

1 APPEARANCES (Continued):

2 DAVID WERSAN, Esquire
3 1425 Strawberry Square
4 Harrisburg, Pennsylvania 17120
5 (For the Office of Consumer Advocate)

6 DAVID M. KLEPPINGER, Esquire
7 McNees, Wallace & Nurick
8 100 Pine Street
9 Harrisburg, Pennsylvania 17108
10 (For Philadelphia Area Industrial Energy
11 Users Group)

12 J. TOMLINSON FORT, Esquire
13 MICHAEL L. BROWNE, Esquire
14 J. THOMAS MORRIS, Esquire
15 Reed, Smith, Shaw & McClay
16 1600 Avenue of the Arts Building
17 Broad and Chestnut Streets
18 Philadelphia, Pennsylvania 19107
19 (For SEPTA and Amtrak)

20 ALAN R. SQUIRES, Esquire
21 Greenstein, Gorelick, Price,
22 Silverman & Laveson
23 900 Two Penn Center Plaza
24 Philadelphia, Pennsylvania 19102
25 (For Pennsylvania Business Utility Users Group)

BERNARD J. RYAN, JR., Esquire
Dechert, Price & Rhoads
800 North Third Street
Harrisburg, Pennsylvania 17102
(For Pennsylvania Food Merchants Association)

LARRY B. SELKOWITZ, Esquire
129 State Street
Harrisburg, Pennsylvania 17101
(For University of Pennsylvania and
Utility Users Group of Philadelphia)

KENNETH R. PEPPERNEY, Esquire
LOUISE Q. SYMONS, Esquire
600 Grant Street
Pittsburgh, Pennsylvania 15230
(For United States Steel Corporation)

C O N T E N T S

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WITNESS

DIRECT

CROSS

REDIRECT

RE-CROSS

Raymond C. Williams
By Mr. Wersan
By Mr. Ryan
By Mr. Squires
By Mr. Selkowitz
By Mr. Pepperney
By Mr. Fort
By Mr. MacGregor

1932	--	--
1945	--	--
1957	--	--
1987	--	--
1994	--	--
2006	--	--
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E X H I B I T S

NUMBER

FOR IDENTIFICATION

IN EVIDENCE

Office of Consumer Advocate

✓ No. 77 (IR-OCA-11-9)	1937	1945
✓ No. 78 (IR-OCA-23-6)	1928	1928
✓ No. 79 (Limerick Interrogatories - Set XXIII, Corrections to Testimony of L. J. Perl)	1928	1928
✓ No. 80 (IR-OCA-23-4)	1928	1928
✓ No. 81 (IR-OCA-23-5)	1928	1928
✓ No. 82 (Excerpt from Federal Register, Vol. 50, No. 248, Thurs, Dec. 26, 1985)	1931	1931
✓ No. 83 (IR-PAIEUG-2-64)	1931	1931
✓ No. 84 (IR-OCA-15-5)	1931	1931
✓ No. 85 (IR-UUC/UP-2-22)	1931	1931

E X H I B I T S (Continued)

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NUMBER

FOR IDENTIFICATION

IN EVIDENCE

Philadelphia Electric Company

Statement No. 11-A (Addendum to
Testimony of
L. J. Perl)

1928

1928

SEPTA/Amtrak

No. 1 (Calculation of Revenue
Increase Supplement No. 15
12 Months Ended June 30,
1985 & 1986, Rate EP-A)

2007

2013

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P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE JOSEPH MATUSCHAK: Mr. Wersan.
3 MR. WERSAN: Thank you, Your Honor.

4 Pursuant to an agreement between the OCA and the
5 company at this time I would like to move into the record a
6 number of exhibits that I have prepared based upon interroga-
7 tory answers from Dr. Perl. Why don't I quickly identify
8 them and then I can hand them out to everybody.

9 JUDGE MATUSCHAK: Very well.

10 MR. WERSAN: The first one I would like to mark for
11 identification is OCA Exhibit No. 78 -- and I should note that
12 I'm reserving No. 77 because I have already designated it
13 for use in the cross of Mr. Williams -- which is Dr. Perl's
14 answer to IR-OCA-23-6, which provides the construction permit
15 dates for the nuclear plants that are included in his sample
16 for his analysis.

17 The second, which I would like to mark as OCA Exhibit
18 No. 79, is a discussion by Dr. Perl of corrections to the
19 addendum to his testimony. I would note that subsequent to
20 the addendum that was handed out by the company at the cross
21 of Dr. Perl additional errors and correction have been made
22 by him to the data in there and he has provided a new or a
23 corrected analysis. So I think that should be in the record.

24 I would like to mark OCA Exhibit No. 80, Dr. Perl's
25 answer to IR-OCA-23-4, which contains his initial response

1 and then pursuant to the agreement with the company a
2 supplemental response which supplies additional information
3 and an additional table putting that information on the same
4 comparable basis for discussion as was in his addendum
5 testimony.

6 And then OCA Exhibit No. 81 is his response to
7 IR-OCA-23-5, which is similar to the information in 23-4
8 only for a different regression analysis. It also contains a
9 supplemental response to 23-5 provided by Dr. Perl. And I
10 should explain for that document we had asked the company to
11 provide a table which listed the actual direct costs of the
12 plant and the standardized direct costs based upon the
13 regression analysis Dr. Perl did pursuant to our request in
14 23-5. Dr. Perl also attached an additional regression analysis
15 in the supplemental answer to 23-5, and the regression analysis
16 is included as Table 2 to the supplemental response. However,
17 to make it clear, Table 1 to that response does not show what
18 is in Table 2. It shows what's in the regression to the
19 original interrogatory.

20 Those four exhibits relate to Dr. Perl. I have an
21 additional number of exhibits that I would like to mark, and
22 these are based upon interrogatory responses that the OCA
23 received --

24 JUDGE MATUSCHAK: Let's rule on these four first,
25 78 to 81.

1 MR. WERSAN: Okay.

2 JUDGE MATUSCHAK: Does the company have any objection?

3 MR. MacGREGOR: No objection, Your Honor, but in
4 addition and in accordance with the previous agreement with
5 the Consumer Advocate I previously distributed to the parties
6 and to Your Honor copies of a document entitled "Addendum to
7 Testimony of Louis J. Perl," to which a number of the
8 interrogatory responses and the exhibits that Mr. Wersan
9 referred to relate. In order to complete the record and to
10 avoid having Dr. Perl come back, I would like to ask that that
11 be marked for identification as PECO Statement 11-A.

12 JUDGE MATUSCHAK: Any objections to that?

13 MR. WERSAN: No, Your Honor, and I would note that
14 OCA Exhibit No. 79 provides additional corrections to that.

15 MR. MacGREGOR: That's correct.

16 JUDGE MATUSCHAK: Very well. The Consumer Advocate's
17 Exhibits 78, 79, 80 and 81 and PECO's Statement 11-A are
18 admitted.

19 (Whereupon, the documents were
20 marked as OCA Exhibits Nos. 78
21 through 81 and PECO Statement
22 No. 11-A for identification,
23 and were received in evidence.)

24 MR. WERSAN: At this time I would like to mark for
25 identification as OCA Exhibit No. 82 an excerpt from the
Federal Register -- and I recognize that that's in the public
domain but I wanted to provide copies to the parties. This

1 relates to an item raised by Mr. Boyer. However, we were
2 not aware of this document until after the cross of Mr.
3 Boyer because it's dated Thursday, December 26, 1985.

4 During the cross of Mr. Boyer discussion arose
5 concerning when Limerick might shut down after it reached
6 commercial operation. It's my understanding that based upon
7 this Nuclear Regulatory Commission pronouncement or ruling --
8 I'm not quite sure exactly what to call it -- in the Federal
9 Register, Limerick Unit No. 1 must be shut down no later than
10 May 26th, 1986, for certain tests. I would understand that
11 that doesn't mean it must shut down on that date. It may
12 shut down before that date. But I understand it can't shut
13 down later than that date unless the company asks for an
14 additional time extension.

15 I would like to mark as OCA Exhibit No. 83 the
16 company's response to IR-PAIEUG-2-64. This also arrived
17 subsequent to the cross-examination of both Mr. Boyer and
18 Mr. Soffet. It is what I believe a more detailed historical
19 depiction of the estimates used in the forecasting of the
20 cost of Limerick since the original estimate in 1971

21 As OCA Exhibit No. 84, which I would like to mark,
22 that is the answer to IR-OCA-15-5, which is a discussion of
23 the cost of maintaining the 458 megawatts of combustion
24 turbines until 1986. This response relates to cross-examina-
25 tion of Mr. Rush and was not received until after his

1 cross-examination.

2 And as OCA Exhibit No. 85 I would like to distribute
3 an excerpt from IR-UUC/UP-2-22, which is one of the reports
4 or studies that were referenced by Mr. Rush in one of his
5 schedules. I would note that this is a copy of the Limerick
6 briefing book, dated January 29, 1981, that was presented for
7 use by the Board of Directors, I assume, of Philadelphia
8 Electric Company during a meeting with Bechtel Power Corpora-
9 tion and it describes some of the information that was being
10 considered by the company and by Bechtel at that time in
11 making their decisions.

12 Those are all the additional exhibits I have at this
13 time. I understand Mr. MacGregor would like to make a
14 statement or state a reservation about two of those.

15 MR. MacGREGOR: Your Honor, I have no specific objection
16 at this time. I would like an opportunity to review the
17 documents in some more detail with Mr. Hall and if I do have
18 any objection I will make it known at the January 22nd hearing.
19 I do not anticipate that we will object.

20 In addition, I do not necessarily agree with any of
21 the characterizations made by Mr. Wersan as he described the
22 exhibits.

23 JUDGE MATUSCHAK: Do you have an objection to the
24 admission or do you want us to defer ruling?

25 MR. MacGREGOR: Your Honor, I think perhaps you could

1 admit the exhibits subject to my opportunity to present
2 any objection on the 22nd if I choose to do so.

3 JUDGE MATUSCHAK: Do you have any objection to that?

4 MR. WERSAN: That's fine, Your Honor.

5 JUDGE MATUSCHAK: Very well. OCA Exhibits 82, 83,
6 84 and 85 are admitted subject to any objections that may be
7 submitted by PECO at the next hearings we have in this
8 proceeding.

9 (Whereupon, the documents were
10 marked as OCA Exhibits No. 82
11 through 85 for identification,
and were received in evidence.)

12 MR. WERSAN: Thank you, Your Honor. Those are all
13 the preliminary matters I have.

14 JUDGE MATUSCHAK: Very well.

15 Do you have some additional cross-examination of
16 Mr. Williams?

17 MR. WERSAN: Your Honor, I do have some cross. I
18 would be happy to defer if there are any parties that are in
19 a rush.

20 JUDGE MATUSCHAK: Mr. Ryan?

21 MR. RYAN: I do have cross but I will follow the
22 Consumer Advocate.

23 JUDGE MATUSCHAK: Very well. You may proceed.
24
25

1 Whereupon,

2 RAYMOND C. WILLIAMS

3 having previously been duly sworn, testified as follows:

4 CROSS-EXAMINATION

5 BY MR. WERSAN:

6 Q Good morning, Mr. Williams.

7 A Good morning.

8 Q Am I correct that the rate increase in this case
9 is often described as a \$670 million rate increase but it's
10 actually a base -- it actually starts from a base higher than
11 that of \$878 million and then the net projected energy savings
12 of \$207 million reduced that total down to the \$670 million?

13 A That's correct.

14 Q Would you agree, then, that the manner in which
15 the rate increase is felt by customers in part will depend
16 upon the amount of energy usage used by each customer?

17 A The amount of energy by each rate classification
18 has an effect on the percentage increase of that rate
19 classification.

20 Q Would you agree that higher use customers will
21 receive greater total energy cost savings from the operation
22 of Limerick Unit 1 than lower use customers?

23 A Are you describing residential customers?

24 Q No. All customers. I'm making that as a general
25 statement across all customer classes.

1 A. Well, that statement is true for those rates
2 where there is a demand charge and an energy charge
3 separated, such as the HT class. The high load factor HT
4 customers' increase is less than the very low load factor
5 HT customers' increase. But with the residential class
6 there is a single energy block price that is applicable.
7 There is no demand charge.

8 Q. As we have been discussing for the last few days,
9 the costs of Limerick are allocated among the classes on
10 the basis of the four coincident peaks; is that correct?

11 A. Yes.

12 Q. And if a class is not part of the peak, in effect
13 if a class is not taking demand at the time of the coincident
14 peaks either because of when the peak occurs or because the
15 class is interruptable, is that class allocated any of the
16 costs, demand costs, of Limerick?

17 A. Well, Limerick is a part of the total production
18 system and the total system and transmission system are
19 allocated on the basis of the four summer CPs. So to the
20 extent that any class participates in those four summer CPs
21 they are allocated the production and transmission system,
22 including Limerick.

23 If a class is completely -- if that class has no load
24 at the time of the summer CPs then it would receive no
25 allocation.

