ships made over from the first World war, and they took all passengers, and you felt like a family on those ships. You just felt like you were part of the family. They made you feel at home.

And we laid our money aside and carefully planned it, and we traveled around the world.

So, I am here to say that the utility company deserves, as far as we are concerned, anything they get, but there is always room for compromise. I know that people don't know wisely how to use it, especially if you had any grandchildren at your house that could go in everyplace and leave every light burn in the house. But we have lots of places. We have about 240 places in our house where we use little tiny bulbs and I can get up in the middle of the night, and I can walk around to watch our beautiful lights along our beltway in this town in the area where I live, and I enjoy them at very little cost.

We just recently had to purchase a new stove and a new refrigerator, and I would rather go back to a hot plate because they are entirely too efficient, and I can't cook anymore on these new efficient things that they are putting out here. I am just getting a little too old.

VOICE: You are getting off the subject of PP&L. Don't get into your private life.

THE WITNESS: This is one thing that I am not used to because I had spoken in this auditorium many times in the '20's, and I never needed a microphone for anything at that time because my voice was a little bit stronger.

But what I say, it is time ---- I think there is room for compromise, and I think to a certain extent they have already ---

it seems to me not long ago they were asking for a 15 per cent or a 16 per cent increase and they didn't get that. And now they are asking for a 19 per cent increase, and they are more than likely not going to get that. But I don't know what more compromise.

But I have a compromise that I would like to make. I would like --- I keep getting away from this thing because --- well, I would like to make a compromise that I am going to take some of my money and I am going to buy a few more shares of stock in Three Mile Island because I feel that eventually when the fossil fuel in this country are all gone --- and this is my husband's feeling, not mine. I don't know that much about electricity. But he feels that when the fossil fuels in this country are all gone, we can still exist with nuclear power. And if we hadn't left this area at the time the nuclear power plant went bad with the news media carrying on --- (audience response.)

THE WITNESS: That's all right. I expect that. Just as long as you criticize me and you can boo me, just as long as you don't take my cane away so I can get out of this building safely.

(Applause.)

THE WITNESS: And one reason why I have been particularly concerned about this city of Williamsport, because my father was the mayor of the city of Williamsport in the 1925 era, and I know how hard he fought and how particular he was about running this city. And if people in the police and anybody else didn't

behave themselves, they were told to leave in no uncertain terms. And he was elected by one vote. He was elected not on a campaign but a friend of his voted for him.

JUDGE KLOVEKORN: Excuse me, ma'am. We have a long list of speakers. So, if you would please summarize your remarks.

THE WITNESS: I am through now, but I just wanted to --- (applause.)

THE WITNESS: I just wanted to tell you that the political attitude of the people in the state of Pennsylvania has placed them according to the value of wanting to move to Williamsport. Out of 48 states, Pennsylvania, according to the United States News and World Report Magazine, ranked 47th out of 49 of the states to attract industry. And I think that leaves us in a pretty serious place. And I have a fund layed aside that I hope to do something to help Mayor Lucasi's problem down there in the canal development where he is having so much trouble, and I am hoping to donate that to that fund.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Michael Mihalyco.

MICHAEL MIHALYCO, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is Michael Mihalyco.

I don't have a three and a half foot stack of papers why

they claim they want a rate increase. I got two pieces of paper, an '81 rate schedule, residential rate schedule, and a '82 residential rate schedule.

Now, my understanding is that there was going to be a 7.3 per cent increase on my schedule. Well, there is on a minimum rate charge. If you don't use a kilowatt, on the old one it was $3.50 for '81; for '82, it was $3.77. That comes out to 25 and a half cents. With 25 and a half on 3.50, and you got $3.75.

Then I started getting monthly bills. Lo and behold, I was clipped for $35.31 for January, $37.83 for February, $25.34 for March, which adds up to $98.48.

Comes April, they got generous. They gave me back $10.44. Yet when I look at the end of the year, I gave them a gross total of $911.45.

Now, I used a little cheap calculator, and I used a pencil. Seven per cent of that should come up to $55.98 more over '81. I gave them $144.48. But lo and behold, I am going to ask them tomorrow if they are going to give me $98 back because when you subtract the 98 from the 144, and, sure, it comes out to what they should get, in round figures, approximately, say, $56.

But now here is where they tell you to bite the bullet, and, damn it, don't do it because lead poison is dangerous. And if you use a 22 caliber, one like I have been using, if you bite it, if it is a rim fired shell, you're going to blow your brains

out. You bite on the rim fire, you're done, you have had it.

Now, in 1975 - and this has been said in Harrisburg - I used 21,282 kilowatts. They charged me $430.72 for the 21,000 kilowatt hours. The gross cost to me was $605.55.

Now, I am not going to repeat every year because I have it broken down. If somebody wants to look at it later, I would be glad to show it to them.

But I staggered into 1982, and I only used 15,678 kilowatts. That means I used 5,604 less, but I gave them $720. So, when I paid 430, I gave them 720, and that means by lowering my usage, it cost me $390 more. And I decreased my usage by 26 and a third per cent. But, hell, they're getting 90 per cent more.

Now, you know, they talk about depression and recovery. They're the biggest lead weight for recovery in the state of Pennsylvania. If you turn around and lowered rates, I am pretty sure that Wise Potato Chip Company in Berwick probably will be able to handle more people. I know I am not going to use anymore electricity because the other day I sent out for folders for gas, propane gas, so some poor businessman around here can pick up a few dollars.

Now, I don't know where --- everybody is bitting the bullet. Everybody is claiming they're reducing consumption. I don't know where that point of no return is. This is the amazing part of it.

Now, if I gave them $144, which is 18 per cent more, 18 per cent, rather, and I was only supposed to give them 7.3, I

would like to know the other people who are riding on my shirttails for the other 14 per cent or 12 per cent figure, $7, okay, roughly 12 per cent. I'm footing somebody's bill.

So, I am kind of disappointed really in the turn-out. I was down in Harrisburg. I was in Bloomsburg. And all the weeping and wailing that you hear, you would think that this place would be jammed and couldn't get in the doors. Now, I'm not arguing for anybody; I am just arguing for myself. And maybe if you listen a little bit, maybe you can save a little money the way I did.

