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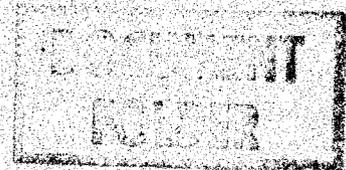
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DEC 17 1985

SECRETARY'S OFFICE
Public Utility Commission

December 16, 1985

Secretary Jerry Rich
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17120



Re: Sears, Roebuck and Co., et al. v. Philadelphia
Electric Company
Docket No. R-850152C009

Dear Secretary Rich:

Enclosed are an original and two copies of an
Answer filed on behalf of the Philadelphia Electric Company
in the above-captioned docket.

By the enclosed Certificate of Service I certify
that I am this day serving copies of the enclosed Answer on
Complainant.

Sincerely,

William E. Zeiter
Counsel for Philadelphia
Electric Company

ddg
Enclosure

cc: Alan R. Squires, Esq.

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DEC 17 1985

SECRETARY'S OFFICE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION Public Utility Commission

SEARS, ROEBUCK AND CO.,
JOHN WANAMAKER, PHILADELPHIA,
J. C. PENNEY COMPANY, INC.,
GIMBEL BROTHERS, INC.,
MARSHALLS INC.,
INDIVIDUALLY AND AS MEMBERS
AND REPRESENTATIVES OF THE
PENNSYLVANIA BUSINESS UTILITY USERS GROUP

COMPLAINT
FILED

Docket No. R-850152C009

v.

PHILADELPHIA ELECTRIC COMPANY

DOCKETED

DEC 18 1985

ANSWER

NOW COMES Philadelphia Electric Company (the "Company"),
by its attorneys, and answers the Complaint of Sears, Roebuck
and Co., et al., individually and as members and representatives
of the Pennsylvania Business Utility Users Group, as follows:

1-3. Admitted.

4. It is admitted that on September 27, 1985, the
Company filed Supplement No. 15 to its Tariff Electric - Pa.
P.U.C. No. 26 requesting a rate increase of approximately
\$670.7 million, or 28.2% of test year revenue.

5. It is admitted that the corporate Complainants
are customers of the Company. The Company lacks sufficient
knowledge and information to admit or deny the remaining
averments of paragraph 5 of the Complaint and demands proof
thereof at any hearing thereon.

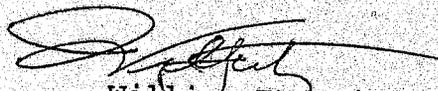
6. Denied. In further answer, the Company avers
that the rates proposed in Supplement No. 15 are just, reasonable,
non-discriminatory and lawful under the Pennsylvania Public
Utility Code.

7. The Company lacks sufficient knowledge and information to admit or deny the allegations as to the affect upon the Complainants of the rates proposed by Supplement No. 15 and demands proof thereof at any hearing thereon.

Prayer for Relief. For the reasons stated in paragraphs 5-7, none of the Complainants are entitled to the relief requested.

WHEREFORE, for the foregoing reasons, the Complaint should be dismissed.

Respectfully submitted,



William E. Zeiter
Counsel for
Philadelphia Electric Company

OF COUNSEL:

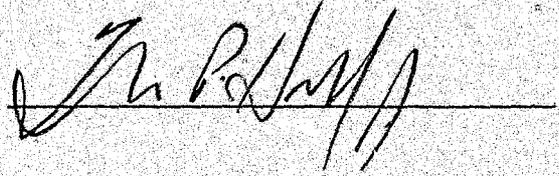
Edward G. Bauer, Jr., Esquire
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Robert H. Young
J. H. Calvert, Jr.
Walter R. Hall
Frederick H. Knight
David B. MacGregor
MORGAN, LEWIS & BOCKIUS
2000 One Logan Square
Philadelphia, PA 19103

DATE: December 16, 1985

VERIFICATION

THOMAS P. HILL, JR., as provided by 52 Pa. Code §1.36(a) and (d), affirms under the penalties provided for in 18 Pa. Code §4904 that he is Assistant Manager, Rate Division of the Philadelphia Electric Company, that he is duly authorized to make this verification, that the facts set forth in the attached Answer are true and correct to the best of his knowledge, information and belief, and that he expects Philadelphia Electric Company to be able to prove the same at any hearing thereon.



DATE: December 11, 1985 }

CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Philadelphia Electric Company's Answer to the Complaint of Sears, Roebuck and Co., et al. filed on December 16, 1985 to be served by first class mail, postage prepaid on all active parties in the Limerick No. I Rate Proceeding at Docket No. R-850152C009.

Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
North Office Building
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Community Legal Services, Energy Project
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William F. Zeiter
Counsel for Philadelphia
Electric Company



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG, Pa. 17120

ORIGINAL

December 16, 1985

IN REPLY PLEASE
REFER TO OUR FILE

Jerry Rich, Secretary
Pa. Public Utility Commission
New Filing Section
Harrisburg, PA 17120

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DEC 16 1985
SECRETARY'S OFFICE
Public Utility Commission

In re: Pennsylvania Public Utility Commission
v.
Philadelphia Electric Company
R-850152

FILED

Dear Secretary Rich:

Enclosed for filing please find an original and three copies of Trial Staff's Reply to New Matter for filing in the above captioned matter. Copies have been served upon the Administrative Law Judge and the other parties.

Very truly yours,

Daniel P. Delaney
Deputy Chief Counsel

DPD:cew

Encl.

cc: Honorable Joseph P. Matuschak
Service List

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DEC 16 1985
SECRETARY'S OFFICE
Public Utility Commission

THE HONORABLE JOSEPH P. MATUSCHAK PRESIDING

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
v. :
PHILADELPHIA ELECTRIC COMPANY :

Docket No.
R-850152

RECEIVED
INDEX

REPLY TO NEW MATTER

AND NOW, this 16th day of December 1985, comes the Trial Staff of the Pennsylvania Public Utility Commission (Trial Staff) and Replies to the New Matter of the Philadelphia Electric Company (PECO) contained in PECO's Answer to Motion in Limine and respectfully represents as follows:

7. Admitted in part and denied in part. The allegations in the first unnumbered paragraph are admitted. The allegations in the second unnumbered paragraph are denied as legal conclusions to which no responsive pleading is required. By way of further response, the Trial Staff notes that with respect to subparagraph 1) the Commission Order at I-80100341, entered August 27, 1982, states as follows:

Considering the foregoing, we are of the opinion that PECO management did not exercise judgement sufficient to meet our reasonable man standard in delaying construction at Limerick in 1976 and 1978. Having so found, we are requested by staff and the OCA to quantify the cost of the delay to ratepayers. We are of the opinion that to do so at this time is inappropriate. We have not been presented, in this proceeding, with a claim for recovery of any of the costs associated with the construction of the plants. Consequently, we can

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make no adjustment to any claim. Further, should PECO sell all or part of the Limerick plant or its capacity to other utilities, the deduction of all or part of the costs of delay from PECO's claim, if any, would be materially affected. We therefore find it unnecessary to quantify, at this time and in this proceeding, the costs associated with the 1976 and 1978 delays.

56 Pa. P.U.C. at 61. (Emphasis added.)

Clearly the Commission's language indicates that a finding of unreasonable management action was made.

With respect to subparagraph 2) Trial Staff asserts that the Pennsylvania Supreme Court did not rule on the issue other than to generally affirm the Commission Order.

With respect to subparagraph 3) Trial Staff admits that this is the first case in which PECO has claimed rate base inclusion of the costs of Limerick. However, Trial Staff denies that this is the first opportunity PECO has had to litigate the propriety of its management actions. Indeed, PECO in defending its decision to delay Limerick construction argued to this Commission as follows:

PECO urges the Commission to reject Trial Staff's various arguments in its Order concluding this proceeding. As noted in the Commission's Order of October 10, 1980, a principal purpose of this investigation has been to examine "the cost of construction delays at Limerick and whether those delays were reasonable". Trial Staff and all other parties to this investigation, including PECO, have had a full opportunity to develop the record upon this issue.

PECO Reply Brief, I-80100341, p. 116. (Emphasis added.) (Copies of pp. 116-117 have been attached as Appendix 1 to permit the Administrative Law Judge to understand the context of PECO's admission.)

In essence PECO has had the opportunity to exercise its statutory and constitutional right to present evidence and argument on the issue of its prudence in delaying Limerick construction. The Commission finding, quoted above, simply bifurcated the issues of prudence and the appropriate remedy. The issue of the Company's prudence has been resolved adversely to PECO in the Investigation at Docket No. I-80100341. The only remaining issue for the instant proceeding is the quantification of the appropriate remedy.

8. Admitted in part and denied in part. The vast majority of the legal arguments contained in paragraph 8 are denied as set forth more specifically below. Those few allegations which are admitted will be so noted.

The crucial premise upon which PECO's arguments rest is its unsuccessful attempt to equate a "finding" with an "adjudication" or with a final "order" or with a "determination". Trial Staff disagrees with this premise. Even if it is true that the Pennsylvania Supreme Court held that this Commission's finding of managerial imprudence in PECO's 1976 and 1978 deferral decisions was not a reviewable adjudication, that holding is not determinative on the conclusiveness of this Commission's finding. The importance of the Supreme Court's action is that it affirmed the Commission's final order and that it did not set aside, annul or modify the finding. 66 Pa. C.S. §316. Trial Staff submits that the distinction PECO refuses to recognize is that, even if the finding was not an adjudication and was not viewed as an adjudication by the Supreme Court, the plain language of the statute makes

the finding binding on the Company and the parties to this proceeding because it was reviewed by the Court and was not set aside, annulled or modified.

Trial Staff agrees that a finding resolves a particular issue. Further, it agrees that an adjudication must be supported by the appropriate findings. Indeed those factors highlight the difference between an adjudication and a finding: Findings resolve issues. Adjudications resolve cases. In a case the size of the first Limerick Investigation the Commission made many findings resolving many issues, but simply because not all of the findings are needed to support the portion of the adjudication on appeal does not make those additional findings subject to subsequent attack in this proceeding.

PECO argues (p. 5) that the only use for Section 316 is to preclude a collateral attack on a Commission order where a party has failed to appeal the same order in an appropriate fashion. Trial Staff disagrees and submits that it would be more accurate to say that the reported cases deal only with collateral attacks on Commission orders. However, the language of the statute is far more encompassing than including only Commission orders. Section 316 is stated in the disjunctive and also includes rules, regulations, findings and determinations. The fact that no reported case has interpreted the remaining language does not limit the application of the section.

Trial Staff also disagrees with PECO's suggestion (p. 6) that Section 316 merely codifies the doctrine of

res judicata and collateral estoppel. Trial Staff will not repeat the criteria for res judicata and collateral estoppel. See Safeguard Mutual Life Insurance Co. v. Williams, 463 Pa. 567, 574, 345 A.2d 664, 668 (1975) (elements of res judicata and collateral estoppel). Instead, Trial Staff notes that Section 316 requires only two conditions be met: First, there must be a prior finding made by the Commission. And second, the finding shall not have been disturbed upon appellate review. With respect to PECO's liability for its imprudent managerial decisions in 1976 and 1978 both conditions have been met, and the statute should be applied.

PECO's attempt to equate res judicata or collateral estoppel with Section 316 is another effort to equate a finding with an adjudication. The case most analogous to the current controversy demonstrates the difference in operation between them. In Philadelphia Electric Company v. Pennsylvania Public Utility Commission, 61 Pa. Commonwealth Ct. 325, 433 A.2d 620 (1981), the Commission excluded \$9.7 million from PECO's rate base as being the amount attributable to the mismanagement of the construction of the Salem Nuclear Generating Unit I. In a prior rate case PECO had litigated the prudence of its management responsibility, and the Commission had disallowed \$10.5 million in rate base. PECO appealed the prior rate case including the \$10.5 million adjustment. PECO attempted to relitigate the prudence of the Salem I management decisions in the second rate case. The Administrative Law Judge struck the proffered evidence on the basis of res judicata and

certified the question to the Commission. The Commission upheld the Administrative Law Judge and eventually made a \$9.7 million adjustment in its final order. The Commonwealth Court upheld the decision to exclude the evidence based on res judicata as valid when decided. However, since during the interim the Court had reversed the prior rate case (\$10.5 million), it was required to reverse the Commission on the \$9.7 million issue also. Id. at 331-337, 433 A.2d at 624-626. The similarity between the Commonwealth Court decision and the instant case is striking. In the instant case PECO is once again attempting to litigate the prudence of its prior management decisions. The Commission has in a prior case (I-80100341) ruled that the decisions in question were imprudent. PECO had appealed the prior case. In the PECO case, cited above, the prior Commission Order, which determined liability and quantified damages, was entitled to res judicata effect. Only the reversal of the prior quantification finding prevented the Court from upholding the subsequent Commission Order which had adopted the prior finding. In the instant case the failure of the appellate courts to set aside, annul or modify the finding of managerial imprudence at I-80100341 leads to the same conclusion (preclusion of relitigation of the issue) by operation of Section 316 and not by res judicata.

9. Denied. The allegations and arguments contained in paragraph 9 are denied as more specifically set forth below. If there are any allegations which can be admitted, they will be so noted.

Trial Staff does not dispute that the time has come to determine the costs of Limerick Unit I and Common Plant which will be included in PECO's rate base. However, PECO refuses to recognize that by virtue of the Commission's prior finding it can only recover, at most, total costs less any amount attributable to the cost of its imprudent managerial decisions to defer construction in 1976 and 1978. The portion of the Commission Order quoted (p. 7) by PECO, read in context, gives the Company the appropriate notice that the findings made in the Investigation could well impact PECO's rate base.

That portion of the Trial Staff's Main Brief quoted by PECO (p. 7) should be read in context as prefaced by the following:

Trial Staff further suggests that unless the Commission finds the economics of the situation so compelling that PECO must be ordered to change its course, it does not make regulatory sense to order or approve any construction plan at this time.

Trial Staff Main Brief, p. 1. See Appendix A to PECO Answer (Emphasis added.)

In fact the Commission did find the situation compelling and gave PECO the option of discontinuing construction of Unit 2 or losing Commission approval of funding sources. 56 Pa. PUC at 67-71. The second quote (p. 8) from the Trial Staff Main Brief should also be read in context. It was introduced with the following:

Trial Staff submits that the evidence in this case establishes that PECO's management was imprudent in postponing Limerick in 1976 and 1978. For two reasons, however, Trial Staff recommends that the Commission defer decision on this subject:

Trial Staff Main Brief, p. 11. See Appendix A to PECO Answer. (Emphasis added.)

Obviously Trial Staff recognized that there was sufficient evidence to support the finding of imprudence, and the Commission chose to make the finding and to order PECO to change its course. Thus, neither of the passages quoted by PECO from the Trial Staff Main Brief should be construed as wholehearted endorsements of PECO's position.

It may be true that Administrative Law Judge Klovekorn adopted the Trial Staff position. However, it should be emphasized that he too believed PECO had not given careful consideration to the ratepayers' interests.

In summary, it appears that the company's action in postponing Limerick in 1976 and 1978 was made without careful analysis of the impact of such delay on its ratepayers.

In addition, the record shows that a factor in these decisions was the potential impact of Limerick on the company's capacity and reserve margins and the adverse effect this would have on the company's rate allowances. Consumers should not be expected to pay for delay which results from a conscious management decision to protect its own interests without adequate weight being given to its ratepayers' interest.

Initial Decision, p. 54. See Appendix A to PECO Answer. (Footnote deleted.)

Again ALJ Klovekorn hardly endorsed the Company's actions. More importantly, the Commission chose to continue where the

Administrative Law Judge stopped and made the finding of imprudency quoted previously. (See ¶ 7 above.) 56 Pa. PUC at 61.

PECO's careful editing of the quote (p. 9) from the Commission Order, entered August 27, 1982, omits the crucial last sentence of the paragraph.

Accordingly, we shall not attempt to quantify the costs of the various delays at this time.

56 Pa. PUC at 58 (emphasis added). See also Appendix C to PECO Answer.

Thus, the Commission specified, as conceded by Trial Staff, that the quantification of damages was not resolved. Again, it is the issue of quantification that remains to be litigated in the instant proceeding.

PECO's discussion of its alleged challenge in the Supreme Court to the Commission's finding of imprudence evidences a fundamental misunderstanding of the appellate review applied to the Limerick Investigation. PECO did not, as it represents (p. 9), appeal to the Supreme Court; the Commission did. Examination of Appendix D to its Answer, the source of its quote (pp. 9-10), reveals that PECO has quoted its brief as an appellee before the Supreme Court. Nor could the quote taken from the Commission-Appellant's brief have been written in response to the Company's argument (p. 10). Obviously, as the appellant, the Commission brief was filed first. In addition, the quoted portion is taken from the Commission's Statement of the Case which was not argumentative in nature.

Trial Staff does accept PECO's footnote 1 (p. 10) which indicates that later portions of the Commission brief asserted that a finding of imprudence was made. Trial Staff submits that the flawed logic of PECO's incorrect procedural recitation of the first Limerick Investigation appellate review does nothing to support the conclusion (p. 11) PECO again strains to reach. At the risk of being repetitious, PECO's continued attempts to equate a finding (of imprudence) with an adjudication simply does not comport with the plain language of Section 316.

Finally, there is sufficient evidence to undermine PECO's "lack of due process" argument. See PECO Answer, footnote 2, pp. 11-12. The quoted portion (p. 7) of the Commission Order, October 10, 1980, initiating the Limerick Investigation gives notice of the possibility of an impact on PECO's rate base. The admission in PECO's Reply Brief, quoted above (See ¶ 7 above and Appendix 1, p. 116), demonstrates that PECO availed itself of the opportunity to litigate the issue. The Commission then based its finding of imprudency upon the evidence introduced by the parties, particularly PECO's Mr. Paquette. Thus, PECO has already received all of the due process to which it is entitled on the issue of liability for imprudence.^{1/} See Cohen v. Pennsylvania Public

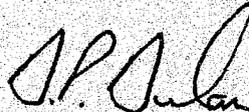
^{1/} For a succinct statement of due process requirements see Smith v. Pennsylvania Public Utility Commission, 192 Pa. Superior Ct. 424, 429, 162 A.2d 80, 83 (1960).

Utility Commission, 78 Pa. Commonwealth Ct. 545, 554-556, 468 A.2d 1143, 1148-1149 (1983); aff'd. ___ Pa. ___, 493 A.2d 653 (1985).

10. Admitted in part and denied in part. Trial Staff admits that the instant proceeding is the first time the parties will face the issue of the inclusion in rate base of the costs associated with Limerick I and Common Plant. Further, Trial Staff admits that PECO is entitled to all reasonable due process rights with respect to that issue. However, as indicated above, Trial Staff denies that this case should present any opportunity to PECO to relitigate the reasonableness of the 1976 and 1978 deferral decisions. The issue of the reasonableness of the deferral decisions was litigated in the 1980 Limerick Investigation wherein PECO received all due process rights to which it was entitled. (See discussion ¶ 9 above). That issue was resolved adversely to PECO and that finding has not been disturbed upon appeal. Relitigation is now foreclosed by the operation of Section 316 of the Public Utility Code. There is no reason to burden the record in this proceeding with any evidence beyond the finding of imprudence set forth by the Commission Order at I-80100341, entered August 27, 1982. To do otherwise would be contrary to the plain language of Section 316.

WHEREFORE, the Trial Staff respectfully requests the Presiding Officer to rule that the Commission's prior finding that the Limerick 1976 and 1978 construction delays were unreasonable and imprudent is prima facie evidence of that finding and conclusive on the parties to this proceeding.

Respectfully submitted,



Daniel P. Delaney
Marlane R. Chestnut
Veronica A. Smith

For the Commission Trial Staff

G-28 North Office Building
Harrisburg, PA 17120
(717) 783-2804

CERTIFICATE OF SERVICE

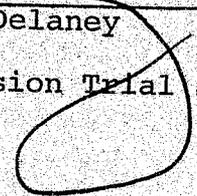
I hereby certify that I have this day served a true copy of the foregoing document upon parties of record in this proceeding in accordance with the requirement of 52 Pa. Code §1.54.

Dated this 16th day of December, 1985.



Daniel P. Delaney

For Commission Trial Staff



APPENDIX 1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

COF

LIMERICK NUCLEAR GENERATING : DOCKET NO. I-8010034
STATION INVESTIGATION : (1980)

REPLY BRIEF OF THE
PHILADELPHIA ELECTRIC COMPANY

before Administrative Law Judge Joseph J. Klovekorn

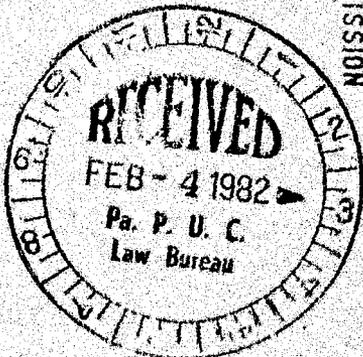
Robert H. Young
Walter R. Hall, II
Michael G. Nearing
Larry R. Chatzkel
Margaret B. Dardess

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Philadelphia Electric Company
Market Street
Philadelphia, PA 19101

LEWIS & BOCKIUS
15th Broad Street
The Fidelity Building
Philadelphia, PA 19109

February 3, 1982



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COMMISSION

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F. Brief of the Trial Staff.

In its Brief, Trial Staff asserts that PECO should be charged with responsibility for various imprudent decisions as respects the Limerick construction schedule made in connection with the schedule extensions in 1976 and 1978. Despite these assertions, however, Trial Staff does not propose that any present penalty be assessed against the Company, but rather requests that the issues which it defines should be reserved and reviewed by the Commission upon Limerick's introduction into rate base.

PECO urges the Commission to reject Trial Staff's various arguments in its Order concluding this proceeding. As noted in the Commission's Order of October 10, 1980, a principal purpose of this investigation has been to examine "the cost of construction delays at Limerick and whether those delays were reasonable". Trial Staff and all other parties to this investigation, including PECO, have had a full opportunity to develop the record upon this issue. PECO believes that it is clear from a review of Trial Staff's Main Brief and that of PECO (pp. 286-308), that Trial Staff has failed to prove any management decision which could properly be characterized as imprudent on applicable legal and regulatory principles as defined in PECO's Brief (at pp. 296-298). Further, the implied threat inherent in Trial Staff's deferral request that

such a penalty be imposed upon completion of the plant obviously imposes a risk to the Company and its investors that increases the costs of plant financing and completion. Accordingly, recognizing that proper notice and a full hearing opportunity has been provided as to Trial Staff's asserted "imprudence issues" and based upon the overwhelming evidence of record as described in PECO's Main Brief, Trial Staff's allegations should be rejected.

In addition to the obvious inaccuracies and unsubstantiated assertions which are the basis of Trial Staff's position as described in PECO's Main Brief, there are several major deficiencies to Trial Staff's arguments which should be noted. First, Trial Staff implicitly assumes, without demonstration, that earlier completion of Limerick (i.e. earlier than the Forecast 5 Schedule) would have been beneficial to ratepayers (T.S.M.B., p. 5). This is a matter of empirical analysis, which would require examining the effect upon PECO's operations and revenue requirements of Limerick completion at Trial Staff's earlier proposed dates and employing best estimates of cost conditions. Trial Staff has not attempted any such analysis, but rather argues on the basis of generalized notions that earlier plant completion would have resulted in a lower plant price tag.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
SECRETARY'S OFFICE
Public Utility Commission

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA ELECTRIC COMPANY

SECRET
DEC 17 1985
Docket No. R-850152

RESPONSE OF OCCIDENTAL CHEMICAL CORPORATION
TO
ANSWER OF PHILADELPHIA ELECTRIC COMPANY
TO THE PETITION TO INTERVENE OF
OCCIDENTAL CHEMICAL CORPORATION

Occidental Chemical Corporation ("OCC") herewith files this response to the Answer of Philadelphia Electric Company ("PECO") dated December 12, 1985. The purpose of this brief Response is to clarify and rebut certain issues raised by PECO concerning OCC's Petition to Intervene. In support hereof, OCC states as follows:

1. As an initial matter, it is important to note that PECO does not oppose OCC's intervention in this case. PECO admits that the issues in this case may affect OCC's interest as a PECO ratepayer (Answer, pp. 1-2). OCC's request to intervene in this proceeding is, therefore, undisputed.

