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March 10, 1986

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MAR 11 1986
SECRETARY'S OFFICE
Public Utility Commission

Jerry Rich, Secretary
Pennsylvania Public Utility Commission
North Office Building
Room B-18
Harrisburg, PA 17120

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

Dear Secretary Rich:

Enclosed please find one original and two copies of the Errata of the Philadelphia Electric Company Rebuttal and Surrebuttal Testimony of William H. Hieronymus, PECO Statement Nos. 15A and B, and the Rebuttal Testimony of Paul X. English, PECO Statement No. 32.

Copies of the enclosed errata will be distributed at the hearing of March 13, 1986.

Sincerely,

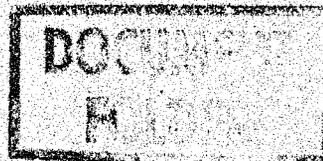
William E. Zeiter

William E. Zeiter
Counsel for Philadelphia
Electric Company

mab

Enclosures

cc: Honorable Judge Matuschak
All Active Parties



CERTIFICATE OF SERVICE

I hereby certify that I have served copies of the Erratta of PECO Rebuttal Testimony, PECO Statements 15A and 32 and PECO Surrebuttal Testimony, PECO Statement 32 on March 10, 1986 by Federal Express mail.

RECEIVED

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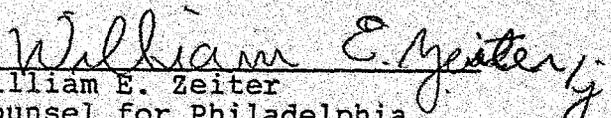
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

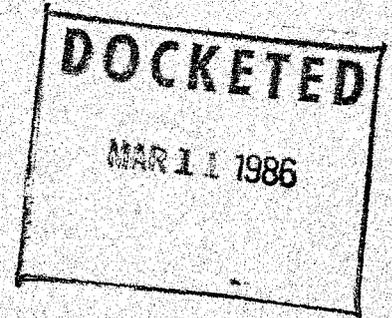
PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

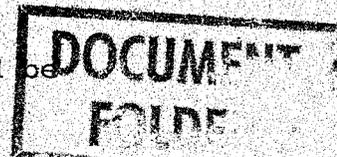
PHILADELPHIA ELECTRIC COMPANY

Docket No. R-850152

ERRATA
OF
PHILADELPHIA ELECTRIC COMPANY
REBUTTAL TESTIMONY
OF WILLIAM H. HIERONYMUS
(PECO STATEMENT NO. 15A)



<u>Page</u>	<u>Line</u>	<u>Errata</u>
3	17	"conceeds" should be "concedes"
3	21	"standards" should be "standard"
6	19	"undurable" should be "undeniable"
6	41	"is sound" should be "sound"
9	17	"charactized" should be "characterized"
10	29	"comparison." should be "comparison"
11	39	"which which" should be "which"
12	15	"was" should be "has"
14	29	"Limerick's. While" should be "Limerick's, while"
18	15	"shot" should be "short"
19	33	"unexact" should be "inexact"
20	1	"UCC/UP" should be "UUC/UP"
20	3	"UCC/UP" should be "UUC/UP"
20	33	"UCC/UP" should be "UUC/UP"
20	35	"UCC/UP" should be "UUC/UP"
20	39	"forecasts" should be "forecast"



<u>Page</u>	<u>Line</u>	<u>Errata</u>
20	49	"dramatice" should be "dramatic"
22	19	"billon" should be "billion"
30	2	"a" should be "his"
32	43	"three" should be "two"
37	49	"present" should be "percent"
39	29	"WHH-18 and WHH-19" should be "WHH-44 and WHH-45"
52	29	"Pacquette" should be "Paquette"

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

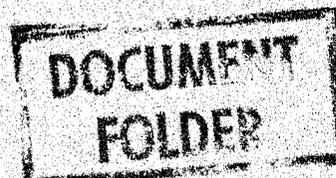
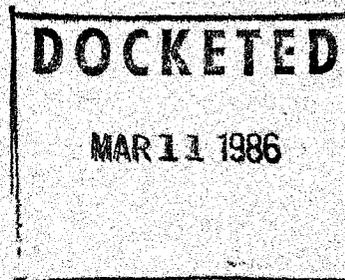
v.

PHILADELPHIA ELECTRIC COMPANY

Docket No. R-850152

ERRATA
OF
PHILADELPHIA ELECTRIC COMPANY
SURREBUTTAL TESTIMONY
OF WILLIAM H. HIERONYMUS
(PECO STATEMENT NO. 15B)

<u>Page</u>	<u>Line</u>	<u>Errata</u>
11	11	"Exhibit WHH-54" should be "Exhibit WHH-55"



Rate Case before the PUC
before A. L. J. Matuschak
Dear Commissioners:

MAR 12 1986

Office of A. L. J.
Public Utility Commission

In a single day I wear many hats and I want to address you on the proposed rate hike for Limerick by PECO. The differing roles I play give me many different perspectives on this issue. However, before I elaborate on them let me inform you that no matter which perspective I take the conclusion I draw is the same. This rate hike is unconscionable.

I am a resident homeowner at the same location for twenty years. If we could live without electric we would do it to avoid the ridiculous rate increases over the last several years. My electric bills (gas heat & cooking & dryer) has soared from \$8/month to \$50/mo. Due to the fact that I am a single head of a household of four persons this puts a real strain on our budget. When income is reduced or fixed it becomes a high stress on families to meet their daily needs. There has to be more restraint from those we trust to make prudent decisions on how much PECO can bleed from already depleted family resources.

