



OFFICE OF CONSUMER ADVOCATE
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

RECEIVED

OCT 8 1985

**SECRETARY'S OFFICE
Public Utility Commission**

DAVID M. BARASCH
Consumer Advocate

October 8, 1985

(717) 783-5048

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

Re: Pennsylvania Public Utility
Commission v. Philadelphia
Electric Company,
Docket No. R-850152C002

Dear Secretary Rich:

Please find enclosed the original and three copies of the Complaint and the Public Statement of the Consumer Advocate in the Philadelphia Electric Company rate case docketed at R-850152. As per attached Certificate of Service, copies have been served on all parties in the case at R-850152.

Sincerely,

Susan Perkins Weston
Assistant Consumer Advocate

2186P
Enclosures
cc: All parties of record



CERTIFICATE OF SERVICE

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

I hereby certify that I am this 8th day of October, 1985, serving either in person or by first class mail the foregoing documents, Complaint and Public Statement, in the above-captioned proceeding.

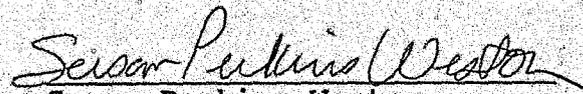
Walter R. Hall, II, Esq.
David B. MacGregor, Esq.
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

Raymond Williams
Philadelphia Electric Company
Electric Division
2301 Market Street
Philadelphia, PA 19101

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

Marlane R. Chestnut
Veronica A. Smith
Daniel Delaney
Assistant Counsels
PA Public Utility Commission
Room G-19, North Office Bldg.
Harrisburg, PA 17120

David M. Kleppinger, Esq.
Edward J. Riehl, Esq.
McNees, Wallace & Nurick
P.O. Box 1166
Harrisburg, PA 17108-1166


Susan Perkins Weston
Assistant Consumer Advocate

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BEFORE

OCT 8 1985

PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S OFFICE
Public Utility Commission

For Commission Use Only:

COMPLAINT DOCKET NO. R-850152C002 REF. # _____ UTILITY CODE 110550

DAVID M. BARASCH, CONSUMER ADVOCATEVS. PHILADELPHIA ELECTRIC COMPANY

PLEASE PRINT:

1. YOUR NAME, ADDRESS AND TELEPHONE NUMBER.

Name David M. Barasch, Consumer Advocate

Street 1425 Strawberry Square

City Harrisburg State PA Zip 17120

County Dauphin Work Telephone-Area Code (717) 783-5048

2. COMPANY YOU ARE COMPLAINING ABOUT.

Name Philadelphia Electric Company

3. WHAT IS YOUR COMPLAINT (DESCRIBE PROBLEM).

A. On September 27, 1985, the Respondent, Philadelphia Electric Company, filed Supplement No. 15 to Electric Tariff No. 26, proposed to become effective November 27, 1985, which seeks to change the structure and increase the level of rates that respondent charges its customers.

B. If proposed Supplement No. 15 becomes effective, Respondent will experience a net increase in annual base rate revenues of approximately \$671 million. This filing arises primarily from the proposed inclusion in rates of Limerick Nuclear Generating Station Unit 1 and 100% of the common costs of the entire Limerick Station, which results in \$949 million of non-energy related costs less a projected reduction of \$207 million in energy costs. The non-Limerick related portions of the rate request would produce a rate decrease of \$71 million. The overall net increase of \$671 million represents an average increase of 28.2% to PECO customers. The rate increase sought from regular residential, commercial, and industrial customers is 29.6%. The

For Commission Use Only:

DATE FILED 10/8/85

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OCT 09 1985

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Company proposes to phase this increase in over a three year period, increasing average bills 9.4% each year for three years and recovering amounts not received during the phase-in period through additional charges in the three subsequent years. Under the terms of a Declaratory Order issued by the Commission on October 3, 1984, and in the event that the plant does not achieve commercial operation by the end of the future test year in this case, the Company would delay the implementation of the Limerick-related portion of the proposed increase until the plant has achieved commercial operation.

C. Respondent's proposed Supplement No. 15 will, or may, result in unjust and unreasonable rates in violation of §1301 and other sections of Chapter 13 of the Public Utility Code, 66 Pa. C.S. §1301, et seq. The interclass revenue allocations proposed by Respondent in Supplement No. 15 are, or may be, unreasonably discriminatory against residential customers in violation of §1304 of the Public Utility Code, 66 Pa. C.S. §1304. The "late window" procedure proposed by the Company in the event that Limerick does not achieve commercial operation as of the end of the case is or may be illegal under §§1308 and 1310 of the Public Utility Code, 66 Pa.C.S. §§1308, 1310, and the Pennsylvania Supreme Court holding in Joseph Horne Company v. Pa. PUC, --- Pa. ---, 485 A.2d 1105 (1984). The "phase-in" proposal under which the Company could ultimately charge a level of rates which is higher than the \$671 million rate increase incorporated in its initial filing is or may be illegal under §1301, §1308, and other sections of the Public Utility Code, 66 Pa.C.S. §§1301, 1308, et seq., and is or may also be in violation of applicable Commission regulations.

