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APPEARANCES (Continued):

SCOTT J. RUBIN, Esquire
1425 Strawberry Square
Harrisburg, Pennsylvania 17120
(For Office of Consumer Advocate)

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C O N T E N T SWITNESSESDIRECT CROSS REDIRECT RECROSS

Michael A. Bleiweis
 By Mr. Rubin
 By Mr. MacGregor

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Office of Consumer Advocate

✓ Statement 4 (Bleiweis)

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P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE JOSEPH MATUSCHAK: Is counsel
3 ready to proceed?

4 MR. MacGREGOR: Yes, Your Honor.

5 MR. RUBIN: Your Honor, the Office of Consumer Advocate
6 would call as its next witness Michael A. Bleiweis.

7 MS. SMITH: Excuse me, Your Honor. Before we proceed,
8 there is a preliminary matter you may wish to address. At
9 present in the courtroom is Mr. Shields from the Office of
10 Counsel at the Law Bureau. You indicated you would like to
11 have a response from the Commission on the subpoena.

12 JUDGE MATUSCHAK: Yes. We have some requests for
13 subpoenas. Do you have a copy of those requests?

14 MS. SMITH: I have a copy, Your Honor, of the applica-
15 for a subpoena of Joseph Farrell or his designee that was
16 served by CEPA. This is an extra copy.

17 (Document handed to Judge Matuschak by Counsel Smith.)

18 JUDGE MATUSCHAK: Yes.

19 MS. SMITH: Mr. Shields is available to directly
20 respond to any questions you may have or make a statement.

21 JUDGE MATUSCHAK: We want to hear from you. Does
22 the Commission have any objections?

23 MR. SHIELDS: Again, for the record, my name is
24 Charles Shields. I am an attorney with the Commission's
25 Law Bureau. I am here today in an advisory capacity on behalf

1 of the Commission.

2 I would state also for the record that I have had no
3 involvement with Trial Staff's participation as prosecutorial
4 counsel here. I am here on behalf of Mr. Farrell objecting
5 to the issuance of the subpoena.

6 Essentially, the Commission's attitude and the Law
7 Bureau's attitude is that we want to discourage issuances
8 of subpoenas across the board in any proceedings, the reason
9 being that we feel that it is a burden upon the Commission
10 to have what in essence are public servants, employees of
11 the Commission, in an advisory or adjudicatory responsibility
12 being called on behalf of parties, whether they be public
13 interest groups or utilities.

14 Specifically, the Commission's rules and regulations
15 of practice and procedure demonstrate the Commission's
16 position. I refer you specifically to Section 5.321 of those
17 Rules of Practice and Procedure, which, in fact --

18 JUDGE MATUSCHAK: What rule is that?

19 MR. SHIELDS: It is Section 5.321 of the Rules of
20 Practice and Procedure. They, in essence, exempt Commission
21 advisory and adjudicatory staff from the provisions for
22 discovery under those rules.

23 Again, we find that same exemption under 5.349, again
24 making reference to advisory or adjudicatory Commission staff
25 members, who again I assert here today is Mr. Farrell in his

1 responsibilities regarding his Bureau of Consumer Services
2 listing and filing and responding to any complaints con-
3 cerning PECO's service under the provisions of Chapter 56 of
4 the Commission's rules and regulations located at 52 Pa. Code.

5 Again, we find some legislative intent to limit the
6 types of circumstances where Commission advisory and
7 adjudicatory employees are to be called upon in proceedings
8 at 66 Pa. CSA of the Public Utility Code, Section 333(d)
9 entitled "Interrogatories," where near the end of the
10 section the legislature puts the criteria for interrogatories
11 directed to the Commission and, of course, Commission
12 employees, where it says, "Interrogatories directed to the
13 Commission shall be allowed only upon an order of the
14 Commission based upon a specific finding that the interrogat-
15 ing party is seeking significant, unprivileged information
16 not discoverable by alternative means."