I am an active member of many non-profit community organizations. This brings me into contact with similar persons all across the city and region. Utility bills are knocking out

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DOC... MAR 10 1986

R-855/57
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programs and activities of these five groups on a regular basis. These rate increases mean less activities going on in Churches, Synagogues and Schools at night due to congregations and school districts needing to cut back on bills. It becomes difficult to meet needs of residents for recreation and library services. Ill will builds up in areas where these tough decisions must be made. Fewer activities sponsored by volunteers for youths and young adults lead to restless kids. We can look all around Phila. and reap evidence of undirected energy of our young persons.

If you allow PECO a 28% rate increase you will be firing a bullet thru the local economy that will ricochet in so many directions that the citizens of the Delaware Valley won't know what hit them. We in Phila are going to pay higher taxes, higher water bills, higher school taxes, higher SEPTA fares and higher costs for products and services produced in this region. Plus the 28% on our residential electric bill. Last year was the lowest year ever for increased salaries for average workers in the U.S. Gramm-Redman mandates will impact state & local gov't with a choice of increasing their costs or eliminating

certain services for citizens. The increase you are being asked to grant will come back to haunt you on the commission. It is time that you take a firm stand that companies providing service only be allowed to charge for least cost power. The only way to correct the misdeeds of PECO's elitist, arrogant management is to institute avoided cost pricing. This will enable PECO managers to show if they're made of the "Right Stuff" or "Fluff".

I would like to put on my environmentalist hat now. As a member of the Phila. Air Pollution Control Board I am constantly receiving reports on all kinds of energy generating projects. It is no longer necessary to pollute to produce efficient energy. Use of coal washing scrubbers and fluidized bed technology have made coal a viable alternative. Mr. Shrove bemoaned the deaths of 23 miners per year from his area due to PECO's demand for that product. I suggest respectfully that he and his community work with owners and miners to improve mine safety - there's still room for improvement in that area. PECO's Simcock plants threaten to disrupt the balance of nature in the area by withdrawing needed

water from the Delaware and discharging it into the Schuylkill. PECO has manufactured an elaborate network of "water tricks" to make this look sound. It is inviting ecological disaster; ecosystems are delicate and are not to be manipulated with impunity by so recent a resident of this planet as man. PECO is putting several healthy but older power plants out to pasture to put Leinick on line. PECO customers who can ill afford their present bills really don't care if the plant that delivers current to their home is a Model T or an 86 Vette. They care that the operator is responsible, the plant is environmentally sound and that service is reliable. Considering PECO's track record on nuclear projects none of the customer's criteria are being met in this case before you.

The POC has to stop rubberstamping PECO's poor decisions and illegal behavior in rate cases. If Commissioner Johnson's statement about the ^{Piner} ~~Wesman~~ Mine Mass are accurate, by rights you must re-examine previous information supplied to you by PECO over the years. At least a year ago the

P.U.C. was informed by a citizen in rate hearings that according to the G.A.O. report issued in 85, there is an unbelievable GLUT of refined uranium fuel in the U.S. and abroad. There is a thriving black market that has people who know it terrified of that aspect. If a glut was developing or already existed - why did PECO even buy ^{Pioneers?} Uranium? Just another scam for the benefit of the unknowing public & the all trusting POC? ASK MORE QUESTIONS! READ! If I can get information by these means SO CAN YOU. My resources of time, energy and certainly clout are limited, yours are limited more by apathy than budget. DIG and ye shall find! The truth shall set you free and enable you to render a fair decision.

Commissioner I have thank you for attending the hearings in Philadelphia. You have a busy schedule but it is critical that your commissioners stay in touch with the PEOPLE, not just the utilities. As a member of the Mayor's Commission on Neighborhoods I urge you to give this

decision upon undivided attention. It could be another nail in the coffin for life in our city's neighborhoods. Those who were thriving will be lucky to survive. Those only surviving will no longer be with us.

Sincerely,

Frank Scullion
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Phila, Pa. 19114

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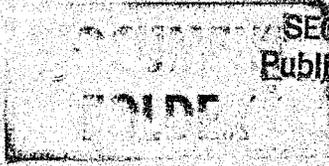
March 13, 1986

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

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MAR 13 1986

Jerry Rich, Secretary
Pennsylvania Public Utility Commission
New Filing Section
Room B-18 - North Office Building
P.O. Box 3265
Harrisburg, PA 17120



SECRETARY'S OFFICE
Public Utility Commission

Dear Secretary Rich:

Enclosed for filing with the Commission please find three (3) copies of PAIEUG Exhibit 12, a response by Jeffry Pollock to an oral data request made by the Pennsylvania Business Utility Users' Group at hearing on March 10, 1986.

All parties of record have been provided with copies of this Exhibit 12 response.

Very truly yours,

MCNEES, WALLACE & NURICK

By *David M. Kleppinger*
David M. Kleppinger

DMK/jf
Enclosure
HAND DELIVERED
cc: All Parties of Record (w/encl.)

CERTIFICATE OF SERVICE

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

I hereby certify that I have served a copy of the foregoing document on all known parties of record to this proceeding, all by first class mail (unless otherwise indicated) properly addressed as follows:

Administrative Law Judge
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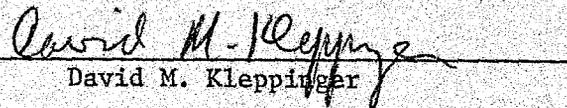
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David M. Kleppinger

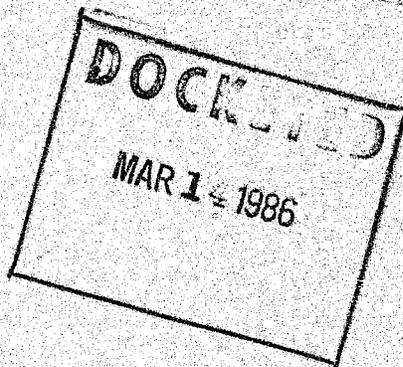
Dated this 13th day of MARCH, 1986, at
Harrisburg, PA

PHILADELPHIA ELECTRIC COMPANY

PAIEUG et al Response to the Pennsylvania Business
Utility Users' Group Transcript Request of March 10, 1986

REQUEST: Please revise Exhibit JP-2, Schedule 13, by adding a third column showing the impact on the High Tension class, excluding PAIEUG et al.