D. Respondent's proposed Supplement No. 15 is based on the inclusion in rates of the Respondent's Limerick Nuclear Generating Station Unit 1 and 100% of the Limerick common facilities. Such inclusion in rates is or may be unjust and unreasonable at this time, and in violation of §1301, §1315, and other sections of the Public Utility Code, 66 Pa. C.S. §1301, §1315, et seq.

E. Respondent's rate filing reflects an annual reduction in energy costs received through base rates of approximately \$207 million. The Company, however, has provided no assurance that these energy costs will not later be billed to ratepayers under an adjusted Energy Cost Rate. Therefore, the \$207 million savings may not actually be realized by ratepayers. Such a failure is, or may be, unjust and unreasonable to ratepayers who are being asked to pay for Limerick in base rates whether or not such energy savings are achieved.

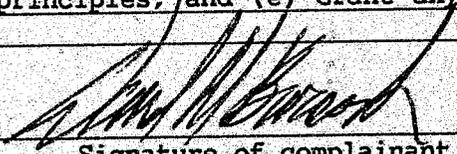
F. Pursuant to Act 161 of 1976 of the General Assembly, 71 P.S. Section 309-2, the Office of Consumer Advocate is authorized to represent the interests of consumers before the Pennsylvania Public Utility Commission in any matter properly before the Commission. In response to the filing of Supplement No. 15 by Respondent, the Consumer Advocate has decided to bring this Complaint to insure that Respondent's proposed tariffs and overall rates do not discriminatorily, unfairly, unjustly, or unlawfully change the structure or increase the level of Respondent's rates.

4. WHAT DO YOU WANT US TO DO?

A. The Consumer Advocate of Pennsylvania prays that the Pennsylvania Public Utility Commission: (a) Suspend the proposed Supplement No. 15; (b) Hold full hearings exploring the factual and legal bases for all of Respondent's proposed changes in its base rates. Such hearings should include both expert evidentiary and public input hearings in Respondent's service territory; (c) Deny any increase or change in the Company's base rates that is

not just and reasonable, lawful and fully justified; (d) Make any revision necessary to Respondent's proposed rate structure in order to insure that the said rate structure is not unreasonably discriminatory and is not contrary to public policy or established legal principles; and (e) Grant any other relief deemed appropriate.

YOU MUST SIGN HERE


Signature of complainant or
attorney for corporate complainant

PUT TODAY'S DATE HERE

October 8, 1985
Today's Date

YOU DO NOT NEED A LAWYER

If you DO have a lawyer PLEASE PRINT the lawyer's name, address and telephone number below.

Irwin A. Popowsky, David Wersan, and
Lawyer's Name Scott J. Rubin, Assistant Consumer Advocates
Street 1425 Strawberry Square
City Harrisburg State PA Zip 17120
Telephone Number-Area Code (717) 783-5048

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF DAUPHIN)

I, David M. Barasch, Consumer Advocate of Pennsylvania, being duly sworn according to law depose and say this 8th day of October, 1985, that the foregoing complaint is true and correct to the best of my information, knowledge and belief.



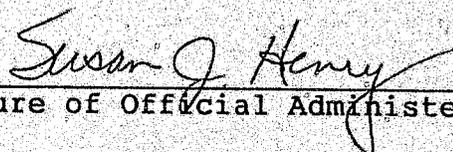
Signature of Affiant

Sworn and subscribed before

me this 8th day

of October 1985

My Commission SUSAN J. HENRY, NOTARY PUBLIC
Expires HARRISBURG, PA DAUPHIN COUNTY



Signature of Official Administering Oath

Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

(717) 783-5048

PUBLIC STATEMENT OF THE CONSUMER ADVOCATE ISSUED IN
ACCORDANCE WITH SECTION 904-A-(e) OF ACT OF APRIL 9, 1929
(P.L. 177, No. 175), KNOWN AS "THE ADMINISTRATIVE CODE
OF 1929", AS AMENDED BY ACT 161 OF 1976 (APPROVED JULY 9, 1976)

Act 161 of the Pennsylvania General Assembly, 71 P.S. Section 309-2, as amended July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC or Commission). Section 309-4(e) requires the issuance of a Public Statement identifying the specific interests the Consumer Advocate is representing when it participates in a proceeding before the PUC.

