PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120

Public Meeting held July 24, 1986

Commissioners Present:

Linda C. Taliaferro, Chairman
Frank Fischl
Bill Shane, abstaining

DOCKETED
JUL 30 1986

Pennsylvania Public Utility Commission, et al.

v.

Philadelphia Electric Company

R-850152
R-850152C001-
R-8501520014

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FOLDER

OPINION AND ORDER

BY THE COMMISSION:

Before the Commission are two Petitions for Reconsideration which request that the Commission reconsider certain portions of its Opinion and Order entered June 27, 1986 at Docket No. R-850152, et al. The Petitions were filed by Utility Users Committee/University of Pennsylvania ("UUC/UP") on July 1, 1986, and by the Pennsylvania Business Utility Users Group ("PBUUG") on July 7, 1986.

Both Petitions assert that the Commission erred by not approving, in this proceeding, a cost of service study based upon the Peak and Average Demand method of cost allocation.

UUC/UP also requests that we reconsider our finding that, with the placing in service of the Limerick 1 generating station, Philadelphia Electric Copany ("PECO") does not have excess generating capacity.1/

1/ In this regard, UUC/UP adopts, by reference, the position of the Office of Consumer Advocate in a Petition for Reconsideration filed June 27, 1986, and disposed of under separate Opinion and Order.

Answers to the Petitions have been filed by the Philadelphia Area Industrial Energy Users Group ("PAIEUG") on July 9, 1986, by Southeastern Pennsylvania Transportation Authority and the National Railroad Passenger Corporation ("SEPTA") on July 10, 1986, and by PECO on July 11, 1986.

History of the Proceeding

1. On September 27, 1985, PECO filed Supplement No. 15 to its Tariff Electric-Pa. P.U.C. No. 26 to become effective November 27, 1985. The Supplement was designed to produce an annual base rate increase of $681,760,000, based upon an adjusted level of operations using a historic test year ended June 30, 1985, and a future test year ending June 30, 1986.

2. By Order entered November 1, 1985, we allowed Supplement No. 15 to be suspended by operation of law, pursuant to Section 1308 of the Public Utility Code, 66 Pa. C.S. §1308, until June 27, 1986, and instituted an investigation, at Docket No. R-850152, into the lawfulness, justness and reasonableness of the proposed rates and of existing rates.

3. On June 27, 1986, we entered an Opinion and Order (the "Order") which authorized PECO to file a tariff supplement increasing electric operating revenues by approximately $351 million, to be phased in over a three year period.

4. At pages 149 through 157 of the Order, we considered the issues relating to cost of service methodology and declined to approve any particular technique as advanced by the various parties.

5. At pages 34 through 37 of the Order we considered and rejected rate base adjustments proposed by UUC/UP and other parties relating to alleged excess generating capacity resulting from the placing in service of PECO's Limerick 1 generating station.

Discussion

In the case of Philip Duick, et al. v. Pennsylvania Gas and Water Company, 56 Pa. P.U.C. 553, the Commission outlined the criteria which should apply in deciding whether or not to grant a petition for reconsideration:

> A petition for reconsideration, under the provisons of 66 Pa. C.S. §703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part. In this regard we agree with the Court in the Pennsylvania Railroad Company case, wherein it was said that "[p]arties..., cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them...." What we expect to see raised in such petitions are new and novel arguments not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission. Absent such matters being presented, we consider it unlikely that a party will succeed in persuading us that our initial decision on a matter or issue was either uwise or in error.

Id. at 559.

In their Petitions, UUC/UP and PBUUG assert that we erred in failing to direct PECO to use the results of the Peak and Average Demand cost allocation method in filing rates in compliance with the Order.

At page 152 of the Order we determined that there may be merit in allocating certain utility costs based upon the method espoused by the Petitioners. However, we declined to adopt any particular cost of service methodology in this proceeding, citing the subjective nature of such analysis and the limited purpose for which the Commission has historically used cost of service study results; that is, as a tool to test the reasonableness of proposed revenue allocations among the various classes of service. Neither UUC/UP nor PBUUG have raised any new or novel arguments in their respective Petitions which would cause us to change our findings and resolution on this matter.

As for UUC/UP's assertion that the Commission erred by not making an excess capacity adjustment in this proceeding, our review of the Order shows that the arguments, raised by reference in the Petition, were addressed and rejected by the Commission. No new or novel positions have been advanced which would persuade the Commission to modify its resolution of the excess capacity issue in this proceeding.

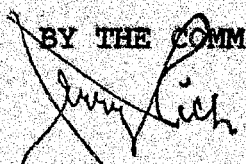
Conclusion

In accordance with the foregoing discussion of the positions advanced by the Petitioners in support of their requests for reconsideration of our June 27, 1986, Opinion and Order, we conclude that both Petitions should be denied; THEREFORE,

IT IS ORDERED: That the Petitions filed by the Utility Users Committee/University of Pennsylvania and the

Pennsylvania Business Utility Users Group requesting reconsideration of our Opinion and Order entered June 27, 1986, in this proceeding, are denied.

BY THE COMMISSION,



Jerry Rich
Secretary

(SEAL)

ORDER ADOPTED: July 24, 1986

ORDER ENTERED: July 25, 1986