RESPONSE: See Attachment DR-PBUUG-PAIEUG-1.



PHILADELPHIA ELECTRIC COMPANY

Impact of UP/UCC and PAIEUG et al
Recommended HT Design on
PAIEUG et al Electricity Cost

<u>Line</u>	<u>Description</u>	<u>PAIEUG et al (1)</u>	<u>Total High Tension Class (2)</u>	<u>Total High Tension Excluding PAIEUG et al (3)</u>
	<u>Base Rate Percent Increase</u>			
1	PECO Proposed	24.1%	29.6%	30.4%
2	UP/UCC Recommended	37.4%	31.0%	30.1%
3	Percent Difference	55%	5%	- 1%
4	PAIEUG Recommended	18.5%	23.3%	24.0%
5	Percent Difference	- 23%	- 21%	- 21%
	<u>Nonfuel Percent Increase</u>			
6	PECO Proposed	71.9%	70.6%	70.5%
7	UP/UCC Recommended	98.0%	73.0%	69.9%
8	Percent Difference	36%	3%	- 1%
9	PAIEUG Recommended	61.0%	59.6%	59.5%
10	Percent Difference	- 15%	- 16%	- 16%

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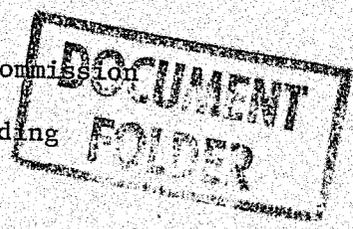
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March 14, 1986

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Dear Secretary Rich:

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All parties of record to this proceeding have been provided with copies.

Very truly yours,
McNEES, WALLACE & NURICK
By *David M. Kleppinger*
David M. Kleppinger

DMK/jf
Enclosure
HAND DELIVERED

cc: All Parties of Record (w/encl.)

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City of Philadelphia
Attn: Charles E. Rainey, Jr.
Assistant City Solicitor
Law Department - 15th Floor
Municipal Services Building
Philadelphia, PA 19102-1692


David M. Kleppinger

Dated this 14th day of MARCH, 1986, at
Harrisburg, PA

MAR 14 1986

SECRETARY'S OFFICE
Public Utility Commission

Q. Please provide the A allocators you developed for the OCA allocations with PAIEUG 4CP demands.

A.

A-Series Allocators for OCA Allocations with PAIEUG 4CP Demands

	A1	A1a	A2	A3	A4
Total	1.00000	1.00000	1.00000	1.00000	1.00000
High Tension	0.41462	0.41899	0.35927	0.35064	0.00000
Primary	0.09286	0.09384	0.08727	0.08845	0.14603
Secondary	0.14172	0.14321	0.11527	0.11682	0.19275
Rate RH	0.03919	0.03960	0.09465	0.09593	0.15848
Rate R	0.27630	0.27921	0.27725	0.28098	0.46651
Rate OP	0.00003	0.00003	0.01412	0.01431	0.02376
Street Lighting	0.00005	0.00006	0.00686	0.00696	0.01153
Septa & Amtrak	0.01814	0.00779	0.03011	0.03052	0.00000
Other Utilities	0.01492	0.01508	0.01326	0.01344	0.00000
Inter Departmental	0.00217	0.00220	0.00192	0.00195	0.00093

	A5	A5a	A6	A7a	A7b
Total	1.00000	1.00000	1.00000	1.00000	1.00000
High Tension	0.25104	0.25569	0.00000	0.00000	0.00000
Primary	0.06040	0.06152	0.00000	0.00000	0.00000
Secondary	0.15119	0.15399	0.22602	0.17252	0.17330
Rate RH	0.12431	0.12661	0.18626	0.13288	0.13366
Rate R	0.36592	0.37270	0.54611	0.65063	0.65363
Rate OP	0.01864	0.01899	0.02781	0.03911	0.03930
Street Lighting	0.00907	0.00924	0.01350	0.00475	0.00000
Septa & Amtrak	0.01818	0.00000	0.00000	0.00000	0.00000
Other Utilities	0.00000	0.00000	0.00000	0.00000	0.00000
Inter Departmental	0.00125	0.00127	0.00030	0.00010	0.00010

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

MAR 14 1986

SECRETARY'S OFFICE
Public Utility Commission

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

PHILADELPHIA ELECTRIC COMPANY

Docket No. R-850152

MOTION TO STRIKE
THE TESTIMONY OF ARIE P. SCHINNAR

DOCKETED

MAR 18 1986

The Philadelphia Electric Company ("PECO" or "the Company"), by its attorneys, hereby moves to strike the testimony and exhibits of City witness Arie P. Schinnar. In support of its Motion, the Company respectfully represents the following:

1. Dr. Schinnar has filed written direct testimony (City Statement No. 1) and written surrebuttal testimony (City Statement No. 1A). Dr. Schinnar has developed and used as a basis for his testimony a computer model known as the STARLOC model.

2. It is now clear that the City and Dr. Schinnar have withheld information and materials concerning his STARLOC model in this proceeding, in at least two respects: (a) by withholding workpapers that Dr. Schinnar used in developing the STARLOC model, and (b) by withholding the intermediate calculations of

DOCUMENT

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the model needed to test and validate the model and its results. The City and Dr. Schinnar also have mised the Company and its experts about the availability and accessibility of these materials and information.