They haven't really heard me yet because I kept money from the state paupers to help the senior citizens. I quit buying lottery tickets. I used to spend three to $400 a year. Now, instead of going down to the store and buying lottery tickets, I would put the money in a little bowling ball, a spare ball I have, and I tuck it in there. And even last year --- I think I got ripped off for $98 unless somebody proves me wrong, but I still wind up enough for a set of tires.

So, you people that are wishful thinkers using money for lotteries, you think they're going to help you, they aren't going to help. They're going to help them, PP&L.

And I was thinking the other day what PP&L stands for. In my book it stands for Pennsylvania Ponderous Leech.

I can remember as a kid, my mother, my stepfather, when they were sick, they put a leech on their forehead to draw blood.

And we were kind of poor, so we probably wanted the little sucker to work overtime. So, they turned around and sprinkled salt on it, and it would expel all of the blood.

Now, I think for PP&L to expel this request for a rate increase - I suggested it down in Harrisburg - I'm not saying we shouldn't give them any money. I am saying that if they get a rate increase, I think we should organize and not give them anymore than we are paying right now, and I think you will find that the little pie that they showed on one of the pamphlets that they gave you, they claim they used 29 cents for fuel, and by their own figures they tell you coal costs two cents a kilowatt to produce and nuclear fuel is going to cost a half cent.

Now, don't get me wrong. I didn't object to the rate increases they asked when they said coal was going up, oil was going up. But strange as it may seem, when they tell me that the same proportion of increase or decrease 400 per cent, from two cents a kilowatt to a half cent a kilowatt, I don't see anything. I don't see any rebates on bills or anything.

Now, with the percentage of profits they had when it was costing them 29 cents out of the dollar for fuel, can you imagine what they could do if they had 22 cents more if it costs them between six and seven cents to do the same job?

So, I suggested to some people from CEPA that I think we ought to start right now some kind of a campaign, too, everybody. Now, they can pick on me. I don't care. What the hell, I will be

on gas. I will buy an alternator, and I will have lights from the alternator. So, they can pick on me. But I don't want to see other people hurt.

But I think if everybody, if everybody or even 60 per cent don't send in anymore than you have been sending in, if they get any kind of -- I don't care if it is one per cent, if Exxon can afford to blow five million dollars on a project out west, they ought to be able to blow three billion dollars.

So, I finally urge everybody that if you start seeing some literature that we will not pay anymore than we are if a rate increase goes through, I don't think they are going to shut the lights off, no way, because all you have to say is, "Look, this is all I could afford, and that's it". And they don't throw people into jail if they turn around and attempt to pay their bills.

So, this is, I think, the last time that PP&L will see me because I got more important things to do, which is nothing, rather than come here and look at their rate schedules and putz around with their figures and be their accountant and tell them they shafted me.

The only thing I will do, I will go looking for it. And, Your Honor, I'm sorry. I inadvertently gave my mother's age as 79 the other day down in Bloomsburg. She is 89, God bless her.

Thank you.

JUDGE KLOVEKORN: Thank you, sir.

Patricia Essip.

PATRICIA ESSIP, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: Good evening. I am glad we got a good crowd out here tonight. I think Williamsport needs to unite on some issues and this is one.

I am Pat Essip. I am Assistant Director of the Lycoming-Clinton Office of Aging, and our agency serves clients strictly over the age of 60, of which I am very thrilled to see we got some out tonight.

For your information, in the 1980 census, it was determined that in the Lycoming and Clinton area alone, there are 27,633 citizens over the age of 60. That's 17 per cent of our total population in this area, and I think that is something we are going to have to reckon with because most of that 17 per cent is on a fixed income.

I would like to give you the agency's perspective of our feelings concerning the proposed 19 or 20 per cent increase in rates. Financial considerations presently are one of the greatest concerns of all senior citizens. They have been told already they will not receive their yearly increase in the July Social Security, but they will have no reduction in their costs. These costs continue to increase.

People on fixed incomes suffer from inflation a little

differently than people who still have the ability to work. They have to absorb the additional charges with no hope of additional income from other sources such as a part-time job. This group of citizens reduces their food intake in order to pay their bills.

I an only assume PP&L does need a rate increase in order to cover their additional charges. It just appears to me that 20 per cent is a greater per cent than anyone in this room would ever receive as a salary increase. I strongly feel this increase must only be what is needed and not over that amount.

All citizens of the Commonwealth of Pennsylvania are feeling the oppression of inflation. We can only assume that increases are necessary. But we look to the PUC to limit the increase that is given at this time.

Because we deliver services, our services in the area of food and transportation are coming more and more into demand. We know why. People who used to be able to afford those things can no longer afford those things and are looking to the government to supply them which is going to increase everybody's taxes in the final end.

Thank you for the opportunity to testify.

(Applause.)

JUDGE KLOVEKORN: Michael Ochs.

MICHAEL OCHS, called as a witness, being duly sworn, testified as follows:

THE WITNESS: Judge, welcome to Williamsport. As you may know, this community was once the lumber capital of the world. How strange it is now, 100 years later, to be asking that more wood should be split, not atoms, on behalf of the common good.

You see, Judge, we seem to have lost our perspective about the evolution of technology, society, and ourselves. In Pennsylvania timber, water, sun and wind are all abundant, and are renewable sources. We also have abundant coal, gas and oil. But to persist investing in the nuclear fuel cycle seems neither cost-effective for our economy, safe for our society, or healthy for our bodies and minds.

After all, we are Pennsylvanians, and especially as central Pennsylvanians, we are all too keenly aware of the fact that the insurance industry will not fully insure nuclear power plants, and that monitoring of low-level radiation is inadequate to prevent the deaths of our infant children-in-utero, our domestic pets and farm animals, let alone reactor workers and civilians.

Since the accident at the Three Mile Island power plant, we Pennsylvanians have been under enormous stress about the nuclear plants in our regions. This stress affects our minds and our bodies, our relationships with others. To ask of us to bear further financial responsibility for nuclear-fueled electricity is to add insult to injury.

And, Judge, it is not only the public citizen who says no to further nuclear construction. Not one new reactor has been ordered since 1978, and 102 have been cancelled since 1972, including 18 in 1982. There thus appears to be some agreement, not just among citizens-at-large, but also by Wall Street and in the private electrical engineering sector as well that nuclear is not the way to go in our future.