2. OCC does wish to respond to two aspects of PECO's Answer. First, PECO claims that it is "without knowledge or

information sufficient to form a belief as to the truth of the assertion that OCC is actively considering the installation of a cogeneration facility at the Pottstown Plant, which assertion is therefore denied. (Answer, p.1). As shown in the attached correspondence, OCC has previously advised PECO of its plans to engage in cogeneration at the Pottstown Plant. OCC met with PECO on October 16, to discuss its cogeneration plans, and has subsequently communicated with PECO personnel by telephone and in writing on its plans. As evidenced by these discussions, OCC clearly has a significant interest in the rates which PECO will charge cogenerators for standby service, as well as the rates PECO will pay for cogenerated electricity.

3. Second, PECO contends that avoided cost issues are beyond the scope of this proceeding. (Significantly, it makes no such contention with respect to standby rates.) It argues that avoided cost rates are better addressed in a separate proceeding, that review of its avoided cost rates would be contrary to the Commission's cogeneration regulations, which provide that the Commission will resolve disputes between utilities and qualifying facilities, and that the rules pertaining to avoided cost rates are before the Commonwealth Court (pp. 2-4).

4. Avoided cost rates, (i.e., the rates paid to cogenerators) are pertinent for two reasons. First, in some jurisdictions, such as Texas, Commissions have held that the rates to be charged to cogenerators for some standby services

should be based on avoided costs. To this extent, avoided costs directly relate to retail rates. Second, avoided cost rates are based on utility-specific energy and capacity cost data, such as fuel costs, variable operation and maintenance costs and capacity requirements. Since the fuel and other components of avoided costs are considered in establishing retail rates, administrative efficiency would be served by considering PECO's avoided costs in this proceeding. PECO does not point to any other proceeding in which avoided cost rates may be considered, and no stay of the cogeneration rules has been granted by the Commonwealth Court.

5. Furthermore, it is not necessary to determine at this time whether, and to what extent, avoided cost rates are relevant to the issues in this case. OCC is currently reviewing PECO's avoided costs. It has not reached a decision on whether to present evidence on avoided costs. Should testimony be presented on avoided cost rates, PECO can, as it recognizes in its Answer, file appropriate motions at that time. Since OCC, for the reasons noted, is entitled to be admitted as an intervenor in this case because of its clear interest in retail rates, including standby rates, there is no need to speculate in the context of this intervention petition on whether avoided cost rates are part of this proceeding.

WHEREBY, OCC respectfully request that it be permitted to intervene as a party in this case.

Respectfully submitted,



Earle H. O'Donnell
Merrill L. Kramer
Sutherland, Asbill & Brennan
1666 K Street, N.W., Suite 800
Washington, D.C. 20006-2803

Attorneys for
Occidental Chemical Corporation

December 16, 1985

CERTIFICATE OF SERVICE

I hereby certify that I have on this day served a true copy of the foregoing Answer upon the following parties in the proceeding at Docket No. R-850152 in accordance with 52 Pa. Code Section 5.66.

FIRST CLASS MAIL TO:

David B. MacGregor, Esquire
Robert H. Young, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

Edward G. Bauer, Jr., V.P.
and General Counsel
Philadelphia Electric Company
2301 Market Street
Philadelphia, PA 19101

Patricia J. Gustin, Esq.
Pennsylvania Public Utility
Commission, Rm. G-33
P.O. Box 3265
Harrisburg, PA 17120

Scott Rubin, Esq.
Assistant Consumer Advocate
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

David M. Kleppinger, Esq.
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108-1166

Janet Parrish, Esq.
Community Legal Services, Inc.
Law Center North Central
3638 N. Broad Street
Philadelphia, PA 19140

FIRST CLASS MAIL (cont'd)

Zori G. Ferkin, Esq.
Governor's Energy Council
P.O. Box 8010
300 North 2d Street
Harrisburg, PA 17105

Mildred E. V. Pitts, Esq.
Information Resources &
Utilities Division
General Services
Administration
Room 4002
18th & F Streets NW
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Michael Browne, Esq.
Reed Smith Shaw & McClay
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Alan R. Squires, Esq.
Greenstein, Gorelick,
Price, Silverman & Laveson
900 Two Penn Center Plaza
Philadelphia, PA 19102

Earle H. O'Donnell
Earle H. O'Donnell
Attorney for
Occidental Chemical Corporation

December 16, 1985

Anthony G. Tummarello
Director - Energy

October 21, 1985

Mr. Robert C. Francis, Jr.
Manager, Industrial & Commercial Services
Philadelphia Electric Company
2301 Market Street
P. O. Box 8699
Philadelphia, PA 19101

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SECRETARY'S OFFICE
Public Utility Commission

Dear Mr. Francis:

R-850152

Dave and I enjoyed the opportunity to meet with you and members of your staff last Wednesday. It was nice to hear first hand that Dick Nieberle feels Philadelphia Electric has a good working relationship with the Pottstown plant personnel. We are looking forward to establishing the same positive relationship with Jim Rodisch and his staff as discussions about our cogeneration project continue.

As I familiarize myself with the "Requirements for Parallel Operation of Qualifying Facilities" booklet provided at our meeting I notice it references other materials. Consequently, I would appreciate it if you would forward me a complete copy of these referenced materials:

1. Electric Requirements Manual (referenced on page 1).
2. Rules and Regulations of the Electric Service Tariff (referenced on pages 3 & 5).
3. Pennsylvania PVC Electric Regulations (referenced on page 3).

There is no need to send an additional copy of material previously requested at our October 16th meeting. As you may remember, Dick Nieberle will be sending me:

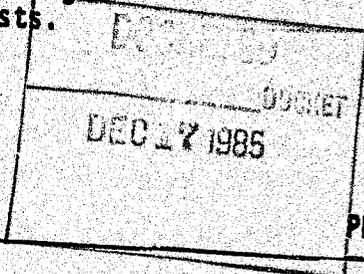
1. A Philadelphia Electric Company Annual Report.
2. A complete set of tariffs and riders with corresponding terms and conditions.
3. The entire recent rate case filing.
4. Fuel and electric rate forecasts.



Corporate Office

RiverPark, 800 Connecticut Avenue, Box 4020, Darien, Connecticut 06620

203/854-3969



PB 10-21-85

Thank you again for your time last Wednesday. I am looking forward to working with you and your staff in the future.

Sincerely,



Anthony G. Tummarello
Director-Energy

cc: R. E. Nieberle
J. R. Rodisch
D. J. Baldwin
K. H. Garner



Corporate Office

RiverPark 800 Connecticut Avenue Box 4023 Danon Connecticut 06820 203 854-3800

PB 10-21-85

WASHINGTON
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MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW
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LONDON

WILLIAM E. ZEITER
DIAL DIRECT (215) 963-5367

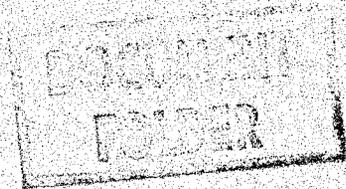
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**SECRETARY'S OFFICE
Public Utility Commission**

December 16, 1985

Secretary Jerry Rich
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17120



Re: Southeastern Pennsylvania Transportation Authority v. Philadelphia Electric Company
Docket No. R-850152C008

Dear Secretary Rich:

Enclosed are an original and two copies of an Answer filed on behalf of the Philadelphia Electric Company in the above-captioned docket.

By the enclosed Certificate of Service I certify that I am this day serving copies of the enclosed Answer on Complainant.

Sincerely,

William E. Zeiter
Counsel for Philadelphia
Electric Company

ddq
Enclosure

cc: Michael Browne, Esquire

RECEIVED

DEC 17 1985

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S OFFICE
Public Utility Commission

SOUTHEASTERN PENNSYLVANIA :
TRANSPORTATION AUTHORITY :

v. :

Docket No. R-850152C008

PHILADELPHIA ELECTRIC :
COMPANY :

ANSWER

DEC 18 1985

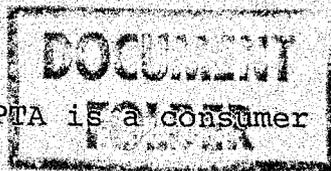
NOW COMES Philadelphia Electric Company (the "Company"), by its attorneys, and answers the Complaint of Southeastern Pennsylvania Transportation Authority ("SEPTA"), as follows:

1-5. Admitted.

2. It is admitted that SEPTA is a consumer of electric power supplied by the Company under its Rate HT and that it has an interest in the Commission's determination on the proposed rates.

7-8. Admitted.

9. Denied. It is admitted that the Company has the burden of proving the reasonableness and lawfulness of the proposed rates. It is denied that the information and data filed by the Company in support Supplement No. 15 are or may be insufficient to establish that the proposed rates are just and reasonable as required by the Public Utility Code. In further answer, the Company avers that the rates proposed in Supplement No. 15 are just, reasonable,

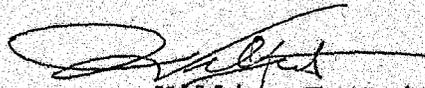


nondiscriminatory and lawful under the Public Utility Code and that the information, data and other evidence submitted by the Company further supports such a finding.

Request for Relief 1-4. For the reasons stated in paragraphs 1-9, SEPTA is not entitled to the relief requested.

WHEREFORE, for the foregoing reasons, the Complaint should be dismissed.

Respectfully submitted,



William E. Zeiter
Counsel for Philadelphia
Electric Company

OF COUNSEL:

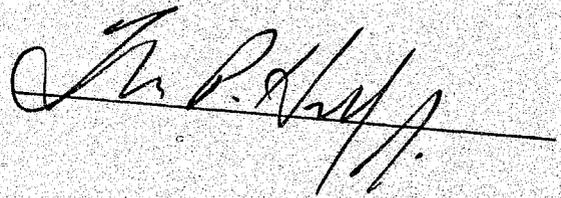
Edward G. Bauer, Jr., Esquire
Vice President & General Counsel
Philadelphia Electric Company
2301 Market Street
Philadelphia, PA 19101

Robert H. Young
J. H. Calvert, Jr.
Walter R. Hall
Frederick H. Knight
David B. MacGregor
MORGAN, LEWIS & BOCKIUS
2000 One Logan Square
Philadelphia, PA 19103

DATE: December 16, 1985

VERIFICATION

THOMAS P. HILL, JR., as provided by 52 Pa. Code §1.36(a) and (d), affirms under the penalties provided for in 18 Pa. Code §4904 that he is Assistant Manager, Rate Division of the Philadelphia Electric Company, that he is duly authorized to make this verification, that the facts set forth in the attached Answer are true and correct to the best of his knowledge, information and belief, and that he expects Philadelphia Electric Company to be able to prove the same at any hearing thereon.



DATE: December 11, 1985 ;

CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Philadelphia Electric Company's Answer to the Complaint of Southeastern Pennsylvania Transportation Authority filed on December 16, 1985 to be served by first class mail, postage prepaid on all active parties in the Limerick No. I Rate Proceeding at Docket No. R-850152C008.

Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
North Office Building
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Harrisburg, PA 17120

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Community Legal Services, Energy Project
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P.O. Box 8010
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& Adler
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Alan R. Squires, Esquire
Greenstein, Gorelick, Price,
Silverman & Laveson
900 Two Penn Center Plaza
Philadelphia, PA 19102


William E. Zeiter
Counsel for Philadelphia
Electric Company

CONFIDENTIAL

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MIAMI
HARRISBURG
LONDON

WILLIAM E. ZEITER
DIAL DIRECT (215) 963-5367

December 16, 1985

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SECRETARY'S OFFICE
Public Utility Commission

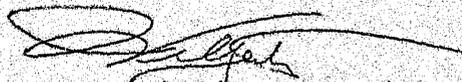
Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
North Office Building
Commonwealth & North Streets
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

Dear Secretary Rich:

Enclosed for filing with the Commission is the original and nine copies of Philadelphia Electric Company's Addendum to the Testimony of Lewis J. Perl, PECO Statement No. 11.

Sincerely,



William E. Zeiter
Counsel for Philadelphia
Electric Company

EXHIBIT
FOLDER

mab
Enclosures

cc: All Active Parties

CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Philadelphia Electric Company's Addendum to the Testimony of Lewis J. Perl, PECO Statement No. 11 filed on December 16, 1985 to be served by Federal Express mail in the Limerick No. I Rate Proceeding at Docket No. R-850152.

Honorable Joseph P. Matuschak
Pennsylvania Public Utility Commission
North Office Building
Room G-18
Harrisburg, PA 17108

Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
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HAND DELIVER Edward S. Wardell, Esquire
Constance B. Foster, Esquire
Dilworth, Paxson, Kalish & Kauffman
2600 The Fidelity Building
Philadelphia, PA 19109-1094

Nancy Schuster, Esquire
1 Pond Street
Bristol, PA 19007



William E. Zeiter
Counsel for Philadelphia
Electric Company

SECRETARY'S OFFICE
Public Utility Commission

In my testimony in this proceeding I made certain comparisons between the cost of Limerick and other units. Since filing the testimony, new data on the construction costs of other nuclear units has become available. Since these new data have some effect on the results, I am filing the addendum to update the comparison included in my testimony. Using the revised results, the average cost of other units standardized to Limerick is 2,860, which is only 0.3 percent below Limerick. The predicted cost of Limerick is \$2,818 which is only 1.8 percent less than Limerick. Thus, using the new data, and a new regression based upon that data, Limerick costs are even closer to the average costs than before. These results are described in Schedule 20, attached hereto. Page 1 of Schedule 20 contains a figure comparing the cost of Limerick and other units standardized to Limerick's characteristics. Page 2 of this Schedule contains the actual and standardized costs for each plant in the database. Page 3 describes the new regression relating costs to plant characteristics based upon the 1985 TVA survey, and page 4 contains notes describing this regression.

Moreover, these new comparisons accomodate to three issues raised by the OCA in interrogatories:

1. The regression used to estimate predicted cost for Limerick and to standardize Limerick's cost to those of other units excludes Limerick from the database.
2. The cooling tower variable, which was only marginally significant, is excluded from the regression.

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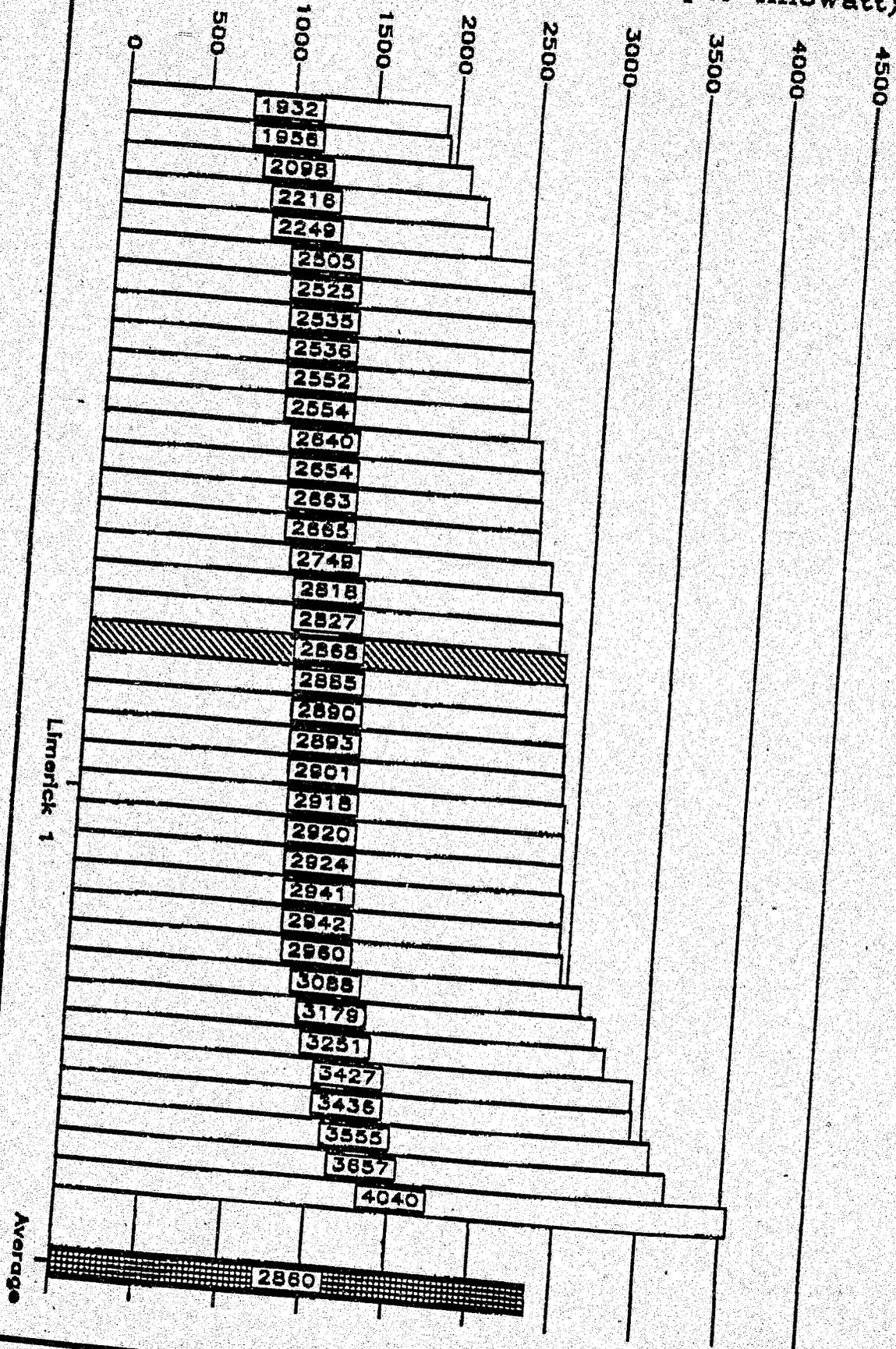
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3. We have compared Limerick to the predicted cost based on the regression as well as the standardized average of other plants.

I should note that in addition to updating the data, in my new comparison I have added a variable to the regression equation. This variable distinguishes between units with construction permits issued in 1972 or 1973 or in later years. This variable was added because the data now clearly indicates that units with post-1973 CP dates have higher costs.

Standardized Direct Cost (\$1984 per Kilowatt)

NUCLEAR CAPITAL COSTS FOR POST-1971 PLANTS STANDARDIZED TO LIMERICK 1



Limerick 1

Average

**NUCLEAR CAPITAL COSTS FOR POST-1971 PLANTS
STANDARDIZED TO LIMERICK 1**

Plant	Actual	Standardized
	Direct Cost	Direct Cost
	-----(1984 \$/kW)-----	
	(1)	(2)
St. Lucie 2	\$1,747	\$1,932
Hatch 2	952	1,956
Hope Creek	3,254	2,098
Arkansas Nuclear One 2	922	2,216
McGuire	867	2,249
Clinton 1	3,071	2,505
LaSalle	1,328	2,525
Perry	1,727	2,535
Palo Verde	1,852	2,536
Marble Hill	1,700	2,552
Braidwood	1,366	2,554
Wolf Creek	2,020	2,640
Farley	1,312	2,654
Summer	1,557	2,663
Callaway	2,062	2,665
Millstone 3	2,714	2,749
Waterford 3	2,524	2,818
Commanche	1,814	2,827
Limerick 1	2,868	2,868
Riverbend	3,424	2,883
WPPSS 2	3,029	2,890
Nine Mile Point 2	3,804	2,893
Beaver Valley 2	3,457	2,901
Susquehanna	1,946	2,918
Seabrook	2,455	2,920
Grand Gulf	1,848	2,924
Catawba	1,404	2,941
San Onofre	2,022	2,942
Byron	1,561	2,960
South Texas	2,449	3,088
Bellafonte	1,559	3,179
Shoreham	4,378	3,251
Fermi 2	3,076	3,427
Harris	2,126	3,436
Watts Bar	1,447	3,555
Midland	2,454	3,657
Vogtle	2,915	4,040
Average,		
Excluding Limerick 1	\$2,038	\$2,860

**REGRESSION RELATING CAPITAL COST
FOR NUCLEAR UNITS WHICH RECEIVED A CONSTRUCTION
PERMIT IN 1972 OR LATER TO SELECTED CHARACTERISTICS¹**

Based on 1985 Data

	<u>Variable Mean²</u> (1)	<u>Regression³ Coefficient</u> (2)	<u>t-Statistic⁴</u> (3)
Log of Construction Cost	7.5399	-	-
Constant	1.0000	7.8724	-
Log of Wage Index ⁵	-0.1080	0.2350	1.634
Subsequent Unit Indicator ⁶	0.4035	-0.3833	7.273
Single Unit BWR Indicator ⁷	0.1228	0.2786	3.293
Rock Foundation Indicator ⁸	0.6140	-0.1649	2.811
Construction Permit ⁹ Received in 1972-1973 Indicator	0.3509	-0.1887	3.623
Utility is Constructor Indicator ¹⁰	0.2456	-0.2319	3.724
Northeast Indicator ¹¹	0.1579	0.2489	3.399
Number of Observations		57	
Adjusted R ²		0.7932	
Standard Error		0.1843	
Predicted Cost (1984 \$/kW)		\$ 2,818	

**REGRESSION RELATING CAPITAL COST
FOR NUCLEAR UNITS WHICH RECEIVED A CONSTRUCTION
PERMIT IN 1972 OR LATER TO SELECTED CHARACTERISTICS¹**

Based on 1985 Data

Sources and Notes

- ¹The dependent variable in the regression is the natural log of capital cost per kilowatt. Actual costs have been adjusted to reflect the cost of constructing the plants at labor and materials costs prevailing in 1984 with no allowance for funds used during construction. The data are from a September 1985 TVA survey, or from a NERA survey of individual utilities if TVA did not report costs for a unit. Data for Limerick 1 and 2 were excluded from the sample.
- ²The variable mean is the average value of each of the variables in the analysis for the sample used to estimate the regression equation.
- ³The regression coefficient describes the effect of a one-unit change in the independent variable on the dependent variable.
- ⁴A t-statistic is the ratio of the mean of the coefficient to its standard error. It measures the reliability with which the coefficient is measured. A t-statistic of 2.01 or higher indicates that the coefficient is significantly different from zero at the 5 percent level. A t-statistic of 1.68 or higher indicates significance at the 10 percent level.
- ⁵The wage rate is a composite of 1981 wages plus fringe benefits for crafts used in constructing nuclear power plants. The composite consists of the following crafts: steamfitters (30 percent), electricians (19 percent), common laborers (18 percent), carpenters (12 percent), steelworkers (10 percent), operating engineers (7 percent), boilermakers (2 percent) and millwrights (2 percent). The wage is expressed as an index relative to the national average. Wages for these crafts were obtained from R.S. Means Co., Inc., 1978 Labor Rates for the Construction Industry for the communities from which construction labor was hired.
- ⁶The indicator is equal to 1 if the unit is a subsequent unit of a series built at a site and 0 otherwise.
- ⁷The indicator is equal to 1 if the unit is a single unit plant with a boiling water reactor and 0 otherwise. BWR classification is taken from U.S. Department of Energy, U.S. Central Station Nuclear Electric Generating Units; Significant Milestones (Status as of July 1, 1983), DOE/NE-0030/9, October 1983.
- ⁸The indicator is equal to 1 if the unit is built on a rock foundation and 0 otherwise. Rock or soil site classification was provided to NERA from Burns & Roe in March 1984.
- ⁹The indicator is equal to 1 if the unit received its construction permit in 1972 or 1973 and 0 otherwise.
- ¹⁰The indicator is equal to 1 if the utility acted as construction manager and either TVA, Duke Power Company, or Commonwealth Edison Company. Otherwise, the indicator is equal to 0. Construction manager data are from NUS Corporation, Commercial Nuclear Power Plants, Edition No. 16, February 1984.
- ¹¹The indicator is equal to 1 if the unit is in Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont or Washington, D.C. and 0 otherwise. Locations are from U.S. Department of Energy, U.S. Central Station Nuclear Electric Generating Units; Significant Milestones (Status as of July 1, 1983), DOE/NE-0030/9, October 1983.