1 Q But that class would receive the energy benefits
2 from Limerick; is that correct?

3 A No. Each of the classes, for example, the street
4 lighting class is primarily off-peak and the street lighting
5 class has been increased to an amount equal to the fuel
6 savings of Limerick. So there is no net increase in the
7 street lighting class from present rates. However, the
8 rates have been increased to the extent of the fuel savings.

9 Q Is that also true for the sub-group of the HT
10 class on the HT Curtailment Rider?

11 A The HT Curtailment Rider is just that. It's a
12 rider to the HT rate. So those customers feel the same impact
13 of this increase depending on their load factor as other HT
14 customers feel. The Curtailment Rider is simply a discount
15 from the HT rate, if you will, based on the kilowatts that
16 the customer agrees to curtail, and that discount has
17 remained the same. It has not changed by this rate change.

18 Q That's right. However, the usage that those
19 customers consume under the HT Curtailment Rider, the
20 energy portion would be reduced pursuant to your methodology
21 of allocating the costs of this case.

22 A The energy portion will be reduced. But one must
23 look at the effect of the energy block price changes that have
24 been made by this supplement. Each of the first two energy
25 blocks have been increased. The last one is essentially the

1 same. In fact there is a small decrease. But there is
2 still some increase in the last energy block. So those
3 customers don't get the full reduction of the fuel savings
4 without any commensurate increase. There is an increase
5 to offset the fuel savings.

6 Q Is it of the same amount as for those customers
7 who would not be on the curtailment rider?

8 A Yes. No difference.

9 Q Now, I think you stated yesterday that in your
10 opinion the basic reason and the most important moving
11 factor behind this rate increase is the addition of the
12 investment and operating costs associated with Limerick
13 1 and the energy cost savings which are expected to result
14 from its operation; is that correct?

15 A Yes.

16 Q You would agree that Limerick has both a demand
17 cost and an energy cost effect in this case?

18 A Yes.

19 Q Looking back from this case, back to the last
20 base rate case, with the addition of Salem 2, do you agree
21 that base load nuclear production costs as a portion of
22 total allocated costs have increased significantly for the
23 company?

24 A Would I agree that the percentage of production
25 investment is greater after the addition of Salem and

1 Limerick than it was before they were added? Yes, if
2 that's your question.

3 Q My question was -- I had hoped it would go a
4 little further than that -- was would you agree that as a
5 percentage of the company's total production cost investment
6 that the addition of the two nuclear plants has significantly
7 increased that nuclear percentage compared to the fossil
8 fuel and hydro?

9 A Yes.

10 Q I take it, however, that the company has not made
11 any rate design changes for either the residential class or
12 any other class to capture or to reflect the change in the
13 cost structure associated with the nuclear plant investment?

14 A I believe that we have very carefully allocated
15 the change in costs in a consistent manner as the costs
16 are incurred and the allocated demand charges and energy
17 charges as they are appropriately reflected in the cost
18 allocation.

19 Q Well, the company has not in any way changed its
20 cost allocation methodology from those cases prior to the
21 nuclear base load production cost increase? In other words,
22 you maintain the same method you were using before those
23 two nuclear plants came along?

24 A Yes, we have.

25 Q Have you performed any analyses to determine the

1 degree to which the residential rates you proposed in this
2 proceeding reasonably track the cost of service for
3 customers with differing usage characteristics within
4 that class?

5 A. That is best shown by the cost/revenue curves,
6 which were part of Mr. Sundermeir's WFS-1 exhibit.

7 Q. That would be the demand analysis which you have
8 done?

9 A. Yes, and that shows that the very high use
10 residential customers are paying slightly more than their
11 cost to serve and those below about 500 kilowatt hours are
12 paying less than their cost to serve, generally.

13 MR. WERSAN: Your Honor, at this time I would like
14 to mark for identification OCA Exhibit No. 77, which is the
15 company's response to IR-OCA-11-9.

16 JUDGE MATUSCHAK: Very well.

17 (Whereupon, the document was
18 marked as OCA Exhibit No. 77
for identification.)

19 BY MR. WERSAN:

20 Q. Mr. Williams, are you familiar with this response?

21 A. Yes.

22 Q. And the question asked for any and all analyses
23 which support the appropriateness of the company's present
24 rate blocking for Rates R and RH; is that correct?

25 A. Yes.

1 Q And what you have presented is basically a two
2 paragraph discussion of why you think the rate blocking
3 is correct; is that correct?

4 A Yes. We describe our methodology in developing
5 that blocking.

6 Q Now, how long have those rate blockings been
7 used by the company?

8 A The 500 kilowatt hour division point is what
9 you're referring to, and the two blocks of Rate R?

10 Q And also for RH.

11 A My recollection is it's about eight years.

12 Q For both?

13 A Yes.

14 Q Has the company performed any economic analyses
15 or any analyses of the economic impact on customers of this
16 rate increase?

17 A I'm afraid I don't understand the question.

18 Q Has the company performed any analyses or tried
19 to review what it thinks the economic impact on its customers
20 will be of a net \$670 million rate increase?

21 A Well, we have considered the impact of the rate
22 increase and because of its size have proposed the phase-in
23 program which we have previously discussed. We believe with
24 that phase-in program we will be able to keep the increases
25 generally in line with what has been experienced in the past

1 and not too far out of line with the inflationary effects.

2 Q Well, has the company made any estimate of the
3 number of residential customers who are likely to encounter
4 inability to pay problems as a result of the proposed rate
5 increase?

6 A Well, the company is very much aware of customers
7 that have the inability to pay and has developed numerous
8 programs to deal directly with these customers, the most
9 recently being the so-called CAP program where we deal in
10 detail with the customer's ability to pay and try to make
11 sure that the customer can pay what they are able to pay and
12 that the usage is controlled.

13 Programs such as this, we believe are by far the most
14 direct and beneficial to the customer as far as helping to
15 continue to provide the service that the customer requires.

16 Q I understand that and I heard that discussion
17 somewhat yesterday. I guess my point was a little different.

18 Have you tried to project or analyze whether or not
19 this rate increase will increase the number of customers who
20 are unable to meet their Philadelphia Electric Company bills?

21 A We have a continuing monitoring of the customers,
22 so-called payment troubled customers, and are very much aware
23 of the trends here. We are aware that it's affected by many
24 things, including the level of the rates obviously.

25 No one like the idea of a rate increase; certainly we

1 don't like it. But we are trying to mitigate it with the
2 phase-in as best we can.

3 Q. You mentioned that you have been monitoring the
4 problem of inability to pay. Has there been any increase
5 or have you tracked customer problems with meeting payments
6 over the last few rate cases as the company has applied
7 for them and as they have been awarded?

8 A. The statistics have gone back for several years.

9 Q. Do you know what those show?

10 A. I'm not prepared to discuss in detail the
11 statistics we have. I know of their existence and I know
12 of the trends in those statistics but I'm not prepared to
13 discuss it in detail.

14 Q. Well, do you think the trends have been upward?

15 A. Generally we believe that we have been able to
16 significantly help the problem with our introduction of
17 the programs I was discussing to maintain them from increasing

18 Q. But have they been increasing?

19 A. This, we have found, to be the most effect way
20 of trying to effectively deal with this real problem.

21 Q. I realize that. I guess my question was if you
22 are aware of the trends could you state whether or not the
23 trends have been upward in inability to pay problems.

24 A. As I say, I can't give a complete answer without
25 further review of those statistics. I'm not prepared to do

1 that at this time.

2 Q I would take it you didn't specifically review
3 those in deciding how to allocate this rate increase either
4 among the customer classes or in designing your rate
5 design within the classes?

6 A I was certainly aware of the problem and I
7 discussed it with the people who deal with this part of our
8 business regularly. I did not make any specific study when
9 I developed this rate increase, but I certainly was cognizant
10 of the problem and took that into consideration.

11 Q Do you know if the company has made any assessment
12 of the effect of the proposed rate increase on write-offs to
13 uncollectable accounts?

14 A I'm sorry. Any change with this rate increase?

15 Q Yes. Let me restate the question.

16 Has the company made any assessment of the effects of
17 the proposed rate increase on write-offs of uncollectable
18 accounts?

19 A No. To my knowledge we have made no specific
20 assessment.

21 Q You mentioned the CAP program for dealing with
22 payment troubled customers?

23 A Yes.

24 Q What is that program, exactly?

25 A Well, I am aware of the program, I can give you

1 generalities. I'm not prepared to give you all the details
2 of it. But generally the CAP program relates on a one-to-
3 one basis with customers who are having continuing problems
4 with delinquency of payments and investigates and requires
5 documentation by the customer of exactly what income is
6 available, looks at the customer's usage in historic
7 periods and tries to assess whether that customer's usage
8 is reasonable based on the family size and the housing and
9 so forth and sets a budget or a management level of kilowatt
10 hour use that the customer agrees to limit their use to that
11 level, generally that which has historically has been used
12 if that is found to be reasonable.

13 Q So you would describe that as a budgeting and
14 counseling program for payment troubled customers?

15 A Well, it's a little more than that in that the
16 customer then continues to pay for that electricity, the
17 amount that is determined to be the amount that the customer
18 can afford to pay based on the income, which may or may not
19 be the entire bill.

20 Q Apart from the CAP program has the company increased
21 or expanded any of its other programs designed to aid low
22 income customers as a result of this rate increase request?

23 A Not as a result of this rate increase, but the
24 company has many other programs, such as the Tighten-Up low
25 cost program for customers to help in heating. There are

1 numerous programs.

2 Q. Well, have they expanded in the last year?

3 p Yes, they have. Within the last year those
4 programs have been expanded.

5 Q. Am I correct that the residential class rate of
6 return has increased in this case as compared to where it
7 was in the last base rate case?

8 A. Well, the two cases previous to this case the
9 residential class received a higher percentage increase than
10 the HT class and as a result of those two classes the
11 residential class rate of return has improved relative to
12 the average rate of return, improving its position relative
13 to average.

14 Does that answer your question?

15 Q. Good. You anticipated my next question.

16 A. Okay.

17 Q. Can you please explain your rationale for
18 recommending that the rate increase in this case be allocated
19 to customer classes across-the-board including fuel?

20 A. Yes. I believe that I generally describe it
21 in my testimony beginning at the bottom of page eight, but
22 we took several factors into judgement in making our judge-
23 ment and certainly the size of the increase was a primary
24 consideration that it be distributed as equitably as it
25 possibly could upon those classes of customers that were not

1 over 140 percent of the system average ratio before the
2 increase and in such a manner that it would hopefully move
3 those classes towards the system average.

4 Looking at what the effects of such an application
5 would be, we found that, as shown on page nine of my testimony,
6 that the relative positions after the application of the
7 increase brought all the major classes to within 20 percent
8 of the average return and this seemed to be a reasonable
9 application, although recognizing that it was different than
10 that which we used in prior increased where we had removed
11 all fuel and then applied an equal increase across to all
12 classes.

13 So with that continuing application without any fuel
14 at all in base before applying an equal increase, the
15 difference between increases to the residential class and
16 the other classes, for example, would in our view not have
17 been acceptable with this size increase.

18 Q Do you recall what the increase would have been
19 to the residential class if you had done it across-the-board
20 without fuel?

21 A I think we have some figures.

22 (Witness perusing documents.)

23 A We have done some preliminary work and that showed
24 that the residential increase would have been about 36 percent
25 as compared to an HT increase of 22 percent, for example,

1 going across without fuel.

2 MR. WERSAN: That's all I have, Your Honor.

3 Thank you, Mr. Williams.

4 JUDGE MATUSCHAK: Did you want to offer your Exhibit 77?

5 MR. WERSAN: Yes. I would offer OCA Exhibit No. 77.

6 JUDGE MATUSCHAK: Any objection?

7 MR. MacGREGOR: No objection, Your Honor.

8 JUDGE MATUSCHAK: OCA Exhibit 77 is admitted into
9 evidence.

10 (Whereupon, the document marked
11 as OCA Exhibit No. 77 was
12 received in evidence.)

13 JUDGE MATUSCHAK: Mr. Ryan.

14 CROSS-EXAMINATION

15 BY MR. RYAN:

16 Q Good morning, Mr. Williams.

17 A Good morning.

18 Q I just have questions in a couple of relatively
19 confined areas. The first area has to do with the time of
20 use adjustment.

21 Am I correct that your Rate Schedule HT does include
22 such an adjustment?

23 A Yes.

24 Q But Rate Schedules GS and PD do not?

25 A That's right. We are speaking now of the energy
portion of Rate HT time of use adjustment. Actually, there's

1 a time of use recognition in the demand portion of HT, GS
2 and PD.

3 Q. That's the hours of use?

4 A. The so-called HT/GS Night Service Rider.

5 Q. Oh, the Night Service Rider?

6 A. Yes. That recognizes the off-use of the demand
7 portion of the customer's load. HT also recognizes the
8 energy use, whether it's off-peak or on-peak with an
9 adjustment factor which is unique to Rate HT.