WITHHOLDING OF WORKPAPERS

3. Prior to the Prehearing Conference, all parties agreed that workpapers would be submitted with the direct testimony on the so-called "Limerick issues". At the Prehearing Conference on December 3, 1985, the Administrative Law Judge established for this proceeding the requirement that all workpapers were to accompany the direct testimony of witnesses concerning the Limerick issues (Transcript pp. 20-21). The direct testimony from the intervenors' witness on the Limerick issues was due to be filed on January 14, 1986. In addition, on December 23, 1985 the Company served on the City a set of interrogatories (IR-PECO-CITY-1) that were due to be answered on January 7, 1986. This set of interrogatories included IR-PECO-CITY-1-7(b), which requested that for each model and analysis utilized by a City witness, the witness should "provide copies of all workpapers or other source documents relied upon in developing that model or analysis." (Emphasis added).

4. The City filed the direct testimony of Dr. Schinnar (City Statement No. 1) on January 14, 1986, but provided no supporting workpapers at that time. To our knowledge all parties other than the City complied with the workpaper requirement.

5. The City did not serve its response to IR-PECO-CITY-1-7(b) until January 17, 1986. That response stated only that "[t]he STARLOC model of Dr. Arie Schinnar was developed by a research team headed by Dr. A P. Schinnar at the Wharton Policy Modeling Workshop. See technical report referred to in City response to IR-PECO-CITY-1-3(b)." The City eventually served a copy of a draft technical report (PECO Exhibit 22) on January 24, 1986.

6. Thereafter, the City and Dr. Schinnar maintained that the only workpaper of Dr. Schinnar was the draft technical report (PECO Exhibit 22). Examples of this representation include:

(a) A letter from Charles E. Rainey, Jr. dated February 6, 1986 in which Mr. Rainey stated that "[t]he technical report is the only document available which completely describes the model The City has provided all of the information provided to it by the University of Pennsylvania to date. No information has been withheld. The technical report contains the complete description of the model." (Emphasis added).

(b) Dr. Schinnar's statement during his cross-examination (Transcript p. 3369, l. 1-7):

Q. Did you keep any workpapers on your updating efforts for all these various sources set forth in PECO Exhibit 26 that you did?

A. I'm sure there are notes that various staff members of my research team have on these, but they are not documented in typewritten form and are not available for examination. (Emphasis added.)

(c) Dr. Schinnar's statement during his cross-examination (Transcript p. 3369, l. 25 - p. 3371, l. 3):

Q. Did you provide any work papers to the [PECO] experts?

A. There are no workpapers, as I said in the report, as yet available that document for public release of that information. (Emphasis added).

(d) Dr. Schinnar's statement during his cross-examination (Transcript p. 3370, l. 22 - p. 3371, l. 5):

Q. Do you have work papers, however, now, handwritten or otherwise, that you are using as the basis for this report?

A. I have notes which were generated by staff members, in various forms, in the institution.

Q. And you didn't turn these over either to your attorney or with your testimony in this case I take it?

A. Because they are not available for public release. I have to check and confirm and write it all up.

7. Suddenly, on March 5, 1986, just two days before PECO's sur-surrebuttal was due, and less than ten days before the record was scheduled to close, the City served a "supplemental response" to IR-PECO-CITY-1-7(b). The "supplemental response" states that:

"[t]he Staff of the Wharton Policy Modeling Workshop has assembled Supplemental Staff notes used in developing the STARLOC model used in connection with City Statement No. 1. These Supplemental Staff notes are voluminous and, therefore, are being made available for review at the Wharton Policy Modeling Workshop, University of Pennsylvania.

8. Notwithstanding the representation that the

"Supplemental Staff notes . . . are being made available," one of the Company's expert witnesses, Dr. George Schink, was informed by Dr. Schinnar that such notes would not be available until March 7, 1986, which was too late for Dr. Schink to review and comment on such notes in his sur-surrebuttal testimony. (See PECO Statement No. 38A, pp. 16-17).

9. 52 Pa. Code § 5.371 provides that

(a) The Commission or the presiding officer may, on motion, make an appropriate order if one of the following occur:

(1) A participant fails to appear, file sufficient answers, file objections, make a designation, or otherwise respond to discovery requests, as required under this subchapter.

The "supplemental staff notes" are clearly workpapers that should have been produced in accordance with the Prehearing Order at the time Dr. Schinnar filed his direct testimony (i.e., January 14, 1986), and should have been produced in response to IR-PECO-CITY-1-7(b), which response also was due on January 14, 1986.

Unfortunately, this information is too voluminous, and was produced too late, to be useful at this point in this proceeding.

10. The appropriate sanction is to strike the testimony of Dr. Schinnar. 52 Pa. Code § 5.372(a) provides that:

(a) The presiding officer, when acting under § 5.371 may make one of the following:

. . .

(2) an order . . . prohibiting [the disobedient party] from introducing into evidence designated documents, things or testimony.

The "supplemental staff notes" clearly existed prior to the filing of Dr. Schinnar's direct testimony on January 14, 1986. To allow the City to make such information available almost two months later, after all of the written testimony on the issue has been filed, is extremely unfair and violates the procedures established for this proceeding. To permit Dr. Schinnar's testimony to remain on the record after such evasive conduct would be exceedingly prejudicial to the Company in this proceeding and would encourage such conduct in future proceedings.

WITHHOLDING OF INTERMEDIATE CALCULATIONS

11. The Company's expert witnesses have established that a review of the intermediate calculations of the STARLOC model are essential to assessing the model's structure and to testing the model's results. (See PECO Statement 38, pp. 507; PECO Statement 37, pp. 6-7.)