But even in the decline of nuclear power there must be caution. My understanding is that it cost more to decommission the reactor at Shippingport, Pennsylvania than to construct it; that makes for rather expensive electricity. Also, older plants are more vulnerable to accidents, thus increasing the safety and economic perils down the road. Actually, from Berwick press releases of PP&L one learns that new nuclear reactors aren't as safe as specifications call for either.

Judge, you are being asked to provide a tough regulatory response to this PP&L utility increase. We have the impression that nuclear economics wins out over nuclear safety, and you can reverse that. You also will, I hope, resist the efforts by the Energy Department to streamline the licensing process by curtailing public participation and instituting regulatory shortcuts. Any cavalier attitude that downplays the growing hazards, both health and safety and economic, of this nuclear power must be resisted. With so many nuclear power plants in Pennsylvania it is like playing Russian roulette.

Judge, it will be very helpful for you to set the facts straight. If PP&L now has a 35 per cent excess capacity over peak demand, but needs only a 12 per cent excess capacity over peak demand over the next ten years, then why should Berwick Unit 2 to allowed, giving them 52 per cent excess capacity, or why should Berwick 2 to allowed, giving them a 70 per cent excess capacity over peak demand?

Furthermore, shouldn't Pennsylvania consumers be rewarded in some ways for their conservation efforts? Isn't conservation suppose to pay off?

I draw your attention to the experience of the top two earners in the electrical industry, Pacific Gas & Electric, and Southern California Edison Company. Together the conservation investment programs of these two companies will provide up to $3,500 each for well over three million households by the middle of the decade, money provided as zero interest loans for conservation hardware -- poor customers get the hardware paid for outright. This conservation program helps cut PG&E's need for new generating capacity by 38 per cent, with a savings of seven to ten billion dollars in construction costs.

Considering the already decreased electric demand in Pennsylvania, couldn't a conservation/investment program such as this be adapted here in combination with alternative energy sources to eliminate entirely the need for Berwick 1 and 2.

I would like to conclude by enumerating ten points,

within which are stated problems and solutions.

1. By denying the rate increase to the consumer, consumers will have more disposable income to help turn the economy around. President Reagan has said that the economy turn-around is up to consumer spending.

2. By precluding the further development of nuclear construction, you will assist in improving the mental and physical health of the region population.

3. By strengthening the statistical data collection of the causes of death of our farm animals and domestic pets, nuclear workers and civilians, you will increase the performance of monitoring of low-level ionizing radiation.

4. By having the utility note in the monthly consumer bill the average cost per day of electric usage, you will further the education of the consumer about energy economics and conservation. I recall West Penn Power providing this data on monthly billings.

5. By displaying the utility budget supported solely by consumer billing, we will be assured that nuclear advertising does not come from our payments. According to the Public Utility Commission brochure, ratepayers are only to pay for salaries, equipment, maintenance and taxes. What do investors and corporate investments pay for?

6. By allowing consumers to fund an independent consumer group through the utility billing process, you will

assist consumer representation.

7. The poor here tonight are in trouble because bills are too high, and the utilities are in trouble because bills are too low. Aside from nationalizing the productive forces, or putting them under community public control to eliminate the profit motive, can't PP&L embark on a more amtitious conservation investment program on the scale of those mentioned earlier for California? The consumer gets warmer homes and lower bills. The investment saves the utility money as it is cheaper than equivalent extra amount of fuel and electric production and decreases the need of running the financial risks of constructing new big power plants.

8. By being here tonight, Judge, your meeting with us, should show to the Legislators and Governor the rightful request of the Public Utility Commission and the Office of Consumer Advocate that they be adequately funded to investigate and represent the democratic process in determining the cost of responding to basic needs.

9. In your effort, Judge, to set before us the true costs of the proposed rate hike for the ratepayer, be sure to note the economic ripple or multiplier effect. For example, a city may need to raise taxes to cover the increase of the hike in the municipal electric bill. And are increases in common stock earnings going to be continued to be guaranteed through rate hikes even if declining industrial and residential electric usage and

sales occur?

10. Finally, Judge, we have heard from industrial spokespeople about how safe and cheap nuclear generated electricity is. We've heard it before, and we'll probably hear it again, but increasingly we believe it simply isn't so.

We haven't asked for the Berwick plants by our consuming habits or demands. We believe those plants are not needed to meet our consuming demands. And we cannot afford to pay more money while we consume less electricity.

Our adult men are increasingly finding themselves threatened with unemployment -- 17 per cent in Lycoming County. Our adult women have always been underemployed, and are more unemployed and usually have less income, and many struggle as the sole wage earners in single-parent families. Our aging population are on fixed incomes; our minorities continue to find themselves poor. Working Pennsylvanians' paychecks shrink in purchasing power. And our brave and idealistic youth, growing up in the shadow of doom forecast by nuclear technology, ask why they must inherit all these problems, and why couldn't the adult population before them have done better.

Judge, in closing, let me say that just as Williamsport was once known as the lumber capital, so it also was known as the city of millionaires because at one time there were more millionaires living here per square mile than any other place in the world. Those millionaires made their fortunes from the wood,

timber and lumber industry. Yet the logging cribs they left in the Susquehanna River here must today be removed at the expense of the tax-paying public.

Today, here tonight, we hope that we will not have to financially underwrite the costs of an error-full decision made by a private corporate monopoly.

Thank you very much for your attention to this matter.

(Applause.)

JUDGE KLOVEKORN: John Bonnell.

JOHN BONNELL, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: I don't know whether I can truthfully say this is a pleasure to come before you tonight because there are many things that I know most of us would rather be doing.

Most of us here wish we didn't have this burden over our heads, but it is something we have to face up to. We can soft-shoe, we can pussyfoot, but laying it right on the line, I'm going to call a spade a spade. I said this many times before as a labor representative, we are our own worst enemies and let's not kid ourselves about it. We have to have enough gall and conviction and determination to get up and take them on, and I think that's what we are here for tonight.

(Applause.)

THE WITNESS: We are commonly referred to as consumers.

Well, I have a new cliche. We are no longer consumers. We are being consumed.

(Applause.)