10 Q. Can you explain the reason why the energy portion
11 adjustment for off-peak use that applies to HT does not have
12 a corresponding energy type adjustment that would apply to
13 the Primary Distribution or General Service rate schedules?

14 A. Well, the energy use recognition was built into
15 Rate HT for customers over 2,000 kilowatts where the metering
16 was capable of giving us this detailed information. Similar
17 metering is not available for the majority of the GS customers
18 and in fact many of the HT customers under 2,000 kilowatts.

19 Q. Have you ever tried to prepare any kinds of
20 studies or analyses as to what the revenue impact would be
21 on PECO and on its customers served under the GS and PD
22 schedules if you did try to construct a time of use energy
23 adjustment for those two rate schedule customers? Has that
24 ever been considered or studied by the company to your
25 knowledge?

1 A. Well, as I say, the first problem is one of
2 metering, which is an important threshold to get over.
3 Then beyond that the -- well, to answer your question more
4 directly I should say that we have an experimental Rate
5 R time of use in effect now, to answer your question
6 directly. That's the study that we have done, an experimental
7 Rate R application.

8 Q. Is that for residential, R?

9 A. Yes.

10 Q. So that at least on an experimental basis there
11 is some effort to consider this for residential customers,
12 but I was really focusing more on your general service
13 customers and your primary distribution customers.

14 A. A similar experiment has not been conducted for
15 General Service or PD.

16 Q. And you haven't done any theoretical analyses
17 or cost studies to try to figure out what it would do if
18 you tried it?

19 A. No particular studies that I could point to, no.

20 Q. Now, you mentioned the metering cost. Did I
21 understand you, first of all, that even among HT class
22 customers there are differences in the types of meters?
23 In other words, some of the HT customers have meters that
24 would facilitate this type of adjustment but other HT
25 customers don't have those meters?

1 Q Do any PD customers have the kind of meters that
2 are comparable to those HT customers who do have the right
3 to get this adjustment?

4 A There may be a few, but very few.

5 Q Can you give me some idea of the cost difference
6 between the kinds of meters that would facilitate the
7 applicability of a time of use energy adjustment and the
8 kinds of meters that are in fact installed on a PD customer
9 or a GS customer? How much more would it cost to put that
10 kind of metering in?

11 A Well, if I may consult for just a moment...

12 Q Certainly.

13 (Witness conferring with associates.)

14 Q All I'm asking for is an approximate figure.

15 A I can only give you generalities, that we have
16 electronic solid state metering in for customers over
17 2,000, LPRs, and that metering is quite expensive, on
18 the order of \$1,500 for installation.

19 I'm not saying that that sophisticated metering
20 would be required for GS customers and I'm not prepared
21 to discuss the cost for GS metering.

22 Q Well, \$1,500 doesn't strike me as being that
23 terribly high because I would assume that the PD and
24 the larger GS customers, at least, would have significantly
25 larger bills and an adjustment -- well, let's strike that.

1 A. Well, of course, the metering cost has to be
2 reflected in the customer charge and we would have to have
3 an appropriate recognition of that.

4 Q. I guess what I was thinking of, and let me
5 try to make it a question, was do you have any situations
6 where a cost such as a metering charge in order to take
7 advantage of an optional adjustment is imposed directly on
8 a customer? In other words, he has to pay for that up front
9 before he can qualify?

10 A. Yes, we have such a charge now in the Night
11 Service Rider.

12 Q. In that regard, by the way, the time of use
13 adjustment that does apply to an HT customer over 2,000 KW
14 is not really an option, is it?

15 A. No.

16 Q. It's automatically applied?

17 A. That's correct, which I believe is appropriate.

18 Q. I don't disagree. I just wanted to make sure
19 the record is clear.

20 Do you have any idea what the impact is of the time
21 of use adjustment on a Rate HT customer, let's say, the
22 average and the extreme results, the kinds of savings that
23 that can generate?

24 A. It depends entirely on his load factor, obviously;
25 strictly related to kilowatt hours.

1 Q Well, in terms of the savings per kilowatt hour.
2 Could it mean a savings of a couple cents per kilowatt
3 hour for a high load factor customer, for example?

4 A No. The savings are exactly listed in the tariff.
5 The off-peak credit in the summer months is .21 cents per
6 kilowatt hour. So you simply multiply that by the kilowatt
7 hours used to get the total savings.

8 Q How did you derive those credits that are shown
9 in the rider, in the tariff?

10 A They were the result of studies of experienced
11 energy costs, company energy costs, during the on and off-
12 peak period and how those costs related to the average energy
13 cost. Generally the difference from average during the on
14 or off-peak period is what we see here in the tariff.

15 Q And that's strictly the fuel cost?

16 A Total energy cost.

17 Q What would be included besides actual fuel in the
18 total energy cost? Are there other elements that I'm not
19 thinking of?

20 A Purchased energy.

21 Q Purchased energy?

22 A Yes.

23 Q Does the company have workpapers to support those
24 calculations if we were to submit a data request -- which I
25 am not making now but which I will separately make if we

1 decide to pursue it?

2 A. We have some data, yes.

3 Q. Now, other electric utility companies, as I
4 understand it, have taken a somewhat different route and
5 have designed actual time of day rates as a separate rate
6 schedule, where you have used this adjustment on your High
7 Tension -- existing High Tension -- rate schedule. Is there
8 any particular reason to prefer one approach over the other?
9 Or is it largely historical?

10 A. Well, as I say, I believe that the approach we
11 have taken is applicable to every one over a certain level,
12 the largest HT customers, where the most opportunity exists
13 for conservation and economy in the off-peak period. And I
14 think that relating it as a part of the rate immediately
15 captures all customers over that level so that they are all
16 in the game, so to speak, of trying to do the best they can
17 to conserve during the on-peak periods and to move their
18 load to the off-peak periods. It's a very direct and
19 efficient way to send a signal to all of the largest
20 customers who have the most energy use and therefore the
21 most capability.

22 Q. And the dividing line you use for that is the
23 2,000 KW of demand?

24 A. Yes.

25 Now, recognizing that all customers within that

1 category have different operational problems and certainly
2 within the constraints of those problems may not be able
3 to do much to move their load.

4 Q Do you know if there are any customers in the PD
5 class who have demands on the order of 2,000 KWH?

6 A I would seriously doubt there are, if any.

7 Q If you were free to start from scratch with
8 no constraints of the history of the development of your
9 rate schedules and you were to decide -- the "you" being
10 PECO now, and not just you -- were to decide that it was
11 appropriate to give an energy type recognition for time of
12 use off-peak, would you do it as has happened here as simply
13 an adjustment to an existing rate schedule or would you
14 start from scratch and design a rate schedule that anybody
15 who could qualify could apply for and do it that way?

16 A I rather like the adjustment approach in that
17 the customer is continually reminded of how they are doing
18 relative to average. By seeing the adjustment each month
19 they can relate to what they are doing relative to what
20 they would be billed on the regular rate. If they are making
21 progress they are seeing some credits as a result of this
22 energy cost adjustment surcharge.

23 I believe this is a very direct and continuing price
24 signal to the customer of how they are doing and encouraging
25 them to try to do what they can.

1 Q Let me shift the focus for a few minutes now and
2 make sure we are talking about the same thing. Can you give
3 me your definition of load factor, to make sure I'm thinking
4 of the same thing you are?

5 A Load factor is the customer's hourly use of
6 demand in a monthly period. That is how it is normally
7 used, monthly load.

8 Q Would you agree that it's a measure of the
9 efficiency with which that customer or class of customers,
10 if we do it on a class basis, is using the utility's system?

11 A Yes.

12 Q Now, the costs of nuclear power as I understand
13 them are generally characterized as being higher dollars per
14 kilowatt of investment but lower cost cents per kilowatt hour
15 of fuel costs. Is that a general characterization?

16 A Yes.

17 Q Wouldn't it then be more important for PECO than
18 it has been in the past now that you're adding another nuclear
19 unit to try to improve its load factor in order to take
20 advantage of the economics of full plant use?

21 A Well, the full plant use of the nuclear plant will
22 indeed be accomplished because that's the lowest energy cost
23 production facility and it will certainly be run for every
24 hour that it can produce energy. The rates that we are
25 proposing here give a very strong price signal to customers

1 to limit their demand to the extent that they possibly can
2 with any load control and hence improve their load factor
3 because it's advantageous from the customer's standpoint
4 to keep their billed demand as low as they possibly can
5 and thus improve their load factor use.

6 Q And if a significant number of your customers
7 improved their individual load factors that will, I assume,
8 necessarily lead to an improved system load factor for the
9 company?

10 A Yes, it will.

11 Q Let's talk for a few minutes about fuel costs.
12 I think you answered some of these questions yesterday, so
13 I will try to shorten it.

14 Do I understand that in the base energy costs that
15 are included in your present rates that figure is 28.178
16 mils per kilowatt hour?

17 A Right.

18 Q But that in the proposed rate it drops to
19 20.823 mils?

20 A Well, you're subtracting the 7.355 mils on
21 page D-21, I assume.

22 Q That's right.

23 A Which is the estimated effects on a two year
24 analysis of Limerick's production. Now, the actual energy
25 costs, of course, are dependent on an energy cost rate

1 computation and that will continue in its present form
2 until a revision is probably put into effect as a result
3 of the so-called 80/20 order coincident with this rate
4 on June 27th. But again, that will merely change the
5 method of collection of the over or undercollection portion
6 of that energy cost rate. The basic tenet is that energy
7 costs will continue to be reflected to each customer as
8 they are actually incurred.

9 Q But that reduction of .7355 which you mentioned,
10 that is the anticipated reduction in energy costs as a result
11 of putting Unit 1 at Limerick on line?

12 A Yes, and we propose to change the base number
13 from 28.178 to 20.823 in our proposed energy cost rate
14 factor which will become effective with these rates.

15 Q Can you tell me what the expected average fuel
16 costs in cents per kilowatt hour would be for the new
17 Limerick unit? Do you have a figure of what you think it
18 will cost on average for fuel, let's say in a two year
19 period?

20 A Well, it's in the area of one cent.

21 Q If you took the entire PECO system without the
22 Limerick unit what would you expect the average fuel cost in
23 cents per KWH to be?

24 A The average energy cost?

25 Q Yes.

1 A. For the entire system?

2 Q. Yes -- not including that Limerick unit.

3 A. You mean with Limerick operating?

4 Q. No, with it out -- both ways, if you can give it

5 to me.

6 A. I can go to D-21-A to calculate that. The total

7 fuel and interchange expense without Limerick is shown there.

8 Q. I will accept that and I can make the calculation.

9 Part of that problem, I think, is that I haven't really had

10 enough time to familiarize myself with all of these exhibits.

11 Which exhibit is that?

12 A. It's in TPH-2.

13 Q. TPH-2?

14 A. Yes.

15 It's about 2.4 cents without Limerick.

16 Q. Or roughly two to two-and-a-half times the

17 anticipated fuel cost for Limerick itself, the system

18 average?

19 A. Yes.

20 Q. Do you know what fuel costs in cents per kilowatt

21 hour for each of the months included in the test year were

22 in this case, in this filing?

23 A. Well, this case, we are dealing with our cost

24 allocation and everything else, we are dealing with fuel

25 at the 20.8 mil level and considering revenue at that level

1 also. So that the actual cost of fuel above that is really
2 not of any import as far as rate structure. That is taken
3 care of with the application of the ECR.

4 Q I just really wanted to pin the 20.82 figure down.
5 Finally, Mr. Williams, are you responsible for the
6 calculation of the revenues by rate class for the test year?

7 A Yes.

8 Q Does the company have workpapers which would
9 show the development of the revenues by rate block for
10 each rate class during that year?

11 A That's in the proof of revenue, Exhibit 4-C.
12 That is this blue book, 4-C-1, near the back of that book.

13 MR. RYAN: Fine. That is all the questions I have
14 for Mr. Williams, Your Honor.

15 JUDGE MATUSCHAK: Mr. Squires, you may proceed.

16 CROSS-EXAMINATION

17 BY MR. SQUIRES:

18 Q Mr. Williams, Alan Squires on behalf of the
19 Pennsylvania Business Utility Users Group. Good morning.

20 A Good morning.

21 Q If you will, I would just like to refer to
22 page nine of your direct testimony and ask you why the
23 present and proposed rates of return for SEPTA and Amtrak
24 are not shown on this table inasmuch as they are included
25 in Exhibit WFS-1 as separate cost classes.

1 A. Well, SEPTA and Amtrak presently are in Rate HT
2 and we are proposing separate rates for each of those,
3 EPS and EPA, and are proposing that they be established
4 so that those new rates provide 100 percent of the average
5 rate of return, namely 12.7, so that they are at 100 percent
6 afterwards. And before they are in Rate HT so they really
7 relate to where Rate HT was before.