12. By way of written interrogatories (see, e.g., IR-PECO-CITY-6-8(d)) and by way of oral data requests by PECO experts, the Company has requested that Dr. Schinnar provide intermediate calculations from the STARLOC model.

13. Dr. Schinnar refused the Company's requests and stated that to provide the intermediate calculations would require modification of his computer program, which would constitute an "undue burden". Examples of this representation include:

(a) Dr. Schinnar's response to IR-PECO-CITY-6-8(d):

"these changes are computed internally by the computer program. To generate these tables the computer sub-routines would have to be modified, which would impose undue burden."

(b) Dr. Schinnar's statement during his cross-examination (Transcript p. 3306, 1. 2-11):

Q. So you are not able at this point to get the computations as would be reflected in the tables because they are inside the computer and you don't have the program at this point to bring them out; is that a fair statement?

A. I am unable at this point to provide it; yes, that is correct.

Q. And this is something that the experts had asked for, was it not?

A. That is something that the experts have asked me, yes, including yesterday.

(c) Dr. Schinnar's statement during his cross-examination (Transcript p. 3311, 1. 22 - p. 3312, 1. 3):

Q. If we want to go back today and check the data, to check the calculations, to check what I call these intermediate calculations for any component part, could we do that?

A. Today?

Q. Yes; today.

A. Not without considerable effort.

(d) Dr. Schinnar's statement during his cross-examination (Transcript p. 3312, 1. 13-19):

Q. Is it true that for the component parts, you can no longer call up on your terminal or your screen the intermediate calculations to check what that component part is computing or doing?

A. Without completely decomposing the model, which would take a considerable amount of effort, it cannot be done today.

(e) Dr. Schinnar's statement during his cross-examination (Transcript p. 3339, l. 11-18):

Q. First, this equation 3.31, this is an equation which comes up with an f^* or a final demand figure for the items you've indicated internally in the model?

A. A part of the final demand.

Q. A part of the final demand. But this is a calculation done internally; correct? It is not printed out as a separate output of the model?

A. At present, it isn't.

(f) Dr. Schinnar's statement during his cross-examination (Transcript p. 3341, l. 5-9):

Q. And the f^* number can't be printed out separately from your model at this time?

A. It was, as I mentioned earlier, like every other component, which at present it would require extensive effort to enter and produce. (Emphasis added).

14. Notwithstanding this representation, Dr. Schinnar included in his surrebuttal testimony (City Statement No. 1A) a table (Table 1) that contains intermediate calculations from the STARLOC model. These calculations were not available or accessible from the computer either at the time that PECO experts met with Dr. Schinnar on February 10-12, 1986 or prior to Dr. Schinnar's cross-examination on his direct testimony. It is apparent that Dr. Schinnar has chosen selectively to modify his program to provide intermediate calculations only when such a modification would ostensibly support his position.

15. In addition, Dr. Schinnar represented to PECO's experts on February, 12, 1986 that in order for the intermediate

calculations to be accessible, he would have to transfer the STARLOC program to a mainframe computer located elsewhere at the University and would have to set up specific files to store these calculations. He represented that the process would take at least 4 to 6 weeks and could be performed only if he had graduate assistants available. He stated, however, that his graduate assistants were not available to perform the work, so that as a practical matter, the intermediate calculations would not be available at all. (See PECO Statement No. 38A, p. 17).

16. Notwithstanding this representation, the City served on March 5, 1986 (approximately 3 weeks later) a "supplemental" written response to the oral requests made by PECO's experts for intermediate calculations. This response stated, inter alia:

The Policy Modeling Workshop of the Wharton School estimates that it will take approximately three (3) weeks from the date the Project [to determine and print out the intermediate calculations] is begun to complete the Project." (Emphasis added).

17. It is now apparent from Dr. Schinnar's surrebuttal testimony (City Statement No. 1A) and Dr. Schinnar's response to the oral data requests of PECO's experts that, contrary to his prior representations, Dr. Schinnar (a) is able to modify his program to obtain at least some intermediate calculations without undue burden, and (b) was capable, at the time when he was first asked, of producing all of the intermediate calculations before the record was scheduled to close. Instead of producing any of

the intermediate calculations requested by the Company's experts, Dr. Schinnar chose to obtain only those intermediate calculations that ostensibly support his position. In addition, Dr. Schinnar waited over three weeks, until a little more than a week before the record was scheduled to close, to inform the Company that he could provide the intermediate calculations after all.

18. Dr. Schinnar, himself, underscored the importance of independent verification of the intermediate calculations during his cross-examination (Transcript, p. 3371, l. 18 - p. 3372, l. 5):

Q. Did you think it was important, therefore, for you to check the actual calculations done by your research assistants after you had given them the various conventions and standards that you wanted them to use to do this updating process.

A. I always do.

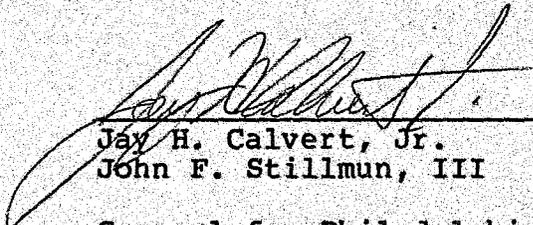
Q. Why is that? To make sure they are done accurately and correctly?

A. Because I have long experience in model building and because I am also a policy analyst where I am building models to effect or to guide policy decisions; and it is a very important step and I want to make sure that the results are correct.

19. Even the few intermediate calculations that were provided in Dr. Schinnar's surrebuttal testimony revealed serious problems with the structure and assumptions of the STARLOC model. (See PECO Statement No. 37A, pp. 6-8; PECO Statement No. 38A, pp. 10-14). Dr. Schinnar's deliberate failure to provide the intermediate calculations requested by PECO's experts is severely prejudicial to PECO, and should not be permitted.