THE WITNESS: What happened to the majority rule? What happened to the democratic form of government where the majority rules? A few hand-picked elected or appointed officials or corporate heads control our destiny from the minute we get up in the morning until the time we go to bed at night. I think we should start speaking back, and I think this is the beginning, and I think we should not let up. Am I bitter? You damn well better believe I am, and let nobody mistake that.

The Susquehanna plant, do we need it? No. We have got fuel out there, we have got coal out there, people are afraid of it because it makes too much gas. Well, I will tell you, if you read your newspapers, listen to your radio, listen to your television, anything you eat and drink is going to kill you. Why don't we use what God gave us? It's there. Let's use it. We know atomic energy can destroy. Why experiment with it? It is not proven. Let's use what we have got.

We have got coal. We have got gas. They want to deregulate gas. But as soon as they do, the price of that is going to go up.

Not only that, PP&L wants this 20 per cent rate increase. I work at Avco Corporation. I represent people at Avco. Our potential employment is 2,800 people, union people, that is.

Right now we're down to 700. They talk about unemployment. My God, we got 75 per cent unemployment according to our potential employment. The papers don't tell you this.

Now, along comes Ma Bell right on the heels of this. Ma Bell, she wants an increase. Where in the name of faith is it all going to end? Let's get up and talk. We sit here. Let's get mad. Let's get damn mad. Let's hit it.

(Applause.)

THE WITNESS: I am not here for a picnic. I am not here to win a popularity contest. I don't even want you to remember my name. When I am gone from here tonight, I hope the hell you remember what I said, though.

The name of the game, you want to know what the name of the game is? I'll tell you what the name of the game is, one word, four letter word. It starts with a "G". Spell it out for me. You said it. I heard it back there. Let's hear it loud and clear. Greed. That's all it is, profit. Greed. I don't care how you slice the cake. This is what they're after. And do you know what I do at work everyday for a living? The name of the game is greed. I want to make a living. This is the nature of the human beast. But there is a limitation to it.

If my greed can't balance their greed, then I am going to fall in the hole. It's as simple and pure as that. And I can't balance it.

What is happening today is, we have got those of us who

still will push enough to work, and thank God I am. I am fortunate enough to still be working. But those of us who are still working are taking care - and God bless their souls - those people through no fault of their own don't have a job, can't get a job and don't know where the next loaf of bread is coming from.

I don't mind supporting them, but I am sure fed up with supporting the filthy rich who don't even pay their fair share of the burden.

And, Judge, I can go on and on and on. I have been known in my organization as being one heck of a long speaker. But I am not going to do that. I am going to surprise my colleagues here tonight. I think I have said enough. I hope I got my point across.

One thing in closing. I challenge everybody here tonight not to go out of this room and forget you were here. Go out of this room and do something about it. Keep carrying it on. Fight, fight, fight and don't give up. Thank you.

(Applause.)

JUDGE KLOVEKORN: Muriel Hykes-Bailey.

MURIEL HYKES-BAILEY, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: First of all, I would like to commend the people who have been to all of these hearings who have to hear the same information over and over again.

I would like to clarify some different things that other people have touched on earlier.

First of all, my family background is that my father-in-law worked for PP&L for 20 years as a lineman. He retired and our family benefits a fair amount from PP&L stock.

I am here tonight because of concerns for the consumers because nuclear power is dangerous and it is uneconomical. First of all, I am not a nucleo-phobic, if you will. I am a scientist. I work with radioactive isotopes in the course of my research. When I am doing that, I can count on myself. I know that if there is an error, it is going to be my doings. I don't have to rely on large corporations like Bechtel, like all of the other nuclear plants subcontractors who proved by their actions in the past that they can't be relied upon.

Up until the time of Three Mile Island, I supported nuclear fission as an energy source. I knew exactly how it worked. All of the backup systems are wonderful. There is valves upon valves in case one fails. Three Mile Island, you might say, represented the loss of my innocence. It happened. Several systems failed, not one valve, not one operator, but several things failed simultaneously.

Statistically, this goes to show that if something can happen, the probability that all of these things will occur again is increasing.

When nuclear power plants were first started, they were

predicting a lifespan of about 40 years before the radioactivity in the containment building got so high that it had to be shut down. Now, the figure has been downgraded, not because of the radioactivity problem. That same is predicted.. They're going to have to pour concrete over a building essentially after it has been decommissioned.

What is changing this is a structural problem. Metals, when they're bombarded by neutrons, which is essentially what is happening to heat the water for nuclear power plants, the bombardment of the metals by these neutrons causes the metal to become brittle. They fail sooner than they were originally predicted to.

This means that pipes, welds, critical connections in the system are not going to last as long as we originally thought. I kind of make a hobby of counting how many radioactive water spills we have had already this year, and I have counted three problems, such problems as this plant in Berwick that is not even on line yet. If a new plant like this is failing, what are we going to be able to expect 15, 20 years from now? * *

There is a problem of storage of waste, too. A lot of people aren't concerned about us burning coal, not concerned about us burning oil, they're not concerned about the storage of waste.

I haven't had children yet. By the time we use up all of our resources like this, there are consequences to all of those energy sources. The coal burning is going to cause acid rain,

it's going to destroy our crops and cause mass starvation.

There are alternatives which I am not going to go into tonight. But all of these things have their consequences.

But radioactive waste is not a consequence of 50 years or 100 years before things recover. We're talking hundreds of thousands of years.

When they find a place and a way to store or to get rid of the waste safely, that will be one less objection I have to nuclear power. Until then, not only are we going to be paying for the cost of the energy and the building of the plant now but the storage of the waste from now until our grandchildren's grandchildren won't even be alive. These costs are still going to have to be represented. Waste has to be kept in special cooling bins, and it has to be tended to.

It is uneconomical for many reasons. These three spills I mentioned already this year, they cost money to clean up.

The people who are cleaning up Three Mile Island, they are paid to go in and clean up the radioactive water, and they receive a year allowable dose in a matter of minutes. Each person that you have to hire increases the cost of this power.

The risk of a major disaster due to construction, mechanical, structural failure, et cetera also has to be taken into account. This is going to end up costing us a lot in the future if not now for cleanup costs.

The short lifespan I mentioned. The investment costs are

high. What we are getting in terms of production out of them is not going to be as high as expected. They're not going to last as long. They're going to cost a lot to decommission.