The present Complaint arises from a rate request filed with the PUC by Philadelphia Electric Company (PECO) on September 27, 1985, proposed to become effective November 27, 1985. The Consumer Advocate believes that the rate increase sought by PECO may be unjust and unreasonable because of certain revenue, expense, rate of return, and rate base adjustments claimed by the Company. In addition, the rate structure proposed by the Company in its filing may be unreasonably discriminatory and may fail to conform with the public interest and applicable legal principle.

Specifically, PECO is seeking a total increase in annual base rate revenues of approximately \$671 million to reflect the proposed inclusion in rates of Limerick Unit 1. This increase consists of an increase of \$949 million in Limerick-related non-energy costs, reduced by \$207 million to reflect anticipated energy savings that PECO alleges will result from Limerick 1 operation, and further reduced by \$71 million to

reflect overall changes in non-Limerick related costs. PECO proposes that the net increase of \$671 million is to be "phased in" over three years at a rate of 9.4% per year, with amounts not received during the phase-in to be recovered in the subsequent three years. The Company seeks an overall increase of 28.2% in its base rate revenues, including an increase of 29.6% in base rate revenues from regular residential, commercial, and industrial customers.

As noted above, the proposed \$949 million Limerick-related base rate increase will be offset initially by \$207 million in annual savings from lower energy costs that will allegedly be produced as a result of Limerick 1 operation. If these energy savings are not actually achieved, however, PECO has stated it will charge these costs to ratepayers in future Energy Cost Rate adjustments. The \$207 million savings therefore may not actually be realized by ratepayers.

The Office of Consumer Advocate (OCA) will carefully review the Company's proposed ratemaking treatment of the Limerick plant to determine if all or a part of the Company's claimed Limerick costs should be excluded from rates. In particular, the OCA will scrutinize the Limerick plant for excessive construction costs and to determine whether all or part of the plant represents excess generation capacity. The OCA will also examine the operational status of Limerick 1 to determine whether the plant is capable of providing sustained utility service to ratepayers. Other issues of immediate concern to the OCA include the Company's proposed plant retirements, energy cost projections, sales projections, and requested return on equity. The OCA will also review the Company's cost of service analysis and revenue allocations to insure

that residential customers do not receive a greater portion of any increase than is appropriate.

In light of the above, the Consumer Advocate has filed a Formal Complaint against PECO's rate increase request. This complaint asks the PUC to conduct expert evidentiary and public input hearings in PECO's service territory. The Consumer Advocate's Complaint asks the PUC to deny any rate increase, change, or revision that is not fully justified, and to make any changes in the rate structure which are necessary to ensure that such rate structure is justified and conforms with sound public policy and applicable legal principles.

By filing this complaint with the Commission, the Consumer Advocate seeks to protect the interest of PECO's customers, especially those in the residential classes, from unjust and unreasonable rates.

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

October 9, 1985

IN REPLY PLEASE
REFER TO OUR FILE
R-850152C002

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



Dear Mr. Bauer:

A complaint has been filed against you before the Pennsylvania Public Utility Commission by David M. Barasch, Consumer Advocate (the complaining party)

To defend yourself against the claims stated in the following pages, you must act within twenty (20) days, by filing in writing with the Commission, either personally or through your attorney, your defenses or objections to the claims stated against you. Or, you may satisfy the complaint by settling the matter with the Complainant and submitting proof of settlement to the Commission within twenty (20) days.

IF YOU FAIL TO RESPOND WITHIN TWENTY (20) DAYS THE CASE MAY GO FORWARD IN YOUR ABSENCE AND A JUDGMENT MAY BE ENTERED AGAINST YOU BY THE COMMISSION WITHOUT FURTHER NOTICE.

AN ADMINISTRATIVE LAW JUDGE MAY REVOKE OR SUSPEND ANY CERTIFICATE OR PERMIT HELD BY YOU, OR IMPOSE A FINE, OR ANY OTHER APPROPRIATE PENALTY OR REMEDY AUTHORIZED BY THE PUBLIC UTILITY CODE. YOU MAY LOSE MONEY OR PROPERTY OR OTHER RIGHTS IMPORTANT TO YOU.

Detailed instructions on how to proceed are contained in the attached pages. You are advised to read them carefully.