WHEREFORE, for the reasons set forth herein, the Philadelphia Electric Company requests that its Motion be granted, and that the direct and surrebuttal testimonies of Arie P. Schinnar (City Statement Nos. 1 and 1A), and the entire oral examination of Arie P. Schinnar (including Transcript pp. 3268-3436) be stricken from the record in this proceeding.

Respectfully submitted,



Jay H. Calvert, Jr.
John F. Stillmun, III

Counsel for Philadelphia
Electric Company

OF COUNSEL:

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DATED: March 12, 1986

APPEARANCE SHEET

AJL HEARING REPORT

DOCKET NO. R-850152

CHECK THOSE BLOCKS WHICH APPLY:

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

Hearing held YES NO

Testimony taken YES NO

Hearing concluded YES NO

HEARING LOCATION: Harrisburg, PA

Further hearing needed YES NO

HEARING DATE: March 10, 11, 12, 13 & 14, 1986

Estimated add'l. days: 1 day - March 17

AJL: Matuschak

RECORD CLOSED YES NO

Briefs to be filed YES NO

BENCH DECISION YES NO

REMARKS: [Handwritten notes]

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MAR 17 1986
Office of A-LJ
Public Utility Commission

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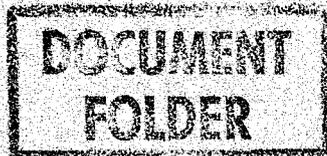
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March 17, 1986



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SECRETARY'S OFFICE
Public Utility Commission

Jerry Rich, Secretary
Pennsylvania Public Utility Commission
Secretary's Bureau, Rm. 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 please find three (3) copies of the Philadelphia Electric Company's Motion to Strike the Testimony of Arie P. Schinnar as supplemented in the transcript of the oral argument on March 12, 1986. We are filing our written motion for the record, but it should be noted that Judge Matuschak denied our motion at the March 12 hearing.

In addition to the prior distribution of the aforementioned document to Judge Matuschak and to parties represented at the March 12, 1986 hearing, copies are being herewith provided to all parties of record.

Sincerely,

William E. Zeiter/jw.

William E. Zeiter
Counsel for Philadelphia
Electric Company

mab
Enclosures

cc: Honorable Judge Matuschak (w/enclosures)
All Active Parties (w/enclosures)

CERTIFICATE OF SERVICE

I hereby certify that on March 17, 1986 copies of the Philadelphia Electric Companys Motion to Strike the Testimony of Arie P. Schinnar are being served upon all parties of record by Federal Express.

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Counsel for Philadelphia
Electric Company

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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v.

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Docket No. R-850152

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(b) Dr. Schinnar's statement during his cross-examination (Transcript p. 3369, l. 1-7):

Q. Did you keep any workpapers on your updating efforts for all these various sources set forth in PECO Exhibit 26 that you did?

A. I'm sure there are notes that various staff members of my research team have on these, but they are not documented in typewritten form and are not available for examination. (Emphasis added.)

(c) Dr. Schinnar's statement during his cross-examination (Transcript p. 3369, l. 25 - p. 3371, l. 3):

Q. Did you provide any work papers to the [PECO] experts?

A. There are no workpapers, as I said in the report, as yet available that document for public release of that information. (Emphasis added).

(d) Dr. Schinnar's statement during his cross-examination (Transcript p. 3370, l. 22 - p. 3371, l. 5):

Q. Do you have work papers, however, now, handwritten or otherwise, that you are using as the basis for this report?

A. I have notes which were generated by staff members, in various forms, in the institution.

Q. And you didn't turn these over either to your attorney or with your testimony in this case I take it?

A. Because they are not available for public release. I have to check and confirm and write it all up.

7. Suddenly, on March 5, 1986, just two days before PECO's sur-surrebuttal was due, and less than ten days before the record was scheduled to close, the City served a "supplemental response" to IR-PECO-CITY-1-7(b). The "supplemental response" states that:

"[t]he Staff of the Wharton Policy Modeling Workshop has assembled Supplemental Staff notes used in developing the STARLOC model used in connection with City Statement No. 1. These Supplemental Staff notes are voluminous and, therefore, are being made available for review at the Wharton Policy Modeling Workshop, University of Pennsylvania.

8. Notwithstanding the representation that the

"Supplemental Staff notes . . . are being made available," one of the Company's expert witnesses, Dr. George Schink, was informed by Dr. Schinnar that such notes would not be available until March 7, 1986, which was too late for Dr. Schink to review and comment on such notes in his sur-surrebuttal testimony. (See PECO Statement No. 38A, pp. 16-17).

9. 52 Pa. Code § 5.371 provides that

(a) The Commission or the presiding officer may, on motion, make an appropriate order if one of the following occur:

(1) A participant fails to appear, file sufficient answers, file objections, make a designation, or otherwise respond to discovery requests, as required under this subchapter.

The "supplemental staff notes" are clearly workpapers that should have been produced in accordance with the Prehearing Order at the time Dr. Schinnar filed his direct testimony (i.e., January 14, 1986), and should have been produced in response to IR-PECO-CITY-1-7(b), which response also was due on January 14, 1986.

Unfortunately, this information is too voluminous, and was produced too late, to be useful at this point in this proceeding.

10. The appropriate sanction is to strike the testimony of Dr. Schinnar. 52 Pa. Code § 5.372(a) provides that:

(a) The presiding officer, when acting under § 5.371 may make one of the following:

. . . .
(2) an order . . . prohibiting [the disobedient party] from introducing into evidence designated documents, things or testimony.