8 Q. But you could have made the calculations for
9 the first column, could you not, what they were before the
10 increase, the percent of their average rate of return
11 based upon the tabulation in WFS-1?

12 A. That shows on page 6 SEPTA as 7.86 and it goes to
13 12.7; and Amtrak is 9.23 and it goes to 12.7.

14 (Pause.)

15 A. We can easily relate those to the average.

16 Q. I gather from your testimony that one of the
17 objectives of your approach to rate design is to eventually
18 charge rates that will produce equal rates of return for
19 all customer classifications; is that correct?

20 A. That is a long-range objective, yes.

21 Q. And is that, in your opinion, a desirable
22 rate design objective?

23 A. To approach that goal is desirable, yes. I
24 don't realistically think it's achievable in any short-run
25 period.

1 Q I presume that that is PECO's objective also?

2 A Yes.

3 Q How long have you had this objective, or how
4 long has PECO had this objective?

5 A I would say it has been continuing for the last
6 eight years.

7 Q As a practical matter isn't it correct that the
8 three years of rates proposed in this case will fall short
9 of attaining class rate of return equality?

10 A They certainly don't achieve equality, as shown
11 on my exhibit at page nine, but they are within 20 percent
12 of that 100 percent goal and I think that's not bad. That's
13 coming within a reasonable range.

14 Q You mean plus or minus 20 percent?

15 A Exactly.

16 Q Wouldn't you agree that with the exception of the
17 class cost of service measurement all other so-called
18 standards or objectives of ratemaking are largely judge-
19 mental?

20 A I would not say all other. There are many judge-
21 ments that go into ratemaking but the cost of service is
22 certainly a precise target that we can use as a guide to
23 where we are and how we are doing in these judgements over
24 a period of time.

25 Q Well, I did say with the exception of the cost

1 of service measurement that other standards that you use
2 are judgemental.

3 However, isn't it correct that other standards,
4 like continuity and gradualism, do have an impact on
5 your approach to rate design?

6 A. Yes.

7 Q. Do you believe that gradualism should extend only
8 to the overall rate increase of a class or also cover the
9 various component unit charges in a tariff such as customer
10 charge, demand and energy charges?

11 (Pause.)

12 Q. Let me give you an example. You are proposing a
13 75 percent increase in demand charges for the HT service but
14 on average a less than 20 percent increase in the energy
15 charges. Doesn't this difference in treatment in the HT
16 component rate charges contradict the continuity and the
17 gradualism objective?

18 A. I think one has to look at the total picture.
19 I agree that the capacity charge of HT is increased approxi-
20 mately 75 percent. But that is only one component of Rate
21 HT and we must look at the total application of Rate HT
22 to the universe of customers and see what the individual
23 customer effects are.

24 That final customer effect is really what is of
25 most concern to us.

1 We have done that and we have done one more thing,
2 and that is institute a phase-in to graduate this thing
3 over a period of time. So we believe with those combinations
4 we come out with a reasonable product.

5 Q So you're really looking at the total charge and
6 not looking at the various components? You're more concerned
7 with the actual total?

8 A Yes, I am.

9 Q Mr. Sundermeir had produced, I believe, at the
10 direction of the Commission, a second cost of service study
11 which is summarized on pages 73 and 73-B of WFS-1. Now, I
12 believe that the class rates of return on present and proposed
13 rates are substantially different in this study.

14 If we were to assume that the Commission adopted the
15 study summarized on page 73 would you revise your recommended
16 class distribution of the requested rate increase?

17 A Well, I think one must view it, again, in its
18 totality to see with such a distribution of the increases
19 what is the result to the various classes as far as percent
20 increase in total to the class and see if that makes sense
21 reasonably for a fair distribution of the increase. I would
22 expect that there would be quite wide distortions if we
23 applied simply the same methodology. I don't know without
24 trying.

25 Q Have you made such a review?

1 A. No, I have not.

2 Q. So you don't know at this time what revisions
3 you would make, but you do agree that because there would
4 be distortions if you used the same methodology you might
5 make certain revisions as to distribution?

6 A. Absolutely. One would have to apply judgement
7 so that the final product was reasonable.

8 Q. Am I correct that you are proposing to increase
9 the capacity charge component of the HT rate from \$5.37 to
10 \$9.44 per KW, or approximately 75.8 percent?

11 A. Yes.

12 Q. And in contrast, wouldn't you agree that the
13 rate's tail block energy charge is actually to be reduced
14 slightly by .27 percent? Will you accept my calculations?

15 A. Yes. The end block stays, for all purposes,
16 the same.

17 Q. You mean by going down .27 percent?

18 A. It's essentially the same, yes. Essentially
19 unchanged.

20 Q. Isn't it your belief that based upon the cost
21 and revenue curves presented on pages 47 through 49 of
22 Exhibit WFS-1 that for the HT class the various rate charge
23 components for HT service will to the maximum extent possible
24 track the slope of the cost curve from zero to 720 hours
25 use of demand?

1 A. I missed the first part. Are you saying do I
2 agree that they do essentially track the cost curves,
3 the revenues?

4 Q. That's right.

5 A. Yes; as proposed.

6 Q. And isn't it true that the HT cost curves are
7 based upon the unit costs found on page 39 of Exhibit WFS-1?

8 A. Yes.

9 Q. Can I assume that a change in the level of unit
10 cost in one or more of the rate's components would result in
11 a somewhat different shape to the cost curve?

12 A. Different slopes, probably, but essentially the
13 same shape. The slope of the revenue curve would certainly
14 change.

15 Q. I take it that the concept -- and by that I mean
16 the Bary Curve -- designed by PECO works regardless of the
17 specific unit cost established by the WFS-1 cost of service
18 analysis; is that correct?

19 A. Well, the Bary Curve is the methodology, the
20 skeleton, to which the costs are applied and the result is
21 the cost curve. Different cost applications will obviously
22 result in a different curve.

23 Q. Have you produced cost and revenue curves based
24 upon the proposed 12.23 percent rate of return for the HT
25 class?

1 A. No, just the system average.

2 Q. Of 12.70?

3 A. Yes.

4 Q. Can you tell me why you didn't produce such
5 data for the 12.23 percent rate of return?

6 A. We are consistent in all classes and present
7 the average rate of return so that one can relate for
8 consistency to the average rate of return, which is indeed
9 our target.

10 Q. You stated in response to my previous questions
11 that the HT class rate structure is as practical an approach
12 to rate design as possible since it faithfully tracks the
13 cost curve for the class as presented in WFS-1. Would it
14 not be your opinion that based upon that statement that
15 no intraclass rate disparity among customers exists, as
16 demonstrated by the cost and revenue curves?

17 A. Intraclass?

18 Q. Intraclass.

19 A. Well, the tracking I'm talking about is for the
20 revenue of the class to the cost of the class.

21 Q. Is it your opinion that there would or would
22 not be any intraclass rate disparity among those customers?

23 (Pause.)

24 Q. Within the HT class.

25 A. Well, I'm addressing the class when I'm talking

1 about these curves. I'm not talking about individual
2 customers and any disparity of rate of return of individual
3 customers within the class. We are dealing with class rate-
4 making and cost for the class and looking at the relationship
5 of the two to the class, not the individual customers.

6 Q Do you have an opinion as to whether or not
7 there would be any intraclass rate disparity among customers
8 within the class?

9 A Rate disparity or rate of return?

10 Q Rate disparity.

11 A Every customer within the class is paying the same
12 rate.

13 Q Rate of return.

14 A There is obviously a different rate of return for
15 many customers within the class.

16 Q And would you agree -- so long as there is a
17 declining block energy charge structure in the HT rate,
18 isn't it true that high load factor customers will pay on
19 average less per KWH than low load factor customers in the
20 same class?

21 A Yes.

22 Q And isn't this one of the reasons for the three
23 block energy rate for the class?

24 A Well, the three block energy rate provides a
25 mechanism to follow as closely as we can the costs for the

1 class. And although a high load factor customer pays a
2 lower rate in cents per kilowatt hour, that yields a revenue
3 which is consistent with the cost of serving that customer.
4 That is our position.

5 Q. And I believe you stated in answer to previous
6 questions today that because the high load factor customer
7 aides in the efficiency of the system that's the reason
8 for the declining energy block rate because it's costing
9 less to serve that customer as its load factor increases?

10 A. As reflected by the cost curve, and the revenue
11 received from that high load factor customer closely tracks
12 the cost to provide service to that customer is the final
13 result.

14 Q. Assuming, and hypothetically so, that the entire
15 HT class rate increase was to be recovered in energy charges
16 under the declining block energy structure, isn't it correct
17 that the high load factor customers would still pay a lower
18 average cost per KWH than the low load factor customers?

19 A. Well, in your supposition your revenue from
20 that class would still follow the cost of service curve --
21 I presume that is your assumption. To accomplish that one
22 would have to have slopes to follow this cost curve and the
23 last block would obviously be the lowest.

24 Q. If I may, Mr. Williams, I would like to turn to
25 a different subject at this point with regard to the time

1 of use charges.

2 Isn't it correct that the company is not proposing
3 any changes in the on-peak energy surcharge or the off-peak
4 credit for seasonal energy charges applicable for HT customers?

5 A. That's correct.

6 Q. And why has there been no change?

7 A. We have reviewed the average cost of energy
8 in the off and on-peak periods relative to the average cost
9 of energy and these differentials still appear to be appro-
10 priate to recognize that difference between off-peak and
11 average and on-peak and average energy costs. So we have
12 continued with them.

13 Q. It's true, isn't it, that the seasonal on-peak/
14 off-peak rate applies only to customers taking power at
15 2,000 KW and greater a month?

16 A. That's right.

17 Q. How many customers are within this category?

18 A. I believe it's about 300. I don't have an
19 exact number available.

20 Q. In your opinion what level of load factor would
21 a customer have to have in order to benefit from that rate
22 provision?

23 A. Any customer can benefit from that provision
24 by using energy off-peak as compared to on-peak. The amount
25 of benefit is obviously greatest for the highest load factor

1 customer. It's strictly a cents per kilowatt hour benefit
2 and the more kilowatt hours used the bigger the benefit.
3 If the customer's operations are entirely off-peak it's all
4 benefit -- not a likely operation, I might say.

5 Q. How much revenue are we talking about with respect
6 to the HT TOU pricing provision? For example, in the test
7 year ended June 30, 1986, how much revenue is projected to
8 be recovered via the seasonal surcharge and/or loss because
9 of the credit?

10 (Witness perusing documents.)

11 A. I could provide that number. I don't have it
12 readily available.

13 Q. Would you provide that number to us, please?
14 Do you want a formal data request for that?

15 A. Just a handwritten sheet.

16 Q. By the way, Mr. Williams, is the revenue
17 included in the proof of revenue schedule as set forth in
18 4-C-1?

19 A. No. Perhaps I should explain. The revenue, be
20 it plus or minus, from the HT energy adjustment is folded
21 back into the energy cost rate calculation so that there is
22 no net revenue to the company from this. It's all accounted
23 for in the accounting for total energy.

24 If there is a positive collection of revenue, in
25 other words a net surcharge, that reduces the cost of energy

1 to all other customer classes by the amount of that surcharge.
2 If there is a negative HT customers are encouraged to use
3 energy off-peak. That benefit is likewise distributed to
4 all other customers through the energy cost rate calculation.
5 So there is no revenue effect to the company's income at all.

6 Q If you would refer to page ten of 4-C-1, would
7 you agree that each of these seven HT customers have their
8 energy usage priced under the TOU surcharge and/or credit?

9 A These are the seven largest customers so undoubtedly
10 they are, yes, priced by the TOU surcharge.

11 Q Mr. Williams, even though the revenue impact
12 is not shown does the TOU rate for the HT class have a
13 beneficial or adverse impact on customers eligible for
14 that rate provision?

15 A The customers who are over 2,000 and therefore have
16 the application of the time of use surcharge in Rate HT,
17 depending on their use, if it's more off-peak kilowatt hours
18 to generate a bigger credit than there is a surcharge, it's
19 a benefit. Likewise the reverse is true. So for each
20 individual customer it's under the customer's individual
21 use control that determines whether it's a benefit or a
22 surcharge.

23 Q And how would your answer be if I referred only
24 to the seven largest customers?

25 A Well, it depends on their pattern of use.

1 Q Well, in your opinion, Mr. Williams, aren't the
2 seven largest customers among the highest load factor
3 customers within that class?

4 A That may well be. I don't know without checking.

5 Q And if we assume that they were, what would your
6 answer then be? That they have a net benefit or an adverse
7 impact?

8 A It depends entirely on their pattern of use.
9 If indeed, as you are assuming, that they are a high load
10 factor customer and as they approach 100 percent load factor
11 their use would be primarily off-peak because there are more
12 off-peak hours.