The downtime that our economist professor mentioned. In order for nuclear power plants to be economically efficient, they have to operate 70 per cent of the time at capacity. Well, maybe not capacity, but they have to be working 70 per cent of the time. The national average is 59 per cent, and what we have seen from pp&L's plant so far doesn't speak well for the rest of the future. And as I mentioned before, waste storage is very, very costly, not to mention the cost of uranium.

Okay. So, we have all heard arguments about how we don't need this extra power, how we weren't consulted before the construction was begun, and I'm not going to add anything new to that.

From what I have heard from PUC representatives speaking on different news programs and things like that, they are aware of these problems. They know we didn't ask for it. They know it's expensive and it is excess power that is going to be sold to New York City. We are going to take the risk of the radioactivity while other places benefit from the power. The PUC people know this, and I think they're going to make the right decision.

I just want to add my voice to the hundreds that have already been heard. We will be paying cleanup costs soon enough,

I think, just as Met-Ed customers are now paying for the corporate mistakes at TMI. Why should we have to pay now for PP&L's expensive boondoggle?

Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you.

Fred Stanczak.

FRED STANCZAK, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: I am Fred Stanczak. I am going to be brief. I really don't have anything that is new to add tonight that hasn't already been said.

There are just a couple of impressions I have from my own perspective.

We have heard a lot of talk about people not being able to afford to pay the increase, the extra $30 a month in the bill that this rate hike will mean if it is allowed. From my perspective personally, I can afford to pay the $30 a month. It won't mean that I can't pay another bill or that I can't buy my food, unlike a lot of my fellow citizens in this community and in other communities across the PP&L service area.

I have other objections to it that stem from the health and safety issues that are involved in the rate hike and involve the financing of the nuclear power plant such as the one at Berwick.

As has already been pointed out, the consumers were never consulted in whether or not they wanted this nuclear plant.

Mr. Stamos indicated that we won't see any real benefit or any real economic benefit from this plant for almost ten years. The plant at this point has been running for less than a year, and there have been at least three serious breakdowns in the plant. There are already cleanup costs. I think that the possibility of getting any benefit from this plant in ten years is unlikely at best.

I also have concerns about my own health in operating a nuclear plant within a 50 mile radius of where I live. I, like many of you, wasn't aware of this issue until Three Mile Island almost caused me to leave the state. And I think at that time, even the fact -- considering the fact it was a disaster, I think we were fairly lucky that it didn't turn out to be a total meltdown. I don't think we can rely on our luck in the future, and I don't think we can rely on the record of the public utility companies in running these plants, and I am not willing to trust my future to them.

It seems to me that the public corporations such as PP&L when given a monopoly to sell electricity and no one else can sell electricity in the area in which they operate, I think that also implies a certain amount of responsibility to the public. I believe that this includes the responsibility to look out for the people who may not be able to afford to pay a rate increase and

look to alternative sources of energy instead of going to the most expensive and the most costly form of energy such as a nuclear power plant.

As many people have already pointed out tonight, there hasn't been any serious effort on the part of Pennsylvania Power & Light Company to establish a meaningful conservation program or to really look for alternative sources of energy such as solar, wind power, various combinations of alternative sources of energy that could make a difference and make energy cheaper instead of more expensive.

I think that for all of these reasons and for all of the reasons that have been stated tonight, the Pennsylvania Power & Light Company's request of at least 315 million dollars, as people have already explained it, is going to mean 501 million dollars and a rate hike should be denied.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you, Mr. Stanczak.

Ray Allison.

RAY ALLISON, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: I am just a concerned citizen opposing this increase and also nuclear power plants.

We in Pennsylvania here live on top of a fuel that would

put a lot of people to work if PP&L would build coal-fired plants. They already told us that it costs more to build a nuclear plant than it does a coal-fired one. It is about time the hard-earned money we consumers spend for electricity is returned to Pennsylvania and not some other state for fuel and getting by PP&L electricity.

In the last three to four years, I, like a lot of you, have conserved to help reduce our electric bills, but is has only amounted to one thing, another rate increase. PP&L loses sales and makes it up by increasing rates. It is almost to the point where it costs too much to turn down the thermostat.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you.

Ross Hemmendinger.

ROSS HEMMENDINGER, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: I just want to speak in support of a lot of things that have been said tonight. And we all know that extra generating capacity at the Berwick plant hopes to offer is something we don't need at all. We know that the health problems are tremendous, especially for our children and subsequent generations. And we also know that the price of the plant has gotten ridiculously out of hand.

Now, for the last few years all of us have heard presentations from representatives of PP&L, and all of these presentations that I have heard usually rely on rather than trying to refute these arguments, which are pretty undeniable, they usually give you the point of view that we must understand and have some kind of sympathy for what it was like for them to make the decision to build the plant a long time ago, that nuclear power seemed glamorous, that coal didn't seem glamorous, that we would need tremendous amounts of electricity in the future and it was their job, as our public utility, to guarantee that that electricity would be available.

So, the basic line that we get from PP&L is that as a responsible public utility, they sort of became locked into this commitment at Berwick which now has cost them something like at least twice what the company is worth without the plant there.

So, they are tremendously in debt. It has become a big speculation for them. And their hope is that with this rate increase and the one they will get for Unit 2, that this speculation will turn into a guaranteed profit.

And I would like to concur with everybody here who came to oppose that. And what I would like to say in response to PP&L's position is that while it may have been true that the Berwick plant looked like a better idea when it was first envisioned than it does now, there is certainly no reason why PP&L couldn't have reversed their decision to build it almost at any point along the

line.

Now, at this point the place is radioactive, and it has been pointed out our cost, because they will be passed on to us, of cleaning up the mess there when it is all over, are a lot greater than they were until the point that the thing was fueled up and turned on.

But what I am saying is that PP&L does not deserve any sympathy for being locked into this decision because they weren't. And even as recently as less than two years ago, the Susquehanna Alliance, who you heard from already tonight, came out with a study that spelled that out. It's a careful economic study that I would like to submit for the record here tonight because I was very interested in this study when it came out in July of '81. And I know it was the hope of many people in the Susquehanna Alliance that this study would become the beginning of some kind of a dialogue with PP&L where we could talk.