WASHINGTON
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MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW
ONE LOGAN SQUARE
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HARRISBURG
LONDON

WILLIAM E. ZEITER
DIAL DIRECT (215) 963-5367

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SECRETARY'S OFFICE
Public Utility Commission

December 16, 1985

Secretary Jerry Rich
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17120

Re: National Railroad Passenger Corporation
v. Philadelphia Electric Company
Docket No. R-850152C007

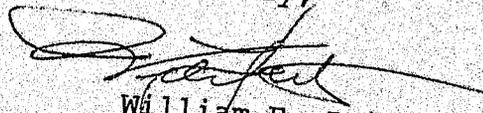
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1985

Dear Secretary Rich:

Enclosed are an original and two copies of an Answer filed on behalf of the Philadelphia Electric Company in the above-captioned docket.

By the enclosed Certificate of Service I certify that I am this day serving copies of the enclosed Answer on Complainant.

Sincerely,



William E. Zeiter
Counsel for Philadelphia
Electric Company

ddg
Enclosure

cc: Michael Browne, Esquire

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DEC 17 1985
SECRETARY'S OFFICE
Public Utility Commission

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

NATIONAL RAILROAD :
PASSENGER CORPORATION :

v. : Docket No. R-850152C007

PHILADELPHIA ELECTRIC :
COMPANY :

RECEIVED
DEC 18 1985

A N S W E R

NOW COMES Philadelphia Electric Company (the "Company"), by its attorneys, and answers the Complaint of National Railroad Passenger Corporation ("AMTRAK"), as follows:

DOCUMENT
FOLDER

1-5. Admitted.

6. It is admitted that AMTRAK is a consumer of electric Power supplied by the Company under its Rate HT and that it has an interest in the Commission's determination on the proposed rates.

7-8. Admitted

9. Denied. It is admitted that the Company has the burden of proving the reasonableness and lawfulness of the proposed rates. It is denied that the information and data filed by the Company in support Supplement No. 15 are or may be insufficient to establish that the proposed rates are just and reasonable as required by the Public Utility Code. In further answer, the Company avers that the rates proposed in Supplement No. 15 are just, reasonable,

nondiscriminatory and lawful under the Public Utility Code and that the information, data and other evidence submitted by the Company fully supports such a finding.

Request for Relief 1-4. For the reasons stated in paragraphs 1-9, AMTRAK is not entitled to the relief requested.

WHEREFORE, for the foregoing reasons, the Complaint should be dismissed.

Respectfully submitted



William E. Zeiter
Counsel for
Philadelphia Electric Company

OF COUNSEL:

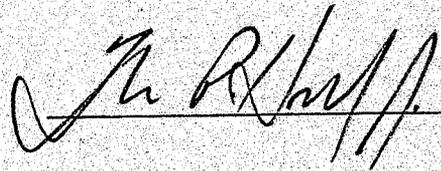
Edward G. Bauer, Jr., Esquire
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David B. MacGregor
MORGAN, LEWIS & BOCKIUS
2000 One Logan Square
Philadelphia, PA 19103

DATE: December 16, 1985 .

VERIFICATION

THOMAS P. HILL, JR., as provided by 52 Pa. Code §1.36(a) and (d), affirms under the penalties provided for in 18 Pa. Code §4904 that he is Assistant Manager, Rate Division of the Philadelphia Electric Company, that he is duly authorized to make this verification, that the facts set forth in the attached Answer are true and correct to the best of his knowledge, information and belief, and that he expects Philadelphia Electric Company to be able to prove the same at any hearing thereon.



DATE: December 11, 1985 ;

CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Philadelphia Electric Company's Answer to the Complaint of the National Railroad Passenger Corporation filed on December 16, 1985 to be served by first class mail, postage prepaid on all active parties in the Limerick No. I Rate Proceeding at Docket No. R-850152C007.

Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
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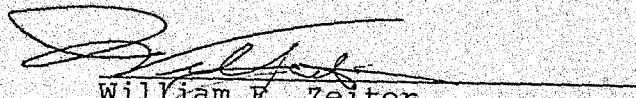
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Valuation Focus — November 1985

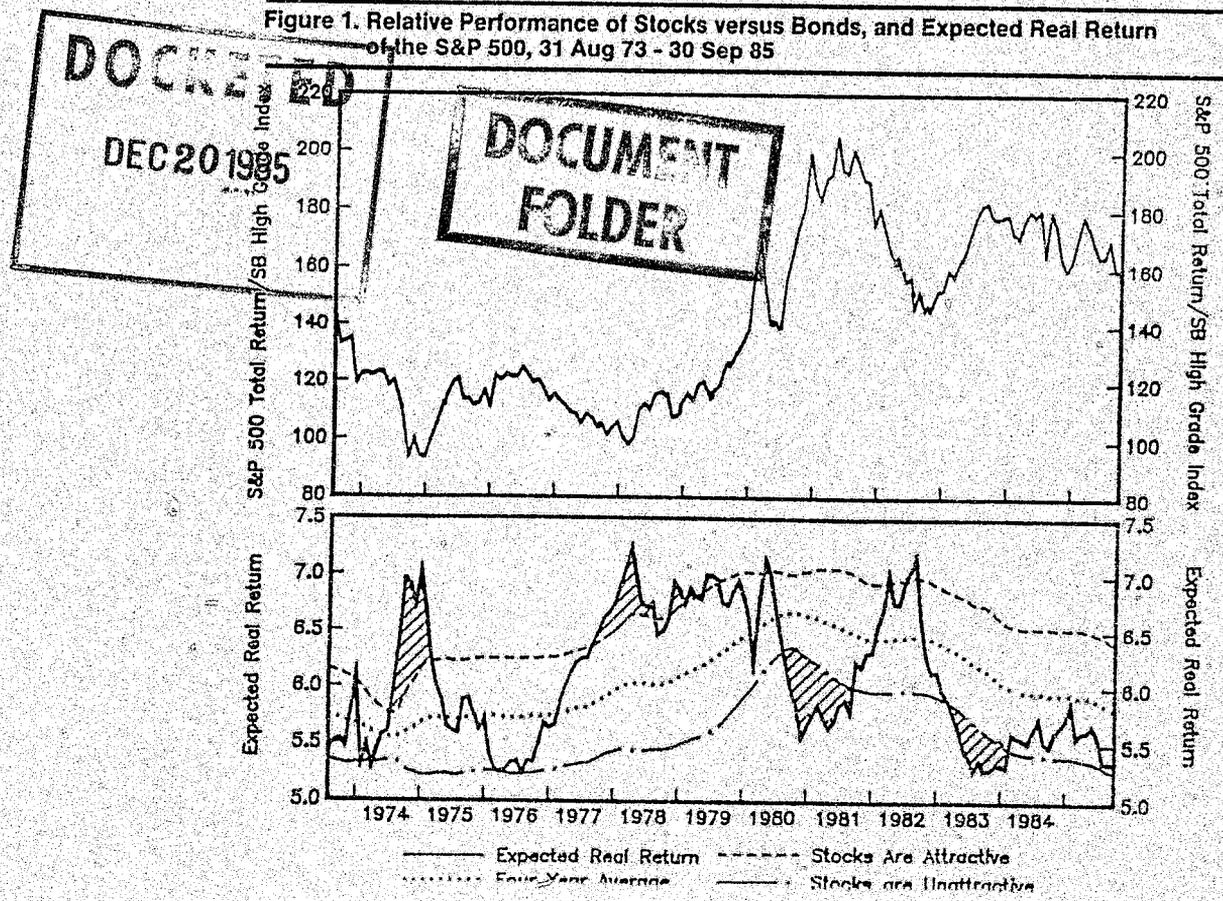
This month we introduce a new format for Expected Real Return (ERR) chart (Figure 1). The new feature is that the ERR is plotted with a series representing the relative performance of the total return of the S&P 500 against the total return of the Salomon Brothers high-grade index of long-term bonds. We believe that this representation more clearly presents the historical record of the ERR and its current forecast.

When the top line in Figure 1 is trending upward, stocks are outperforming bonds; when it is declining, bonds are outperforming stocks.

Since both components of this series are total returns, one can use values from the chart to draw conclusions about investment performance. For example, a tax-free investor who chose stocks instead of bonds in early 1978 would have had double the wealth of a bond investor in late 1980, as the index rose from 100 to 200. An investor who chose bonds over stocks at that point would have increased his wealth by about 65% relative to a stock investor. Both 1984 and 1985 have been better years for bonds than for stocks.

A high ERR should, in theory, identify when to prefer stocks to bonds. Conversely, a low ERR suggests that bonds will be the superior performers. Today's level is low but not alarmingly bearish; it simply suggests that rates of return on stocks and bonds are close, and that any advance in stocks will depend on fuel on declining long interest rates.

Figure 1. Relative Performance of Stocks versus Bonds, and Expected Real Return of the S&P 500, 31 Aug 73 - 30 Sep 85



Expected Real Return Stocks Are Attractive
Four-Year Average Stocks are Unattractive

Our strategy is predicated on the assumptions of flat rates and a declining dollar and slightly diminished enthusiasm with respect to GNP growth. That is, we believe that corporate profit growth over the next five years will modestly disappoint investors. We think that the column headed "Dollar -5%" has a reasonable claim to being the most probable outcome. Given the constraints of most institutional portfolios, we think that our recommended mix of 20% ECU-denominated ten-year bonds and 80% stocks is realistic and achievable.

Bad News Travels Slowly

We have been tracking the changing Wall Street expectations for corporate earnings all year. At the beginning of the year, the consensus economic expectation was for flat corporate profits. The corporate profits outlook has been modestly trimmed during the year, so that today's consensus expects a 5%-8% decline from calendar 1984. Meanwhile, Wall Street analysts were making and revising their earnings forecasts. It is always entertaining and sometimes instructive to aggregate these forecasts to make a "bottom-up" estimate for the S&P 500.

We do this by multiplying each company's earnings per share estimate by the number of shares outstanding to give a dollar figure of earnings available to common shareholders. We then sum that for all companies and compare it with the number reported in 1984. The results are shown in Figure 3.

Figure 3. Downward Revisions of Earnings Forecasts in 1985

Comparison of Estimates at 15 April versus 15 July and 31 Oct

Last Year		I/B/E/S			Salomon Brothers
		Low	Median	High	
Percentage Change (versus 1984)	14 Apr	-2.9%	10.8%	26.1%	7.6%
	15 Jul	-6.5	6.7	22.3	4.0
	31 Oct	-11.5	-0.2	11.2	-1.6
Weighted Growth Estimate	15 Apr	5.2	9.9	14.8	NA
	15 Jul	4.8	9.7	14.9	NA
	15 Oct	4.1	9.5	15.4	NA

NA Not applicable.

Consider the bottom-up estimate made from the I/B/E/S median forecasts. At April 15, this estimate called for a year-to-year earnings increase of 10.8%. By mid-July, the expected rise had slipped to 6.7%, and by the end of October, to -0.2%. Obviously, estimate cuts are the means through which this happens — and there have been plenty of them this year. We do not have the data in a form that allows us to make an exhaustive test, but partial evidence suggests that the median estimate has been cut more than once this year for over 60% of the S&P 500 companies. This fact alone illustrates the strong dependence of 1985's market on discounting rates. This has been a year of rising stock prices, and stocks have nearly kept pace with bonds despite continuing earnings disappointments. This can only be attributable to more bullish growth expectations or declining discounting rates, and we believe that the answer is the latter.

Should the "Equity Risk Premium" Be Zero?

The spread between the expected return of stocks and bonds is sometimes referred to as the equity risk premium, an appellation that we have always disliked, because it implies that the nature of this spread is well understood.

Figure 2 shows our estimates for the expected returns from stocks (as represented by the S&P 500), 20-year Government bonds and ten-year bonds denominated in European currency units (ECUs). The return for the S&P 500 was estimated using the projections shown for growth, earnings, dividends, and book value. Earnings and dividends are for the 12 months ending September 30, 1986, and do not match Salomon Brothers's calendar-year estimates.

Figure 2. Expected Returns of Asset Classes in Several Scenarios

	Current	Rates		U.S. Dollar		GNP	
		+100bp	-100bp	+5%	-5%	+1/2%	-1/2%
S&P 500	12.0%	-10.5	23.2	10.5	13.5	15.0	9.0
Govt 20-Yr Par Bonds	10.6	3.1	19.2	10.6	10.6	10.6	10.6
ECU 10-Yr Par Bonds	9.0	3.3	15.2	4.0	14.0	9.0	9.0
Assumptions for S&P 500							
Return on Equity (ROE)						13.6%	
Growth Rate (g)						7.7%	
Price/Book Ratio (PB)						1.4	
Earnings Per Share						\$18.00	
Dividend						8.00	

The first column of Figure 2 shows the expected returns if there is no change in today's level of interest rates, gross national product (GNP) expectation, or exchange rates. The rest of the columns then show the base rates modified by the estimated impact of a shift of 100 basis points in rates, a rise or fall in the U.S. dollar versus the ECU, or a revision of expectations for GNP growth.

The striking feature of the first column is the small size of the differential between stocks and 20-year Government bonds. There is no historical record of ECU bond returns, but the spread between ten-year ECUs and 20-year Governments seems plausible; yet, that between stocks and bonds seems low. A substantial data base of differentials between realized returns on stocks and bonds exists, and a study by Ibbotson corrects those spreads for apparently unanticipated depreciation of bonds. By those standards, the current spread between stocks and bonds is narrow, and may result from two factors: Shifting volatility relationships and a good opportunity to buy bonds in preference to stocks.

The alternative scenarios shown in Figure 2 illustrate asymmetries between the response of stocks, bonds and ECU bonds to shifts in certain key variables. In the case of rates, for example, a downward shift would produce fairly similar positive returns for both stocks and bonds, while rising rates would be significantly worse for the stock market than for the bond market. A decline of 5% in the U.S. dollar-ECU exchange would give ECU bonds a favorable return.

Any combination of circumstances is possible, at least in theory. Rates could fall or rise, the dollar could fall or rise, and GNP expectations could wax or wane. In practice, falling rates, a falling dollar and better growth seem to go together to make a bullish scenario, while the flip side of those expectations describes the bear case.

in fact, the differential between the two expected returns has historically varied widely and has defied explanation in terms of interest rate levels, inflation and numerous other factors.

It seems plausible, however, that the volatility of returns of stocks and bonds should influence the relationship of their expected returns. Certainly the past few years — during which we have seen close stock/bond tracking and high real returns on bonds — have witnessed exceptional bond volatility. Figure 4 shows the volatility of stocks and bonds expressed as the annualized standard deviation of quarterly total returns on the S&P 500 and long Governments. It confirms what many have argued: Bond markets have become so jumpy that their risk reaches or exceeds that of stocks.



Figure 4. Volatility of Stocks Versus Bonds, 1 Jan 81 - 30 Sep 85

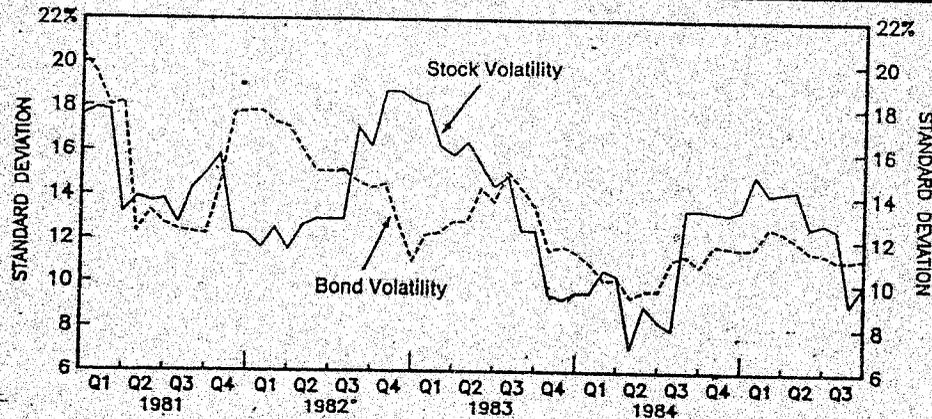


Figure 4 also reveals another datum, one that does not at all correspond with conventional wisdom. The volatility of stock returns has diminished to a mere 10% annually. Over the past three years, the highest level that this value has reached is 16%. Those who are used to considering the annual standard deviation of stock returns as permanently fixed at 20% may find this surprising. In fact, the high to low range of the S&P 500 in 1983, 1984 and 1985 has been less than 20%.

Equally contrary to conventional wisdom is the corollary observation that the volatility of stocks does not seem to be enhanced by activity in futures contracts. Not only has the annual volatility of stock returns been in a downtrend since 1980, but the daily and weekly volatility has declined as well. Our investigations of this have not turned up one statistical measure that identifies the supposed additional risk that futures trading injects into the stock market. Until such a measure can be verified, we regard the press commentary about this "threat" as unsupported and idle.

THE VALUE LINE

Investment Survey

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EDITION 9
 Pages 1300-1442

Part 3
**Ratings
 &
 Reports**

File in the binder in order of
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 previous edition bearing the
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ESPECIALLY NOTEWORTHY:

Thackeray Corp., a former Real Estate Investment Trust that has branched out, joins the Multifirm Industry. See page 1413.

Allied-Signal, formed by the marriage of Allied Corp. and Signal Companies, has also put down stakes in the Multifirm Industry. Page 1379.

Ivan Boesky, no stranger to the acquisition game, may be ready to make takeover headlines at Harris Graphics, the world's largest producer of web offset printing presses. See page 1324.

Big tax-loss carryforwards continue to give Penn Central the look of a special situation. Page 1407.

U.S. Steel is looking to make a Texas-sized acquisition. See page 1431.

Ogden has shipped out its marine construction group. See page 1331.

Amsted management is undertaking a leveraged buyout. Page 1305.

What a difference a year makes. Just ask Vermont American. See page 1357.

Textron continues to shuffle the corporate deck. Page 1412.

IC Industries will be a stronger company in the second half of the Eighties than it was in the first. Find out why on page 1394.

ITT's focus may be on "hi-tech," but its profits are coming from "lo-tech." See page 1395.

Cincinnati Milacron is trying to tool up for recovery through restructuring. Page 1347.

Looking for a hi-tech machinery company? See our report on Thermo Electron on page 1341.

Recent downsizing will help give Amhois's crane operations a much needed lift. Page 1359.

The Torsen differential is making a difference in how investors are looking at Gleason. Page 1351.

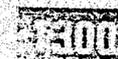
In three parts: Part I is the Summary & Index. Part II is Selection & Opinion. This is Part III, Ratings & Reports. Volume XLI, No. 9.

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Nov. 22, 1985

ECONOMIC SERIES



Value Line's estimates of sales and earnings growth for individual companies are derived by correlating sales, earnings, and dividends to appropriate components or subcomponents of the National Income Accounts (Gross National Product, Disposable Income, etc.), presented below. A more detailed forecast appears periodically in *Selection & Opinion*.

HYPOTHESIZED ECONOMIC ENVIRONMENT 3 TO 5 YEARS HENCE

The hypothesized 1988-90 economic environment into which earnings are forecast is as follows: Unemployment will average 7.5% of the civilian labor force compared to 7.4% in 1984. There will be no major war in progress at that time. Manhour productivity per worker will be expanding about 2.0% per year. Price inflation will continue. Prices as

measured by the broad-based GNP deflator will advance about 4.5% per year on the average. The corporate income tax rate will be around 45%.

Long-term interest rates on high-grade bonds are projected to be about 10% in the years 1988-90. We expect the Federal Reserve Board to pursue expansionary policies except in years in which the economy is clearly overheating or when balance of payments considerations govern. Based on these assumptions, the Gross National Product will average \$5145 billion in the years 1988-90, a level 40% above the 1984 total of \$3663 billion.

Things may turn out differently. But in the absence of knowledge of the future, we use the above assumptions, which appear to be the most plausible. Thus we are able to apply a common economic environment to all stocks for the purpose of measuring relative growth potentiality.

THESE ARE THE NATIONAL INCOME SERIES TO WHICH VALUE LINE SALES, EARNINGS AND DIVIDEND ESTIMATES ARE CORRELATED

ANNUAL STATISTICS	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985*	1986*	1988-90*
Gross National Product (\$Bill)	1434	1549	1718	1918	2164	2418	2632	2958	3069	3305	3663	3690	4170	5145
Real GNP (\$Bill 1972)	1246	1232	1298	1370	1439	1479	1475	1512	1480	1535	1640	1680	1730	1880
Consumer Spending (\$Bill)	888	976	1084	1204	1346	1507	1668	1849	1985	2156	2342	2510	2685	3335
Disposable Income (\$Bill)	998	1096	1194	1314	1474	1650	1829	2042	2181	2340	2577	2725	2935	3600
Index of Industrial Production (1977 = 100)	93	85	93	100	107	111	109	111	103	109	122	125	128	148
Housing Starts (Mill. Units)	1.34	1.16	1.54	1.99	2.02	1.75	1.29	1.08	1.06	1.70	1.77	1.73	1.65	1.80
Total Car Sales (Mill. Units)	8.8	8.5	10.0	11.0	11.2	10.6	9.0	8.5	8.0	9.2	10.5	11.2	10.1	10.5
Personal Savings Rate (%)	8.5	8.6	6.9	5.9	6.1	5.9	6.0	6.7	6.2	5.0	6.1	4.5	5.0	5.5
New AA Utility Bond Yields (%)	9.4	9.4	8.7	8.3	9.1	10.2	13.1	16.2	15.1	12.4	13.4	12.0	11.7	11.1
ANNUAL RATES OF CHANGE														
Real GNP	-0.6	-1.2	5.4	5.5	5.0	2.8	-0.3	2.5	-2.1	3.7	6.9	2.4	3.0	3.4
GNP Deflator	8.8	9.3	5.2	5.8	7.4	8.6	9.2	9.6	6.0	3.8	3.8	3.7	4.0	4.5
Consumer Price Index	11.0	9.1	5.7	6.5	7.7	11.3	13.5	10.3	6.2	3.2	4.3	3.5	4.2	5.0
QUARTERLY ANNUALIZED RATES		1984				1985*				1986*				
		1st	2nd	3rd	4th	1st	2nd	3rd	4th*	1st*	2nd*	3rd*	4th*	
Gross National Product (\$Bill)		3553	3645	3694	3759	3811	3853	3916	3985	4055	4135	4210	4280	
Real GNP (\$Bill 1972)		1611	1639	1645	1662	1664	1671	1685	1700	1715	1725	1735	1745	
Consumer Spending (\$Bill)		2277	2333	2361	2397	2447	2493	2537	2560	2615	2655	2710	2755	
Disposable Income (\$Bill)		2502	2554	2606	2645	2655	2727	2713	2805	2855	2910	2960	3010	
Index of Industrial Production (1977 = 100)		119	122	123	123	124	124	125	126	127	128	129	130	
Housing Starts (Mill. Units)		1.95	1.86	1.66	1.60	1.80	1.77	1.66	1.70	1.70	1.70	1.60	1.60	
Total Car Sales (Mill. Units)		10.5	10.7	10.3	10.4	10.8	10.9	12.0	10.6	10.4	10.1	10.0	9.9	

*Estimated.