13 Q Would you assume that they are high load factor
14 customers?

15 A I don't know without checking.

16 Q I note that the overall rate increase for the
17 seven largest HT customers, not including the benefit of
18 any reduced energy charges, is projected at 22.6 percent --
19 22.06 percent. I'm sorry. And I'm referring to page 10
20 of 4-C-1, showing the increase from 129,750,278 to
21 158,375,942.

22 Yet in contrast the percent increase for the remainder
23 of the HT customers is 31.2 percent as indicated on page 11.

24 MR. MacGREGOR: What numbers are you referring to on
25 page 11?

1 MR. SQUIRES: On page 11 I'm referring to the
2 707,815,856, increasing to 928,383,065.

3 MR. MacGREGOR: Thank you.

4 BY MR. SQUIRES:

5 Q. Is the latter figure the average rate increase
6 to be expected by the majority of the HT customers?

7 A. Well, the total Rate HT is shown on line 20.

8 Q. Well, the seven largest customers were excluded.

9 A. I see. Well, the increase for the total Rate
10 HT is shown on page A-5 of TPH-2, and that's 29.6.

11 Q. Page what?

12 A. Page A-5 of TPH-2; 29.6.

13 Q. Well, Mr. Williams, you broke up the rate increase
14 for the seven largest customers as compared to all the other
15 HT customers; is that correct?

16 A. When you say "broke up" it's merely a matter of
17 compiling the proof of revenue. The source of the data is
18 different for the seven largest customers from the computer
19 source. That's the reason it's separated.

20 The same rate is applied to all HT customers. From
21 the numbers shown it's likely that the load factor of the
22 seven largest is higher than that of the remaining, I agree.
23 That is what the numbers show.

24 Q. Well, don't the numbers show that the rate increase
25 for the seven largest customers would be 22.06 percent?

1 A. Yes.

2 Q And that the rate increase for the other customers
3 within that class would be 31.2 percent?

4 A. Yes, for a composite of 29.6, as shown on A-5.
5 And the difference between the 22 and 31 is showing that the
6 load factor of the seven largest is indeed higher because
7 the higher the customer's load factor is the lower the
8 percentage increase.

9 Q Again, referring to page 11 of 4-C-1, the
10 figure of 24,494,179 KW in column one, that refers to
11 billing demand; is that correct?

12 A. Yes, in the sample.

13 Q Can you tell me how many of these units represent
14 actual usage?

15 A. They all represent actual usage. They are from
16 the sample billing.

17 Q Is there a difference between billable and
18 actual?

19 A. Well, if you're calling "actual" read kilowatt
20 hours -- is that what you mean?

21 Q. Yes.

22 A. By "actual" I meant that they were actually
23 billed. Now, there may be a difference between the
24 kilowatts read and the kilowatts billed due to ratchets,
25 power factor adjustments. These things could make a

1 difference read and kilowatts billed.

2 The kilowatts shown here are kilowatts billed,
3 which are in my view actual.

4 Q What is the difference between actual and
5 billable -- actually read and billable?

6 A Between kilowatts read on the meter --

7 Q And billed.

8 A -- and kilowatts that are billed to the customer?

9 Q That's right.

10 A Kilowatts read from the meter may be adjusted
11 because of a seasonal ratchet of 80 percent on summer demand,
12 a contract ratchet of 40 percent on a contract demand, they
13 may be adjusted for a power factor which is lower than that
14 required. These things are used to change the read demand
15 to the demand which is billed to the customer. These numbers
16 on page 11 are the demands that are billed to the customer.

17 Q Actually read from the meter?

18 A No.

19 Q No?

20 A No. Billed.

21 Q Now, again, I would ask you what are the actual
22 units read, the number of units read?

23 A I don't know.

24 Q And as a result you would not be able to tell me
25 how many units are included in that figure that are derived

1 from the ratcheting effect of the rate?

2 A. That's correct.

3 Q. Mr. Williams, isn't it correct that with respect
4 to customers in the HT class as well as PD ratepayers which
5 do not qualify for the TOU charges, the company does furnish
6 a seasonal pricing signal in the form of a demand ratchet?

7 A. Yes, the 80 percent ratchet.

8 Q. And isn't it also correct that this so-called
9 seasonal demand charge signal furnished by ratchet billing
10 applies only to a customer whose usage in a winter month is
11 less than 80 percent of his summer peak?

12 A. Yes.

13 Q. But the HT demand charge itself is no different
14 in the summer or winter?

15 A. That's correct.

16 Q. And would you agree that PECO is proposing the
17 retention of the 80 percent demand ratchet for service
18 billed under its HT and PD rates?

19 A. Yes.

20 Q. When was that ratchet first introduced by PECO?

21 A. The ratchet itself has been in our tariff for
22 over ten years but not at the 80 percent level. I would
23 judge it has been at the 80 percent level for about six or
24 seven years.

25 Q. Did you say seven years?

1 A. About six to seven. I'm not sure exactly.

2 Q. Do you know what the level of the ratchet was
3 when it was first introduced?

4 A. My recollection is that it was introduced at the
5 60 percent level.

6 Q. And did it stay at 60 percent for those approxi-
7 mately three years?

8 A. I believe it went from 60 to 65 and then to 80,
9 but I would have to check.

10 Q. And isn't it correct, Mr. Williams, that the
11 ratchet provision will increase a customer's actual winter
12 monthly demand to no less than 80 percent of his monthly
13 peak recorded during the previous four summer months?

14 A. Yes.

15 Q. Are total units of billable demand higher or
16 lower than actual demand on an annual basis?

17 A. I guess we will have to define actual again.

18 Q. Read.

19 A. Billed demands would be higher than demands
20 read for the reasons that I've discussed: the ratchet
21 applications on contracts, seasonal ratchets and power
22 factor adjustments.

23 Q. If I may, Mr. Williams, I would like to refer
24 you to IR-PBUUG-1-15, in which the company provided
25 information on the actual versus billed demand from 1981

1 to the present for the HT rate class. And if I may, I
2 would like to refer you to the first of two pages and just
3 ask you if you will look at June of 1982, which is set forth
4 on line 19 --

5 A. I'm sorry. Are you on 1-15?

6 Q. Yes.

7 (Document handed to witness.)

8 A. You're referring, then, to 401?

9 Q. Yes.

10 And if you would refer to line 51 on page one,
11 indicating the actual versus billed demand for December,
12 1984, I would ask you whether you can explain as to why
13 in that month the actual demand was higher than the billed
14 demand?

15 A. No, I'm afraid I can't. I will have to investigate
16 that.

17 Q. That would be a ratchet month, would it not?

18 A. Yes, it would be a ratchet month. That's right.

19 I would say that there are from time to time
20 adjustments made as a result of some special conditions that
21 existed at a customer's installation that may have been
22 an incorrectly computed bill in a prior month and a billing
23 adjustment made on the books of the company that shifted
24 the billing data from one month to the other. I expect that
25 is what is behind this. We do say this is unedited data on

1 the response.

2 Q Do you have any information as to the customer
3 revenue impact of the ratchet billing provisions as concerns
4 the HT and/or PD rate schedules?

5 A No, we don't know exactly the revenue impact
6 because as you're noting here you have to actually rebill
7 customers on what demand was read on the meters rather than
8 what was actually billed, and this is a process that we don't
9 do.

10 Q Well, don't you have this data?

11 A No.

12 Q May I refer you to an exhibit which was entered
13 yesterday -- I'm sorry but I don't have the number of the
14 exhibit, but it's PAIEUG, which is the rebuttal testimony of
15 William F. Sundermeir in September of 1984 at Docket No.
16 R-842590.

17 MR. MacGREGOR: That is PAIEUG Exhibit 4.

18 MR. SQUIRES: Thank you.

19 BY MR. SQUIRES:

20 Q And on the page marked 35, in the last answer,
21 Mr. Sundermeir stated that, "PECo has data available on sales
22 to all of its Rate HT customers."

23 A Yes.

24 Q Would you agree with that?

25 A Absolutely.

1 Q Well, based upon that statement wouldn't you
2 be able to determine what the revenue impact of the
3 ratchet billing provisions on the HT customers would be?

4 A We have billing data. That is exactly what we
5 looked at before. That's what goes in to compile the
6 proof of revenue data on 4-C-1. We have billing data,
7 billed kilowatts, from every HT customer. We have billed
8 kilowatt hours. But we don't have registered on the meter
9 kilowatt hours if they are different from billed kilowatt
10 hours.

11 Q Isn't it true that one reason used by PECO in
12 support of the billing demand ratchet is to convey a price
13 signal to the users that it costs the company more to
14 produce power in the summer than in the winter?

15 A Yes.

16 Q And in that regard are you referring to generation
17 and transmission plant investment and cost or energy?

18 A I'm referring to the fact that we have to install
19 production and transmission capacity to meet the summer load
20 and quite often the cost of energy that is purchased on the
21 interchange is more expensive during the summer, is more
22 expensive during the summer on peak periods.

23 Q And would you also agree that the implicit
24 assumption of the ratchet billing is that the individual
25 customer's monthly peak demand is a representation of his

1 impact on the company's load growth and hence the need to
2 construct peak related facilities such as generation and
3 transmission plant?

4 A. I have trouble with the wording of the question,
5 but I do agree that the ratchet's purpose is to recognize the
6 customer's impact on our system's need for capacity in the
7 summer period. I believe that is what you asked.

8 Q. Mr. Williams, isn't it correct that each customer
9 has two separate demands which impose costs on the utility,
10 namely his peak demand which determines the company investment
11 for distribution plant, and his demand at the time of the
12 system peak which relates to generation and transmission
13 plant investments?

14 A. Yes, and that's the way we allocate our distribution
15 system, based on the customer's peak demand.

16 Q. And isn't it correct that customers with a
17 relatively high load factor are typically unaffected by the
18 80 percent ratchet?

19 A. Not necessarily. The customer could have a high
20 load factor operation and have a different total level of
21 operations seasonally. He could be high load factor summer
22 and winter but at a different total load in the winter than
23 he is in the summer depending on the product or production.

24 Q. My question was typically, and if you can think
25 of a particular case I would like to know about it, but

1 typically wouldn't a high load factor customer be
2 unaffected by that 80 percent ratchet?

3 A. The load factor is a seasonal thing. Now, even
4 on an annual load factor the customer's level of production,
5 absolute level of production, is what controls his kilowatts
6 of demand in the facility. And he could have a very high
7 load factor, for example, an air products plant that is
8 extremely high load factor could be producing flat-out in
9 the summertime and for some reason or another has low
10 production in the wintertime. Still, when they produced
11 they would be very high load factor.

12 (Pause.)

13 Q. It's probable. It's not 100 percent.

14 Q. Is it true that ratcheting is used strictly for
15 billing purposes and has nothing to do with ascertaining
16 the class' demand revenue requirements?

17 A. Well, no. It is very much a part of the demand
18 revenue requirements. If the ratchet were not present the
19 revenue that is collected by that ratchet would have to be
20 made up by increases in the demand charge.

21 Q. I mean the demand revenue requirements as
22 determined by cost of service.

23 A. The cost to be met would be the same. Now,
24 the revenue to meet them would have to be collected by
25 increases in the total demand charge because the revenue

1 contribution from the ratchet would be eliminated.

2 Q Mr. Williams, is billable demand or the actual
3 read demand the factor used in determining the cost of
4 service?

5 A Well, the cost is developed based -- the costs
6 are developed and then developed on a per unit basis by
7 dividing by the billing demands, not the registered demands.
8 The units of billing are what determine the unit price. From
9 the total dollars of cost you divide by the billing units to
10 get the per unit cost.

11 Q Is it true that PECO's cost to generate electricity
12 in the summer is higher than in the winter?

13 A Well, I think we did discuss that previously in
14 that the company installs capacity to meet the summer peak
15 and to that extent that capacity, we feel, should be allocated
16 to the four summer months.

17 (Pause.)

18 A To the load of the class in the four summer months.

19 Q Would you agree that under the PECO ratchet for
20 HT and PD customers monthly kilowatt hours are blocked on the
21 basis of billed versus actual monthly demands?

22 A Would you repeat the question?

23 Q Would you agree that under the PECO ratchet for
24 HT and PD customers monthly kilowatt hours are blocked on the
25 basis of billed versus actual monthly demands?

1 A. Monthly kilowatt hours are blocked in Rate HT
2 based on kilowatts billed, which determines the size of
3 the energy block.

4 Q. By using a billable versus actual usage demand
5 in those months, where the actual demand falls below 80
6 percent of its previous summer peak, PECO attributes more
7 kilowatt hours to the high cost energy block than would
8 otherwise be the case if actual demand were used; is that
9 correct?

10 A. Are you referring to actual demand as the demand
11 read on the meter dial?

12 Q. That's right.

13 A. Normally actual -- read demand from the meter
14 dial would normally be lower than billed demand. Therefore,
15 the billed demand would create a larger energy block. I
16 agree with that.

17 Q. In your opinion, Mr. Williams, what relationship
18 exists between billable demand and the causation of energy
19 costs during the winter months to justify the assessment of
20 energy charges on that basis?