The basic argument in the study was that even in July of 1981, it would have been cheaper to scrap the plant than to go ahead with it, that the losses could be cut through tax write-offs, through selling the fuel that had been purchased back to other nuclear plants that were already running, and that by switching over to a conservation program, we could be quite confident that this power would not only not be needed today but would never be needed in this area.

So, that is what I came here tonight for, was to submit

this study to the record and in the hopes that the people in the PUC can go over the figures in this and give it the fair consideration that PP&L never really seem willing to give on a public level.

(Applause.)

JUDGE KLOVEKORN: Edward West.

EDWARD WEST, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is Edward West, and I am an engineer.

From the Pennsylvania Manual of 1980-81, Volume 105, the PUC law became effective in 1937, succeeding the Service Commission created in 1913 - quote - after the Legislature found it could no longer handle rapidly increasing monopoly-type utility services - end quote.

PP&L was formed about 1914 through the merger of a group of small utilities - quoting again - chief among many pertinent factors in establishing rates is determination of the value of a utility's property devoted to the public service and the fair rate of return or profit on the investment - end quote.

Continuing again: the PUC has a right to examine the physical property of utilities and police their books and accounts. Audits are made regularly - end quote.

Elsewhere we are given the impression that the monopoly

treatment and fair rate of return were intended to protect investors at a time when our nation was expanding and financial risks were a problem in raising money for these purposes.

The fashioning of PP&L, for example, was a restructuring of a group of utilities to better serve their communities. From our business school education, we remember that the greater the risk, the higher the interest or rate of return. As a monopoly, PP&L and other like utilities today are much stronger and in control of their markets. PP&L is a well-run organization, is well run and has grown financially through preferred stocks and borrowings through bond issues. These PP&L financiers were guaranteed safety. Others, the common stockholders, were also guaranteed a safe and fair rate of return.

Historically, PP&L stockholders maintain their holdings because of their high rate of return and their safety. Insurance firms, pension programs and so on invest in this type of security for its consistent and high rate of return.

At the same time, these investors do not contribute to the proper management of PP&L. The PUC does. But the stockholders will continue to profit from a business that is a monopoly and no ceiling as to costs. The common stockholder returns seem to be based as a per cent return on the then market price regardless of the original cost to the stockholder. If the current market price is about 23 dollars per share, the dividend will be about $2.30. That is about ten per cent per share, even though the

original price might have been much less ten years ago.

Does that mean that if with the rise of the Dow Jones averages and the probable increase of PP&L stock to $30 per share, for example, that the dividends will rise to $3 per share and the attendant increase in consumer rates to permit the higher dividends.

At a time when our nation is taking another look at our attitudes and priorities, should our governmental and business leaders lead in holding down costs and inflationary rates? All PUC's, all utilities should shoulder some of the risk factor that monopolies have and share lower rates in the manner. Ask not what your country can do for you but what you can do for your country.

(Applause.)

JUDGE KLOVEKORN: Thank you.

Marjorie Crossley.

MARJORIE CROSSLEY, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: It is hard when you are this low on the list to come up with something new to say that hasn't already been said.

Something that is important to me is jobs in this area. It has been pointed out that if the rate hike goes through, what new industries will be asked to come to our area when they know that

this year there will be an increase and next year and on down the line, how many more increases they have to have.

I would just like to say that it's not just my electric bill that will go up. My taxes will more than likely go up. My grocery bill will go up because a grocery store is a big consumer of electrical power, and they will have to pay it. And it is just time that I think we stop --- we have been asked to tighten our belts a lot, and I think that it is time PP&L be asked to tighten up a little bit themselves and not just ask us to hold back.

And I would just like to finish with that I am opposed to the rate hike, and I hope everyone here tonight will fight on with it.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you.

Don McKiernan.

DON McKIERNAN, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is Don McKiernan, and I am an industrial realtor. I have my office in Williamsport. And I make my living selling and leasing industrial real estate. So, to that extent you might say that I represent the industrial interest but not to the detriment of the commercial or the

residential consumer.

I work in approximately ten or 11 of the 29 counties served by PP&L, and I am very much concerned with the industrial base of this area.

I would like to bring out some facts that you may or may not be aware of. Currently we have in the PP&L area which would encompass 29 counties, we have 6,300,000 square foot of vacant industrial space, space available for lease or sale. This is a staggering amount.

And when you're talking about vacant industrial space, you're talking about no jobs. Those buildings are absolutely vacant.

And in the Commonwealth of Pennsylvania we have 55 million square feet of industrial space out there to be consumed.

We have such staggering unemployment rates as 90 per cent in Renova, 24 per cent in Johnstown, which is in the GPU area, General Public Utility area, and 23 per cent in Lock Haven, and 15 or 16 per cent in Williamsport, Lycoming County.

Now, this is not --- and I am not trying to relate this. This is not the fault of the PP&L, but there are four or five factors that go into making a favorable industrial economic climate, and those factors are competitive workmen's compensation rates, competitive product liability premiums, low unemployment compensation rates and energy costs. And it behooves us to put a lid on as many of these costs that we can.

Unfortunately, some of these costs are mandated by legislation and we cannot control that.

Regardless of what transpires here, I think that a commitment has already been made by PP&L. I think they're under obligation to complete the plant whether we agree with it or not. And in order to maintain a viable power company, I do feel that they should be given some type of relief.

However, what I am going to relate to you is an equitable treatment. And that is I don't think the consumers, whether they're commercial or industrial, should bear all of the burden of this rate increase. What I am referring to is the capitalization of this company.

There is outstanding 66,282,000 shares of common stock. There are eight classes of cummulative preferred stock, and there are numerous bond obligations.

The current annual dividend of this company requires 160 million dollars to service the stock, 160 million dollars. The dividend presently is $2.40. And in the last 11 years they have had with the exception of 1975 and 1976, they have had 11 increases.

Now, the company earns $2.51 after payment to the preferred and bond obligations and other expenses. So, you can see that it is practically a pass-through from the money earned, $2.50, to the receipt by the stockholders.

Now, what I would like to propose at least for a year is a

substantial reduction in the dividends granted to the common stockholders or a moratorium on that dividend until the company is capable of accumulating sufficient surplus to again restore a dividend.