The "supplemental staff notes" clearly existed prior to the filing of Dr. Schinnar's direct testimony on January 14, 1986. To allow the City to make such information available almost two months later, after all of the written testimony on the issue has been filed, is extremely unfair and violates the procedures established for this proceeding. To permit Dr. Schinnar's testimony to remain on the record after such evasive conduct would be exceedingly prejudicial to the Company in this proceeding and would encourage such conduct in future proceedings.

WITHHOLDING OF INTERMEDIATE CALCULATIONS

11. The Company's expert witnesses have established that a review of the intermediate calculations of the STARLOC model are essential to assessing the model's structure and to testing the model's results. (See PECO Statement 38, pp. 507; PECO Statement 37, pp. 6-7.)

12. By way of written interrogatories (see, e.g., IR-PECO-CITY-6-8(d)) and by way of oral data requests by PECO experts, the Company has requested that Dr. Schinnar provide intermediate calculations from the STARLOC model.

13. Dr. Schinnar refused the Company's requests and stated that to provide the intermediate calculations would require modification of his computer program, which would constitute an "undue burden". Examples of this representation include:

(a) Dr. Schinnar's response to IR-PECO-CITY-6-8(d):

"these changes are computed internally by the computer program. To generate these tables the computer sub-routines would have to be modified, which would impose undue burden."

(b) Dr. Schinnar's statement during his cross-examination (Transcript p. 3306, l. 2-11):

Q. So you are not able at this point to get the computations as would be reflected in the tables because they are inside the computer and you don't have the program at this point to bring them out; is that a fair statement?

A. I am unable at this point to provide it; yes, that is correct.

Q. And this is something that the experts had asked for, was it not?

A. That is something that the experts have asked me, yes, including yesterday.

(c) Dr. Schinnar's statement during his cross-examination (Transcript p. 3311, l. 22 - p. 3312, l. 3):

Q. If we want to go back today and check the data, to check the calculations, to check what I call these intermediate calculations for any component part, could we do that?

A. Today?

Q. Yes; today.

A. Not without considerable effort.

(d) Dr. Schinnar's statement during his cross-examination (Transcript p. 3312, l. 13-19):

Q. Is it true that for the component parts, you can no longer call up on your terminal or your screen the intermediate calculations to check what that component part is computing or doing?

A. Without completely decomposing the model, which would take a considerable amount of effort, it cannot be done today.

(e) Dr. Schinnar's statement during his cross-examination (Transcript p. 3339, l. 11-18):

Q. First, this equation 3.31, this is an equation which comes up with an f^* or a final demand figure for the items you've indicated internally in the model?

A. A part of the final demand.

Q. A part of the final demand. But this is a calculation done internally; correct? It is not printed out as a separate output of the model?

A. At present, it isn't.

(f) Dr. Schinnar's statement during his cross-examination (Transcript p. 3341, l. 5-9):

Q. And the f^* number can't be printed out separately from your model at this time?

A. It was, as I mentioned earlier, like every other component, which at present it would require extensive effort to enter and produce. (Emphasis added).

14. Notwithstanding this representation, Dr. Schinnar included in his surrebuttal testimony (City Statement No. 1A) a table (Table 1) that contains intermediate calculations from the STARLOC model. These calculations were not available or accessible from the computer either at the time that PECO experts met with Dr. Schinnar on February 10-12, 1986 or prior to Dr. Schinnar's cross-examination on his direct testimony. It is apparent that Dr. Schinnar has chosen selectively to modify his program to provide intermediate calculations only when such a modification would ostensibly support his position.

15. In addition, Dr. Schinnar represented to PECO's experts on February, 12, 1986 that in order for the intermediate

calculations to be accessible, he would have to transfer the STARLOC program to a mainframe computer located elsewhere at the University and would have to set up specific files to store these calculations. He represented that the process would take at least 4 to 6 weeks and could be performed only if he had graduate assistants available. He stated, however, that his graduate assistants were not available to perform the work, so that as a practical matter, the intermediate calculations would not be available at all. (See PECO Statement No. 38A, p. 17).

16. Notwithstanding this representation, the City served on March 5, 1986 (approximately 3 weeks later) a "supplemental" written response to the oral requests made by PECO's experts for intermediate calculations. This response stated, inter alia:

The Policy Modeling Workshop of the Wharton School estimates that it will take approximately three (3) weeks from the date the Project [to determine and print out the intermediate calculations] is begun to complete the Project." (Emphasis added).

17. It is now apparent from Dr. Schinnar's surrebuttal testimony (City Statement No. 1A) and Dr. Schinnar's response to the oral data requests of PECO's experts that, contrary to his prior representations, Dr. Schinnar (a) is able to modify his program to obtain at least some intermediate calculations without undue burden, and (b) was capable, at the time when he was first asked, of producing all of the intermediate calculations before the record was scheduled to close. Instead of producing any of

the intermediate calculations requested by the Company's experts, Dr. Schinnar chose to obtain only those intermediate calculations that ostensibly support his position. In addition, Dr. Schinnar waited over three weeks, until a little more than a week before the record was scheduled to close, to inform the Company that he could provide the intermediate calculations after all.

18. Dr. Schinnar, himself, underscored the importance of independent verification of the intermediate calculations during his cross-examination (Transcript, p. 3371, l. 18 - p. 3372, l. 5):

Q. Did you think it was important, therefore, for you to check the actual calculations done by your research assistants after you had given them the various conventions and standards that you wanted them to use to do this updating process.

A. I always do.

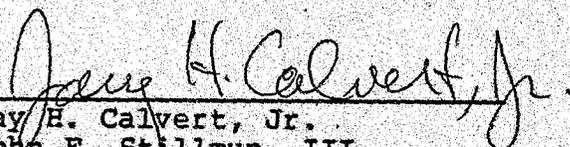
Q. Why is that? To make sure they are done accurately and correctly?