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BLUE CHIP Economic Indicators

Vol. 10, No. 11

November 10, 1985

ECONOMIC GREEN LIGHT* STILL SHINES FOR '86

On Real GNP No change from a month ago is the CONSENSUS forecast of our panel of 50 economists for the nation's real growth in both 1985 and 1986. The 1985 year-over-year figure (as might be expected now that the year is nearly over) stabilized at a 2.5 percent gain against the strong 6.8 percent growth in 1984. The group still expects this quarter to be the best of the year—a 3.4 percent annual rate advance compared with the third quarter's 3.3 percent gain.

The CONSENSUS forecast for 1986 remained at the 3.1 percent year-over-year projection of last month—just a shade above the postwar '48-'84 37-year average of 2.9 percent. The near-record spread between the average of the top 10 and the bottom 10 continues, with the most optimistic expecting a healthy 4.3 percent upsurge next year while the more conservative see a near-recessionary advance of only 1.7 percent. This calls for more than usual caution in the application of the CONSENSUS forecast to business plans for 1986.

On Inflation And Profits Good news on the inflation front continues. The CPI forecast for 1986 was lowered to 3.8 percent—from 4 percent last month. Also, the profit forecast for 1986 advanced a full percentage point (see p. 3).

Protection is Voted a No-No! In a firm conviction that goes back to the economist Adam Smith's book of 1776, The Wealth of Nations, our Blue Chip panel strongly endorses lowering international trade barriers. On a 10-point scale, they gave an 8.6 highly favorable rating to this statement from a recent Report of the Council of Economic Advisers to the President: "Our market economy and its system of rewards for superior performance has made the American economy the most productive and innovative in the world. An industrial policy that increases government planning, government subsidies and international protectionism would only be a burden on our economic life and a threat to our long-term economic prosperity." A rating of 8.6 is among the highest we have ever recorded on a public policy issue.

The panel showed a bit less support—a 6.6 vote—for the view that "Protectionism usually hurts the industries it was to help." They were definitely cool—only a 4.2 vote—to a report on "The New Case For Protectionism" (see p. 8).

RJE Summary A look at the annual and quarterly forecasts of our top panel reveals that more and more of the group are pushing the next recession into 1987 or even later. In fact, only five of the 50 now see a "clear-cut" recession in (or starting) next year. And a growing number expect the second half of 1986 to be better than the first half. But I still vote for considerable caution as the year wears on.

* Yellow logo signals low economic growth, between zero and +2.9%. Red logo warns that real GNP for the year may drop below 0% growth. Green logo means the economy is expanding above long-range growth potential of 3%.

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'85 Real GNP Again Stays At +2.5%

NOVEMBER 1985 FORECAST FOR 1985 SOURCE	Percent Change 1985 from 1984 (Year over Year)								Average for Year—1985			Total Units—1985		
	1 Real GNP (Con. \$) (Output)	2 GNP Deflator (Price)	3 Total GNP (Con. \$)	4 Consumer Price Index	5 Indust. Prod. Total	6 Dis. Pers. Income (Con. \$)	7 Non-Res. Fix. Inv. (Con. \$)	8 Profits Prices (Con. \$)	9 Trans. Bills (Bil.)	10 Corp. Ass. Bonds	11 Unempl. % Labor Force	12 Housing Starts (Mil.)	13 Auto Sales Domestic (Mil.)	14 Auto Sales Import (Mil.)
GEORGIA STATE	3.6H	3.7	6.3	3.5	2.3	2.4	7.0	2.1	7.3	11.5	7.2	1.74	8.1	2.8
BOSTIAN RESEARCH ASSOC.	2.9	3.3L	6.6H	3.7	3.0	3.7	8.0H	4.0	7.9H	11.3	7.1L	1.85H	8.2	2.7
MORRIS COHEN & ASSOCIATES	2.6	3.9H	6.5	4.0H	3.0	3.7	7.1	-2.0	7.5	11.2	7.1L	1.77	8.4	2.7
HARRIS TRUST & SAVINGS BANK	2.6	3.7	6.4	3.4	2.2	2.4	6.3	6.4	7.4	11.7	7.2	1.75	8.5	2.8
U.S. TRUST CO.	2.5	3.6	6.2	3.5	2.3	2.4	5.9	4.8	7.5	11.5	7.1L	1.73	8.3	2.7
SIFF, OAKLEY, MARKS, INC.	2.5	3.7	6.2	3.6	2.4	2.2	6.4	5.7	7.5	11.6	7.2	1.75	8.5	2.8
PRUDENTIAL INSURANCE	2.5	3.7	6.3	3.6	2.2	2.2	6.2	4.9	7.5	11.5	7.2	1.74	8.5	2.8
POLYCONOMICS INC.	2.5	3.3L	6.5	2.5L	2.4	1.9	8.0H	2.0	7.3	11.2	7.2	1.80	8.5	2.7
PENNZOIL COMPANY	2.5	3.8	6.3	3.7	2.3	3.1	6.3	-4.3	7.7	11.6	7.2	1.80	8.1	2.9
NAT. CITY BANK OF CLEVELAND	2.5	3.7	6.2	3.5	2.2	2.4	5.8	-5.0	7.5	11.5	7.2	1.70L	8.2	2.8
MONSANTO COMPANY	2.5	3.7	6.3	3.5	2.1	2.2	6.1	1.0	7.5	11.5	7.2	1.75	8.2	2.7
MARINE MIDLAND BANK	2.5	3.7	6.2	3.5	2.4	2.5	7.0	-6.2	7.5	—	7.2	1.74	8.5	2.6
MANUFACTURERS HANOVER TRUST	2.5	3.7	6.3	3.5	2.6	2.3	6.0	-6.9	7.5	11.0L	7.2	1.75	8.6	2.9
ARTHUR D. LITTLE	2.5	3.9H	6.5	3.7	2.5	3.0	6.5	2.0	7.3	11.0L	7.3	1.75	8.0	3.0H
LA SALLE NATIONAL BANK	2.5	3.6	6.2	3.5	2.3	2.8	6.9	-4.7	7.5	11.5	7.2	1.75	8.3	2.7
IRVING TRUST COMPANY	2.5	3.7	6.3	3.8	2.3	2.3	6.2	5.7	7.5	11.6	7.2	1.72	8.3	2.8
WAYNE HUMMER & CO.	2.5	3.6	6.2	3.4	2.4	2.9	7.5	0.0	7.5	11.5	7.2	1.74	8.2	2.8
FAIRMODEL-ECONOMICA INC.	2.5	3.7	6.3	3.5	2.5	1.8L	6.8	-2.3	7.6	11.5	7.3	1.80	9.0H	2.8
EVANS ECONOMICS	2.5	3.7	6.3	3.4	2.4	5.2H	5.6	-4.5	7.5	11.5	7.2	1.80	8.2	2.8
EGGERT ECONOMIC ENTERPRISES	2.5	3.6	6.3	3.4	2.4	2.6	6.5	-1.7	7.5	11.4	7.2	1.75	8.2	2.7
ECONOVIEWS INTERNATIONAL INC.	2.5	3.3L	6.0L	3.0	2.6	3.0	6.5	0.0	7.8	11.3	7.2	1.80	7.8L	2.6
ECONOCLAST	2.5	3.6	6.1	3.4	2.3	2.5	6.7	1.2	7.5	11.4	7.2	1.79	8.1	2.8
DEAN WITTER REYNOLDS	2.5	3.7	6.3	3.6	2.3	2.5	6.8	-4.1	7.4	11.8	7.2	1.76	8.5	2.7
CONFERENCE BOARD	2.5	3.6	6.2	3.6	2.3	2.4	5.4L	-4.3	7.5	12.0H	7.2	1.76	8.6	0.0L
CHRYSLER CORPORATION	2.5	3.6	6.1	3.5	2.4	2.4	6.5	6.0	7.6	11.5	7.2	1.77	8.2	2.7
CHAMBER OF COMMERCE OF USA	2.5	3.7	6.3	3.5	2.2	2.3	6.2	4.9	7.5	11.5	7.2	1.73	8.3	2.9
ARNHOLD & S. BLEICHOEDER	2.5	3.6	6.2	3.5	2.2	2.9	6.6	5.0	7.5	11.4	7.3	1.73	8.2	2.8
UNIV. OF MICHIGAN H.Q.E.M.	2.4	3.7	6.2	3.5	2.6	2.2	6.2	8.6	7.5	11.5	7.3	1.74	8.3	2.7
UCLA BUSINESS FORECAST	2.4	3.7	6.2	3.4	2.3	2.3	5.9	5.1	7.4	11.4	7.2	1.76	8.4	2.9
SECURITY PACIFIC NAT. BANK	2.4	3.7	6.2	3.5	2.3	2.3	6.2	-4.9	7.5	11.5	7.2	1.75	8.4	2.8
SEARS ROEBUCK	2.4	3.7	6.2	3.7	2.2	2.2	6.1	5.0	7.6	11.5	7.2	1.74	8.4	2.8
PRUDENTIAL BACHE	2.4	3.6	6.2	2.8	1.5L	2.0	5.9	4.5	7.4	11.5	7.2	1.80	8.3	2.8
PHILADELPHIA NATIONAL BANK	2.4	3.7	6.2	3.5	2.1	2.2	6.1	-1.3	7.5	11.5	7.2	1.75	8.1	2.8
NORTHERN TRUST CO.	2.4	3.7	6.2	3.5	2.1	2.6	7.0	-5.3	7.5	11.5	7.2	1.75	8.2	2.8
MORGAN STANLEY & CO.	2.4	3.7	6.2	3.5	2.4	2.3	6.0	-4.0	—	—	7.2	1.70L	8.4	2.5
MORGAN GUARANTY	2.4	3.7	6.2	3.5	2.2	2.1	6.2	7.0	—	—	7.2	1.75	8.4	2.8
METROPOLITAN INSURANCE	2.4	3.7	6.2	3.5	2.2	2.4	7.4	5.0	7.5	11.5	7.2	1.75	8.7	2.4
MEYER & ASSOCIATES	2.4	3.7	6.2	3.4	2.5	2.1	6.3	9.7H	7.5	11.5	7.2	1.70L	8.3	2.4
MERRILL LYNCH	2.4	3.6	6.1	3.4	2.2	2.2	6.0	-4.0	7.5	—	7.2	1.75	8.3	2.8
MR. GRACE CO.	2.4	3.7	6.1	3.5	2.3	2.2	6.5	3.7	7.5	11.5	7.2	1.75	8.3	2.7
1ST NATIONAL BANK - CHICAGO	2.4	3.7	6.2	3.5	1.7	2.7	6.1	-4.0	7.4	11.4	7.3	1.75	8.3	2.9
EQUITABLE LIFE ASSURANCE	2.4	3.7	6.2	3.5	4.5H	2.7	7.2	-5.3	7.4	11.5	7.2	1.70L	8.2	2.6
E.I. DU PONT CO.	2.4	3.6	6.1	3.5	2.2	2.3	6.4	-1.9	7.5	11.4	7.3	1.70L	8.3	2.7
CHASE MANHATTAN BANK	2.4	3.7	6.2	3.7	2.2	4.0	6.0	3.5	—	—	7.3	1.80	8.0	3.0H
CAHNERS PUBLISHING CO.	2.4	3.6	6.1	3.6	2.4	2.2	6.0	3.2	7.5	11.5	7.2	1.72	8.4	2.6
BROWN BROTHERS HARRIMAN	2.4	3.7	6.2	3.5	2.2	2.5	6.1	5.4	—	—	7.2	1.76	8.3	2.8
BANK OF AMERICA, N.A.	2.4	3.7	6.1	3.5	2.4	2.3	6.3	-9.0	—	—	7.2	1.79	8.5	2.8
BANKERS TRUST	2.4	3.7	6.2	3.4	2.2	2.2	5.9	5.6	—	—	7.3	1.73	8.5	2.8
BUSINESS ECONOMICS, INC.	2.3L	3.7	6.0L	3.6	1.7	2.7	6.0	-5.0	7.3	11.5	7.2	1.72	8.1	2.7
PETER L. BERNSTEIN	2.3L	3.6	6.0L	3.0	2.2	2.0	6.3	-10.0L	7.2L	11.3	7.4H	1.70L	8.2	2.7
1985 CONSENSUS: NOVEMBER	2.5	3.7	6.2	3.5	2.3	2.5	6.4	0.4	7.5	11.5	7.2	1.75	8.3	2.7
TOP10	2.7	3.8	6.4	3.7	2.8	3.4	7.3	6.5	7.6	11.6	7.3	1.80	8.6	2.9
BOT10	2.4	3.5	6.1	3.2	2.0	2.1	5.8	-6.2	7.3	11.2	7.2	1.71	8.1	2.3
OCTOBER AVERAGE	2.5	3.7	6.2	3.5	2.5	2.8	7.1	1.1	7.5	11.5	7.2	1.77	8.2	2.7
ACTUAL 1984	6.8	3.8	10.8	4.3	10.7	6.7	19.8	16.0	9.6	12.7	7.5	1.77	8.0	2.4
1983	3.7	3.8	7.7	3.2	6.5	3.5	2.5	22.8	8.6	12.0	9.6	1.70	6.8	2.4

SEE BOTTOM OF PAGE 3 FOR BASIC DATA SOURCES.

'86 Real GNP Flat At +3.1%

NOVEMBER 1985 FORECAST FOR 1986 SOURCE:	Percent Change 1986 from 1985 (Year over Year)								Average for Year—1986			Total Units—1986		
	1 Real GNP (Cur. \$ Output)	2 GNP Deflator (Prices)	3 Total GNP (Cur. \$)	4 Consumer Price Index*	5 Indus. Prod. Total†	6 Dis. Pers. Income (Cur. \$)‡	7 Non-Res. Fix. Inv. (Cur. \$)‡	8 Profits Pretax (Cur. \$)	9 Three- Mo.‡	10 Corp. Ass Bonds‡	11 Unempl. % Labor Force‡	12 Housing Starts (MIL)‡	13 Auto Sales Domestic (MIL)‡	14 Auto Sales Import (MIL)‡
BOSTIAN RESEARCH ASSOC.	5.1H	4.4	9.7H	4.6	7.6H	4.9	9.6H	19.0	8.2	10.9	6.6	2.05H	8.4	2.9
PETER L. BERNSTEIN	5.0	3.7	8.9	3.7	5.9	4.0	7.6	20.0	7.6	11.4	6.7	2.00	7.9	2.7
HARRIS TRUST & SAVINGS BANK	4.7	3.9	8.8	3.7	5.6	2.9	5.5	18.4	7.1	10.7	6.5L	1.87	8.3	3.2
POLYCONOMICS INC.	4.5	2.7	7.4	2.5	4.5	4.3	8.0	9.0	6.5	10.1	6.8	1.80	7.9	2.6
ECONOCLAST	4.1	3.0	7.1	3.2	2.1	3.8	7.2	7.8	6.7	10.3	6.9	1.89	7.5	3.3
MORRIS COHEN & ASSOCIATES	3.9	4.2	8.3	4.2	4.3	4.0	5.8	16.6	8.2	11.6	6.9	1.81	8.2	2.9
MARINE MIDLAND BANK	3.9	3.6	7.6	3.6	4.0	3.3	6.9	12.4	8.0	—	6.6	1.75	8.6	2.6
FAIRMODEL-ECONOMICA INC.	3.9	3.6	7.6	3.4	5.6	2.6	2.2	27.8H	8.2	10.9	6.9	2.00	10.6H	3.4H
EVANS ECONOMICS	3.9	3.4	7.5	3.4	4.9	6.2H	4.8	20.6	7.7	11.8	7.0	1.72	7.2	3.1
ECONOVIEWS INTERNATIONAL INC.	3.9	3.7	7.5	4.0	4.3	3.6	8.5	12.5	8.9	12.0	6.7	1.80	7.5	2.9
PRUDENTIAL INSURANCE	3.7	4.5	8.3	4.6	3.3	3.2	4.1	6.8	7.9	11.7	6.9	1.79	8.2	2.9
IRVING TRUST COMPANY	3.7	3.7	7.5	4.4	3.6	2.8	3.4	8.7	8.4	12.0	6.8	1.64	7.5	2.9
CHAMBER OF COMMERCE OF USA	3.7	3.5	7.3	3.8	3.2	2.7	4.2	5.5	6.7	10.4	6.6	1.83	7.8	3.2
MANUFACTURERS HANOVER TRUST	3.6	3.8	7.5	3.9	3.8	2.9	2.2	14.6	7.7	10.0	6.9	1.78	7.8	3.0
LA SALLE NATIONAL BANK	3.6	3.2	6.9	3.3	4.3	3.3	4.6	8.0	7.6	11.3	6.7	1.73	7.6	2.9
SEARS ROEBUCK	3.5	4.1	7.7	4.4	3.8	3.1	1.4	4.5	7.8	11.3	6.9	1.72	7.6	3.2
WAYNE HUMMER & CO.	3.5	3.4	7.0	3.7	3.5	3.3	7.1	8.5	7.7	11.1	6.8	1.78	7.9	2.7
DEAN WITTE REYNOLDS	3.5	4.4	8.0	4.6	4.4	3.4	4.4	8.8	8.2	12.3H	7.1	1.80	7.4	2.9
SECURITY PACIFIC NAT. BANK	3.3	3.9	7.4	4.0	3.9	1.9	2.0	9.1	8.0	11.6	7.1	1.78	7.7	3.1
NAT. CITY BANK OF CLEVELAND	3.2	3.8	7.0	3.8	2.9	2.8	3.0	7.0	8.2	11.3	7.2	1.70	7.6	2.9
UCLA BUSINESS FORECAST	3.1	3.2	6.4	3.4	3.2	2.5	1.5	5.9	6.7	10.1	7.1	1.96	7.5	3.2
NORTHERN TRUST	3.1	3.8	7.0	3.9	2.3	2.7	3.7	5.6	7.6	11.2	7.1	1.75	7.5	3.0
BANKERS TRUST	3.1	3.6	6.8	3.3	3.6	2.5	0.1	8.3	—	—	7.1	1.83	8.1	3.0
PRUDENTIAL BACHE SECURITIES	3.0	2.5L	5.7	2.0L	4.5	2.4	2.2	8.0	6.4	9.9L	7.0	1.90	8.1	3.1
MORGAN GUARANTY	3.0	3.6	6.7	3.4	3.1	2.2	3.3	8.0	—	—	7.0	1.83	8.0	3.2
MERRILL LYNCH	3.0	3.3	6.4	3.0	2.8	2.2	2.5	7.0	7.1	—	7.2	1.78	7.2	3.0
CONFERENCE BOARD	3.0	3.3	6.3	3.4	3.5	3.2	1.7	9.0	7.3	11.5	7.0	1.76	8.4	2.7
CHRYSLER CORPORATION	3.0	3.4	6.4	3.4	3.0	2.7	5.0	10.0	7.8	11.8	7.2	1.70	7.1	3.4H
BROWN BROTHERS HARRIMAN CO.	3.0	4.0	7.1	3.8	2.4	2.8	1.7	7.3	—	—	7.3	1.81	7.7	3.1
U. OF MICHIGAN M.Q.E.M.	2.9	2.9	6.0	4.0	4.0	1.8	4.3	3.1	7.1	10.7	7.3	1.84	7.5	2.7
MORGAN STANLEY & CO.	2.9	4.2	7.3	4.2	4.3	2.7	2.0	4.7	—	—	6.8	1.80	7.9	2.4
W.R. GRACE CO.	2.9	3.7	6.7	4.2	3.0	2.0	4.5	5.7	7.6	10.9	7.3	1.73	7.6	2.8
GEORGIA STATE	2.9	4.0	7.0	4.0	1.1	1.8	3.1	1.4	7.4	11.3	6.7	1.65	7.0	3.0
E.I. DU PONT CO.	2.9	3.0	6.0	3.3	3.5	2.5	2.5	7.5	6.2L	10.1	7.1	1.80	7.6	3.1
PHILADELPHIA NATIONAL BANK	2.8	3.7	6.5	3.3	2.3	3.1	2.4	3.3	7.5	11.3	7.2	1.77	7.3	2.9
EGGERT ECONOMIC ENTERPRISES	2.8	3.1	6.1	3.4	3.0	2.9	3.5	4.8	7.0	10.5	7.0	1.70	7.5	2.9
1ST NATIONAL BANK - CHICAGO	2.7	3.8	6.6	3.8	1.1	3.0	0.8	-1.6	6.5	10.6	7.3	1.74	7.4	3.2
EQUITABLE LIFE ASSURANCE	2.6	3.9	6.5	4.1	2.3	2.5	4.8	1.5	6.8	10.8	7.4	1.70	7.4	2.9
BANK OF AMERICA, N.A.	2.6	4.0	6.6	4.1	1.7	2.3	2.5	2.0	—	—	7.3	1.90	7.6	3.2
U.S. TRUST CO.	2.5	3.6	6.2	3.8	3.1	2.7	0.3	6.1	7.4	11.2	7.3	1.80	7.6	3.0
MONSANTO COMPANY	2.5	4.3	6.9	4.3	1.6	2.6	2.3	2.0	7.7	11.5	7.4	1.65	7.4	2.9
METROPOLITAN INSURANCE	2.5	4.1	6.7	4.2	3.5	2.3	2.4	5.5	7.6	11.4	7.2	1.63	7.4	2.4
MEYER & ASSOCIATES	2.5	3.1	5.7	3.3	2.3	0.9L	4.0	8.3	6.5	10.0	7.1	1.70	7.3	2.0L
PENNZOIL COMPANY	2.3	5.5H	8.0	5.3H	2.0	3.0	2.0	5.0	9.6H	11.3	7.1	1.59	7.2	3.0
ARNHOLD & S. BLEICHROEDER	2.2	3.8	6.2	4.0	2.7	4.4	3.0	1.5	7.8	11.0	7.3	1.75	6.7L	3.2
ARTHUR D. LITTLE	2.0	4.0	6.1	4.0	-3.0L	2.0	0.0	-5.0	6.9	10.5	7.4	1.50L	7.1	2.8
CHASE MANHATTAN BANK	1.5	3.9	5.5	4.2	1.1	2.5	2.0	-5.6L	—	—	8.0H	1.50L	7.1	2.8
SIFF, OAKLEY, MARKS, INC.	1.0	4.0	5.1	3.9	-0.1	1.4	1.4	-2.3	7.3	11.3	7.8	1.65	7.4	3.0
CANNERS PUBLISHING CO.	0.9	3.9	4.6	4.4	-1.6	1.4	-3.2L	-2.8	7.6	11.0	7.4	1.57	7.2	2.4
BUSINESS ECONOMICS, INC.	-0.7L	3.9	3.2L	4.0	-2.0	2.0	2.0	-5.0	7.0	10.7	7.7	1.60	7.2	2.3
1985 CONSENSUS: NOVEMBER	3.1	3.7	6.9	3.8	3.0	2.8	3.4	7.1	7.5	11.0	7.1	1.76	7.7	2.9
TOP10	4.3	4.4	8.3	4.5	5.2	4.2	7.1	17.2	8.4	11.8	7.5	1.92	8.5	3.3
BOT10	1.7	3.0	5.4	3.1	0.2	1.7	0.6	-1.6	6.6	10.2	6.7	1.60	7.1	2.5
OCTOBER AVERAGE	3.1	3.8	7.0	4.0	3.2	3.0	4.4	6.1	7.6	11.2	7.1	1.77	7.6	2.9

BASIC DATA SOURCES:
Copyright 1985, Capital Publications, Inc.