Unless you are a corporation or other organization, you may proceed without a lawyer. However, if you want a lawyer and do not have one or cannot afford one, the office listed below can tell you where you can get legal help:

Pennsylvania Lawyer Referral Service
Pennsylvania Bar Association
P.O. Box 186
Harrisburg, Pennsylvania 17108
(800) 692-7375

Very truly yours,

Jerry Rich
Secretary

Attachment

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION
10/09/85
David M. Barasch, Consumer Advocate

Complaint Docket

Case No. R-850152C002

Philadelphia Electric Company

...with regard to this complaint...
...on which this complaint is based...
...that this complaint was filed...
...the Secretary of the Commission...
...to answer or satisfy the complaint...

**FORMAL COMPLAINT
NOTICE TO RESPONDENT
TO ANSWER OR SATISFY**

DO NOT REMOVE
OCT 11 1985

TO: Edward G. Bauer, Jr.

TAKE NOTICE:

That a complaint in the above entitled matter, of which the attached is a true and correct copy, has been presented and filed of record with the Pennsylvania Public Utility Commission. Section 702 of the Public Utility Code, 66 Pa.C.S. §702, requires the Commission to serve on each party named in a complaint a copy of the complaint and notice calling upon each party to satisfy the complaint; or to answer the same in writing within a specified time; THEREFORE, you are

1. You have twenty (20) days from the date on which this complaint is served to either satisfy this complaint or to file with the Secretary of the Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17120, an answer (original and two copies), in writing, under oath, which, as required by Section 35.35 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code §35.35, either affirms or specifically denies the allegations in this complaint. You must also serve a copy of the answer upon the complainant.

2. If you fail to either satisfy this complaint or to file an answer or other responsive pleading within twenty (20) days, you will be deemed to have admitted all the allegations in this complaint in accordance with Section 35.35 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code §35.35. In that event, an Administrative Law Judge of the Commission may, without hearing, enter an order which either revokes or suspends any certificate or permit held by you or which imposes a fine or any other appropriate penalty or remedy.

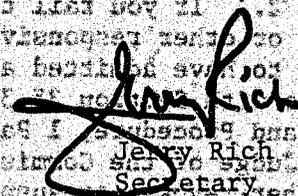
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Certified Mail

authorized by the Public Utility Code, 66 Pa.C.S. §101, et seq.; and, if you are a customer of a utility, an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. The Administrative Law Judge is not limited to the relief sought by the complainant in paragraph 4. of the attached complaint.

3.00 If you elect to satisfy this complaint you must file, within twenty (20) days from the date on which this complaint is served, affidavits executed by each complainant that this complaint has been satisfied. Such affidavits must describe the basis on which this complaint was satisfied; any settlement agreement between the parties must be reduced to writing and attached to the affidavit. Such affidavits are to be filed with the Secretary of the Commission at the address set forth in paragraph 1. Upon receipt of affidavits of satisfaction from all complainants, this complaint will be dismissed by an Administrative Law Judge in accordance with Section 703(a) of the Public Utility Code, 66 Pa.C.S. §703(a), unless the Judge determines that such dismissal would be contrary to the public interest, in which event he may direct that hearings be held upon the complaint.

4. If you file an answer which admits the allegations in this complaint, or which fails to specifically deny the allegations in this complaint, an Administrative Law Judge will, without hearing, enter an order which either revokes or suspends any certificate held by you or which imposes a fine or any other appropriate penalty or remedy authorized by the Public Utility Code, 66 Pa.C.S. §101, et seq.; and, if you are a customer of a utility, an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. The Administrative Law Judge is not limited to the relief sought by the complainant in paragraph 4. of the attached complaint.

If you file a timely answer which specifically denies the allegations in this complaint, or which raises material questions of law or fact, this matter shall be referred to the Office of Administrative Law Judge for hearing and decision. If, after hearing on the issues raised by that answer, you are found to have committed any of the violations alleged in this complaint, the Administrative Law Judge may render a decision which either revokes or suspends any certificate or permit held by you or which imposes a fine or any other appropriate penalty or remedy authorized by the Public Utility Code, 66 Pa.C.S. §101, et seq.; and, if you are a customer of a utility, an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. In the imposition of a penalty after hearing the Administrative Law Judge is not bound by the relief sought by the complainant in paragraph 4. of the attached complaint.


Jerry Rich
Secretary

(SEAL)
10/09/85

Certified Mail
Return Receipt Requested
JEP:bjc

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OCT 13 1985

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S OFFICE
Public Utility Commission

PHILADELPHIA AREA INDUSTRIAL
ENERGY USERS GROUP

v.

PHILADELPHIA ELECTRIC
COMPANY

Docket No. R-850152C001

ANSWER

NOW COMES the Respondent, Philadelphia Electric Company, by its attorneys, and answers the Complaint of the Philadelphia Area Industrial Energy Users Group, as follows:

1.-4. Admitted.