17 Going to the application itself or the issuance of
18 a subpoena, which CEPA has requested, I assert to you that
19 the application at least procedurally and structurally
20 is deficient in that it doesn't allege that the information
21 requested in the testimony of Mr. Farrell or his designee
22 is, in fact, unprivileged.

23 I also assert that the Commission has in prior
24 proceedings attempted to bifurcate the issue of service as
25 opposed to rates. As I understand these proceedings before

1 Your Honor, it is a rate request filed by the utility;
2 and as I say, the Commission has in the past attempted to
3 limit the introduction of testimony and evidence regarding
4 service.

5 I suggest that the proper method, if CEPA or any
6 interested party is concerned about the providing of services
7 by PECO, that they do so through the complaint procedure,
8 which, of course, then they would be able to avail them-
9 selves of any of the discovery rules under the Commission's
10 Rules of Practice and Procedure as a party.

11 The issue certainly in that case then would be the
12 service that is being provided by PECO.

13 I do notice an intent by counsel for CEPA to attempt to
14 assert on pages 2 and 3, numbers 1, 2, 3 and 4, that there
15 is some correlation between PECO's adherence to Chapter 56
16 of Pa. Code 52. I'm not necessarily convinced and the
17 Commission isn't convinced that those assertions in 1, 2, 3
18 and 4 do, in fact, disclose that the requested documents
19 and testimony is relevant to a rate proceeding.

20 That is essentially it, Your Honor. I would say
21 again that for practical -- in citing applicable rules and
22 regulations, it is the Commission's intention to discourage
23 and also legislative intent to ensure that Commission staff
24 employees are not testifying in any and all proceedings on
25 behalf of any interested party.

1 JUDGE MATUSCHAK: It is my recollection that there
2 may be some provisions relating to the subpoenaing of
3 Commission advisory personnel. We will rule -- well, we
4 may as well rule on that today.

5 On the application for subpoena of Joseph Farrell or
6 his designee to attend the rebuttal phase of the hearings in
7 the above case -- that is in this case at R-850152 --
8 submitted to us by John Hanger, Attorney for CEPA, AASC,
9 ACORN, PCIA and Mr. Bradshaw, Mr. Hanger representing
10 Community Legal Services, the petition for subpoena is
11 denied.

12 MR. SHIELDS: Your Honor, with your permission, I
13 will retire.

14 JUDGE MATUSCHAK: Very well.

15 MR. RUBIN: Your Honor, I would like to have marked
16 for identification as OCA Statement No. 4 a multi-page
17 document which has previously been served on all of the
18 parties and which is so marked in the upper right-hand
19 corner.

20 JUDGE MATUSCHAK: Very well. The motion is granted.

21 (Whereupon, the document was
22 marked as OCA Statement No. 4
23 for identification.)

24 MR. RUBIN: Thank you, Your Honor.
25

1 Whereupon,

2 MICHAEL A. BLEIWEIS

3 having been duly sworn, testified as follows:

4 DIRECT EXAMINATION

5 BY MR. RUBIN:

6 Q Mr. Bleiweis, could you please state your name
7 and business address for the record?

8 A My name is Michael A. Bleiweis. My business
9 address is 733 Summer Street, Stamford, Connecticut.

10 Q Do you have before you a copy of what has just
11 been marked as OCA Statement No. 4?

12 A Yes, I do.

13 Q Does this represent your prepared direct testimony
14 and schedules in this proceeding?

15 A Yes, it does.

16 Q Do you have any corrections to make at this time
17 to OCA Statement No. 4?

18 A Yes, I have a few I would like to make. On
19 page 7, line 12, the sentence that reads "budgeted plant
20 was significantly below actual," I would change the word
21 "below" to "above." So that should now read "budgeted plant
22 was significantly above actual."

23 Page 43, line 25, the sentence that begins "This
24 results in a decrease," I would delete the word "This" and
25 insert the following: "The use of my inflation factors,"

1 So the sentence now reads: "The use of my inflation factors
2 results in a decrease."
3

4 On page 29, line 26, at the beginning where it says,
5 "subsidiary (column 5)," the "5" should be changed to a "4."

6 I have one change to a schedule. Schedule 3, which
7 is the schedule for non-revenue producing CWIP, in column 2,
8 the adjustment column, for the row headings "Fire Protection
9 in Welding Shop" and "Fire Protection in Oil Storage Room,"
10 the numbers "60" and "107" in column 2 should be in
11 parentheses, thereby making them negative numbers. The
12 totals are correct, though.