* All Urban Consumer Items, BLS; † Federal Reserve Board; ‡ In 1972 \$, BEA; § Non-residential Fixed Investment, in 1972 \$, BEA; ¶ Corporate Profits Pretax With Inventory Valuation and Capital Consumption Adjustments, BEA; ** Secondary Market Bank Discount Basis, Federal Reserve Statistical Release H15; †† Moody's Seasoned Federal Reserve Board H15; ††† All Civilian Workers, BLS; †††† Bureau of Census, SAAR; ††††† Domestic Sales, annual rate; †††††† Import Sales, annual rate.

Computer Programming provided by the Economic Outlook Center, College of Business, Arizona State University, Tempe.



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S ENERGY COUNCIL
P.O. BOX 8010
300 N. 2nd STREET
HARRISBURG, PENNSYLVANIA 17105
(717) 783-9981

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December 17, 1985

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DEC 18 1985
SECRETARY'S OFFICE
Public Utility Commission

Jerry Rich, Secretary
Pennsylvania Public Utility
Commission
P. O. Box 3265
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

Dear Secretary Rich:

Enclosed please find the Certificate of Service for the
GEC Motion to Compel Answers to Interrogatories filed with the
Commission this 17th day of December. Copies were inadvertently
left out.

Sincerely,

Zori G. Ferkin
Zori G. Ferkin
Chief Counsel

Enclosure

DOCUMENT
FOLDER

CERTIFICATE OF SERVICE

I hereby certify that I have this 17th day of December 1985 served a copy of the foregoing document upon the following by first class mail, postage prepaid:

David B. MacGregor, Esq.
William E. Zeiter, Esq.
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Philadelphia, Pa. 19103

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Susan Perkins Westin, Esq.
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Law Bureau
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and Adler
129 State Street
Harrisburg, Pa. 17101

Alan R. Squires, Esq.
900 Two Penn Center
Philadelphia, PA 19102

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DEC 18 1985

**DOCUMENT
FOLDER**

Robert A. DiFilippo, Esq.
555 East Lancaster Avenue
St. Davids, PA 19087

Rafael Caminero, Esq.
Room 1501
600 Grant Street
Pittsburgh, PA 15230

Zori G. Ferkin

Zori G. Ferkin
Chief Counsel

Dated: December 17, 1985



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S ENERGY COUNCIL
P.O. BOX 8010
300 N. 2nd STREET
HARRISBURG, PENNSYLVANIA 17105
(717) 783-9981

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December 17, 1985

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SECRETARY'S OFFICE
Public Utility Commission

Jerry Rich, Secretary
Pennsylvania Public Utility
Commission
P. O. Box 3265
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v
Philadelphia Electric Company
Docket No. R-850152

Dear Secretary Rich:

Enclosed please find an original and two (2) copies of
the Governor's Energy Council's Motion to Compel Answers to
Interrogatories in the above-captioned proceeding.

Very truly yours,

Zori G. Ferkin
Chief Counsel
Governor's Energy Council

Enclosures
cc: All Active Parties

DOCUMENT
FOLDER

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DEC 18 1985

SECRETARY'S OFFICE
Public Utility Commission

Docket No. R-850152

Pennsylvania Public Utility Commission)
vs)
Philadelphia Electric Company)

MOTION TO COMPEL ANSWERS TO INTERROGATORIES

DOCKET
DEC 18 1985

And Now, this 17th day of December, 1985, comes the Governor's Energy Council (GEC Staff) and moves the Presiding Officer, the Honorable Joseph P. Matuschak, to compel the Respondent Philadelphia Electric Company (the Company) to provide answers to certain GEC interrogatories. In support of its motion, the GEC Staff represents the following:

1. On November 15, 1985, the GEC Staff served Set II of its Interrogatories on the Company. A copy of GEC Set II is provided as Appendix A.
2. To date the Company has not responded to Questions 12, 13 and 15 in GEC Set II.
3. The Company's failure to respond in a timely fashion to these GEC Interrogatories directly contravenes the terms of the Prehearing Order in this case. That Order provides that "answers to interrogatories shall be received no later than fifteen days after the date the interrogatories are served." See Preh. Conf.

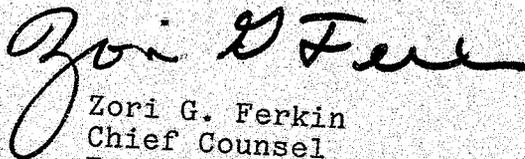
DOCUMENT
FOLDER

Tr. 14, 16. At no time has the Company notified the GEC that it objects to these interrogatories, or that it needs an extension of time in which to respond.

4. The unanswered interrogatories are material to GEC's cross-examination of PECO witnesses and to the preparation of its direct testimony. Failure to provide the information requested will prejudice the GEC's ability to develop a record on relevant and material issues in this proceeding.

Wherefore, the GEC respectfully requests the Presiding Officer to compel the Company to provide full and complete responses to the GEC interrogatories described herein.

Respectfully submitted,



Zori G. Ferkin
Chief Counsel
For the Governor's Energy Council

Dated: December 17, 1985



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S ENERGY COUNCIL
P.O. BOX 8010
300 N. 2nd STREET
HARRISBURG, PENNSYLVANIA 17105
(717) 783-9981

November 15, 1985

William E. Zeiter, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

Re: Pennsylvania Public Utility Commission
vs.
Philadelphia Electric Company, Docket No. R-850152

Dear Mr. Zeiter:

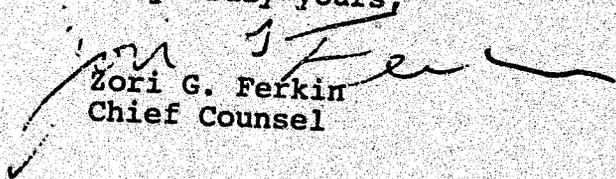
Enclosed is Interrogatories of the Staff of the Governor's
Energy Council, Set II.

Please provide two (2) copies of responses to these
interrogatories to this office and one (1) copy to our
consultant:

John W. Wilson
John W. Wilson & Associates, Inc.
2600 Virginia Avenue, NW
Suite 312
Washington, D. C. 20037

Thank you.

Very truly yours,


Zori G. Ferkin
Chief Counsel

Enclosure
cc: Active Parties

8. Has PECO developed any forecasts of the costs and amounts of capacity and energy transactions with other systems since January 1, 1984? If so:
- (a) Provide a copy of the forecasts, and all associated workpapers and source documents.
 - (b) For any information generated through the use of any computer models, provide a copy of the results generated, a description of the methodology used in each model, and a listing of the inputs and input assumptions.
9. Provide the total monthly fuel and purchased power costs incurred by PECO during the past ten years and the total amount of generation and purchased power related to these costs.
- (a) Provide a reconciliation between these values and the fuel and purchased power cost information requested in Questions 1 and 7.
10. Has PECO prepared any forecasts of total fuel and purchased power costs since January 1, 1984? If so,
- (a) Provide a copy of the forecasts, and all associated workpapers and source documents.
 - (b) For any information generated through the use of any computer models, provide a copy of the results generated, a description of the methodology used in each model, and a listing of the inputs and input assumptions.
 - (c) Provide a reconciliation between these values and the forecast information requested in Questions 3 and 8.
 - (d) Provide a reconciliation between these values and the information regarding operating expenses contained in the response to Question 2, Set I of the Interrogatories of the Staff of the Governor's Energy Council.
11. Provide a copy of the forecasted results identical in format to that requested in Questions 2, 4, 6, 8, 10, 12 and 14 with the following assumptions:
- (a) The PECO proposed three-year phase-in period and three-year recovery period with the full amount of the rate request.

- (b) The PECO proposed three-year phase-in period and three-year recovery period, but 75 percent of the company's recommended increase.
- (c) The PECO proposed three year phase-in period and three-year recovery period, but 50 percent of the Company's recommended increase.
- (d) The entire proposed increase, but with a five-year phase-in and a three-year recovery period.
- (e) The entire proposed increase, but with a three-year phase-in and a five-year recovery period.

Include a copy of all workpapers and documents which support each forecast, the inputs used to develop each forecast and a list of the input assumptions utilized.

- 12. Provide a copy of the workpapers which support Tables 1 through 4 of Mr. Paquette's testimony.
- 13. Provide a copy of the forecasted information reported in Tables 1 and 2 of Mr. Paquette's testimony based on the proposed \$75 million disallowance discussed on page 9.
- 14. Provide an original copy of the map of the PJM transmission system included as page 4, Schedule 2 of Mr. Rush's testimony.
- 15. Provide the sales revenues forecast that corresponds to the 0.8% annual rate of growth in output for the period 1985-1995 referenced in Schedule 3, page 1 of Mr. Rush's testimony.
 - (a) Provide a reconciliation of this amount with the information provided in response to Question 2 of Set I of the Interrogatories of the Staff of the Governor's Energy Council.
- 16. Provide a copy of the workpapers and source documents which support the following pages of Exhibit TPH-2:
 - (a) A-5
 - (b) B-1 through B-9
 - (c) B-12 through B-18
 - (d) C-1 through C-12d.

WASHINGTON
NEW YORK
LOS ANGELES

MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW
2000 ONE LOGAN SQUARE
PHILADELPHIA, PENNSYLVANIA 19103

TELEPHONE: (215) 963-5000

CABLE ADDRESS: MORLEBOCK

TELEX: 83-1315

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December 19, 1985

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SECRETARY'S OFFICE
Public Utility Commission

Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Rm. B-18
North Office Building
Commonwealth & North Streets
Harrisburg, PA 17120

DOCUMENT
FOLDER

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

Dear Secretary Rich:

Enclosed please find one original and nine copies of the Errata of the Philadelphia Electric Company Direct Testimony of Lewis J. Perl, PECO Statement No. 11, Louis A. Guth, PECO Statement No. 12, Cary M. Rush, PECO Statement No. 14 and John H. Wile, PECO Statement No. 29 in the above-captioned proceeding.

Copies of the enclosed errata were previously distributed during the hearings on December 16 and 17, 1985.

Sincerely,



William E. Zeiter
Counsel for
Philadelphia Electric Company

mab
Enclosures

cc: All Active Parties

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DEC 20 1985
SECRETARY'S OFFICE
Public Utility Commission

PENNSYLVANIA PUBLIC UTILITY
COMMISSION :
:
:
v. :
:
:
PHILADELPHIA ELECTRIC COMPANY :

Docket No. R-850152

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DOCKET
DEC 20 1985

ERRATA
of
PHILADELPHIA ELECTRIC COMPANY
DIRECT TESTIMONY

DOCUMENT
FOLDER

<u>Statement Number</u>	<u>Witness</u>	<u>Page</u>	<u>Errata</u>
11	Dr. Perl	4	Line 16: Change "2751" to "2757"
11	Dr. Perl	6	Line 10: Change "2751" to "2757"
11	Dr. Perl	6	Line 11: Change "4 percent above" to "4 percent below"
11	Dr. Perl	10	Line 22: Change "addition" to "additions"
11	Dr. Perl	28	Line 21: Change "weight to on the effects" to "weight to the effects"
11	Dr. Perl	33	Line 1: Change "Limerick 1" to "Limerick plant"
11	Dr. Perl	33	Line 3: Change "Limerick 1" to "Limerick plant"
11	Dr. Perl	33	Line 4: Change "Limerick 1" to "Limerick plant"

<u>Statement Number</u>	<u>Witness</u>	<u>Page</u>	<u>Errata</u>
11	Dr. Perl	37	Line 13: Change "after 1972 units" to "after 1972"
11	Dr. Perl	43	Line 5: Change "cost and to" to "cost to"
11	Dr. Perl	46	Line 23: Change "For conversion fabrication" to "For conversation, fabrication"
11	Dr. Perl	Schedule 1 page 1	Line 11: Change "2456" to "2787"
11	Dr. Perl	Schedule 1 page 1	Line 38, Average! Change "2751" to "2757"
11	Dr. Perl	Schedule 1 page 2	Column (1), Clinton 1: Change "2707" to "3072"
11	Dr. Perl	Schedule 1 page 2	Column (2), Clinton 1: Change "2456" to "2787"
11	Dr. Perl	Schedule 1 page 3	Column (2), Log of Wage Index: Change ".3708" to ".3807"
11	Dr. Perl	Schedule 9 page 3	Column (3), Rock Foundation Indicator: Change ".2191" to "-.1516"
11	Dr. Perl	Schedule 9 page 5	Column (2), Adjusted R ² : Change ".7872" to ".7530"
11	Dr. Perl	Schedule 10 page 3	Column (1), Operation Date: Change "-73.5390" to "73.5390"
11	Dr. Perl	Schedule 11 page 2	Column (2), 1977: Change "13.86" to "13.10"
11	Dr. Perl	Schedule 11 page 2	Column (3), 1979: Change "53.32" to "52.32"
11	Dr. Perl	Schedule 11 page 6	Column (1), Title: Change "Plant" to "Unit 1"
11	Dr. Perl	Schedule 11 page 6	Column (2), Title: Change "Unit 1" to "Plant"

<u>Statement Number</u>	<u>Witness</u>	<u>Page</u>	<u>Errata</u>
11	Dr. Perl	Schedule 11 page 6	Column (3), Title: Change "Plant" to "Unit 1"
11	Dr. Perl	Schedule 11 page 6	Column (4), Title: Change "Unit 1" to "Plant"
11	Dr. Perl	Schedule 11 page 6	Column (3), 1976: Change "8.0" to "7.6"
11	Dr. Perl	Schedule 11 page 6	Column (4), 1976: Change "6.0" to "6.4"
11	Dr. Perl	Schedule 11 page 6	Column (3), 1977: Change "8.0" to "7.6"
11	Dr. Perl	Schedule 11 page 6	Column (4), 1977: Change "6.0" to "6.4"

CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Errata of the Philadelphia Electric Company Direct Testimony of Lewis J. Perl, Louis A. Guth, Cary M. Rush and John H. Wile filed on December 19, 1985 to be served by Federal Express mail on all active parties in the Limerick No. I Rate Proceeding at Docket No. R-850152.

Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
North Office Building
Commonwealth and North Streets
Harrisburg, PA 17120

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SECRETARY'S OFFICE
Public Utility Commission

Honorable Joseph P. Matuschak
Pittsburgh State Office Building
300 Liberty Avenue
Pittsburgh, PA 15222

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Community Legal Services, Energy Project
3638 North Broad Street
Philadelphia, PA 19140

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Zori G. Ferkin, Esquire
Governor's Energy Council
P.O. Box 8010
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Scott Rubin, Esquire
Office of Consumer Advocate
1425 Strawberry Square
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Mildred E. V. Pitts, Esquire
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General Services Administration
Room 4002
18th and F Streets, N.W.
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Earle H. O'Donnell, Esquire
Merrill L. Kramer, Esquire
Sutherland, Asbill & Brennan
1666 K Street, N.W.
Washington, D C 20006-2803


William E. Zeiter
Counsel for Philadelphia
Electric Company

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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DOCKET
DEC 20 1985

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA ELECTRIC COMPANY

:
:
:
:
:
:

Docket No. R-850152

ERRATA
of
PHILADELPHIA ELECTRIC COMPANY
DIRECT TESTIMONY

DOCUMENT
FOLDER

<u>Statement Number</u>	<u>Witness</u>	<u>Page</u>	<u>Errata</u>
12	L. A. Guth	8	<u>Line 5:</u> Change "2.4" to "2.6"
12	L. A. Guth	8	<u>Line 21:</u> Change "2.4" to "2.6"
12	L. A. Guth	13	<u>Lines 1-3:</u> Sentence should read "The first chart of this exhibit illustrates this slow-down in terms of major drops in new construction."
12	L. A. Guth	VITA page 2	Change "1965-1968" to "1967-1970"
12	L. A. Guth	Exhibit - (LAG-10) page 1	<u>Lines 6-8:</u> Add the word "employment" to each description.
12	L. A. Guth	Cover Page	Testimony title: Change to REASONABLENESS OF PECO'S SALES AND PEAK LOAD FORECASTING METHODOLOGIES AND RESULTING FORECASTS FROM 1973 TO DATE.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKETED
DEC 20 1985

PENNSYLVANIA PUBLIC UTILITY
COMMISSION :
:
:
v. :
:
PHILADELPHIA ELECTRIC COMPANY :

Docket No. R-850152

ERRATA
of
PHILADELPHIA ELECTRIC COMPANY
DIRECT TESTIMONY

DOCKETED
12/21/85

<u>Statement Number</u>	<u>Witness</u>	<u>Page</u>	<u>Errata</u>
14	C. H. Rush	6	Line 31: Between "long-term" and "peak" insert "weather adjusted"
14	C. H. Rush	9	Line 43: delete "forecasted"; insert "final weather adjusted"
14	C. H. Rush	9	Line 47: delete "forecast of"; insert "resolution to"
14	C. H. Rush	10	Line 37: delete "future"
14	C. H. Rush	10	Line 41: delete "forecast"; insert "represent"
14	C. H. Rush	11	Change "6145" to "6139"
14	C. H. Rush	Schedule 7	Line 1988: Change retirement date of Delaware 7&8 from "12- to "12-90" reason then "end of life" instead "end of 35 year life." Replace with revised Schedule 7 date 11/1/85

Statement
Number

Witness

Page

Errata

14

C. H. Rush

Schedule 9

Line 7-3-78 plus 1:
delete "1232(C)".

14

C. H. Rush

Schedule 9

Line 11-17-80: delete
"1083(A)".

RECEIVED

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

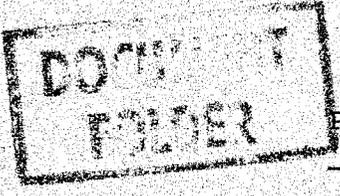
DEC 20 1985
SECRETARY'S OFFICE
Public Utility Commission

PENNSYLVANIA PUBLIC UTILITY
COMMISSION :

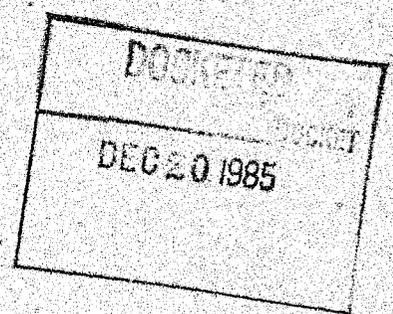
v. :

Docket No. R-850152

PHILADELPHIA ELECTRIC COMPANY :



ERRATA
of
PHILADELPHIA ELECTRIC COMPANY
DIRECT TESTIMONY



<u>Statement Number</u>	<u>Witness</u>	<u>Page</u>	<u>Errata</u>
13	Wile	Schedule 5	Column (4), row Total Hours: Change "2672" to "3672".
13	Wile	Schedule 6 Page 1	Column (2), Season 3, Load Period 1: Change "12759" to "12579".
13	Wile	Schedule 6 Page 5	Column (4), Season 1, Load Period 3: Change "8694" to "8684".
13	Wile	Schedule 7 Page 3	Column (4), Season 4, Load Period 1: Change "4139" to "4319".
13	Wile	Schedule 7 Page 4	Column (1), Season 4, Load Period 1: Change "3820" to "3830".
13	Wile	Schedule 9 Page 1	Row Hours of Maintenance Per Year (Hours): Change "582 932 1165 1398 582 932 1165 1398" to "584 934 1168 1402 584 934 1168 1402".
13	Wile	Schedule 10 Page 1	Row Hours of Maintenance Per Year (Hours): Change "1203 1774 1772 1744" to "1207 1779 1777 1749".

Statement
Number

Witness

Page

Errata

13

Wile

Schedule 10
Page 2

After the first sentence in footnote 6, add the following: "The hours of maintenance were calculated using maximum capacity factors accurate to two decimal places."

13

Wile

Page 11

Replace the first answer on page 11 with the following: "For nuclear fuel, we developed state-by-state cost estimates per kilowatt-hour for each year of analysis. These were calculated from Department of Energy data on actual nuclear expenditures and nuclear generation in Pennsylvania, New Jersey and Maryland. Also, we assumed real escalation of 1 percent per year between the year of analysis and the expected operation date for Limerick.

"Coal prices were based on historic delivered prices for a medium sulfur coal to eastern PJM. The 1983 unit specific fuel costs supplied by Philadelphia Electric were then scaled to reflect these historic price levels. We also assumed 1 percent real escalation per year between the year of analysis and Limerick's expected operation date.

"Oil prices were based on historic delivered prices to Pennsylvania. As with coal prices, the unit specific data were scaled to reflect the historic price levels. For the years 1973, 1976 and 1978

Statement
Number

13

Witness

Wile

Page

Page 11
(Cont'd.)

Errata

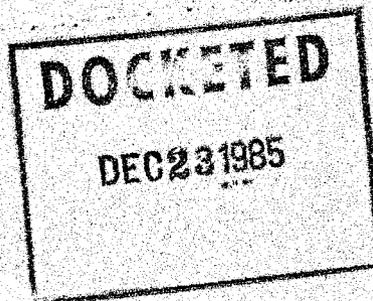
analyses we assumed 1 percent real escalation per year to the expected operation date of Limerick. For the 1980 analysis the real escalation rate was 2 percent per year."

PENNSYLVANIA PUBLIC UTILITY
COMMISSION
v.
PHILADELPHIA ELECTRIC COMPANY

Docket No. R-850152

ERRATA
of
PHILADELPHIA ELECTRIC COMPANY
DIRECT TESTIMONY

<u>Statement Number</u>	<u>Witness</u>	<u>Page</u>	<u>Errata</u>
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12	L. A. Guth	VITA page 2	Change "1965-1968" to "1967-1970"
12	L. A. Guth	Exhibit - (LAG-10) page 1	<u>Lines 6-8:</u> Add the word "employment" to each description.



Cover and Calendar Sheet

1. REPORT DATE: October 16, 1985

2. BUREAU AGENDA NO. OCT-85-R-17*

3. BUREAU: Rates

4. SECTION(S): Electric

5. PUBLIC MEETING DATE: October 31, 1985

6. APPROVED BY:

Director: Birx 7-4886

Supervisor: Smetak 7-5553

7. MONITOR:

8. PERSON IN CHARGE:

9. DOCKET NO: R-850152

DOCKET
NOV 06 1985

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10. (a) CAPTION (abbreviate if more than 4 lines)
 (b) Short summary of history & facts, documents & briefs
 (c) Recommendation

(a) Pennsylvania Public Utility Commission
 v.
 Philadelphia Electric Company
 (Home Office - Philadelphia, Pa.)