5. Respondent admits that the Philadelphia Area Industrial Energy Users Group is an ad hoc association of industrial customers of Philadelphia Electric Company, all of whom take service under Rate HT. Respondent lacks knowledge as to the specific future effect of Supplement No. 15 to Tariff Electric--Pa. P.U.C. No. 26 upon the various industrial customers represented by the Philadelphia Area Industrial Users Group and, to the extent relevant, demands proof thereof at any hearing held hereon.

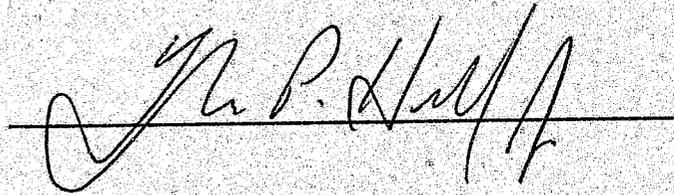
6. Respondent admits that it bears the burden of proving the reasonableness and lawfulness of the rates proposed in Supplement No. 15 to Tariff Electric--Pa. P.U.C. No. 26, but it denies that the information and data filed in support thereof are insufficient to establish that the proposed

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OCT 21 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: October 15, 1985

rates are just, reasonable and nondiscriminatory as required by the Public Utility Code. In further answer, Respondent avers that the rates proposed in Supplement No. 15 are just, reasonable, nondiscriminatory and lawful under the Public Utility Code, and that said rates will produce total revenues no greater than are needed for Respondent to earn a fair return on the value of its plant employed in serving the public as is its entitlement under the Public Utility Code.

7. For the reasons stated above, Respondent denies that Complainant is entitled to the relief requested.

WHEREFORE, for the foregoing reasons, the Complaint of the Philadelphia Area Industrial Energy Users Group 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 II
Frederick H. Knight
David B. MacGregor
MORGAN, LEWIS & BOCKIUS
2000 One Logan Square
Philadelphia, PA 19103

DATE: October 16, 1985

CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Philadelphia Electric Company's Answer to the Complaint of the Philadelphia Area Industrial Energy Users Group filed on October 16, 1985 to be served by first class mail, postage prepaid on all active parties in the Limerick Unit No. I Rate Proceeding at Docket No. R-850152C001, upon the following:

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

David M. Kleppinger, Esquire
Philadelphia Area Industrial
Energy Users Group
100 Pine Street
Harrisburg, PA 17108-1166



William E. Zeiter
Counsel for Philadelphia
Electric Company

ORIGINAL

WASHINGTON
NEW YORK
LOS ANGELES

MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW
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

October 16, 1985

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OCT 18 1985

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

SECRETARY'S OFFICE
Public Utility Commission

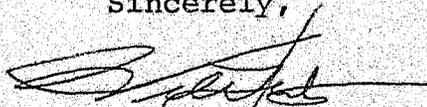
Re: Philadelphia Area Industrial Energy
Users Group v. Philadelphia Electric
Company, Docket No. R-850152C001

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.

I hereby 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: David M. Kleppinger, Esq.

**DOCUMENT
FOLDER**

WASHINGTON
NEW YORK
LOS ANGELES

MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW
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

October 16, 1985

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OCT 18 1985

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

SECRETARY'S OFFICE
Public Utility Commission

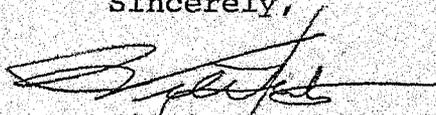
Re: Philadelphia Area Industrial Energy
Users Group v. Philadelphia Electric
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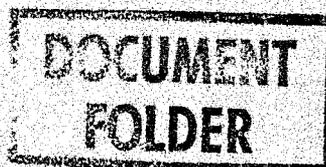
Sincerely,



William E. Zeiter
Counsel for Philadelphia
Electric Company

ddg
Enclosure

cc: David M. Kleppinger, Esq.



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

October 24, 1985

RE-SERVED

IN REPLY PLEASE
REFER TO OUR FILE

R-850152C002

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



Dear Sir:

A complaint has been filed against you before the Pennsylvania Public Utility Commission by David M. Barasch, Consumer Advocate (the complaining party)

To defend yourself against the claims stated in the following pages, you must act within twenty (20) days, by filing in writing with the Commission, either personally or through your attorney, your defenses or objections to the claims stated against you. Or, you may satisfy the complaint by settling the matter with the Complainant and submitting proof of settlement to the Commission within twenty (20) days.