13 Then I would just like to state one other change, and
14 that would be to the spent fuel schedule, Schedule 9. This
15 schedule was developed as shown on the bottom by utilizing
16 a 60 percent capacity factor for all of the company's nuclear
17 generating units. However, in discussing this with OCA, in
18 order to be consistent with OCA's recommended energy savings
19 guarantee that is to be made by Mr. Knudsen, its guarantee
20 for Limerick 1, for consistency sake, there should be no
21 adjustment to the Limerick 1 spent fuel disposal cost shown
22 above in column 2 as \$480,000. That would result in an
23 increase to our recommended revenue requirement.

24 However, I would say that if the OCA's guaranteed
25 energy savings is not accepted by the Judge and the PUC, then

1 the adjustment as I have made it on Schedule 9 should stand.

2 Those are all of the corrections I have at this
3 time.

4 Q Thank you. Mr. Bleiweis, was OCA Statement 4
5 prepared by you or under your direction and supervision?

6 A Yes, it was.

7 Q With the corrections that you've just made, if
8 I were to ask you the same questions which appear in that
9 statement, would your answers be the same today?

10 A Yes, they would.

11 Q And would those answers be true and correct to
12 the best of your knowledge, information and belief?

13 A Yes.

14 MR. RUBIN: Your Honor, at this time, I would like
15 to move into evidence, subject to any motions to strike
16 made in a timely fashion, OCA Statement No. 4.

17 JUDGE MATUSCHAK: Under those conditions, the motion
18 is granted.

19 (Whereupon, the document marked
20 as OCA Statement No. 4 was
received in evidence.)

21 MR. RUBIN: Thank you, Your Honor. Mr. Bleiweis is
22 available for cross-examination.

23 JUDGE MATUSCHAK: PECO.

24 MR. MacGREGOR: Thank you, Your Honor.

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CROSS-EXAMINATION

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BY MR. MacGREGOR:

Q Good morning, Mr. Bleiweis.

A Good morning.

Q Staying with your correction or change to your spent fuel claim for a moment, am I correct that you still believe that a 60 percent capacity factor for all of the units including Limerick is a more reasonable estimate, but you are changing the Limerick number to 65 percent to be consistent with Mr. Knudsen's testimony?

A That is correct.

Q At page 6 of your testimony, Mr. Bleiweis, you propose an adjustment to the company's claimed utility plant in service; is that correct?

A Yes; that is right.

Q And your adjustment reflects the perceived variance in the actual versus the budgeted plant in service for the first three months of the future test year; is that correct?

A Yes.

Q Specifically, your adjustment reduces rate base by approximately \$18.1 million to reflect your view that actual plant in service was under the budget level by that amount as of September 30, 1985; is that correct?

A Yes -- well, to be absolutely correct, it reduces the utility plant in service account by \$18.1 million. There

1 are other corollary adjustments dependent upon that adjust-
2 ment.

3 Q Now, as you state in your testimony, as of
4 September 30, 1985, the actual plant in service exceeded
5 budgeted plant in service by some \$22.6 million; is that
6 correct?

7 A Yes, that's right.

8 Q But you made an adjustment to the actual figures
9 to reflect the company's retirement of Richmond Unit 9; is
10 that correct?

11 A That is correct.

12 Q And the basis of your adjustment was an assumption
13 on your part that the budgeted figures for the company as of
14 September 30, 1985 did not reflect Richmond 9, but the actual
15 numbers did, and in order to state and compare those numbers
16 on a consistent basis, you removed Richmond 9 from the
17 actual numbers; is that correct?

18 A Yes. That's my understanding from the company's
19 replies to some interrogatories.

20 Q Would the interrogatories you are referring to
21 be IR-OCA-1-2 and 1-3, which have been previously admitted
22 as evidence in this proceeding as OCA Exhibits 24 and 25?