21 A. Well, the structure of Rate HT incorporates
22 demand charges within the energy blocking and it's entirely
23 appropriate that the billed kilowatts be used to size the
24 energy block.

25 Q. So as I understand it, you don't know how many

1 units of billable demand are related to the ratchet and
2 you don't know what portion of demand related revenue is
3 due to the ratchet?

4 A. The revenue the company obtains from the
5 application of the ratchet cannot be determined without a
6 determination of the difference between actual read demand
7 and billed demand for each customer's monthly bill, and
8 such a historical record is not maintained by the company.

9 Q. Well, under those circumstances what basis, if
10 any, exists for the continuation of ratchet billing?

11 A. We discussed that the application of the ratchet
12 is very important to convey the seasonal price signal to
13 the customer. We discussed that there is revenue obtained
14 from the application of the ratchet; thereby the customers
15 that are helping to cause the seasonal summer peak contribute
16 fairly to their cost to build such a system to meet the summer
17 peak.

18 If the ratchet were not a part of our rate structure,
19 these costs would be spread among all customers rather than the
20 customers who are contributing the most to the summer peak.

21 Q. Mr. Williams, if I may I would just like to ask
22 you a few questions turning my attention to the Night Service
23 Rider.

24 A. Yes, sir.

25 Q. Isn't it correct that the Night Service Rider is,

1 in contrast to the TOU seasonal energy charge schedule,
2 an optional rider?

3 A. Yes.

4 Q. Do you know how many HT customers and PD customers
5 are able to take advantage of the Night Service Rider?

6 A. I believe we have about 200 customers on the
7 HT Night Service Rider. I could check that, but that is
8 approximate.

9 Q. Can you provide a general profile of the type of
10 HT customer that has elected to use the Night Service Rider?

11 A. A general profile is a customer who can control
12 their on-peak load to a level lower than their off-peak load
13 either by moving some of their operations to the off-peak
14 hours or moving some of their production, operating some of
15 their facilities that are controlable during the off-peak
16 hours. Such a profile varies from industry to industry.
17 There has to be an assessment by each individual company as
18 to what they can do to control their demand from the on-peak
19 to the off-peak period.

20 A dramatic example is steel melting, where melting can
21 be shifted to the off-peak period and create a substantial
22 difference in demand.

23 Q. So such a customer might be one with a multiple
24 shift operation?

25 A. Could be -- probably is.

1 Q Would such a customer generally be a large electric
2 user?

3 A They may or may not be. The size is not
4 important. It's the pattern of use, the pattern of demand,
5 that is important. Each kilowatt carries the same incentive
6 to shift from the on-peak to the off-peak period. The number
7 shifted obviously increases the value to the customer.

8 Q Do you know whether such a customer is generally
9 an industrial customer?

10 A As compared to what?

11 Q As to other customers on the system that are
12 entitled to make use of the Night Service Rider.

13 A Well, it has to be the type of customer that can
14 control their use. Often times an industrial operation has
15 more opportunity to control than a commercial office building,
16 for example.

17 Q Mr. Williams, do you happen to have a breakdown
18 of the 200 customers who are making use of the Night
19 Service Rider?

20 A I have a list of the customers on the Night Service
21 Rider.

22 Q But you do agree that generally these customers
23 that make use of the Night Service Rider do have a high
24 load factor relative to others in the HT class?

25 A Well, load factor is -- well, excuse me. If they

1 are on the HT Night Service Rider their effective load
2 factor, if you look at their billed demand, which is
3 the on-peak billing demand, and divided by the kilowatt
4 hours, such a customer can have more than the 720 hours
5 use in a month -- more than a 100 percent load factor.

6 Q. And one last question: may the Night Service Rider
7 be characterized as a pricing mechanism that provides a
8 degree of rate relief for qualified customers with very high
9 load factors?

10 A. No, not all. It's a recognition of the costs
11 imposed on our system by the customer and it's a rate
12 recognition and incentive to operate in such a manner that
13 their use will be moved to the off-peak period. It's
14 entirely consistent with cost.

15 Q. And as a result if the Night Service Rider were
16 not available to such a customer he would not otherwise get
17 any rate relief?

18 A. His effect on the system, his cost to the
19 system, for providing service would not be properly recognized,
20 in my view. He should be recognized for the control he's
21 making to shift load off-peak and the Night Service Rider
22 does that.

23 MR. SQUIRES: Thank you, Mr. Williams.

24 I have no further questions, Your Honor.

25 JUDGE MATUSCHAK: Let's take a ten minute recess.

1 (Recess.)

2 JUDGE MATUSCHAK: Mr. Selkowitz.

3 CROSS-EXAMINATION

4 BY MR. SELKOWITZ:

5 Q Mr. Williams, a couple of follow-up questions to
6 some that you were asked this morning.

7 On this whether you have a record of the actually
8 incurred demands by the HT customers, the number of demand,
9 the KW, actually incurred is printed on the customer's bill
10 each month; isn't that right?

11 A Yes, the read demand.

12 Q And to the extent that you keep a record of the
13 customer's bills for a period of time, you have that
14 information?

15 A Yes, we do.

16 Q How far back do you keep them?

17 A I'm not sure.

18 Q Is it a computerized process?

19 A I agree that that historic reading, obviously,
20 was read and is recorded. But the problem is in from there
21 to the calculation of the bill one has to go through a
22 completely dual process if you were to develop a bill from
23 that read demand instead of developing it from the billed
24 demand, and that is what we don't do. We don't do any
25 parallel bill development. The demand source is there

1 per individual customer per month, but it would be a
2 tremendous task to develop billing from it.

3 Q I understand why you don't do it. I'm just
4 trying to figure out what's there and how far back does
5 your billing history on each customer go that is currently
6 accessible.

7 A I would guess it's two years, but I'm not sure.

8 Q Is that computerized information?

9 A It's at least 13 months. I'm not sure more than
10 that.

11 Q Is it on a computerized record of some sort?

12 A Well, we have recently shifted to a new method of
13 billing HT and PD customers. I'm not sure but my
14 recollection is that shift was made about a year ago. So
15 I think that would be the limit of that data source, which
16 is the best one.

17 It is a read demand which would be available by
18 customer by month, but there is no bill development.

19 Q Now, turning to Volume 4, Section C, page 11,
20 I just have a quick question about a reference on that.

21 For Rate HT it says "bills in KW and KWH from
22 sample." Which sample is that sample?

23 A That is a sample developed for the rate case
24 filing where we develop all -- seek a sample of all
25 customers we can get for this historical test year period.

1 Q Is that the same statistical sample which you
2 talked about, or which Mr. Sundermeir talked about, yesterday
3 in those HT customers below a certain level?

4 A No, no. Mr. Sundermeir was addressing the load
5 test samples, which would be different from this billing
6 sample developed for the rate case material.

7 Q Do you know how many are in this sample. I know
8 it says how many bills. But how many different customers
9 and over what time period does this represent?

10 A Well, it's over an annual period so you divide
11 the bills by 12.

12 Q Is that the total number of bills or is that the
13 sample number of bills?

14 A That's the sample number of bills. Under the
15 27,512?

16 Q Yes.

17 A Yes. You divide that by 12.

18 Q Wouldn't that give you the total number of HT
19 customers rather than the total number of the sample?

20 A No. That's the total number of sample HT customers,
21 which is very close to the universe of HT customers because
22 we get as many as we can for this sample.

23 Q Now, you were talking this morning about the
24 hypothetical of if you had to utilize a different cost of
25 service study than the one recommended by the company you

1 would want to look at the results and make some changes in
2 the arithmetic result because of considerations of fairness.
3 Do you recall those questions and answers?

4 A. Well, I don't recall that I said I would make
5 changes. I said I would want to review it and make a
6 judgement on whether the thing made sense after the final
7 application was made looking at the results of rates of return
8 of classes, the percent increase to the various customers and
9 how close we would achieve the various objectives we were
10 searching for.

11 Q. Would one of the items you would focus on be the
12 differences in exhibited class rates of return under that
13 study?

14 A. Yes.

15 Q. If we look at page 73-A of WFS-1, would I be
16 correct that some of the indicated rates of return that you
17 would feel you had to look at would include Rate RH, which
18 is indicated as 5.82? Would that be one you would want to
19 look at to see if that was really a fair rate increase?

20 A. Well, I would want to look at all of them.

21 Q. I'm sure you would look at the whole study, but
22 the point is there are some things that I think you just
23 confirmed for me that would cause you to want to highlight
24 them and to really look hard at them to see what is going on
25 in the resulting rate allocation, and I think you said the

1 rates of return was one.

2 A. Yes.

3 Q. And a 5.82 return here versus a system average
4 of 12.7 is what is indicated. I'm asking you if that's the
5 kind of thing that you would want to take a harder look at.

6 A. That would certainly be a consideration.

7 Q. Would the 1.99 indicated return under Rate OP
8 similarly be one that drew your attention?

9 A. Yes, it would because that on the face of it
10 would indicate the need for quite a large increase to Rate
11 OP, an off-peak schedule, which would draw a serious question
12 as to whether that was appropriate.

13 Q. And if we turn to the next page, 73-B, I don't
14 want to belabor the point but if we saw similarly low
15 indicated rates of return, such as in street lighting or
16 Amtrak or SEPTA, things like that, that would be the kind
17 of rate schedule you would want to look at, take a harder
18 look?

19 A. Well, certainly those things, yes, and the whole
20 picture to make sure of what the increases to the various
21 classes were, what the rates of return were, how they moved,
22 whether we were achieving closure, whether there was an
23 unfair distribution of rate increases among classes of
24 customers.

25 Q. So other than just the rate of return, the

1 rate increase itself to each class would be another one of
2 your considerations?

3 A. Yes.

4 Q. Would you look at page A-5 of Exhibit TPH-2,
5 which you referenced earlier?

6 A. Yes.

7 Q. I recall from your testimony that you indicated
8 that certain rate classes in this proposed rate increase, you
9 had to put some limits on what they would otherwise have
10 received due to some of these considerations. Is that an
11 accurate recollection?

12 A. Yes.

13 Q. And I think you included the OP rate in those
14 limiting considerations?

15 A. OP was increased net zero. In other words, the
16 increase was equal to the fuel reduction.

17 Q. If we look at A-5 we can see what the percentage
18 increase was to the various classes given your proposed
19 increase; isn't that what that column shows on the very
20 right-hand side of the page?

21 A. That's correct.

22 Q. Am I correct in reading this that the RH rate,
23 the OP rate, the street lighting SLP rate, the Amtrak and
24 SEPTA rates, all received different treatments than would
25 otherwise have resulted from a straight allocation of the

1 cost of service study?

2 A. Well, they are all different than the 29.6, which
3 is the increase applied to the major residential, GS, PD and
4 HT.

5 Q. They are not only different, they are lower, aren't
6 they?

7 A. That's correct.

8 Q. You made some adjustment to every one of those in
9 order to achieve some other goal which resulted in their rates
10 of return being lower than everybody else's -- increases.

11 Excuse me.

12 A. It's all being related to the rate of return relative
13 to the average rate of return. In the case of RH, in order to
14 prevent it from going above --

15 Q. Excuse me, Mr. Williams. I didn't ask you what the
16 considerations were and I'm not interested in them. I just
17 want to see if I understand which ones these considerations
18 apply to.

19 We have agreed if I look at that chart I just look
20 at the ones -- I look at that right-hand column and if I can
21 see any percentage increases that are below the average
22 increases then those people or those rate classes received
23 some additional consideration beyond the arithmetic results
24 of the cost of service study?

25 A. Well, not beyond the cost of service study. That

1 was my point. The cost of service study is very much a
2 part of that other consideration.

3 MR. SELKOWITZ: No other questions. Thank you.

4 CROSS-EXAMINATION

5 BY MR. PEPPERNEY:

6 Q. Mr. Williams, I just have a few questions to ask
7 you today.

8 When you were talking with Mr. Wersan from the
9 Consumer Advocate's office you discussed a program that you
10 called the CAP program.

11 A. Yes.

12 Q. Could you tell us what "CAP" stands for?

13 A. I wish I could. I can't remember at the moment.
14 It's an acronym. I think it's Customer Assistance Program.

15 Q. Could you tell me what customers or types of
16 customers that program primarily serves?

17 A. Customers who have demonstrated extreme difficulty
18 in being able to make their bill payments, who have fallen
19 behind and have been contacted by our customer mediation
20 service. Our customer representatives have been working with
21 those customers on a one-to-one basis and under this program
22 they are trying to develop proof of what their income is and
23 their true ability to pay for electricity and monitor what
24 the level of use of their electricity is relative to their
25 household size and needs.

1 The program is designed to maintain an adequate
2 but reasonable limit on the level of use of electricity while
3 at the same time accepting payment from the customer as much
4 as they are truly able to pay and making it work for those
5 levels.

6 Q Are the customers directly served under this CAP
7 program primarily in the residential class of customer on
8 the PECO system?