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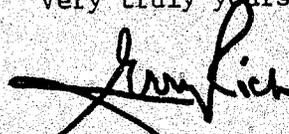
AN ADMINISTRATIVE LAW JUDGE MAY REVOKE OR SUSPEND ANY CERTIFICATE OR PERMIT HELD BY YOU, OR IMPOSE A FINE, OR ANY OTHER APPROPRIATE PENALTY OR REMEDY AUTHORIZED BY THE PUBLIC UTILITY CODE. YOU MAY LOSE MONEY OR PROPERTY OR OTHER RIGHTS IMPORTANT TO YOU.

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Pennsylvania Lawyer Referral Service
Pennsylvania Bar Association
P.O. Box 186
Harrisburg, Pennsylvania 17108
(800) 692-7375

Very truly yours,


Terry Rich
Secretary

Attachment
JEP:mb

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

David M. Barasch, Consumer Advocate

v.

Philadelphia Electric Co.

Complaint Docket
No. R-850152C002

11/24/85

FORMAL COMPLAINT
NOTICE TO RESPONDENT
TO ANSWER OR SATISFY

TO: William E. Zeiter, Esquire

DOCUMENT
FOLDER

DOCKETED

OCT 24 1985

TAKE NOTICE:

That a complaint in the above entitled matter, of which the attached is a true and correct copy, has been presented and filed of record with the Pennsylvania Public Utility Commission. Section 702 of the Public Utility Code, 66 Pa.C.S. §702, requires the Commission to serve on each party named in a complaint a copy of the complaint and notice calling upon each party to satisfy the complaint, or to answer the same in writing within a specified time; THEREFORE,

1. You have twenty (20) days from the date on which this complaint is served to either satisfy this complaint or to file with the Secretary of the Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17120, an answer (original and two copies), in writing, under oath, which, as required by Section 35.35 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code §35.35, either affirms or specifically denies the allegations in this complaint. You must also serve a copy of the answer upon the complainant.

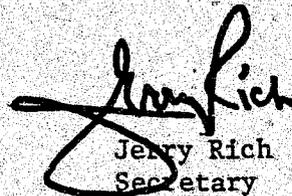
2. If you fail to either satisfy this complaint or to file an answer or other responsive pleading within twenty (20) days, you will be deemed to have admitted all the allegations in this complaint in accordance with Section 35.35 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code §35.35. In that event, an Administrative Law Judge of the Commission may, without hearing, enter an order which either revokes or suspends any certificate or permit held by you or which imposes a fine or any other appropriate penalty or remedy

authorized by the Public Utility Code, 66 Pa.C.S. §101, et seq.; and, if you are a customer of a utility, an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. The Administrative Law Judge is not limited to the relief sought by the complainant in paragraph 4. of the attached complaint.

3. If you elect to satisfy this complaint you must file, within twenty (20) days from the date on which this complaint is served, affidavits executed by each complainant that this complaint has been satisfied. Such affidavits must describe the basis on which this complaint was satisfied; any settlement agreement between the parties must be reduced to writing and attached to the affidavit. Such affidavits are to be filed with the Secretary of the Commission at the address set forth in paragraph 1. Upon receipt of affidavits of satisfaction from all complainants, this complaint will be dismissed by an Administrative Law Judge in accordance with Section 703(a) of the Public Utility Code, 66 Pa.C.S. §703(a), unless the Judge determines that such dismissal would be contrary to the public interest, in which event he may direct that hearings be held upon the complaint.

4. If you file an answer which admits the allegations in this complaint, or which fails to specifically deny the allegations in this complaint, an Administrative Law Judge will, without hearing, enter an order which either revokes or suspends any certificate held by you or which imposes a fine or any other appropriate penalty or remedy authorized by the Public Utility Code, 66 Pa.C.S. §101, et seq.; and, if you are a customer of a utility, an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. The Administrative Law Judge is not limited to the relief sought by the complainant in paragraph 4. of the attached complaint.

5. If you file a timely answer which specifically denies the allegations in this complaint, or which raises material questions of law or fact, this matter shall be referred to the Office of Administrative Law Judge for hearing and decision. If, after hearing on the issues raised by that answer, you are found to have committed any of the violations alleged in this complaint, the Administrative Law Judge may render a decision which either revokes or suspends any certificate or permit held by you or which imposes a fine or any other appropriate penalty or remedy authorized by the Public Utility Code, 66 Pa.C.S. §101, et seq.; and, if you are a customer of a utility, an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. In the imposition of a penalty after hearing the Administrative Law Judge is not bound by the relief sought by the complainant in paragraph 4. of the attached complaint.