23 A Yes, those are the major exhibits that I was
24 referring to.

25 Q Do you have copies of those with you today?

1 A. Yes, I do.

2 Q. Looking for a moment at OCA Exhibit 24, which
3 is the company's response to IR-OCA-1-2, if we look at the
4 sheet captioned "September 30, 1985," which is, I think,
5 the second-to-the-last sheet in that response --

6 A. I have it.

7 Q. Actually the third-to-the-last sheet in that
8 response. Under steam production plants, Accounts 310 through
9 316.

10 A. Yes.

11 Q. Those figures show that actual steam production
12 plant in service exceeded budget by about \$3 million as of
13 September 30, 1985; is that correct?

14 A. That is correct.

15 Q. And it's your understanding that the budget
16 figures in those accounts do not include Richmond No. 9?

17 A. Yes, that is my understanding; yes.

18 Q. Mr. Bleiweis, do you have with you a copy of
19 the company's response to Interrogatory IR-OCA-13-6?

20 A. Can you tell me what the topic is?

21 Q. I will show you a copy.

22 (Document shown to witness.)

23 A. Yes, I do.

24 Q. Would you agree with me, Mr. Bleiweis, that in
25 that question the OCA asked the company to detail what plant

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1 was to be retired in the quarter ending 12-31-85?

2 A. Yes.

3 Q. Would you agree with me that the answer to that
4 response shows that the Richmond Station was scheduled to
5 be retired in the quarter ending 12-31-85?

6 A. Yes; that's what it states on this interrogatory.

7 Q. If that is, in fact, correct, then the budget
8 figures at 9-30-85 do include Richmond and are comparable
9 to the actual numbers at that date?

10 A. If that is true, then that is correct. But, of
11 course, that would contradict what the company stated on
12 one of their other interrogatories.

13 Q. Which interrogatory would that be?

14 A. That would be OCA-1-3, Exhibit 25, where it showed
15 for the page that says "Philadelphia Electric Company Electric
16 Plant In Service Comparison of Budgeted Plant Versus Actual
17 Plant at June 30, 1985," and the second discussion shows the
18 retirement of Richmond Station of 40.808 million.

19 Q. That is the June 30 number; is that correct?

20 A. That's right.

21 Q. There is no similar adjustment to the September 30
22 number, is there?

23 A. No. I wouldn't think there would be, because
24 otherwise it would be retired twice.

25 Q. This explanation on the September 30, 1985 page

1 corresponds to the page we were looking at before in OCA
2 Exhibit 24 for September 30, 1985; is that correct?

3 A. That is correct.

4 Q. Could you tell me how those numbers were developed
5 as of September 30, 1985?

6 A. What numbers?

7 Q. The budget numbers.

8 A. I'm not sure I understand the question, how they
9 were developed.

10 Q. What do they represent, in your understanding?

11 A. On OCA Exhibit 25?

12 Q. Well, both on 25 and 24--the page we were looking
13 at before, OCA Exhibit 24, the page for September 30, 1985,
14 Steam Production Plant, September 30, 1985.

15 A. Okay. On that particular page, it is my under-
16 standing that it is a comparison of budgeted plant in service
17 at that date versus actual plant in service at the same date.

18 Q. And how was the budgeted figure developed, in your
19 view?

20 A. I would assume that it represents the -- it was
21 taken from the company's either construction budget or a
22 budget which would detail plant in service at specific dates.
23 It is my understanding that it is only available on a
24 quarterly basis.

25 Q. And it's your understanding that it does not

1 represent actual expenditures as of the prior quarter ending
2 June 30, 1985 plus budgeted additions during the next three-
3 month period?

4 A. No. My understanding is that it represents what
5 was originally budgeted at the time the budget was prepared.

6 Q. And if for whatever reason that understanding was
7 incorrect and the budget figures do reflect Richmond, then
8 your adjustment to remove Richmond from the actual numbers
9 would be incorrect?