(b) On September 27, 1985, Philadelphia Electric Company filed Supplement No. 15 to Tariff Electric-Pa. P.U.C. No. 26, to become effective November 27, 1985. Supplement No. 15 contains proposed changes in rates, rules and regulations calculated to produce \$681,760,000 in additional annual revenues which results in an approximate 27.2 percent increase over existing rates based on the projected level of operations in the twelve months ended June 30, 1986. The filing incorporates, however, as a revenue offset through the Company's claimed energy costs a projected \$211,214,000 estimated savings in energy costs applicable to Limerick Nuclear Unit No. 1. Due to the methodology employed for recognition of the projected energy cost savings, the total revenue increase including base rate revenues plus ECR revenues will exceed \$681,760,000 to the extent the Company fails to realize projected fuel cost savings (the increase would be as high as \$892,974,000 in the event none of the savings were realized).

- (c) The Bureau recommends:
1. That the proposed tariff supplement be suspended by operation
- (continued)

11. MOTION BY: Commissioner Chm. Taliaferro Commissioner Fischl - Yes
 Commissioner
 Commissioner

SECONDED: Commissioner Shane

CONTENT OF MOTION: Staff recommendation adopted.

Calendar Sheet (Continued)

of law until June 27, 1986 and that an investigation be instituted against the proposed rate increase.

2. That the investigation be assigned to an Administrative Law Judge for public hearings and recommended decisions.
3. That the Commission adopt the proposed order which implements the recommendation, but that if there are particular issues which the Commission expressly wants explored, the draft order should be amended to identify such issues.

DOCKET NO. R-850152

CASE NAME PUC, et al. vs. Philadelphia Electric Company

HEARING LOCATION Harrisburg, PA

HEARING DATE Dec. 16, 17, 18, 19 & 20, 1985

ALJ Matuschak

CHECK THOSE BLOCKS WHICH APPLY:

Hearing concluded

Record closed

Briefs to be filed

Further hearing

Estimated add'l days

BENCH DECISION

REMARKS

Concl

Dec 30 & 31

DOCKET

RECEIVED
DEC 20 1985
Office of the ALJ
Public Utility Commission

Names and addresses of parties or counsel of record
Please Print Clearly
Incomplete Information May Result in Delay of Process

NAME	ADDRESS	APPEARING FOR
Edward A. Popowky Scott J. Rubin David Wersan Susan P. Weston	1425 Strawberry Sq City: Hbg State: PA Zip: 17120	Office of Consumer Adv
Michael J. Ethner	GSA (Lk) 18th & F Streets, NW Room 4002 City: Washington State: DC Zip: 20405	U.S. General Serv Administration
David M. Kleppinger McNees, Wallace & Nerick	P.O. Box 1166 City: Hbg State: PA Zip: 17105	Public Area District Energy Users Co
Veronica A. Smith Doreen Delaney Madame & Assistant	P.O. Box 3265 City: Hbg State: PA Zip: 17111	the PUC Open Staff

Check this box if additional parties of counsel of record appear on back.



*John Kelly
Sandy Miller
Phillip...*
Reporter

PECO

City PHILA	State PA	Zip 19103
---------------	-------------	--------------

Jerry Seligson

Address 129 State St		
-------------------------	--	--

U of Penn / UCC

Mark W. Soboff

City PHILA	State PA	Zip 19101
---------------	-------------	--------------

Zon Ferkun

Address 300 W 20th St		
--------------------------	--	--

Governors Energy Council

J. Thomas Morris

City PHILA	State PA	Zip 19101
---------------	-------------	--------------

SEPTA / Amtrak

J. Thomas Morris

Address 1600 Avenue of West		
--------------------------------	--	--

J. Thomas Morris

City PHILA	State PA	Zip 19101
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J. Thomas Morris

Address		
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J. Thomas Morris

City	State	Zip
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J. Thomas Morris

City	State	Zip
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J. Thomas Morris

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J. Thomas Morris

City	State	Zip
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J. Thomas Morris

Address		
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J. Thomas Morris

City	State	Zip
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COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG, Pa. 17120

December 23, 1985

IN REPLY PLEASE
REFER TO OUR FILE

R-850152

(See attached lists)

Pennsylvania Public Utility Commission, et al.
vs.
Philadelphia Electric Company

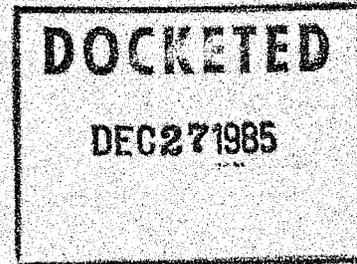
NOTICE

This is to advise that the further hearing in the captioned proceeding scheduled for December 30 and 31, 1985, at Harrisburg, is cancelled.

All other hearings will be held as scheduled in our notice dated December 4, 1985.

Please mark your records accordingly.

cc: Judge Matuschak
Law Bureau
Bureau of Rates
Mr. Bramson
Ms. Dickson
Ms. Crouse
File Room



R-850152 - Parties of Record:

Robert H. Young, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

J. H. Calvert, Jr., Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
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William E. Zeiter, Esquire
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Edward G. Bauer, Jr., Vice President
and General Counsel
Philadelphia Electric Company
2301 Market Street
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Marlane Chestnut, Assistant Counsel
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David M. Kleppinger, Esquire
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P. O. Box 1166
Harrisburg, PA 17108-1166
(C001-Philadelphia Area Industrial
Energy Users Group)

Irwin A. Popowsky, Esquire
David Wersan, Esquire
Scott J. Rubin, Esquire
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1425 Strawberry Square
Harrisburg, PA 17120
(C002-David M. Barasch, Consumer Advocate)

Janet Parrish, Esquire
John Hanger, Esquire
Community Legal Services, Energy Project
3638 North Broad Street
Philadelphia, PA 19140
(C003-Consumer Education & Protective
Association, International, Inc.)

Zori G. Ferkin, Legal Counsel
Governor's Energy Council
P. O. Box 8010
Harrisburg, PA 17105
(petition to intervene)

Mildred E. V. Pitts, Senior Trial Attorney
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(C004-United States General Services Adm.)

Michael J. Ettner, Esquire
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(C005-City of Philadelphia)

Mark P. Widoff, Esquire
Larry B. Selkowitz, Esquire
Widoff, Reager, Selkowitz & Adler, PC
129 State Street
Harrisburg, Pennsylvania 17101
(C006-Utility Users Committee of Philadelp
Inc. and Board of Trustees of The Univers
of Pennsylvania)

Michael L. Browne, Esquire
J. Tomlinson Fort, Esquire
J. Thomas Morris, Esquire
Reed, Smith, Shaw & McClay
1600 Avenue of the Arts Building
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Philadelphia, PA 19107
(C007-National Railroad Passenger
Corp.
C008-Southeastern Pennsylvania
Transportation Authority)

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P. O. Box 11844
Harrisburg, PA 17108
(C007 & C008)

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Merrill L. Kramer, Esquire
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(for Occidental Chemical Corp.)

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Pottstown, PA 19464
(petition to intervene)

Anthony G. Tummarello, Director of Energy
Occidental Chemical Corporation
P. O. Box 4020, River Park
Darien, CT 06820
(petition to intervene)

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& Laveson
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Users Group)

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St. Davids, PA 19087
(C009-Pennsylvania Business Utility
Users Group)

Nancy Schuster, Esquire
One Pond Street
Bristol, Pennsylvania 19007
(C010-SAGE(Senior Action Group Endeavor))

Stephen Bosch, Associate Counsel
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Broad Street and Montgomery Avenue
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(C011-Temple University, et al.)

Scott C. Penwell, Esquire
Duane, Morris & Heckscher
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(C012-Penns. Food Merchants Assoc.)

Wayne L. Emery, Esquire
Kenneth R. Pepperney, Esquire
Rafael Caminero, Esquire
United States Steel Corporation
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Pittsburgh, Pennsylvania 15230
(C013-United States Steel Corp.)

R-850152 - Parties in interest:

The Honorable Clarence D. Bell
Member, Pennsylvania Senate
P. O. Box 1750
Media, Pennsylvania 19063

Rick Etheridge
Attn: Code 111
Chesapeake Division
Naval Facilities Engineering Command
Washington Navy Yard - Building 212
Washington, D.C. 20374

Martha Bush, Esquire
237 South Melville Street
Philadelphia, PA 19139

Joseph J. Lynch
31 Harvard Road
Norristown, Pennsylvania 19401

CONFIDENTIAL



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S ENERGY COUNCIL
P.O. BOX 8010
300 N. 2nd STREET
HARRISBURG, PENNSYLVANIA 17105
(717) 783-9981

RECEIVED

DEC 24 1985

SECRETARY'S OFFICE
Public Utility Commission

December 23, 1985

Jerry Rich, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, Pennsylvania 17120

Re: Pennsylvania Public Utility Commission
v. Philadelphia Electric Company,
Docket No. R-850152

Dear Secretary Rich:

Enclosed for filing please find a corrected original and two (2) corrected copies of the GEC withdrawal of Motion to Compel Answers to Interrogatories and Request for Postponement of Filing Date of GEC Testimony on Phase-In. Copies were served on all active parties and Administrative Law Judge Matuschak on December 20, 1985.

Very truly yours,

Zori G. Ferkin
Chief Counsel

DOCUMENT
FOLDER

cc: Active Parties
The Honorable Joseph P. Matuschak

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

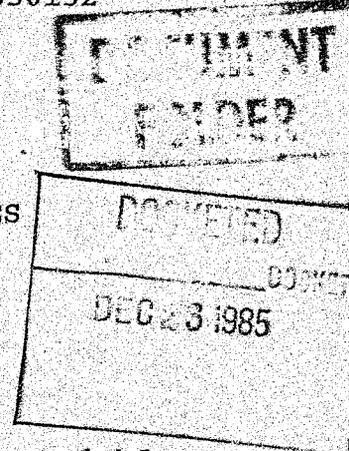
Pennsylvania Public Utility Commission)

vs.

Philadelphia Electric Company)

) Docket No. R-850152
)

WITHDRAWAL OF
MOTION TO COMPEL ANSWERS TO INTERROGATORIES
AND REQUEST FOR POSTPONEMENT
OF FILING DATE OF
GEC TESTIMONY ON PHASE-IN



The Governor's Energy Council (GEC Staff) hereby withdraws its motion to compel answers to interrogatories dated December 17, 1985. In addition, the GEC staff respectfully requests the Presiding Officer postpone the filing date of GEC testimony on phase-in issues from January 14, 1986 to January 22, 1986. In support hereof, the GEC staff represents the following:

I. Withdrawal of Motion to Compel

1. On December 17, 1985, the GEC staff served a motion to compel answers to certain GEC interrogatories. The GEC has since received the Company's responses to the Interrogatories cited in the Motion. Accordingly, the motion to compel is hereby withdrawn.

II. Request to Postpone Filing Date of Phase-In Testimony

2. On November 7, 1985 the GEC served Set I of its Interrogatories. On November 15, 1985, the GEC served Set II of its Interrogatories. See Appendix A.

3. Counsel for the GEC received responses to Set I on the afternoon of December 3, 1985, after the adjournment of the prehearing conference. The Company mailed responses to Set I to the GEC's witness in Washington, D.C. on December 3, 1985. Also mailed to the GEC's witness on December 3, 1985 was a copy of an OCA interrogatory referenced in a number of the responses to GEC Set I as the source of the information sought by the interrogatories.

4. Upon review of the Company's responses to Set I, the GEC determined the responses were not complete and required further amplification. Rather than burden this proceeding with a motion to compel full and complete answers to Set I, the GEC has sought to resolve its concerns through informal discovery of the Company, cross-examination of Company witnesses and on-the-record data requests. This effort continues.

5. With respect to Set II, counsel for the GEC received several responses on the afternoon of December 3, 1985. These same responses were mailed to the GEC's witness on December 3, 1985. The remaining questions in Set II have been answered progressively in the ensuing weeks, the last responses having been served December 17, 1985. See Appendix B.

1 This last set of responses to Set II were the subject of the aforementioned Motion to Compel, which is withdrawn herein.

6. The Prehearing Order adopted in this rate case provides that "answers to interrogatories shall be received no later than fifteen days after the interrogatories are served." See Preh. Conf. Tr. 14, 16.
7. The answers to the Interrogatories described in paragraphs (3), (4), and (5), supra are material to GEC's preparation of its direct testimony on phase-in.
8. The lateness of the Company's responses to the interrogatories described in paragraphs (3), (4) and (5), supra, prevents the filing of GEC testimony on phase-in in accordance with the schedule adopted at the December 3, 1985 prehearing conference. The date established at the prehearing conference for the filing of phase-in testimony is January 14, 1986.
9. The Prehearing Order adopted in this case provides in pertinent part, that
- in the event material answers are late, in violation of this Order or subsequent rulings on Motions to Compel answers, thereby preventing the filing of testimony by the propounding party, the due date of the testimony of the propounding party on the subject of the interrogatory may be postponed to a date set by the administrative law judge, without any postponement of the date the responding party shall be prepared to cross-examine the applicable witness.
10. The GEC staff proposes that it file its phase-in testimony on January 22, 1986, on the same schedule established for filing of rate structure testimony by Staff,

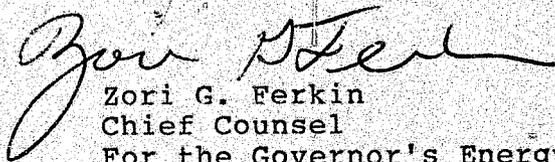
OCA and other intervenors. The GEC Staff intends to file testimony on other issues in accordance with the schedule established at the prehearing conference, as well as the schedule not yet established with respect to the Company's ECR-8 filing.

III. CONCLUSION

The GEC staff hereby withdraws its December 17, 1985 Motion to Compel Answers to Interrogatories.

For the reasons stated above, the GEC staff requests the Presiding Officer postpone the filing date for GEC testimony on phase-in issues to January 22, 1986.

Respectfully submitted,


Zori G. Ferkin
Chief Counsel
For the Governor's Energy Council

Dated: December 20, 1985

APPENDIX A



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S ENERGY COUNCIL
P.O. BOX 8010
300 N. 2nd STREET
HARRISBURG, PENNSYLVANIA 17105
(717) 783-9981

November 8, 1985

Walter Hall, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

Re: Pennsylvania Public Utility Commission
vs.
Philadelphia Electric Company
R-850152

Dear Mr. Hall:

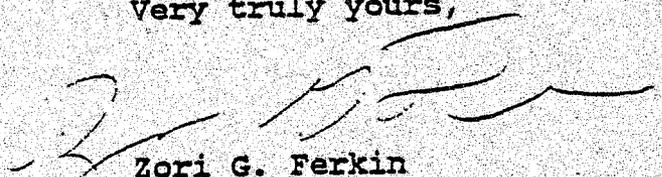
Enclosed is Interrogatories of the Staff of the
Governor's Energy Council, Set I.

Please provide two (2) copies of responses to these
interrogatories to this office and one (1) copy to our
consultant:

John W. Wilson & Associates, Inc.
2600 Virginia Avenue, N.W.
Suite 312
Washington, D.C. 20037

Thank you.

Very truly yours,



Zori G. Ferkin
Chief Counsel

Enclosure
cc: Active Parties

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION)
vs.
PHILADELPHIA ELECTRIC COMPANY) Docket No. R-850152

INTERROGATORIES OF THE
STAFF OF THE GOVERNOR'S ENERGY COUNCIL
SET I

Pursuant to 52 Pa. Code 5.341, the Staff of the
Governor's Energy Council hereby propounds the following
Interrogatories to Philadelphia Electric Company (PECo).

Instructions

- (a) Answers should restate the question asked and identify the person(s) supplying the information.
- (b) Answers shall divulge all information that is within the knowledge, possession, control, or custody of PECo or may be reasonably ascertained thereby. "PECo" or "the Company" or "you" includes Philadelphia Electric Company, its officers, attorneys, agents, employees or other representatives.

(c) For any questions that request information or data for one or more years, please provide as much of the data that is available and explain why data for other periods is not available.

(d) These interrogatories shall be deemed to be continuing. Answers should be changed, supplemented and corrected to reflect current information as soon as such information becomes available to PECO.

1. Provide the following information with regard to PECO for calendar year 1984:
 - a) Revenues
 - b) Operation expenses
 - c) Maintenance expenses
 - d) Depreciation expenses
 - e) Other expenses
 - f) Total expenses
 - g) Current tax expenses
 - h) Deferred tax expense (show debit and credit)
 - i) Investment tax credit (deferred and amortization)
 - j) Other tax expense by type
 - k) AFUDC - equity funds
 - l) Other income and deductions by type
 - m) Total other income and deduction
 - n) Long-term debt interest charges
 - o) Short-term debt interest charges
 - p) AFUDC - debt funds
 - q) Other interest charges by type
 - r) Total interest charges
 - s) Preferred dividends
 - t) Earnings for common stock
 - u) Net income

This information can be provided in the form of an Income Statement.

2. Please provide the information requested as to PECO Question 1 for 1985 through 2005 inclusive or for as many years as the Company has projected this data. State the following for each projected year: (a) The amounts of any rate increases included in the projected data and the dates the rate increases become effective; (b) The projected dollar amount of any production units to be brought on line and the projected date of commercial operation; (c) Any assumptions the Company has made in the projections as to the inclusion or exclusion of CWIP in rate base; (d) All assumptions related to revenues, expenses, and rate increases for Limerick 1 and 2 by year. Include a statement of the amount of any CWIP assumed to be included in rate base, the date included in rate base, and the revenue increase associated.
3. Provide the following information with regard to PECO for calendar year 1984:

- a) Funds provided by operations
- b) New issues of Long-Term Debt
- c) New issues of Short-Term Debt
- d) New issues of Common Equity
- e) New issues of Preferred Equity
- f) The issuing cost of b), c), d) and e) separately
- g) Other funds provided by type
- h) Total funds provided
- i) Common dividends
- j) Long-Term debt retirements
- k) Short-Term debt retirements
- l) Preferred Equity retirements
- m) Other funds used by type
- n) Total funds used

This information can be provided in the form of a Source and Use of Funds Statement.

- 4. Please provide the information requested as to PECO in Question 3 for 1985 through 2005 inclusive, or for as many years as the Company has projected this data. Please indicate whether assumptions for each year post 1984 are consistent.
- 5. Please provide for end of year 1984 the following:
 - a) Gross utility plant
 - b) Accumulated plant depreciation
 - c) CWIP
 - d) Other property or investments
 - e) Cash
 - f) Materials and supplies
 - g) Other current assets
 - h) Total current assets
 - i) Accumulated deferred income taxes
 - j) Other deferred debits
 - k) Total deferred debits
 - l) Total assets and other debits
 - m) Common equity
 - n) Preferred equity
 - o) Short-term debt
 - p) Long-term debt
 - q) Total capitalization
 - r) Long-term debt current
 - s) Other current liabilities
 - t) Total current liabilities
 - u) Accumulated income taxes
 - v) Accumulated ITC
 - w) Other deferred credits
 - x) Total deferred credits

z) Total liabilities

This information can be provided in the form of a Balance Sheet.

6. Please provide the information requested as to PECO in Question 5 for 1985 through 2005 inclusive or for as many years as the Company has projected this data. Please indicate whether assumptions which underlie projections for each year post-1984, are consistent. Provide a list of all assumptions regarding Limerick 1 and 2 by year. Show plant, accumulated depreciation, accumulated deferred income taxes, ITC, and nuclear fuel for each plant by year.
7. For end of year 1984, show the calculation of current taxes, deferred taxes and investment tax credits (both deferred investment tax credit and ITC amortization). Include all data and show all steps.
8. Please provide the information requested in Question 7 for 1985 through 2005 inclusive or for as many years as the Company has projected this data. Please indicate whether assumptions which underline projections for each year post-1984, are consistent.
9. For end of year 1984, show the development of the AFDUC rate and the split between the equity and debt portions. Include all data and show all steps.
10. Please provide the information requested in Question 9 for 1985 through 2005 inclusive or for as many years as the Company has projected this data. Please indicate whether assumptions which underline projections for each year post-1984, are consistent.
11. For calendar year 1984, show the construction expenditures for all large projects and by plant type for all other projects. Show also AFDUC generated and accumulated; CWIP; plant placed in service; and plant retired and depreciation generated and accumulated by plant type.
12. Please provide the information requested in Question 11 for 1985 through 2005 inclusive or for as many years as the Company has projected this data. Please indicate whether assumptions which underline projections for each year post-1984, are consistent.

13. Please provide for calendar year 1984 the following:

- a) ITC generated and ITC used - estimates only
- b) beginning and end of year ITC reserve
- c) ITC amortization
- d) beginning and end of year number of shares of common stock
- e) beginning and end of year price of common stock
- f) long and short-term debt embedded costs and current costs
- g) short-term debt limits
- h) Dividend rate per share for common stock
- i) Interest rate for all long and short term debt retirements
- j) Interest rate and amount of each long term debt issuance during the year.

14. Please provide the information requested in Question 13 for 1985 through 2005 inclusive or for as many years as the Company has projected this data. Please indicate whether assumptions which underline projections for each year post-1984, are consistent.

15. Please provide a copy of all monthly 1985 financial operating statements through the most recent month available.



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S ENERGY COUNCIL
P.O. BOX 8010
300 N. 2nd STREET
HARRISBURG, PENNSYLVANIA 17105
(717) 783-9981

November 15, 1985

William E. Zeiter, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

Re: Pennsylvania Public Utility Commission
vs.
Philadelphia Electric Company, Docket No. R-850152

Dear Mr. Zeiter:

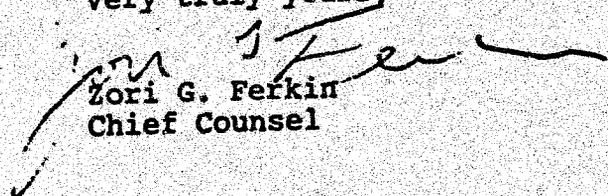
Enclosed is Interrogatories of the Staff of the Governor's
Energy Council, Set II.

Please provide two (2) copies of responses to these
interrogatories to this office and one (1) copy to our
consultant:

John W. Wilson
John W. Wilson & Associates, Inc.
2600 Virginia Avenue, NW
Suite 312
Washington, D. C. 20037

Thank you.

Very truly yours,


Zori G. Ferkin
Chief Counsel

Enclosure
cc: Active Parties

8. Has PECO developed any forecasts of the costs and amounts of capacity and energy transactions with other systems since January 1, 1984? If so:
- (a) Provide a copy of the forecasts, and all associated workpapers and source documents.
 - (b) For any information generated through the use of any computer models, provide a copy of the results generated, a description of the methodology used in each model, and a listing of the inputs and input assumptions.
9. Provide the total monthly fuel and purchased power costs incurred by PECO during the past ten years and the total amount of generation and purchased power related to these costs.
- (a) Provide a reconciliation between these values and the fuel and purchased power cost information requested in Questions 1 and 7.
10. Has PECO prepared any forecasts of total fuel and purchased power costs since January 1, 1984? If so,
- (a) Provide a copy of the forecasts, and all associated workpapers and source documents.
 - (b) For any information generated through the use of any computer models, provide a copy of the results generated, a description of the methodology used in each model, and a listing of the inputs and input assumptions.
 - (c) Provide a reconciliation between these values and the forecast information requested in Questions 3 and 8.
 - (d) Provide a reconciliation between these values and the information regarding operating expenses contained in the response to Question 2, Set I of the Interrogatories of the Staff of the Governor's Energy Council.
11. Provide a copy of the forecasted results identical in format to that requested in Questions 2, 4, 6, 8, 10, 12 and 14 with the following assumptions:
- (a) The PECO proposed three-year phase-in period and three-year recovery period with the full amount of the rate request.