This procedure is not an unprecedented procedure. Approximately ten years ago, Consolidated Edison of New York waived their dividend for nine months. I think it was three quarters. The stock did take a substantial drop. At that time it was 20 or $21 and went down to $10 and is now back to $30. But it gave them sufficient time to recapitalize and to generate sufficient surplus.

When we think of stockholders and we think of dividends, I think you have to also relate to the corporate section. We have seen in the last six months like Bethlehem Steel reduce their dividends, we have seen General Motors reduce theirs and Ford has completely eliminated their dividends and Chrysler has, too.

In conclusion, I don't think that we should want to see --- I don't think that we should see reflected in our PP&L Company a situation that is plaguing Washington Power. They're on the verge of default now. I think if we made proper arrangements at this time, I think that we might be able to solve the dilemma that the company is in.

(Applause.)

JUDGE KLOVEKORN: Merton May.

MERTON MAY, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: Ladies and gentlemen, I served this country in the United States Army for a good long time. I thought I served a free country. Did I?

When PP&L can come and tell you that they are going to raise your electric rate so that you can pay for a nuclear plant -- well, ladies and gentlemen, when I was in the Army, I had training in bacteriological, radioactive and gas warfare. They want to run that plant which can go to meltdown at anytime when they get just too short of water. Why ask you people to pay more money to kill yourselves?

Ladies and gentlemen, I saw Hiroshima and Nagasaki when I went over to Japan in 1948, and everybody here, except you young ones, probably knows what happened there. These cities were completely level by one bomb made out of the same stuff that they want to pawn off on you to buy. All they need is a good meltdown on one of those reactors, and those reactors, ladies and gentlemen, because I have worked for Eastern Wood as a boiler fireman, are nothing but large boilers. When a boiler flues, gets clogged or anything, and that is just what they got going up there to carry that steam up there to make -- carry the heat to make the steam to make the electricity, the boiler does either one of two things. It either blows up outward or inflows. And

whatever happens to that boiler that is in that condition is dangerous. Live steam comes pouring out of it, steam so hot it would cook you within seven minutes.

I say no to their raise. I think they get enough money anyway.

The young gentleman here just a little bit ago said there was $70,000 around Lycoming County. Where? I haven't seen it. Have any of you? No.

I get exactly $86.83 a month for my disability for fighting for this country. How am I supposed to pay them a raise? And besides, why should we pay them a raise so that we can kill ourselves with something like that, a nuclear power plant?

And if something does happen to that power plant, ladies and gentlemen, it might be close to 20,000 years before anybody can use that ground. That is the half life of uranium, one isotope of uranium, 20,000 years.

I say no to their rates.

You people, I don't care who is elected to go to Washington or over to our City Hall, I was always taught that you, the people, us the people are the government of this United States because the Preamble to the constitution says "We the people do ordain and establish this constitution". Let's fight to say no to people who want to trample over us like the PP&L.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Donald Smith.

DONALD SMITH, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is Donald Smith. I believe I know most of you. In the last five months, I talked with what looks like most of the people in this audience. There are a few strange faces.

The last half year I have been out in most of the townships in this county running for County Commissioner talking with a lot of the people, and the ones that asked me to come here tonight and speak to Your Honor and people from PP&L fall into four basic groups. They're people up in Brown Township and Pine and Jackson and Cummings, McHenry, McNett, McIntyre, people who can honestly not afford to get this far and plead with you people to please hear them. They have a feeling that the whole world has gone deaf.

There is a small business owner which we tend to forget. A few people might have talked about them.

I own an accounting firm. We specialize in small businesses. In the last few years I watched hundreds of them go down, not because of PP&L, but PP&L rates helped them along.

Everytime one of the small businesses fail, there is one less unit to keep the dollar going around. There is one more neighbor having to go on public rolls. There is one less man

producing in our county.

The businesses that are left are begging you to please hear them. If we drive anymore of them out of business, our county is going to turn into a vast wasteland.

The second group, the fellows that own the small farms over in Jordan and Strewsberry and Mill Creek and Muncy Creek, over through Muncy and Hughesville, they depend on electricity to run their farms and their equipment. They are desperate for this resource, this utility. They are not getting the prices they used to get for their products.

We all ate very well before we came tonight, most of us. If we continue to crush these small farmers, they are going to have to go out of business. We're going to have to truck more and more of our products in here, and there the prices are going to go up.

The third group that asked me to please come and talk for them is the unemployed. If you're not unemployed, you don't know what these people are going through. Not only do they have to face this increase, but as Mayor Lucasi pointed out at the City Council meeting just recently, with this rate increase the city is going to face an additional $60,000 a year for its bill, and the next year the next increase another $60,000, which is going to have to be passed on to you people who live in this county, whether you live in the city or the township, Southside or what have you. And as one of the ladies pointed out, every business

in this area is going to have to pass on that increase to you. So, not only do you pay it in your homes, you will pay it to municipalities, cities, you will pay it to the different merchants that have to pass on to you.

These unemployed every morning have to get up. They are no longer able to go to anyplace and work and produce. This alone is crushing so many men and women in this area.

At least one fourth of our population in this area are filled with despair and hopelessness. Men and women who have worked on jobs ten, 20, 30 years no longer have hope of a job. On top of this, many of their unemployment benefits are running out of time, and yet you want them to pay more. Many of their medical coverages is beginning to run out. They have to tell the children that they can no longer afford the dental care that they need. Many of them cannot afford the outrageous prices of Blue Cross. Many of them do not qualify for medical assistance. And now we're telling them that tomorrow we must pay 20 per cent more for utilities. What if they can't pay it? What if they can't pay it? What do we tell them? To leave our county? To do without?

These people are begging you to hear them. They feel that they are living in a deaf society. They feel that our legislators and our leaders and the people that operate our utilities are deaf. They are hurting, and they are begging for your help and to hear them. They will gladly take a job if you

have it. They will gladly pay the bill if they can pay it. But, God help them, they can't.

And finally the last group is the senior citizens. These people are a unique bunch. I have not had a single one of them ever come to me with their hand out in this campaign. They are probably one of the most proudest groups that we have. They have worked all their lives. They have produced, and they want nothing from us except to live a few quiet years with some dignity. They have traveled a long, hard road, and now they just want to sit down by the wayside for a few hours and rest without fear, without a feeling of hopelessness, without being attacked, with a feeling of dignity. And they beg you to please, please hear them. They are not asking for nothing that they haven't earned.