10 A. If it is consistent throughout that at September
11 Richmond was excluded from both budget and actual, then I
12 may be incorrect.

13 Q. Thank you. Now, moving next to your non-revenue
14 producing construction work in progress adjustment, am I
15 correct you propose two adjustments to the company's claim --
16 three adjustments, actually?

17 A. Actually, three adjustments, yes.

18 Q. And the first deals with the project to expand
19 the spent fuel pool at the Peach Bottom units; is that
20 correct?

21 A. That is correct.

22 Q. You propose to remove that project from the
23 company's claim on the ground that it is not safety related;
24 is that correct?

25 A. Yes.

1 Q As I understand it, on page 10 of your testimony,
2 the principal basis for your view is that if the company did
3 not complete this project, no unsafe condition would arise
4 because the company would simply shut down the plant; is
5 that correct?

6 A Yes, I would restate that by essentially saying
7 that I don't view it as a safety problem; I view it as a
8 storage problem, storage of the spent fuel.

9 Q You state at lines 19 through 21 of your testimony,
10 do you not, that this project is simply a project, like
11 so many others at a nuclear plant, which is required in
12 order to keep the plant operating in accordance with safety
13 standards; is that correct?

14 A Yes, I did state that.

15 Q Mr. Bleiweis, do you think the company would
16 operate any plant in an unsafe condition?

17 A No.

18 Q So, in your view, any project that was safety
19 related and was required to be completed in order to
20 continue the safe operation of the plant would not qualify
21 for non-revenue producing construction work in progress
22 rate base treatment; is that correct?

23 A No. I think --

24 Q Because the company would simply shut down the
25 plant and avoid the unsafe condition. Is that a fair summary?

1 A. No. I don't think it's a fair summary. I think
2 the distinction here is one of are we talking about a
3 safety related project, for instance, defining safety as
4 affecting pollution, toxic waste, something along those
5 lines?

6 For instance, some of the other projects that you
7 have here, the coal pile runoff system has to do with
8 polluting the system, the ash and mine refuse disposal
9 site preparation. Those are clearly in my mind safety
10 related, an endangerment, let's say, to the public or to
11 the employees at the plant.

12 However, I view the spent fuel storage capacity
13 differently. Again, I view it as being a problem of
14 storage with the company's spent fuel rods.

15 As I state in my testimony and as was shown even on
16 the company's own construction work orders, the emphasis
17 on safety for this project was simply not given. The
18 emphasis rather was in increasing the company's spent
19 storage fuel pool and, therefore, expending the loss of their
20 full-core discharge reserve.

21 Q. I take it you do agree, and as you state in your
22 testimony, the project is required to keep the plant operating
23 in accordance with safety standards?

24 A. Yes.

25 Q. You mentioned environmental projects in your

1 answer. Would you agree with me that in certain past rate
2 cases, the Commission included in rate base the company's
3 construction expenditures for the scrubbers and its
4 Philadelphia-area coal units?

5 A. Yes.

6 Q. If those projects had not been completed, EPA
7 would have shut the plants down; is that correct?

8 A. I would hazard a guess yes.

9 Q. And no unsafe condition would have been created?

10 A. No unsafe condition would have been created; but
11 again, I would point to the distinction in my mind of the
12 fact that those projects for the scrubbers certainly were
13 for the safety of the public, in that if the scrubbers weren't
14 there, it would pollute the atmosphere. I don't see that
15 same type of safety related issue with the spent fuel
16 storage.

17 Q. Now, the second adjustment you propose to the
18 company's non-revenue producing CWIP claim relates to
19 certain fire protection projects at the Salem plant; is that
20 correct?

21 A. Yes.

22 Q. And you agree with me that those projects are
23 safety related, but you propose to disallow these projects
24 because, in your view, they are expense reducing; is that
25 correct?

1 A. Yes; that is a fair statement.

2 Q. Could you explain to me briefly what the rationale
3 is behind the non-expense reducing requirement, as you
4 understand it?