GEC Set I

- (b) The PECO proposed three-year phase-in period and three-year recovery period, but 75 percent of the company's recommended increase.
- (c) The PECO proposed three year phase-in period and three-year recovery period, but 50 percent of the Company's recommended increase.
- (d) The entire proposed increase, but with a five-year phase-in and a three-year recovery period.
- (e) The entire proposed increase, but with a three-year phase-in and a five-year recovery period.

Include a copy of all workpapers and documents which support each forecast, the inputs used to develop each forecast and a list of the input assumptions utilized.

- 12. Provide a copy of the workpapers which support Tables 1 through 4 of Mr. Paquette's testimony.
- 13. Provide a copy of the forecasted information reported in Tables 1 and 2 of Mr. Paquette's testimony based on the proposed \$75 million disallowance discussed on page 9.
- 14. Provide an original copy of the map of the PJM transmission system included as page 4, Schedule 2 of Mr. Rush's testimony.
- 15. Provide the sales revenues forecast that corresponds to the 0.8% annual rate of growth in output for the period 1985-1995 referenced in Schedule 3, page 1 of Mr. Rush's testimony.
 - (a) Provide a reconciliation of this amount with the information provided in response to Question 2 of Set I of the Interrogatories of the Staff of the Governor's Energy Council.
- 16. Provide a copy of the workpapers and source documents which support the following pages of Exhibit TPH-2:
 - (a) A-5
 - (b) B-1 through B-9
 - (c) B-12 through B-18
 - (d) C-1 through C-12d.

APPENDIX B

MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW

2000 ONE LOGAN SQUARE

PHILADELPHIA, PENNSYLVANIA 19103

TELEPHONE: (215) 963-5000

CABLE ADDRESS: MORLEBOCK

TELEX: 83-1315

WASHINGTON
NEW YORK
LOS ANGELES

MIAMI
HARRISBURG
LONDON

December 17, 1985

Zori G. Ferkin, Esquire
Governor's Energy Council
300 N. 2nd Street
Harrisburg, PA 17105

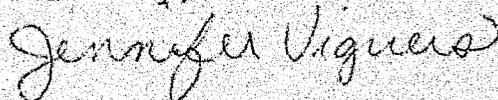
Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

Dear Ms. Ferkin:

Enclosed please find two copies of the responses of Philadelphia Electric Company to the following Interrogatories in the above-captioned matter:

IR-GEC-2-12, 13, 15.

Sincerely,



Jennifer Viguers
Legal Assistant

mab
Enclosures

cc: All Active Parties
John W. Wilson (w/attachments)

CERTIFICATE OF SERVICE

I hereby certify that I have this 20th day of December 1985 served a copy of the foregoing document upon the following by first class mail, postage prepaid:

David B. MacGregor, Esq.
William E. Zeiter, Esq.
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, Pa. 19103

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Community Legal Services, Inc.
3638 North Broad Street
Philadelphia, Pa. 19140

Mildred E. V. Pitts, Esq.
Senior Trial Attorney
Office of General Counsel
General Services Administration
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Washington, DC 20405

Susan Perkins Westin, Esq.
Office of Consumer Advocate
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Harrisburg, Pa. 17120

Marlene R. Chestnut, Esq.
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PA Public Utility Commission
Law Bureau
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Harrisburg, Pa. 17120

Earl H. O'Donnell
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1666 K Street, N.W.
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J. Thomas Morris
Reed Smith Shaw & McClay
1600 Avenue of the Arts Bldg.
Broad & Chestnut Streets
Philadelphia, Pa. 19107

Kathryn S. Lewis, Esq.
Charles E. Rainey, Esq.
City of Philadelphia
One Reading Center, 5th Fl.
1101 Market Street
Philadelphia, Pa. 19107

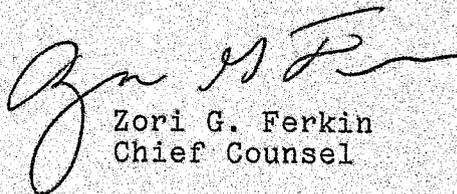
Franklin L. Kurry
Reed Smith Shaw & McClay
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Harrisburg, Pa. 17108

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Widoff, Reager, Selkowitz
and Adler
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St. Davids, PA 19087

Rafael Caminero, Esq.
Room 1501
600 Grant Street
Pittsburgh, PA 15230



Zori G. Ferkin
Chief Counsel

Dated: December 20, 1985

MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW
2000 ONE LOGAN SQUARE
PHILADELPHIA, PENNSYLVANIA 19103
TELEPHONE: (215) 963-5000
CABLE ADDRESS: MORLEBOCK
TELEX: 83-1315

MIAMI
HARRISBURG
LONDON

WASHINGTON
NEW YORK
LOS ANGELES

FREDERICK H. KNIGHT, 3RD
DIAL DIRECT (215) 963-5377

December 23, 1985

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DEC 24 1985

Mildred E. V. Pitts, Esquire
Information Resources & Utilities Division
General Services Administration
Room 4002
18th and F Streets, N.W.
Washington, DC 20405

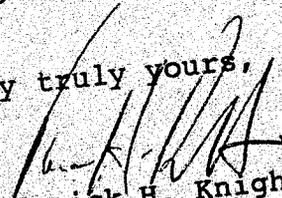
SECRETARY'S OFFICE
Public Utility Commission

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

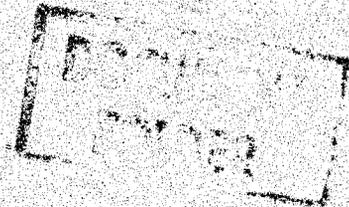
Dear Ms. Pitts:

Enclosed herewith please find Interrogatories and Requests for Production of Documents and Data of the Philadelphia Electric Company Set I, addressed to the General Services Administration.

Very truly yours,


Frederick H. Knight

ddq
Enclosure



RECEIVED

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DEC 24 1985

Pennsylvania Public Utility :
Commission :
v. :
Philadelphia Electric :
Company :

SECRETARY'S OFFICE
Public Utility Commission
Docket No. R-850152

INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS AND DATA
OF THE PHILADELPHIA ELECTRIC COMPANY
SET I

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DOCKET

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1. His or her name;
2. His or her business address; and
3. His or her profession, educational background and work experience.

e) Whenever in these Interrogatories there is a request to identify a model, set forth:

1. The type of model; and
2. The name of the model.

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INTERROGATORIES OF PHILADELPHIA
ELECTRIC COMPANY

SET I

- Q.1. State the name, educational background and professional credentials of each person you expect to call as an expert witness in this proceeding.
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- Q.3. For each expected witness identified in response to Interrogatory 1, above, provide:
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- Q.4. Identify and provide copies of any and all documents whatsoever which each witness identified in response to Interrogatory 1, above, relied upon or considered in reaching any qualitative or quantitative judgments or conclusions contained in his or her testimony or which was or will be used as a basis for other GSA testimony.
- Q.5. Identify and describe in detail all computational models - including especially Limerick or nuclear project generic cost and schedule models, regression analyses and any other quantitative or statistical models or analyses which each witness identified in response to Interrogatory 1, above, will use or used or considered for use in connection with the preparation of your case, whether or not such models and analyses will be presented as evidence.
- Q.6. Provide the basic logic, statistical equation(s) and data base(s) for each model and analysis identified in response to Interrogatory 5, above. Logic and data bases should specifically include all activities and related durations, manhours, quantities, costs, dollars and all other relevant measures used to describe or quantify events and activities, and should be provided in the following formats:
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Q.7. For each model and analysis identified in response to Question 5, above, state:

- (a) When the model or analysis was developed;
- (b) Who developed the model or analysis and, if developed by the expert or his or her organization or employer, provide copies of all workpapers or other source documents relied upon in developing that model or analysis;
- (c) Whether the model or analysis is computerized and, if so, describe the software used, including, but not limited to, the language utilized, size in terms of linear code and computer memory, type of machine currently utilized to operate the model or perform the analysis, any commercial name or other applicable label, and any other information or data required to completely and accurately identify the software utilized;
- (d) Whether the model or analysis has been used in the preparation of testimony, exhibits, studies or reports in any other proceeding and, if so, state

the date, location and relevant docket number for each such proceeding, and identify the responsible party and witness(es);

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Q.8. To the extent not included in response to a prior Interrogatory, provide for each model or analysis identified in response to Interrogatory 5, above:

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Q.9. For each model and analysis identified in response to Question 5, above, identify all modifications or adjustments made to account for Limerick-specific events, activities or factors, and describe in detail the specific changes.

CERTIFICATE OF SERVICE

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Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
North Office Building
Commonwealth and North Streets
Harrisburg, PA 17120

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Community Legal Services, Energy Project
3638 North Broad Street
Philadelphia, PA 19140

David M. Kleppinger, Esquire
100 Pine Street
Harrisburg, PA 17120

Zori G. Ferkin, Esquire
Governor's Energy Council
P.O. Box 8010
300 N. 2nd Street
Harrisburg, PA 17105

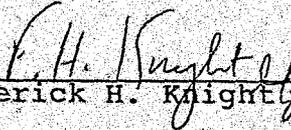
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Dilworth, Paxson, Kalish & Kaufman
2600 The Fidelity Building
Philadelphia, PA 19109-1094

Nancy Schuster, Esquire
1 Pond Street
Bristol, PA 19007



Frederick H. Knight

DATED: December 23, 1985

WASHINGTON
NEW YORK
LOS ANGELES

MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW
2000 ONE LOGAN SQUARE
PHILADELPHIA, PENNSYLVANIA 19103
TELEPHONE: (215) 963-5000
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MIAMI
HARRISBURG
LONDON

FREDERICK H. KNIGHT, 3RD
DIAL DIRECT (215) 963-5377

December 20, 1985

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SECRETARY'S OFFICE
Public Utility Commission

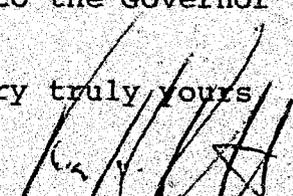
Zori G. Ferkin, Esquire
Governor's Energy Council
P.O. Box 8010
300 N. 2nd Street
Harrisburg, PA 17105

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

Dear Ms. Ferkin:

Enclosed herewith please find Interrogatories and Requests for Production of Documents and Data of the Philadelphia Electric Company Set I, addressed to the Governor's Energy Council.

Very truly yours,


Frederick H. Knight

ddq
Enclosure



BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

Pennsylvania Public Utility
Commission :
v. :
Philadelphia Electric :
Company :

Docket No. R-850152

DEC 24 1985

SECRETARY'S OFFICE
Public Utility Commission

INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS AND DATA
OF THE PHILADELPHIA ELECTRIC COMPANY
SET I

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INTERROGATORIES OF PHILADELPHIA
ELECTRIC COMPANY

SET I

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Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
North Office Building
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Philadelphia, PA 19109-1094

Nancy Schuster, Esquire
1 Pond Street
Bristol, PA 19007

DATED: December 23, 1985

F. H. Knight
Frederick H. Knight

MORGAN, LEWIS & BOCKIUS

WASHINGTON
NEW YORK
LOS ANGELES

COUNSELORS AT LAW
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PHILADELPHIA, PENNSYLVANIA 19103
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DIAL DIRECT (215) 963-5377

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December 23, 1985

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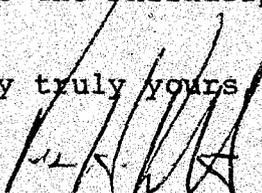
SECRETARY'S OFFICE
Public Utility Commission

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

Dear Mr. Kleppinger:

Enclosed herewith please find Interrogatories and Requests for Production of Documents and Data of the Philadelphia Electric Company Set I, addressed to the Philadelphia Area Industrial Energy Users Group.

Very truly yours


Frederick H. Knight

ddq
Enclosure

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DEC 4 1985

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSIONSECRETARY'S OFFICE
Public Utility CommissionPennsylvania Public Utility
Commission

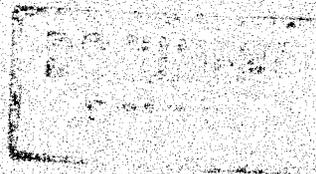
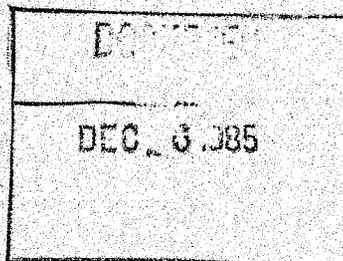
v.

Philadelphia Electric
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Docket No. R-850152

 INTERROGATORIES AND REQUESTS
 FOR PRODUCTION OF DOCUMENTS AND DATA
 OF THE PHILADELPHIA ELECTRIC COMPANY
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INTERROGATORIES OF PHILADELPHIA
ELECTRIC COMPANY

SET I

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Governor's Energy Council
P.O. Box 8010
300 N. 2nd Street
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Irwin A. Popowsky, Esquire
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1425 Strawberry Square
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Mildred E. V. Pitts, Esquire
Information Resources & Utilities Division
General Services Administration
Room 4002
18th and F Streets, N.W.
Washington, DC 20405

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2600 The Fidelity Building
Philadelphia, PA 19109-1094

Nancy Schuster, Esquire
1 Pond Street
Bristol, PA 19007

F. H. Knight
Frederick H. Knight

DATED: December 23, 1985

MORGAN, LEWIS & BOCKIUS

WASHINGTON
NEW YORK
LOS ANGELES

COUNSELORS AT LAW
2000 ONE LOGAN SQUARE
PHILADELPHIA, PENNSYLVANIA 19103
TELEPHONE (215) 963-5000
CABLE ADDRESS: MORLEBOCK
TELEX: 83-1315

MIAMI
HARRISBURG
LONDON

WILLIAM E. ZEITER
DIAL DIRECT (215) 963-5367

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December 23, 1985 DEC 24 1985

SECRETARY'S OFFICE
Public Utility Commission

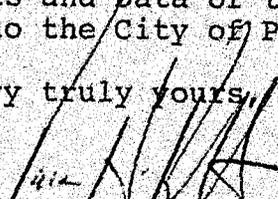
Charles E. Rainey, Jr., Esquire
Municipal Services Building
Law Department, 15th Floor
Philadelphia, PA 19102

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

Dear Mr. Rainey:

Enclosed herewith please find Interrogatories and Requests for Production of Documents and Data of the Philadelphia Electric Company Set I, addressed to the City of Philadelphia.

Very truly yours,


Frederick H. Knight

ddq
Enclosure



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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S OFFICE
Public Utility Commission

Pennsylvania Public Utility :
Commission :
v. :
Philadelphia Electric :
Company :

Docket No. R-850152

INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS AND DATA
OF THE PHILADELPHIA ELECTRIC COMPANY
SET I

The Philadelphia Electric Company hereby propounds this Set of Interrogatories and Requests for Production of Documents and Data to the City of Philadelphia to be answered by you or such other person or persons capable of responding to these Interrogatories and Requests and authorized to do so. The responding party shall have the reply to these Interrogatories and Requests to us within 15 days of receipt. Answers to individual Interrogatories and Requests may be provided as soon as available, and telephone or other contact concerning availability and timing of formal responses is encouraged.

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- d) Whenever in these Interrogatories there is a request to identify a person or a witness, set forth:
1. His or her name;
 2. His or her business address; and
 3. His or her profession, educational background and work experience.
- e) Whenever in these Interrogatories there is a request to identify a model, set forth:
1. The type of model; and
 2. The name of the model.

f) All references in these Interrogatories to "document(s)" and "studies" shall be construed as including, but not limited to, all workpapers, studies, reports and any and all other written, recorded or graphic matter, including, but not limited to, originals and legible copies (with or without notes or changes therein), in whatever form, stored in or on whatever medium including computerized memory or magnetic media.

INTERROGATORIES OF PHILADELPHIA
ELECTRIC COMPANY

SET I

- Q.1. State the name, educational background and professional credentials of each person you expect to call as an expert witness in this proceeding.
- Q.2. State the subject matter on which each expected witness identified in response to Interrogatory 1, above, is expected to testify.
- Q.3. For each expected witness identified in response to Interrogatory 1, above, provide:
- (a) A listing of all prior proceedings in which the witness offered testimony or a report on, or related to, any of the subjects on which the witness is expected to testify. Include the date, location, party represented and docket number for each prior proceeding, and provide copies of all testimony or reports.
 - (b) Any study, article or other document authored or coauthored by such witness on any of the subjects on which the witness is expected to testify.

- Q.4. Identify and provide copies of any and all documents whatsoever which each witness identified in response to Interrogatory 1, above, relied upon or considered in reaching any qualitative or quantitative judgments or conclusions contained in his or her testimony or which was or will be used as a basis for other City testimony.
- Q.5. Identify and describe in detail all computational models - including especially Limerick or nuclear project generic cost and schedule models, regression analyses and any other quantitative or statistical models or analyses which each witness identified in response to Interrogatory 1, above, will use or used or considered for use in connection with the preparation of your case, whether or not such models and analyses will be presented as evidence.
- Q.6. Provide the basic logic, statistical equation(s) and data base(s) for each model and analysis identified in response to Interrogatory 5, above. Logic and data bases should specifically include all activities and related durations, manhours, quantities, costs, dollars and all other relevant measures used to describe or quantify events and activities, and should be provided in the following formats:
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Q.7. For each model and analysis identified in response to Question 5, above, state:

- (a) When the model or analysis was developed;
- (b) Who developed the model or analysis and, if developed by the expert or his or her organization or employer, provide copies of all workpapers or other source documents relied upon in developing that model or analysis;
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- (d) Whether the model or analysis has been used in the preparation of testimony, exhibits, studies or reports in any other proceeding and, if so, state

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Q.8. To the extent not included in response to a prior Interrogatory, provide for each model or analysis identified in response to Interrogatory 5, above:

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CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Philadelphia Electric Company's Interrogatories and Requests for Production of Documents and Data to the City of Philadelphia, Set I to be served by first class mail, postage prepaid on all active parties in the Limerick No. I Rate Proceeding at Docket No. R-850152.

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Community Legal Services, Energy Project
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F. H. Knight
Frederick H. Knight *ddy*

DATED: December 23, 1985

MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW

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Mark P. Widoff, Esquire
Larry B. Selkowitz, Esquire
Widoff, Reager, Selkowitz & Adler
129 State Street
Harrisburg, PA 17101

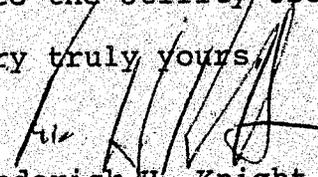
SECRETARY'S OFFICE
Public Utility Commission

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

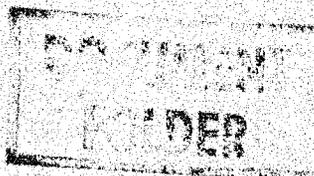
Gentlemen:

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Very truly yours,


Frederick H. Knight

ddg
Enclosure



DEC 24 1985

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S OFFICE
Public Utility Commission

Pennsylvania Public Utility Commission	:	
v.	:	
Philadelphia Electric Company	:	Docket No. R-850152
	:	
	:	

INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS AND DATA
OF THE PHILADELPHIA ELECTRIC COMPANY
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INTERROGATORIES OF PHILADELPHIA
ELECTRIC COMPANY

SET I

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Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
North Office Building
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Harrisburg, PA 17120

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F. H. Knight

Frederick H. Knight

DATED: December 23, 1985

MORGAN, LEWIS & BOCKIUS

WASHINGTON
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LOS ANGELES

COUNSELORS AT LAW
2000 ONE LOGAN SQUARE
PHILADELPHIA, PENNSYLVANIA 19103
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HARRISBURG
LONDON

FREDERICK H. KNIGHT, 3RD
DIAL DIRECT (215) 963-5377

December 29, 1985

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SECRETARY'S OFFICE
Public Utility Commission

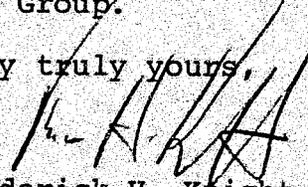
Alan R. Squires, Esquire
Greenstein, Gorelick, Price,
Silverman & Laveson
900 Two Penn Center Plaza
Philadelphia, PA 19102

Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

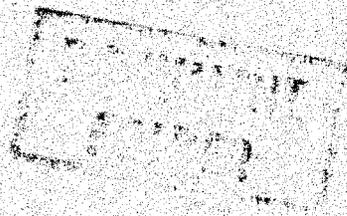
Dear Mr. Squires:

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Very truly yours,


Frederick H. Knight

ddg
Enclosure



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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

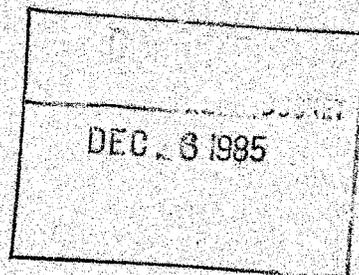
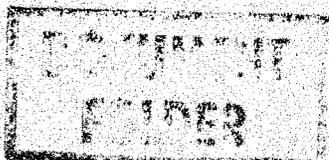
SECRETARY'S OFFICE
Public Utility Commission

Pennsylvania Public Utility
Commission
v.
Philadelphia Electric
Company

Docket No. R-850152

INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS AND DATA
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INTERROGATORIES OF PHILADELPHIA
ELECTRIC COMPANY

SET I

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SECRETARY'S OFFICE
Public Utility Commission

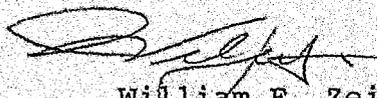
Re: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company
Docket No. R-850152

Dear Secretary Rich:

Enclosed for filing with the Commission are the original and two copies of Transcript Corrections of Philadelphia Electric Company in the above-captioned proceeding for hearings on December 10-13, 1985.

As shown on the attached Certificate of Service, I have today served copies of this document on all Active Parties.