9 A Yes.

10 Q Mr. Williams, you followed up that discussion with
11 Mr. Wersan with a reference to the existence of other programs
12 and you indicated that you could provide a list of what those
13 programs are; correct?

14 A Yes.

15 Q Could you tell me now what other programs there
16 are and describe them generally to us?

17 MR. MacGREGOR: Mr. Pepperney, I would note that we
18 have provided several very extensive interrogatory responses
19 sponsored by Mr. Hill describing these programs in great
20 detail. I could give you a reference to those. But if you
21 also want Mr. Williams to summarize them to the extent that
22 he can, that's fine.

23 MR. PEPPERNEY: I think perhaps a brief summarization
24 in the transcript might be helpful. I don't require a
25 lengthy explanation but I would like to know what they are

1 and what types of customers do they benefit.

2 A. I'm not sure I have a complete summary of the
3 programs but I am aware of the Tighten Up Low Cost Program,
4 available primarily to residential customers of low income
5 to try to provide a low cost tightening up, insulation, of
6 the property and advice on conservation of electricity as
7 well as an audit for heat loss at the property.

8 BY MR. PEPPERNEY:

9 Q. Are you aware of another program?

10 A. The Utility Service Emergency Fund which, of
11 course, we are an active participant in in order to help
12 with the customers' heating bills.

13 Q. How does that one work?

14 A. That's a matching fund thing with the utility
15 matching contributions from the public.

16 Q. And those monies are dispersed to people who are
17 in need of that financial assistance?

18 A. Yes.

19 Q. And I take it this program, as the one before,
20 also benefits primarily the residential customers of PECO?

21 A. Yes.

22 Q. Are there any other programs that you are
23 familiar with that you recall at this point in time?

24 A. We are involved in helping and advising the
25 neighborhood energy centers that have been established within

1 the City of Philadelphia.

2 Q How does that one work?

3 A That's a relatively new program and I'm afraid
4 I can't offer you details on it. But essentially it is to
5 provide a neighborhood location for people to get advice
6 and help on energy conservation.

7 Q This, again, is designed to reach primarily the
8 residential customers?

9 A Yes.

10 Q Are there any others you want to mention at this
11 time?

12 A They are the ones that come to my mind. I know
13 that there are others.

14 Q Mr. Hill has provided these in his interrogatory
15 answers?

16 A Yes.

17 Q Mr. Williams, would you take out Volumes 3 and 4,
18 Rate of Return, Rate Structure and Cost Allocation of the
19 information that PECO has submitted to the Commission pursuant
20 to regulation?

21 A Yes.

22 Q Do you have that volume?

23 A Yes.

24 Q Would you please turn to page 4-D-2 of that
25 volume?

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A. Yes.

Q Looking specifically at the comparison of monthly bills for the HT class found on pages one through four, do you have those in front of you?

A. No, I'm sorry.

Q This is Section 4-D-2 of the particular volume.

A. You're looking at the HT bill calculations?

Q I'm looking at page one, Philadelphia Electric Company Operations, Comparison of Monthly Bills, Rate HT-High Tension Power. Are you looking at the same page?

A. Your page number is what?

Q Page number one within that section, Mr. Williams.

(Witness perusing documents.)

A. Perhaps if I show it to you it will make it easier for you to find it.

(Document handed to witness.)

Q Mr. Williams, could you tell me what this particular page shows?

A. The comparison of the residential bill --

Q Excuse me. Is that residential or Rate HT?

A. Page one is residential.

Q Let's try it again.

MR. MacGREGOR: There are multiple pages to the answer.

BY MR. PEPPERNEY:

1
2 Q. Mr. Williams, are you now at the page for the HT
customers?

3 A. For 100 kilowatt demand?

4 Q. For 100 kilowatt demand.

5 A. Yes.

6 Q. Now, could you tell me in general what this page
7 shows, with particular reference to the portion of it that is
8 entitled "Base Rate Bill (Excluding All Fuel)"?

9 (Witness perusing document.)

10 A. You're looking at the base rate excluding all fuel?

11 Q. That's correct. Perhaps it's my question that's
12 the problem. Could you tell me specifically what the
13 percentage change numbers in the last column on the right-hand
14 side of that page refer to, what those numbers represent?

15 A. That is the change between the existing rate and
16 the proposed rate listed under the base rate bill excluding
17 all fuel. The absolute change is \$451, which is a 59.5
18 percent change.

19 Q. Mr. Williams, is it the case, if I understand it
20 correctly, that that percentage change number represents
21 the effect of the increase that Philadelphia Electric is
22 proposing for the type of HT customer that is shown here
23 expressed in terms of simply a percentage increase in the
24 base rates for that customer?
25

1 A. It's a percentage increase in a portion of the
2 bill which excludes all fuel.

3 Q And that portion of the bill would represent
4 in effect the base rates of Philadelphia Electric Company?

5 A. No.

6 Q Then what would it represent?

7 A. Just what it says: the rate excluding all fuel.
8 The base rate includes fuel.

9 Q The base rate includes some fuel that has been
10 rolled in; is that correct?

11 A. The base rate includes approximately 28 mils
12 of fuel.

13 Q And this percentage shown here is the percentage
14 increase in that base rate including that particular fuel
15 component?

16 A. No. It's the increase in the rate excluding
17 that component.

18 Q With that fuel component taken out?

19 A. Yes.

20 Q And I take it, then, that this represents the
21 percentage increase that would occur to the type of customer
22 shown here on that base rate with that fuel component taken
23 out; is that correct?

24 A. It's the increase to that portion of the bill which
25 indeed excludes all fuel, including the 28 mils in the base

1 rate.

2 Q And that increase ranges approximately from
3 59.5 percent up to 67.6 percent?

4 A I agree that is what the tabulation shows.

5 Q And would you please turn to the next page. That
6 is for a customer of 500 kilowatts of demand?

7 A Yes.

8 Q And the percentages there show a range of increase
9 from 68 percent to 71 percent-plus; is that correct?

10 A In the portion excluding all fuel, yes.

11 Q Excluding all fuel.

12 A Yes.

13 Q Would you turn to page three, please?

14 A Yes.

15 Q Looking again at the right-hand column, are they
16 the similar percentage changes that would occur for a customer
17 with a demand of 1,300 kilowatts?

18 A Yes.

19 Q And finally would you turn to the next page,
20 page four. Is the right-hand column, the percentages that
21 are expressed therein, the similar percentage increases for
22 a customer at a level of 50,000 kilowatts of demand?

23 A Yes.

24 Q Now, Mr. Williams, could you please turn back to
25 page 4-D-1, the attachment pages one through four that relate

1 to the residential service? I think those are the ones
2 you were looking at before when we were trying to get to
3 the HT tables.

4 Do you have those in front of you?

5 (Witness perusing documents.)

6 Q They immediately follow the question and
7 answer page.

8 A Yes, I have it.

9 Q Could you look at page one, Rate RS Residential
10 Service, Summer, and tell me if the percentages shown in
11 the extreme right-hand again represent the percentage change
12 in the base rate bill which would occur under the company's
13 increase to these customers excluding all fuel?

14 A Yes.

15 Q These are comparable percentages in terms of
16 what they represent to what we just went through for the
17 Rate HT customers?

18 A Yes.

19 Q And those percentages range from a low of
20 approximately 17 percent to a high of some 51 percent;
21 is that correct?

22 A Yes.

23 Q And that's a summertime bill; is that correct?

24 A Yes.

25 Q Would you go to the next page, please?

1 A. Yes.

2 Q Does that page represent the residential service
3 bill for the wintertime?

4 A. Yes.

5 Q And again the percentages in the right-hand column
6 are intended to show the same type of increase in percentage
7 terms; is that correct?

8 A. Yes.

9 Q And they range from a low of 17 percent to a
10 high of approximately 53 percent?

11 A. Yes.

12 Q Are pages three and four similar portrayals for
13 the Residential Heating services rate for the summer and
14 the winter?

15 A. Yes.

16 Q And those percentages represent the change in the
17 base rate bill, again, excluding the fuel.

18 A. Yes. And generally what we are seeing is that
19 the fuel represents a much bigger portion of the residential
20 bills.

21 Q And compared with the HT, generally the percentages
22 for the residentials that we have just been going through
23 are much lower because of that factor?

24 A. Yes. I think I misspoke. Fuel represents a
25 much smaller proportion of the residential bill.

1 Q And it's this factor which causes the percentages
2 shown on these pages for the residential to be lower than
3 the percentages shown on these pages for the high tension
4 customers; correct?

5 A Yes.

6 Q Mr. Williams, I just have one more question that
7 I would like to ask to you. I would like to know if you
8 would accept subject to your checking later that the tail
9 block energy charge for Rate HT excluding the energy cost
10 component of that particular block, is proposed by Philadel-
11 phia Electric to be increased by some 77 percent.

12 A Did you say the last block of Rate HT?

13 Q Yes. The tail block energy charge of Rate HT
14 excluding the energy cost component of that block is
15 proposed to be increased by approximately 77 percent.

16 (Pause.)

17 Q If you can check that quickly now you may do so.
18 Otherwise, I will accept confirmation through your Counsel
19 at a subsequent hearing.

20 A If one excludes the 2.8 cents of fuel from the
21 present end block of 3.76, you have 1.96 cents left. If
22 you exclude 2.8 from the proposed end block you have 1.1
23 cent. So the change is from 1.9 to 1.1; decrease.

24 Q Is it correct that the current tail block is
25 3.76 cents?

1 A. Yes.

2 Q. And the fuel was 2.81 cents?

3 A. Yes -- I'm sorry.

4 Q. What is the result when you subtract them?

5 A. I'm sorry. I beg your pardon. It's .95 to 1.1.

6 Q. What percentage increase does that represent?

7 A. That's 15.8 percent.

8 Q. What is the proposed HT tail block?

9 A. 3.75.

10 Q. What is the fuel figure at the proposed rates?

11 Is it not 20.823 mils per kilowatt hour?

12 A. Yes. If you're -- certainly in all the applications

13 the increase includes an increase to off-set the fuel

14 reduction. I agree.

15 Q. Could you subtract the 2.08 from 3.75 cents,

16 please, and tell us that result?

17 A. Could you say that again?

18 Q. I'm asking you if it is correct that the

19 difference between the 3.75 cents as proposed, and subtracting

20 out the fuel proposed of 2.08 cents, whether the difference

21 between those two is not approximately 1.7 cents.

22 A. Yes.

23 Q. Now, would you please compare the percentage change

24 between the .94 cents that you previously gave me and the

25 1.7 cents that you just gave me. Is it not correct that that

2000
1 represents approximately a 77 percent increase between
2 those two numbers?

3 A. Yes, which is -- that's right. It's a recognition
4 to offset the fuel savings plus the increment of increase
5 above that. And the increment of increase above that is
6 almost non-existent.

7 MR. PEPPERNEY: Okay, Mr. Williams. Thank you.
8 Those are all the questions I have.

9 CROSS-EXAMINATION

10 BY MR. FORT:

11 Q. Mr. Williams, I am Tom Fort of Reed, Smith, Shaw
12 & McClay. We represent Amtrak and SEPTA.

13 I will try to ask you ten minutes worth of questions
14 and hope to get through by two o'clock.

15 I want to ask you some more questions to get some
16 explanation concerning the arrangements under which power
17 is delivered by PECO to the Amtrak system. Do I understand
18 that there are presently six delivery points as understood
19 by PECO for power to Amtrak, and these would be Thorndale,
20 Perryville, Somerset, Lamokin, Richmond and Metuchen;
21 is that correct?

22 A. Yes.

23 Q. Now of those six delivery points which are
24 interchange connections with PJM?

25 A. The points at Thorndale and Perryville are

1 interchange.

2 Q Metuchen is not an interchange?

3 A Well, Metuchen is different than Thorndale and
4 Perryville in that Thorndale and Perryville are points on
5 the railroad transmission where the PE Company system is
6 tied to the Pennsylvania Power & Light system at Thorndale
7 and tied to the Baltimore system at Perryville and power is
8 supplied in either direction at those points and is inter-
9 changed between the systems. Metuchen is a point of
10 delivery of power to the railroad from 60 to 25 hertz
11 converted. It's in New Jersey, in the territory of Public
12 Service of New Jersey. However, the sale to the railroad
13 is accounted for as a sale from PE Company and I agree that
14 accounting is made through the interchange billing.

15 Q Where is the power generated that is delivered
16 at Metuchen?

17 A As any generation on the PJM interchange, one
18 can't trace the kilowatt hours. It's the PJM system.

19 MR. FORT: I would like to mark this as SEPTA/
20 Amtrak Exhibit No. 1.

21 JUDGE MATUSCHAK: Very well.

22 (Whereupon, the document was
23 marked as SEPTA/Amtrak Exhibit
24 No. 1 for identification.)