Jerry Rich
Secretary

(SEAL)

Certified Mail
Return Receipt Requested

MORGAN, LEWIS & BOCKIUS

WASHINGTON
NEW YORK
LOS ANGELES

COUNSELORS AT LAW
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

RECEIVED

October 29, 1985

OCT 29 1985

SECRETARY'S OFFICE
Public Utility Commission

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

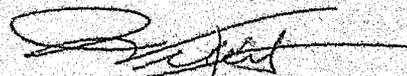
Re: David M. Barasch, Consumer Advocate v.
Philadelphia Electric Company,
Docket No. R-850152C002

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: Irwin A. Popowsky, Esq.

**DOCUMENT
FOLDER**

CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Philadelphia Electric Company's Answer to the Complaint of ~~the~~ David M. Barasch, Consumer Advocate filed on October 29, 1985 to be served by first class mail, postage prepaid on all active parties in the Limerick Unit No. I Rate Proceeding at Docket No. R-850152C002, upon the following:

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

Irwin A. Popowsky, Esquire
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120



William E. Zeiter
Counsel for Philadelphia
Electric Company

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

OCT 29 1985

SECRETARY'S OFFICE
Public Utility Commission

DAVID M. BARASCH,
CONSUMER ADVOCATE,
Complainant

v.

PHILADELPHIA ELECTRIC COMPANY,
Respondent

Docket No. R-850152C002

A N S W E R

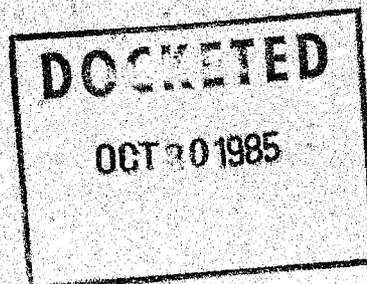
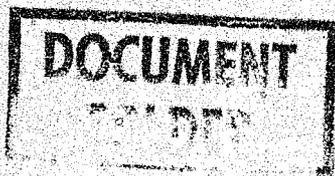
NOW COMES the Respondent, Philadelphia Electric Company ("PECO" or the "Company"), by its Attorneys, and answers the Complaint of David M. Barasch, Consumer Advocate ("OCA") as follows:

1.-2. Admitted.

3. The averments of this paragraph are answered as follows:

A. Admitted.

B. Admitted in part, denied in part. It is admitted that Supplement No. 15 requests an increase in annual base rate revenues of approximately \$671 million, based primarily on the need to reflect the increased capital and operating costs associated with the Limerick Nuclear Generating Station Unit 1 and 100% of Common Plant. It is admitted that Supplement No. 15 is designed to produce an overall increase of 28.2%, and 29.6% for regular residential, commercial and industrial customers.



The Company further admits that it proposes to phase-in the increase over a three-year period, with the revenue not billed in the first two years of the phase-in period collected in years four through six but with no interest on the deferred billings. It is further admitted that on October 3, 1984, the Commission entered a Declaratory Order at Docket No. P-840514, establishing procedures to synchronize commercial operation and rate recognition of Limerick 1.

The Company denies the Complaint's allegation or implication that absent the inclusion of Limerick 1 and Common Plant in rates a rate decrease of \$71 million would be appropriate. The Supplement No. 15 increase is composed of \$878.2 million in higher costs of service, offset by the Company's \$207.5 million estimate of the average annual energy cost savings anticipated from the operation of Limerick 1 during the first two years rates established in this proceeding will be in effect. Because of the inclusion in this rate request of the Limerick 1 capital and operating costs, the Company has taken steps to reduce its overall revenue requirement and minimize the impact of the rate increase on its customers. Without the inclusion of the Limerick-related costs in the rate request, the "non-Limerick related portions" of the increase would have increased significantly. Thus, it is erroneous and misleading to suggest that rates could be decreased by \$71 million absent Limerick-related costs.

C. Denied. In further answer, PECO avers that the rates proposed in Supplement No. 15 are just, reasonable, non-discriminatory and lawful under the Public Utility Code, and that said rates will produce total revenues no greater than are needed for Respondent to earn a fair return on the fair value of its plant employed in serving the public as is its entitlement under the Public Utility Code. Complainant's allegation that the "late window" procedure approved by the Commission in its Declaratory Order at Docket No. P-840514 is illegal under the Public Utility Code and Joseph Horne Company v. Pa. PUC, ___ Pa. ___, 485 A.2d 1105 (1984), is a conclusion of law to which responsive pleading is not required. In further answer, the Company avers that this procedure has been approved by the Commission and is in full compliance with the Public Utility Code and the above-cited Supreme Court decision.