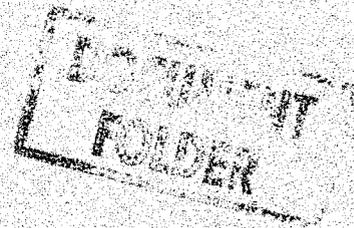
Sincerely,



William E. Zeiter
Counsel for Philadelphia
Electric Company

ddq
Enclosure

cc: The Honorable Joseph Matuschak
All Active Parties



RECEIVED

BEFORE THE
PENNSYLVANIA PUBLIC UTILILTY COMMISSION

DEC 24 1985

SECRETARY'S OFFICE
Public Utility Commission

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :

. V. :

Docket No. R-850152

PHILADELPHIA ELECTRIC COMPANY :

TRANSCRIPT CORRECTIONS
OF
PHILADELPHIA ELECTRIC COMPANY
FOR HEARINGS ON
DECEMBER 10-13, 1985

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DEC 27 1985

December 23, 1985

PECO Transcript Corrections for the
hearings held on December 10, 1985

<u>Page</u>	<u>Line</u>	<u>Correction</u>
3	5	Change "Motion to Eliminate" to "Motion in Limine"
5	1	Add quotation marks after "Return"
14	14	Change "ratings" to "rating"
15	6	Add "of" after the word "support"
15	23	Replace the "?" with a period
19	10	Change "Pennsylvania" to "division"
22	22	Change "nor" to "or"
24	22	Change "are" to "were"
30	15	Change "cost" to "costs"
37	25	Change "commenter" to "commentor"
38	1	Change "commenter" to "commentor"
44	25	Change "indicates" to "indicate"
46	4	Change "if any, leftover" to "if anything, is left over"
55	14	Change "four" to "for"
64	12	Delete the second "is"
91	4	Change "Their" to "They are"
102	15	Add a coma after the word "retirements". Change "acounted" to "accounted"
103	23	Add "be" after the word "would"
105	17	Change "resonsibility" to "responsibility"
106	16	Change "distress" to "stress"
122	11	Change "it" to "its"

PECO Transcript Corrections for the
hearings held on December 11, 1985

<u>Page</u>	<u>Line</u>	<u>Correction</u>
145	3	Change 1st "Would" to "With"
147	16	Change "just" to "adjust"
148	11	Change "page 8" to "line 8"
148	23	Change "same" to "sound"
151	2	Delete "as"
154	25	Change "read" to "reads"
158	12	Change "wish" to "which"
162	22	Change "are paid" to "pay"
163	2	Delete "to"
166	16	Change "a" to "to"
169	2	Change "balances" to "balance"
169	17	Change "proced" to "proceed"
178	20	Change "utiliity" to "utility"
183	8(twice)	Change "Route" to "row"
191	6	Change "seem" to "seen"
191	10	Change "begin" to "began"
198	8	Change "percnet" to "percent"
222	23	Change "is" to "in"
235	25	Change "future" to "Future"
243	5	Change "or" to "of"
249	21	Change "years" to "months"

PECO Transcript Corrections for
Hearing Held on December 12, 1985

<u>PAGE</u>	<u>LINE</u>	<u>CORRECTION</u>
266	21	Delete "of"
272	25	Change "we" to "they"
297	7	Delete "I"
297	8	Delete "you"
301	3	Delete third comma
333	8	Change "1.065" to "1,065"
333	13	Change "tht" to "that"
339	23	Change "transscript" to "transcript"
353	3	Delete "on"
370	20	Change "order" to "audit"
376	2	Change "PeaCH" to "Peach"
380	17	Change "stimulate" to "simulate"
388	7	Change "to" to "at"
401	22	Change first "a" to "as"
405	14	Change "tends" to "tend"
412	7	Delete "was"
413	18	Change "ECRA" to "ECR-8"
416	12	Delete "to"
430	12	Change ";" to ","
441	12	Change "Ettner" to "Hill"

PECO Transcript Corrections for the
Hearings Held on
December 13, 1985

<u>Page</u>	<u>Line</u>	<u>Correction</u>
507	18	Change "storage to "storm"
520	20	Change "Salem Unit No. 1" to "Salem Unit No. 2"
545	5	Change "1,007.000,000" to "1,007,000,000"
569	10	Insert "are" between "Electric" and "represented"
583	11	Change "plans" to "plants"
590	18	Delete "."
598	20	Change "accouting" to "accounting"
599	11	Change "Librand" to "Lybrand"
600	20	Change "recovered" to "unrecovered"
616	17	Change "appear-" to "appearing"

CERTIFICATE OF SERVICE

I hereby certify that on December 23, 1985 I served copies of the Transcript Corrections of Philadelphia Electric Company for Hearings on December 10-13, 1985, at Docket No. R-850152, upon the following by regular mail:

Mr. Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Secretary's Bureau, Room B-18
North Office Building
Commonwealth and North Streets
Harrisburg, PA 17120

John Hanger, Esquire
Community Legal Services, Energy Project
3638 North Broad Street
Philadelphia, PA 19140

David M. Kleppinger, Esquire
100 Pine Street
Harrisburg, PA 17120

Zori G. Ferkin, Esquire
Governor's Energy Council
P.O. Box 8010
300 N. 2nd Street
Harrisburg, PA 17105

Scott Rubin, Esquire
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mildred E. V. Pitts, Esquire
Information Resources & Utilities Division
General Services Administration
Room 4002
18th and F Streets, N.W.
Washington, DC 20405

Charles E. Rainey, Jr., Esquire
Municipal Services Building
Law Department, 15th Floor
Philadelphia, PA 19102

Edward S. Wardell, Esquire
Constance B. Foster, Esquire
Dilworth, Paxson, Kalish & Kaufman
2600 The Fidelity Building
Philadelphia, PA 19109-1094

Nancy Schuster, Esquire
1 Pond Street
Bristol, PA 19007

Patricia M. Gustin
Pennsylvania Public Utility Commission
Room G-33
North Office Building
Harrisburg, PA 17108

Earle H. O'Donnell, Esquire
Merrill L. Kramer, Esquire
Sutherland, Asbill & Brennan
1666 K Street, N.W.
Washington, D.C. 20006-2803

Honorable Joseph P. Matuschak
Pittsburgh State Office Building
300 Liberty Avenue
Pittsburgh, PA 15222



William E. Zeiter
Counsel for Philadelphia
Electric Company



December 20, 1985

RECEIVED

DEC 26 1985

William E. Zeiter, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, Pennsylvania 19103

SECRETARY'S OFFICE
Public Utility Commission

Dear Mr. Hall:

Re: Pennsylvania Public Utility Commission, et al.
v.
Philadelphia Electric Company
Docket No. R-850152

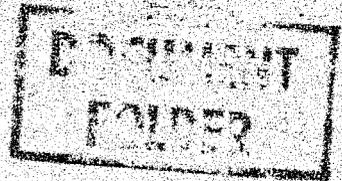
Enclosed are two copies of the Third Set of Interrogatories of the General Services Administration (GSA) directed to the Philadelphia Electric Company in the above-captioned proceeding.

Please provide answers to these inquiries within ten (10) days of receipt, indicate the sponsoring witness, and send two (2) copies to me.

Copies of this set of interrogatories have been served on all parties as evidenced by the attached Certificate of Service.

Sincerely,

MILDRED E. V. PITTS
Senior Trial Attorney
Information Resources & Utilities Division



Enclosures

cc: Honorable Joseph P. Matuschak
Administrative Law Judge

All Parties

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utilities Commission, et al.

v.

Philadelphia Electric Company
Docket No. R-850152

I hereby certify that I am, this 20th day of December, 1985 serving either by special messenger or by first-class mail, the foregoing document, Third Set of Interrogatories, upon the persons listed below:

Honorable Joseph P. Matuschak
Administrative Law Judge
Pennsylvania Public Utility Commission
97 E. Main Street
Uniontown, Pennsylvania 15401

Marlene R. Chestnut, Esquire
Assistant Counsel
Veronica A. Smith, Esquire
Daniel Delaney, Esquire
Office of Staff Counsel
Pennsylvania Public Utility Commission
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Jerry Rich, Secretary
Pennsylvania Public Utility Commission
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Michael L. Browne
Reed Smith Shaw & McClay
1600 Avenue of the Arts Building
Broad & Chestnut Streets
Philadelphia, Pennsylvania 19107

Franklin L. Kury
Reed Smith Shaw & McClay
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P.O. Box 11844
Harrisburg, Pennsylvania 17108

Mildred E. V. Pitts

MILDRED E. V. PITTS

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DEC 26 1985

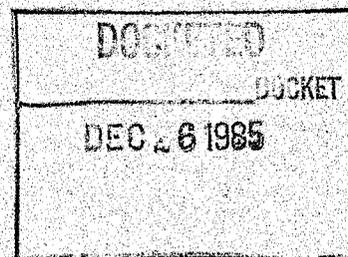
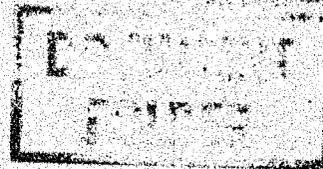
Before The
Pennsylvania Public Utility Commission
Docket No. R-850152

SECRETARY'S OFFICE
Public Utility Commission

GSA's Third Set of Interrogatories to PECO
December 20, 1985

III. 1. Follow-up to IR-GSA-1-4b. In the response to IR-GSA-1-46 it is stated, "In determining the amount of change in accounts from 500 to 556 inclusive, (exclusive of the fuel accounts) due to inflation, a 5.8% inflation factor was used. This percent was used because in the budget process some expenses for the future are known values and others are trends of historic values. The trended level of expenses are then inflated by the 5.8% to arrive at the budgeted level of expenses." Provide the amount of increase due to inflation in each account from 500 to 556 (exclusive of fuel accounts) resulting from the "trended level of expenses" being "inflated by the 5.8% to arrive at the budgeted level of expenses." If these data are not available, please provide estimates and a description of the accuracy of these estimates for each account.

III. 2. Follow-up to IR-GSA-1-46. In response to IR-GSA-1-46, it is stated, "In determining the amount of change in accounts 902, 903 and 920 due to inflation, the 5.8% corporate inflation factor was used where specific increases were not known." Provide the amount of increase in each account resulting from using the 5.8% inflation factor "where specific increases were not known." If these data are not available, please provide estimates and a description of the accuracy of these estimates for each account.



EDWARD C. FIRST, JR.
ROBERT H. GRISWOLD
MOSES K. ROSENBERG
ARTHUR L. BERGER
FRANCIS B. HAAS, JR.
G. THOMAS MILLER
DONALD R. WASEL
RICHARD R. LEFEVER
J. THOMAS MENAKER
CLYDE W. MCINTYRE
S. BERNE SMITH
ROD J. PERA
EDWARD W. ROTHMAN
ROBERT A. MILLS
W. JEFFRY JAMOUNEAU
HERBERT R. NURICK
DAVID E. LEHMAN
NORMAN I. WHITE
F. MURRAY BRYAN
RICHARD W. STEVENSON
WILLIAM A. CHESNUTT
HENRY R. MACNICHOLAS
WILLIAM M. YOUNG, JR.
ROBERT M. CHERRY

DAVID B. DISNEY
H. LEE ROUSSEL
MAURICE A. FRATER
C. GRAINGER BOWMAN
JOHN S. OYLER
DELANO M. LANTZ
HARVEY FRIEDENBERG
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NEAL S. WEST
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BRUCE A. FELDMAN
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ATTORNEYS AT LAW

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TELEPHONE (717) 232-8000

STERLING G. McNEES
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DAVID M. WALLACE
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RETIRED PARTNERS

HARRY H. FRANK
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JAMES W. HAGAR
JAMES H. KING

OF COUNSEL

GILBERT NURICK
SAMUEL A. SCHRECKENGAUST, JR.
JEFFERSON C. BARNHART

December 23, 1985

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DEC 26 1985

SECRETARY'S OFFICE
Public Utility Commission

William E. Zeiter, Esq.
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

Re: Pennsylvania Public Utility Commission
v. Philadelphia Electric Company
Docket No. R-850152

Dear Bill:

Enclosed is Set No. 3 of data requests of the Philadelphia Area Industrial Energy Users Group. It consists only of one item which, due to an error, was omitted from Set No. 2. We would therefore appreciate a prompt response to our request, if at all possible. Please also forward copies of your response to our consultants, Kennedy and Associates and Drazen-Brubaker & Associates, Inc.

Very truly yours,

McNEES, WALLACE & NURICK

By *David M. Kleppinger*
David M. Kleppinger

Enclosure

cc w/encl.:
All parties of record



PHILADELPHIA ELECTRIC COMPANY

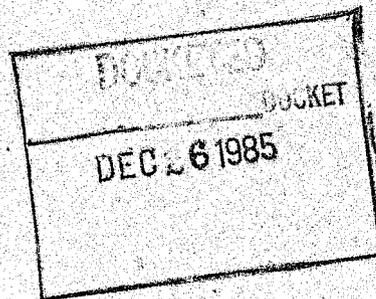
Pennsylvania PUC Docket No. R-850152

Data Requests of Philadelphia Area
Industrial Energy Users Group Addressed to
Philadelphia Electric Company
Set No. 3

Item No.

Description

67. Please provide the average price per kWh of retail sales for each year from 1960 through 1984.



December 23, 1985

William E. Zeiter, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, Pennsylvania 19103

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DEC 26 1985

SECRET
Public Utility Commission

Dear Mr. Hall:

Re: Pennsylvania Public Utility Commission, et al.
v.
Philadelphia Electric Company
Docket No. R-850152

Enclosed are two copies of the Fourth Set of Interrogatories of the General Services Administration (GSA) directed to the Philadelphia Electric Company in the above-captioned proceeding which request copies of the Company's responses to certain Staff and OCA interrogatories, as follows:

Staff:

IR-STAFF-REO 08, dated 11/27/85.

OCA:

- Set I - 1, 2, 3, 7, 9, 10, 11, 14, 15, 16, 18, 19, 20, 29, 30, 31, 32, 33, 34, 35, 36, 38, 41, 48, 50.
- Set II - 2, 3, 4, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 34, 41, 42, 43, 44, 47, 63.
- Set III - 1, 2, 3, 4, 7, 8, 9, 12, 21.
- Set VI - 4, 5, 6, 7, 9, 10, 13, 19, 20, 22, 24, 25, 26, 27, 28, 29.
- Set VII - 6, 21, 22, 23, 24, 25, 26, 27, 28, 29.
- Set IX - 2, 3, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 22, 23.
- Set XI - 3, 11, 12.
- Set XII - 1, 2, 5.
- Set XIV - 3, 4.

DEC 26 1985

Please provide me by return mail two copies of these responses.

Copies of this set of interrogatories have been served on all parties as evidenced by the attached Certificate of Service.

Sincerely,

Mildred E. V. Pitts

MILDRED E. V. PITTS
Senior Trial Attorney
Information Resources & Utilities Division

Enclosures

cc: Honorable Joseph P. Matuschak
Administrative Law Judge
~~All Parties~~

CERTIFICATE OF SERVICE

RECEIVED

Re: Pennsylvania Public Utilities Commission, et al.

DEC 26 1985

v.
Philadelphia Electric Company
Docket No. R-850152

SECRET
Public Utility Commission

I hereby certify that I am, this 20th day of December, 1985 serving either by special messenger or by first-class mail, the foregoing document, Fourth Set of Interrogatories, upon the persons listed below:

Honorable Joseph P. Matuschak
Administrative Law Judge
Pennsylvania Public Utility
Commission
97 E. Main Street
Uniontown, Pennsylvania 15401

Marlene R. Chestnut, Esquire
Assistant Counsel
Veronica A. Smith, Esquire
Daniel Delaney, Esquire
Office of Staff Counsel
Pennsylvania Public Utility Commission
North Office Building, Room G19
Harrisburg, Pennsylvania 17120

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David B. MacGregor, Esquire
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Michael L. Browne
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Philadelphia, Pennsylvania 19107

Franklin L. Kury
Reed Smith Shaw & McClay
300 North Second Street
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Harrisburg, Pennsylvania 17108

Mildred E. V. Pitts

MILDRED E. V. PITTS

LAW OFFICES

ORIGINAL

MALATESTA, HAWKE, McKEON & MORRIS

SUITE 212 - LOCUST COURT

212 LOCUST STREET

P.O. BOX 12110

HARRISBURG, PENNSYLVANIA 17108

(717) 236-7426

TELECOPIER: (717) 236-4841

December 26, 1985

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DEC 26 1985

Jerry Rich, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17120

SECRETARY
Public Utility Commission

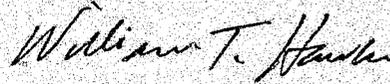
IN RE: Pennsylvania Public Utility Commission v.
Philadelphia Electric Company;
Docket No. R-850152

Dear Secretary Rich:

Enclosed for filing are an original and two (2) copies of the Petition to Intervene on behalf of Scott Paper Company.

If you have any questions concerning the enclosed, please do not hesitate to contact me.

Very truly yours,



William T. Hawke



WTH/kg

Enclosures

cc: Honorable Joseph P. Matuschak
James A. Corrodi

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

ADMINISTRATIVE LAW JUDGE
JOSEPH P. MATUSCHAK

DOCKETED
DEC 27 1985

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

PHILADELPHIA ELECTRIC COMPANY

:
: R-850152
:
: P-
:

**DOCUMENT
FOLDER**

PETITION TO INTERVENE
BY
SCOTT PAPER COMPANY

RECEIVED

DEC 26 1985

SECRETARY'S OFFICE
Public Utility Commission

TO THE HONORABLE JOSEPH P. MATUSCHAK:

AND NOW, this 26th day of December, 1985, comes Scott Paper Company (hereinafter Scott), by its counsel, and petitions your Honor to permit its intervention in the instant proceeding and, in support of its Petition, represents as follows:

THE PETITIONER AND BACKGROUND INFORMATION

1. Petitioner is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, which has its registered office and principal place of business at Scott Plaza, Philadelphia, PA 19113.

2. Scott is a customer of the Philadelphia Electric Company (hereinafter PECO).

3. Scott is engaged in the manufacture of paper products and operates a plant for that purpose in the City of Chester, Delaware County, Pennsylvania.

4. Scott is in the process of constructing a facility for the cogeneration of steam and approximately fifty-five (55) MW of electricity at the site of its Chester plant; it is Scott's present expectation that approximately forty (40) MW of the electricity generated will be used to serve Scott's own power needs and that fifteen (15) MW of electricity generated by that facility will be sold to PECO.

5. Scott is constructing its cogeneration facility to reduce the energy cost to operate its Chester plant in order to make the operations of that facility competitive, and to help preserve the approximately 1600 jobs now existing at that plant.

6. The legislative and regulatory incentives for the construction of Scott's proposed cogeneration facility and for the construction of similar existing and proposed facilities by other manufacturing companies, energy companies, and political subdivisions, lie in the Public Utility Regulatory Policies Act of 1978 (PURPA), and in Federal and Pennsylvania Regulations implementing PURPA, all of which are intended to promote the development of cogeneration and small power production by providing, among other things, economic incentives to such development both by cogenerators and electric utilities.

GROUNDS FOR INTERVENTION

7. On or about September 27, 1985, PECO filed Supplement No. 15 to Tariff Electric Pa. PUC No. 26, to become effective on November 27, 1985, containing proposed changes in rates, rules and regulations calculated to produce a substantial increase in annual revenues; thereafter, various complaints and Petitions to Intervene were filed and consolidated with the Commission's investigation.

8. On October 31, 1985, the Commission instituted the above-captioned investigation, and Supplement No. 15 was suspended by operation of law on November 27, 1985.

9. On or about November 29, 1985, a Petition to Intervene was filed on behalf of Occidental Chemical Corporation (hereinafter Occidental); the basis of Occidental's request for intervention was threefold:

(a) Occidental alleged that it was affected by the filing as a ratepayer. See Petition of Occidental Chemical Corporation For Leave To Intervene, paragraph 3.

(b) Further, it was alleged that Occidental, as a prospective cogenerator, was affected by its desire to obtain tariff provisions to be offered by PECO for back-up, maintenance, supplemental, and interruptible services that complied with the requirements of PURPA. Id.

(c) Further, it was alleged by Occidental that it might choose to address PECO's avoided costs in the instant proceeding. Id.

10. Occidental's Petition to Intervene was opposed by PECO insofar as that Petition sought to raise avoided cost issues; further, PECO denied Occidental's allegation that PECO has not filed a tariff for back-up, maintenance, supplemental and interruptible service. See Answer of the Philadelphia Electric Company dated December 12, 1985.

11. On or about December 20, 1985, your Honor granted Occidental's Petition to Intervene.

12. As a prospective cogenerator, Scott also is interested in assuring that PECO will provide tariffs for back-up, maintenance, supplemental and interruptible or curtailable services that conform to the requirements of the Pennsylvania Public Utility Code and PURPA, as well as all cogeneration issues.

13. PECO's currently effective Auxilliary Service Rider, Supplement No. 6 to Tariff, Electric - Pa. P.U.C. No. 26, First Revised page No. 52, is unjust, unreasonable and does not conform to the requirements of the Pennsylvania Public Utility Code or PURPA.

14. To this date, Scott has not filed a Petition to Intervene in the current proceeding for the reason that the primary focus thereof is on the just and reasonable rates to be charged due to Limerick Unit No. 1, and not on cogeneration issues; further, Scott has not filed a Petition to Intervene because it has been advised by PECO, that, in the near future the utility will be filing a revised Auxiliary Service Rider providing for back-up, maintenance, supplemental and interruptible services.

15. It is Scott's position that, while the Commission has the power to address and resolve cogeneration issues in the instant rate proceeding, for purposes of administrative efficiency, it is more appropriate to consider the clearly segregable issues of the reasonable charges by the utility for back-up, maintenance, supplemental and interruptible services, as well as any other cogeneration issue, in the context of a proceeding (or proceedings) other than the instant base rate proceeding. It is suggested that it would be more reasonable to consider such issues as the appropriate tariff provisions for back-up, maintenance, supplemental and interruptible services in the context of:

- (a) A non-general rate proceeding, should PECO elect to file a proposed revision of its Auxilliary Service Rider; or,

(b) In the context of a complaint proceeding initiated by a dissatisfied cogenerator, which might allege that the existing "standby" services for cogenerators are not in accord with the Public Utility Code or with the provisions of PURPA; or,

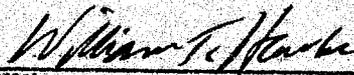
(c) In the context of a Declaratory Order proceeding initiated by a dissatisfied cogenerator.

16. In spite of Scott's stated position, it is filing the instant Petition to Intervene in order to pursue its interest stated in paragraphs 12 and 13, since your Honor granted Occidental's Petition to Intervene on December 20, 1985.

17. The instant Petition to Intervene is timely filed for the reason that the Commission has directed that any complaint filed with respect to the instant rate proceeding will place the burden of proof upon PECO, provided that any such complaint is received by the Commission within ninety (90) days after the tariff filing, or by December 26, 1985; for purposes of considering the timeliness of the instant Petition to Intervene, there is no reason to distinguish the Commission established period for consolidating complaints from the appropriate intervention period. See In Re: Departure from Tariff Regulations, Special Permission dated July 11, 1985. Further, the Commission order entered November 1, 1985, opening the current rate investigation, expanded the scope thereof to include a consideration of the lawfulness of PECO's existing rates. See Pennsylvania Public Utility Commission v. Philadelphia Electric Company, R-850152 (Order entered November 1, 1985, paragraph No. 2).

WHEREFORE, for all of the foregoing reasons, it is requested that your Honor issue an order granting Scott Paper Company's Petition to Intervene in the Commission's proceeding docketed at R-850152.

Respectfully submitted,



William T. Hawke
Joseph J. Malatesta
Malatesta, Hawke, McKeon & Morris
212 Locust Street
P.O. Box 12110
Harrisburg, PA 17108
(717) 236-7426

James A. Corrodi, Deputy Counsel
and Staff Vice President
Scott Paper Company
Scott Plaza
Philadelphia, PA 19113
(215) 522-5801

DATED: December 26, 1985

AFFIDAVIT

I, William T. Hawke, being duly sworn according to law, state that I am authorized to make this affidavit on behalf of Scott Paper Company that I have knowledge of the facts alleged and information alleged in the foregoing Petition, and that those facts in the foregoing Petition are true and correct to the best of my knowledge, information and belief, and that I expect Scott Paper Company to be able to prove same at any required hearing. I understand that false statements therein are made subject to the penalties of 18 Pa. C.S. §4904, relating to unsworn falsification to authorities.



William T. Hawke, Esquire
Counsel for Scott Paper Company

DATED: December 26, 1985

CERTIFICATE OF SERVICE

I hereby certify that I have on this day served a true copy of the foregoing Answer upon the following parties in the proceeding at Docket No. R-850152 in accordance with 52 Pa. Code §5.66.

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William T. Hawke
Counsel for Scott Paper Company

DATED: December 26, 1985