24 BY MR. FORT:

25 Q Mr. Williams, I have put before you a document

1 marked SEPTA/Amtrak Exhibit No. 1 and it's really for
2 convenience. It's a single page from a Volume 3, Rate
3 of Return, and Volume 4, Rate Structure Cost Allocation
4 Supplement No. 15. The document we have in front of us is
5 page 12, part 1.

6 A. Yes.

7 Q. Do you recognize it as such?

8 A. Yes.

9 Q. Now, I direct your attention to the first line
10 called customer charge, and it speaks of, under Supplement
11 No. 15, under column four, 72 points. What does that mean?

12 (Pause.)

13 May I suggest it means six points of delivery which
14 are measured 12 times?

15 A. Yes.

16 Q. Once a month?

17 A. You're exactly right.

18 Q. Now, immediately below that, opposite column
19 two, All KW, appears the figure 1,068,926 KW. Would you
20 please tell us what the figure means and how it is computed?

21 A. That's the kilowatts of billed demand to the
22 railroad for billing purposes.

23 Q. Am I correct in that Philadelphia Electric in
24 developing that figure excluded the demand registered at
25 Thorndale and Perryville?

1 A. That's correct, in accordance with the contract
2 conditions.

3 Q. So that am I correct that that figure represents
4 the billing demand at Somerset, Lamokin, Richmond and
5 Metuchen, and you take the peak demand in each of those
6 locations each month and if you add up the total it equals
7 1,068,926? Is that correct?

8 A. No. It's not quite that straightforward. One
9 has to look at the single hour when the demands from those
10 four sources you mentioned were at their peak level. Any
11 one source may not have been at its individual peak level.
12 It's a single coincident peak supply hour.

13 Q. Are you familiar with the operation of the
14 hydroelectric facility at Safe Harbor Dam?

15 A. I have some general knowledge. I'm not intimately
16 familiar with it.

17 Q. Have you ever visited it?

18 A. No, I have not.

19 Q. Are you familiar with the corporate entity that
20 operates it?

21 A. Again, I have some general knowledge.

22 Q. Is it not correct that it produces both 60 hertz
23 and 25 hertz power?

24 A. That's my understanding.

25 Q. Do you know how many generators produce 25 hertz

1 power?

2 A. I believe there are two.

3 Q. And is there also a generator which can be
4 changed from 25 to 60?

5 A. Well, there is a converter to convert from 60
6 to 25 hertz, yes. That is my understanding.

7 Q. But the generator itself produces 60; is that
8 correct?

9 A. I'm having trouble with the question. The
10 generators that I'm aware of are 25 hertz generators and
11 there is a method to convert from 60 to 25 hertz available
12 at the station. The details of the machinery I don't know.

13 Q. Do you know how many generators are located at
14 Safe Harbor Dam?

15 A. No, I do not.

16 Q. And am I correct that the only customer for the
17 25 hertz power produced at Safe Harbor is Amtrak?

18 A. I assume that's true. I don't know that to be
19 a fact.

20 Q. Once the power, the 25 hertz power, is generated
21 at Safe Harbor could you describe for us how it goes from
22 there into the Amtrak system?

23 A. My understanding is that it is delivered directly
24 to the Amtrak system from Safe Harbor.

25 Q. Both to Thorndale -- how does it get, then, from

1 the immediate area of generation to Thorndale and then
2 to Perryville?

3 A. My understanding is that it is conveyed by
4 Amtrak-owned transmission lines.

5 (Pause.)

6 A. All of this is outside Philadelphia Electric
7 Company's service territory.

8 Q. Once it enters the Philadelphia Service area,
9 either at Thorndale or Perryville, does the 25 hertz power
10 used by Amtrak at any time enter into PECO's 60 hertz system?

11 A. No, and -- not under normal operating conditions,
12 no.

13 Q. Does your answer imply that under abnormal
14 conditions it might and if so could you describe what those
15 conditions might be?

16 A. My answer is no.

17 Q. Could you describe for us how the power generated,
18 the 25 hertz power, generated at Safe Harbor is dispatched?

19 A. My understanding is that there is cooperation
20 between the Amtrak dispatcher and the dispatchers of the
21 power companies, namely, Philadelphia Electric, PP&L and
22 Baltimore.

23 Q. Are you aware of any circumstances under which
24 PECO would override the dispatch between Amtrak and Safe
25 Harbor?

1 A. The PECO load dispatcher works in conjunction
2 to maintain a safe and continuous operation with the Amtrak
3 dispatcher. You're asking me details of that operating
4 procedure and I'm not familiar with it.

5 Q. Is it true that the facilities at Safe Harbor permit
6 the transformation of 25 hertz power to 60 as well?

7 A. Yes. I believe that's true.

8 MR. FORT: I have no further questions.

9 JUDGE MATUSCHAK: Is there any further cross-examina-
10 tion of this witness?

11 (No audible response.)

12 JUDGE MATUSCHAK: Is there any redirect?

13 MR. MacGREGOR: Your Honor, I have a few brief
14 questions. If I could have a five minute break I could
15 perhaps shorten them.

16 JUDGE MATUSCHAK: Five minute recess.

17 (Recess.)

18 JUDGE MATUSCHAK: Mr. MacGREGOR.

19 MR. MacGREGOR: We have one question on redirect.

20 JUDGE MATUSCHAK: Very well.

21 REDIRECT EXAMINATION

22 BY MR. MacGREGOR:

23 Q. Mr. Williams, during the cross-examination of
24 Mr. Pepperney of U. S. Steel you were asked to examine
25 certain percentage increase figures based on an exclusion

1 of all fuel costs. In looking at those percentage
2 increases, are those increases increases that any customer
3 would likely see on his or her bill in the event that the
4 rate increase requested is approved?

5 A. No, they are not. The effect to the customer is
6 indeed the total effect, including the change in fuel. As
7 was discussed, the fuel included in base rates decreases
8 from 28 mils to 20 mils, so that one has to include that
9 decrease in fuel with the increase that we were showing
10 here on Exhibit 4 to get the total customer effect. And
11 that, by customer class, is really what is shown on
12 TPH-2, page A-5.

13 MR. MacGREGOR: Thank you, Mr. Williams.

14 That's all I have, Your Honor.

15 JUDGE MATUSCHAK: Any further questions?

16 (No audible response.)

17 JUDGE MATUSCHAK: Amtrak, did you want to offer Exhibit
18 1?

19 MR. FORT: Yes, Your Honor. I'm sorry. May I
20 offer into evidence Amtrak Exhibit No. 1.

21 MR. MacGREGOR: No objection, Your Honor.

22 JUDGE MATUSCHAK: Amtrak Exhibit No. 1 is admitted
23 into evidence.

24 (Whereupon, the document marked
25 as SEPTA/Amtrak Exhibit No. 1
was received in evidence.)

1 JUDGE MATUSCHAK: Is there anything further on this
2 subject today?

3 We have some scheduling matters. We are scheduled
4 for hearing Complainant's witness' testimony on rate of
5 return and cross-examination on January 21 and 22, and we
6 are scheduled to have a public input hearing in Media on
7 January 23.

8 I was informed by Counsel off the record that that
9 cross-examination scheduled for the 21st and 22nd may be
10 able to be completed in one day.

11 Mr. MacGregor, you will be the primary party who will
12 be cross-examining. Do you think you can conclude that
13 cross-examination in one day?

14 MR. MacGREGOR: Yes, Your Honor. I have reviewed the
15 three pieces of testimony in question and I have no doubt
16 that we can conclude the cross-examination in one day.

17 JUDGE MATUSCHAK: In that connection, then, I would
18 like to ask the concensus of Counsel whether it would be
19 better since we have the public input hearing scheduled for
20 the 23rd whether it would be better rather than starting on
21 the 21st and cancelling the 22nd hearing, it would be better
22 to cancel the hearing on the 21st and have the hearing on the
23 22nd so we will be available for the 23rd public input hearing
24 without the layover. Do the parties agree to that?

25 MR. MacGREGOR: Yes, Your Honor.

1 MR. WERSAN: Yes, Your Honor.

2 JUDGE MATUSCHAK: Very well.

3 The other problem that arises is we have not
4 located the place of hearing in the hearings subsequent to
5 January 22nd. I will ask Counsel now what their preference
6 is for the hearings scheduled for January 28, 29, 30 and
7 31.

8 MS. CHESTNUT: Staff's preference, Your Honor, is
9 for Harrisburg.

10 JUDGE MATUSCHAK: Does anybody have any objection?

11 MR. MacGREGOR: No objection, Your Honor.

12 JUDGE MATUSCHAK: Very well. We will have those
13 hearings scheduled for Harrisburg.

14 The hearings scheduled for February 5, 6 and 7 will
15 be held in Philadelphia because we have public input
16 hearings scheduled for the 3rd and 4th, with the 3rd being
17 in Doylestown and on the 4th in Philadelphia. So the
18 hearings scheduled for the 5th, 6th and 7th we will have
19 scheduled for Philadelphia.

20 Then the additional hearing dates we have are
21 February 11, 12, 13 and 14; February 18, 19, 20 and 21;
22 February 25; March 5, 6 and 7; and March 10, 11, 12, 13 and
23 14. What is Counsel's preferences as to the location of
24 those hearings?

25 MR. MacGREGOR: Your Honor, the company has no

1 preference, Harrisburg or Philadelphia.

2 JUDGE MATUSCHAK: Staff?

3 MS. CHESTNUT: Your Honor, Staff would like to
4 have the February 10th through 14th hearings in Harrisburg
5 due to the number of witnesses that we have. We don't
6 really have any preference with respect to the 18th
7 through the 21st.

8 MR. MacGREGOR: Is that rate structure, 18th through
9 21st?

10 MS. CHESTNUT: Right.

11 MR. FORT: SEPTA/Amtrak would vote for Philadelphia
12 on 18 through 21.

13 MR. PEPPERNEY: U. S. Steel doesn't care. We will
14 attend in either city happily.

15 MR. MacGREGOR: Your Honor, that rate structure
16 hearing has often been in Philadelphia in prior company
17 rate cases.

18 JUDGE MATUSCHAK: The February 10 set you said you
19 would like to have in Harrisburg?

20 MS. CHESTNUT: Yes, Your Honor.

21 JUDGE MATUSCHAK: We will set the February 10th
22 hearings, scheduled beginning with February 10, that
23 set of hearings in Harrisburg; and February 18th in
24 Philadelphia.

25 Mr. MacGREGOR: Fine.

1 JUDGE MATUSCHAK: What do we have for February 25th?
2 What is the nature of that?

3 MS. CHESTNUT: That is rate of return, Your Honor.

4 MR. MacGREGOR: I believe that is cross of all the
5 rebuttal, surrebuttal and sur-surrebuttal on rate of return.

6 JUDGE MATUSCHAK: We will set the other hearings
7 beginning with February 25th, the rest of the hearings in
8 Harrisburg unless something should come up that we find
9 occasion to change.

10 So to rephrase it, the hearing scheduled for the
11 21st will be cancelled; the hearings set to begin January
12 28th will be set for Harrisburg; the set beginning February
13 5th will be in Philadelphia; the set beginning February
14 10th will be in Harrisburg; the set beginning February 18th
15 in Philadelphia; and the hearing on the 25th and the set
16 beginning March 5th and March 10th, those latter three
17 will be held in Harrisburg also subject to any modification
18 if we see fit.

19 Is there anything further?

20 MR. WERSAN: Your Honor, there was some discussion
21 as to how we would fit the ECR 8 issues on the 80/20 into
22 this case.

23 JUDGE MATUSCHAK: That's true. Where along this
24 line do the parties think it might be most appropriate to
25 discuss the ECR?

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MR. MacGREGOR: Your Honor, Ms. Ferkin from the Governor's Energy Council, had handed out a proposed schedule to the parties who were interested in this area yesterday and we really haven't had a chance to sit down and discuss it. Perhaps we could do that immediately after the hearing and we could contact Your Honor by telephone within the next day or so with a proposed schedule, and then we could contact all the parties and let them know.

I believe we will coordinate it with the existing schedule and in all instances I believe use existing hearing dates.

JUDGE MATUSCHAK: We will direct that especially PECO, the Consumer and Staff, at least those parties, to get together and see if they can reach some consensus. If any other party wishes to express any preference as to the time to take up the ECR they can relay that request to either PECO or to Staff or to Consumer Advocate.

MR. MacGREGOR: And we will contact Your Honor as soon as we have an agreement.

JUDGE MATUSCHAK: If there is nothing further we will adjourn now until January 22nd.

(Whereupon, at 1:20 p.m., the hearing was adjourned, to be reconvened at 10:00 a.m. on Wednesday, January 22, 1985, in Philadelphia, Pennsylvania.)

C E R T I F I C A T E

I hereby certify, as the stenographic reporter,
that the foregoing proceedings were taken stenographically
by me and thereafter reduced to typewriting by me or under
my direction; and that this transcript is a true and accurate
record to the best of my ability.

COMMONWEALTH REPORTING COMPANY, INC.

By: Robert J. Stonaker
Robert J. Stonaker

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