Complainant's allegation that the proposed "phase-in" is illegal under the Public Utility Code and Commission regulations also is a conclusion of law to which no responsive pleading is required. In further answer, the Company avers that its phase-in proposal is in full compliance with the Public Utility Code and Commission regulations. Moreover, as a matter of tariff filing and customer notice, the Company is requesting the legal authority to charge customers the full amount of the requested increase, and under the tariffs filed by the Company ratepayers have a legal obligation to pay the full amount of

the requested increase. The "phase-in" procedure is simply a voluntary effort by the Company to minimize the impact of the requested rate increase on customers by deferring the billing and collection of approved rates.

D. Admitted in part, denied in part. The Company admits that proposed Supplement No. 15 reflects the inclusion in rates of Limerick Unit No. 1. The Company denies that such inclusion is or may be unjust, unreasonable, or unlawful, and, in further answer, PECO avers that the rates proposed in Supplement No. 15 are just, reasonable, nondiscriminatory and lawful under the Public Utility Code.

E. Admitted in part, denied in part. PECO admits that its rate filing reflects an annual reduction in energy costs recovered through base rates of approximately \$207 million related to the operation of Limerick 1. The Company denies that the requested rates are or may be unjust, unreasonable, or unlawful, and in further answer, the Company avers that the requested rates are just, reasonable, nondiscriminatory and lawful under the Public Utility Code. The Company currently estimates that the operation of Limerick 1 will produce \$207.5 million in average annual energy cost savings during the first two years rates established in this proceeding will be in effect. This energy cost reduction is reflected in the filing through a 7.505 mills/kwh reduction in the energy costs included in base rates. As is the case with all other components of PECO's projected

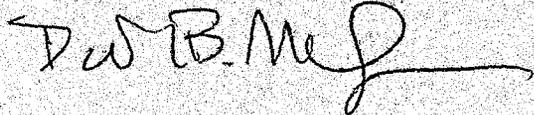
energy costs, this amount of energy savings is necessarily a projection based on anticipated future conditions. Actual conditions may vary from projections, and the actual energy savings produced by Limerick 1 may be above or below the Company's estimate. Nevertheless, under well-established Commission procedure, any difference between the projected and actual energy costs, including Limerick 1 energy savings, will be reflected in the over/under collection provisions of the Energy Cost Rate, assuring that ratepayers will receive the full benefit of the operation of Limerick Unit No. 1.

F. It is admitted that the OCA is empowered under 71 P.S. § 309-2 to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission, and has in past PECO rate cases represented the interests of residential consumers. 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.

4. For the reasons stated in answer to Paragraph 3 above, the Company denies that Complainant is entitled to the relief requested.

WHEREFORE, for the foregoing reasons, Philadelphia Electric Company prays that the Complaint of David M. Barasch, Consumer Advocate be dismissed.

Respectfully submitted,



Walter R. Hall, II
David B. MacGregor
Counsel for Philadelphia
Electric Company

OF COUNSEL:

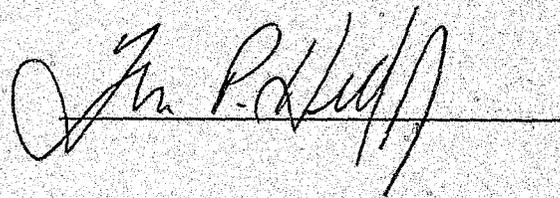
Edward G. Bauer, Jr., Esq.
Vice President & General Counsel
Philadelphia Electric Company
2301 Market Street
Philadelphia, PA 19101

MORGAN, LEWIS & BOCKIUS
2000 One Logan Square
Philadelphia, PA 19103

DATE: October 29, 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.

A handwritten signature in cursive script, appearing to read "Th. P. Hill, Jr.", is written over a horizontal line.

DATE: October 28, 1985

**COMMUNITY
LEGAL
SERVICES, INC.**

LAW CENTER NORTH CENTRAL
3638 NORTH BROAD STREET
PHILADELPHIA, PA. 19140
215-227-2400

ORIGINAL

RECEIVED

October 28, 1985

**OCT 30 1985
SECRETARY'S OFFICE
Public Utility Commission**

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

RE: Formal Complaint of
CEPA, et al. vs. PECO
(Docket No. R-850152)

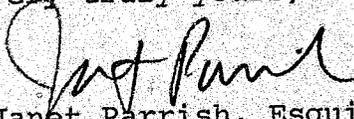
R-850152C003

Dear Secretary Rich:

Enclosed for filing with the Commission are the original and 3 copies of the Formal Complaint of CEPA, et al. against Philadelphia Electric Company's filing in Docket No. R-850152.

Thank you.

Very truly yours,


Janet Parrish, Esquire
John Hanger, Esquire
Counsel for CEPA, et al.

JP/JH/md

Enclosures =