Thank you, Your Honor.

(Applause.)

JUDGE KLOVEKORN: Alfrancis East.

ALFRANCIS EAST, called as a witness, being previously duly sworn, testified further as follows:

DIRECT TESTIMONY (CONTINUED)

THE WITNESS: I just want to remind everybody that PP&L serves 29 counties, and everybody is hurting. And PP&L is paying attorneys millions of dollars to fight for this rate increase.

We, the consumer, they are getting money from us to pay these lawyers with, and we don't have money to hire lawyers to

fight for us saying that we can't afford to pay it. So, if everybody in this room tonight would talk to their friends and neighbors and everybody get five or six people to go along with us and fight this, we don't have money to fight, so we have to fight this battle ourselves. We can't afford to pay an attorney. So, if everybody would get five or six people and have them get five or six people, we will all join in this fight together, and I believe we can lick it.

Thank you.

(Applause.)

JUDGE KLOVEKORN: John Bower.

JOHN BOWER, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is John Bower. I really feel that a lot of the issues that have been discussed here are not relevant to the rate increase. The issue of the nuclear power plant, not wanting it, that might be the issue of the rate increase.

The company is having problems. The people who have been getting the profit from the stock all these years are the people who should pay for the mistakes the company has made.

I am willing to pay my electric bill, and I am willing to pay an increase for what it costs them to operate the facilities they need to supply us with electric, but if they build more facilities than they need, their stockholders should pay the bill,

and that is what we have the PUC for, and that is the real issue here. Let the people that are getting money pay the blunder.

Thank you.

(Applause.)

JUDGE KLOVEKORN: Thank you, Mr. Bower,

BILL STETTS, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: All I want to say is the people, not only the old people, are the only ones that can't afford these rate hikes, but it is also the younger class of people who are out there trying to make a living and trying to get ahead. It is just too rough.

With these rate hikes, like one person said, everything is going to follow, the grocery stores, everything. It is just one thing after another, a chain reaction.

And there has got to be money out there for PP&L somewhere. I just don't believe they are not making money.

I work for a restaurant in Williamsport, and I know that we pay well over $5,000 for a 30-day period of time for our electric.

That is all I have to say.

(Applause.)

ANTHONY CIMINI, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: Your Honor, much has been said tonight. It is very emotional, and I can understand why it is emotional, because people have reached the point, and the bottom line in this whole thing here tonight is the fact that they can't pay anymore than they are paying now. It's as simple as that.

I read in the paper last evening the vice-president of PP&L in Allentown said that looking down the road there are long-range benefits. Most of us haven't seen these benefits. We don't know how the road is paved. We don't know if there are potholes. We don't know how long the road is.

But the point is and I think that what we would like you to take back tonight is the fact of the condition in this area, unemployment. All of this has been gone over this evening on unemployment. These are the things that are affecting not only our own area but most of the state.

But my constituents tell me and have called, and I got so many calls, we cannot afford to pay more than we are paying now.

And the point is it is not a matter of a nuclear plant safe or unsafe. It's a matter of price now with the people. Can they pay, and I don't think they can.

We have the nuclear plant to be open, and most of the energy will be sold out of state. And it is unfair to ask the people in this area to pay for the running of the plant when the energy is going to be sold to other states.

I think in Washingtonville or Washington where we have another atomic plant, I think 50 per cent of the energy is being sent to other states. Now, they closed down one of the reactors, and still 50 per cent of it is sold to other areas.

I just want to close by saying that to have a plant that is selling to other states and the energy is not coming into our own area, I think it is so unfair to ask the people who are on fixed incomes, especially the unemployment problem, to pay for this increase.

And I would hope that you would take back that message of our hardship here and to really do all you can to help our area.

Thank you.

(Applause.)

VICKI SMEDLEY, called as a witness, having been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is Vicki Smedley.

I have been listening to a lot of different things tonight, and there is one thing that I feel has not been addressed here, and that is the issue of stress. And I have heard about economic problems. I have heard about senior citizens. I have heard about all kinds of things. And stress is something that we all have to deal with on an everyday basis. And I think that this rate hike is going to produce more stress for more people.

When I was 11 years old, the most pressing concern that I

had was whether the baby rabbit I found in the woods was going to make it under my care. When I was 14 years old, the most pressing concern I had was whether I had clothes that were as nice as my girlfriends' clothes. When I was 17 years old, my most pressing concern was whether I had a date for the prom and whether or not I was going to be accepted in college.

I have three children. They are 11, 14 and 17, and their most pressing concern is whether or not they're going to survive.

That's all.

(Applause.)

JUDGE KLOVEKORN: Thank you.

Anyone else who wishes to speak tonight?

GEORGE KADASH, called as a witness, being duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is George Kadash, and I am the Chairman of the Community Action Program for Local 787.

I appreciate all of you people here tonight. Really, this is an answer to a dream I have had for a long time where people would get up and speak their peace. But if I came to a meeting like this tonight, even though we had been to one out of town earlier and didn't say something, I am not sure if my wife would let me in the house because she said she couldn't believe that I could be here and not state my opposition to this rate hike. The fellows over at the shop would say, "Why didn't you say

something, George? What did you go there for?"

I have watched the utility rates increase, and I hear PP&L saying they need more and they need more and my wife tells me, "Well, George, look at the bill we had last year. Where is it all going?"

And I follow my children, my grandchildren and even my wife around turning out the lights. And I recall a couple years back where PP&L needed an increase in the rates because the electricity couldn't be stored and people weren't using it. So, they had to pay for it anyway. I mean, if they produce electricity and you don't use it, you are going to have to pay the deficit. They're suffering.

So, we went and we got conservative, and look where we're at. It just seems there is no end to it.

We were doing some studying on the plight of the unemployment, the unemployed. And I believe the health care costs to the unemployed is close to $170 a month, somewhere around there, but it amounts to 22 per cent of their unemployment check. And you figure if their electric bill is half of that, there is another 11 per cent. So, there is 33 per cent of their wages that are going just for two items. And you take into consideration gas and telephone and even the rent if they must pay the rent. Now, I myself, I can't understand how they can do it.

Now, I am fortunate in having a job, but we usually work two weeks and then we are laid off one week. This time we are