A. Because I have long experience in model building and because I am also a policy analyst where I am building models to effect or to guide policy decisions; and it is a very important step and I want to make sure that the results are correct.

19. Even the few intermediate calculations that were provided in Dr. Schinnar's surrebuttal testimony revealed serious problems with the structure and assumptions of the STARLOC model. (See PECO Statement No. 37A, pp. 6-8; PECO Statement No. 38A, pp. 10-14). Dr. Schinnar's deliberate failure to provide the intermediate calculations requested by PECO's experts is severely prejudicial to PECO, and should not be permitted.

WHEREFORE, for the reasons set forth herein, the Philadelphia Electric Company requests that its Motion be granted, and that the direct and surrebuttal testimonies of Arie P. Schinnar (City Statement Nos. 1 and 1A), and the entire oral examination of Arie P. Schinnar (including Transcript pp. 3268-3436) be stricken from the record in this proceeding.

Respectfully submitted,


Jay H. Calvert, Jr.
John F. Stillmun, III

Counsel for Philadelphia
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OF COUNSEL:

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DATED: March 12, 1986

CASE NAME Philadelphia Electric Co.

CHECK THOSE BLOCKS WHICH APPLY:

Hearing held YES NO

Testimony taken YES NO

Hearing concluded YES NO

Further hearing needed YES NO

Estimated add'l days

RECORD CLOSED YES NO

Briefs to be filed YES NO

BENCH DECISION YES NO

HEARING LOCATION Harrisburg, Pa.

HEARING DATE Monday, March 17, 1986

ALJ Matuschak

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 Office of A. L. J.
 Public Utility Commission

REMARKS: Record closed except for filing certain specified delayed exhibits.
 Briefs (delivered) by April 7, 1986.
 Reply Briefs (delivered) by April 14, 1986.
 Replies to ALJ to be submitted and
 97 East Main Street
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 PLEASE PRINT CLEARLY
 INCOMPLETE INFORMATION MAY RESULT IN DELAY OF PROCESS

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March 20, 1986

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SECRETARY'S OFFICE
Public Utility Commission

The Honorable Joseph P. Matuschak
97 East Main Street
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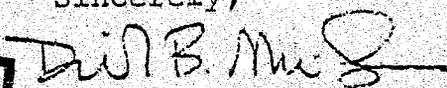
Re: Pennsylvania Public Utility Commission
v.
Philadelphia Electric Company, Docket
No. R-850152

Dear Judge Matuschak:

At the March 12, 1986 hearing in the above-captioned proceeding, the Company agreed to recalculate its projected total energy costs for the period July 1, 1986 - June 30, 1987, employing certain revised oil prices agreed to at the hearing (See Tr. 4535). The results of this recalculation are set forth in the attached PECO Exhibit JJC-3. In accordance with the procedure agreed to at the March 12, 1986 hearing, the Company requests that this document be marked for identification and admitted into evidence as PECO Ex. JJC-3.

As shown below, I have today served copies of this document on all parties and the Court Reporter.

Sincerely,



David B. MacGregor
Counsel for Philadelphia
Electric Company

DOCUMENT
FOLDER

/paa
Encl.
cc: All Parties
Commonwealth Reporting Service

DOCKETED
JUL 10 1986

CERTIFICATE OF SERVICE

I hereby certify that I have on this day served copies of the aforementioned document by Federal Express and Hand Delivery on all active parties to this proceeding:

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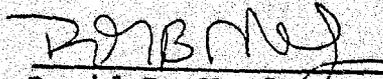
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Dated: March 20, 1986


David B. MacGregor
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5/11/86
3-12-86
Hb9

p-850152

Q. Please supply a revised Schedule 3 page 2 of 4 to PECO Statement 22D showing the Total Fuel and Interchange Expenses that would be predicted during the period 7/1/86 to 6/30/87, if PECO's No. 6 oil-0.5% S averaged \$24.00/bbl. Also state the average prices of No. 6 oil both 0.5% S and 1.0% S that were used to arrive at that prediction.

A. Attached is a revised PECO Statement 22D, Schedule 3, page 2 of 4 as requested. This projection of Total Fuel and Interchange had the exact same values of input as the original Schedule 3, page 2 of 4 with the exception of prices expected for the projected oil purchases. The oil prices predicted for PECO purchases of No. 6, 0.5% S oil during the period averaged \$23.991/bbl. The No. 6, 1.0% S oil was estimated to cost \$1 dollar per bbl less than the No. 6 0.5% S oil. In addition to these two changes in the prices of No. 6 oil, the price of No. 2 oil was also reduced to reflect its normal cost relationship with No. 6 oil.

As is the standard practice, within the ProdCost program, the prices for oil required by the other PJM member units was also adjusted to be consistent with the revised oil prices used by PECO's equipment.

7-1-86 to 6-30-87

	MWH ---	\$ ---
Oil - PE Stm.	1,924,000	86,209,000
Coal - PE Stm.	2,996,000	
Coal	0	55,548,000
Gas (Scrubber)		3,525,000
Oil (Scrubber)		3,774,000
Oil (Support)		2,195,000
Coal - Minemouth	4,078,000	58,950,000
Int. Comb.	106,230	6,406,900
Nuclear	15,340,222	115,232,027
Hydro	1,205,000	---
Received PJM	3,537,000	107,723,000
Delivered PJM	(1,408,000)	(60,503,000)
Steam Ht., CoGen	100,400	3,563,000
ME, PPL & DPL	192	14,856
2-Party Trans.	2,423,000	66,143,000
 Total	 30,302,044	 448,780,783
Sales	28,298,319	\$15.859