5 A. As I understand it, the projects must be under-
6 taken for the specific purposes stated in the Commission's
7 criteria, and those criteria I give on page 9 of my
8 testimony. That would be they have to be to improve
9 environmental conditions or improve safety, but also they
10 must be non-revenue producing and non-expense reducing.

11 Therefore, in my view and that of OCA, if one of the
12 primary purposes of a CWIP project is to, for instance, as
13 in this case, to reduce insurance premiums, then, therefore,
14 in my view, it does not meet this Commission's criteria of
15 being non-expense reducing.

16 Q. Where has the company stated that the completion
17 of these projects will reduce insurance premiums, Mr. Bleiweis?
18 The company has stated that they will avoid an increase in
19 insurance premiums; is that correct?

20 Is there any reference that you know of or can point
21 me to where the company says that insurance premiums will be
22 reduced as a result of the completion of these projects?

23 A. No. The answer is that it was stated that it may
24 help cut down increases to their premiums that may occur in
25 the future.

1 Q Now, your land held for future use adjustment
2 is discussed again on page 12 of your testimony; is that
3 correct?

4 A Yes.

5 Q And you first propose that the company's entire
6 claim be disallowed on the grounds that it is barred by
7 Section 1315 of the Pennsylvania Public Utility Code; is that
8 correct?

9 A Yes.

10 Q And you would agree, would you not, that the
11 Commission has often rejected that identical argument in
12 prior Philadelphia Electric Company rate proceedings and in
13 other proceedings?

14 MR. RUBIN: I object, Your Honor. I think that
15 question calls for the witness to interpret prior Commission
16 orders.

17 MR. MacGREGOR: Your Honor, the witness essentially
18 refers on page 12 of his testimony --

19 JUDGE MATUSCHAK: This is cross-examination. The
20 objection is overruled.

21 THE WITNESS: The answer to the question is yes. And
22 as you state and as I further state on page 12, the OCA
23 continues to take the position pending the resolution of
24 this issue in the Pennsylvania Supreme Court.
25

BY MR. MacGREGOR:

1 Q And that appeal is not in the Philadelphia
2 Electric Company case, is it, to the best of your knowledge?

3 A I don't know.

4 Q Alternatively, you propose disallowance of the
5 land associated with the Bradshaw Reservoir and water right-of-
6 way project; is that correct?

7 A Yes.

8 Q As I understand it, you oppose the land held
9 for future use rate base treatment for that project because
10 the project itself is currently under construction; is that
11 correct?

12 A Because the project itself is currently under
13 construction, and, in my view, there is no reason why because
14 the plant is under construction that the land cannot be
15 transferred to a CWIP account.

16 Q If it were transferred to such an account, would
17 it be allowed to accrue AFUDC in your view, Mr. Bleiweis?

18 A No.

19 Q So there is a ratemaking distinction here in that
20 the construction costs incurred at the Bradshaw Reservoir
21 project, while not currently included in rate base, are
22 allowed to accrue a return through an allowance for funds
23 used during construction which are capitalized and added to
24 the cost of the plant to be recovered over its life; whereas,
25

1 the land, if it is not in rate base, the company will not be
2 able to either earn a current return or to accrue AFUDC on
3 that land; is that correct?

4 A. Well, I think --

5 Q. Is that correct?

6 A. Yes, that is a correct summary. I think I will
7 have to add to that that the distinction I'm trying to make
8 here is one between what may be proper accounting versus
9 what, in my view, is proper ratemaking.
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1 Q But there is a ratemaking distinction?

2 A I think there is an accounting distinction. I
3 guess technically, without making any legal conclusion,
4 it would be up to the Commission to decide whether there
5 is a ratemaking distinction.

6 The accounting distinction is as you state.

7 Q But it has ratemaking consequences?

8 A It could have ratemaking consequences, as you
9 state. I don't know of any case in which AFUDC is taken
10 on land. That is the accounting principles would back
11 that up. But it doesn't necessarily have to be so for
12 ratemaking purposes to include this land in land held for
13 future use when the project to which it is related is
14 considered.

15 Q It doesn't have to be so, Mr. Bleiweis, but if
16 it is not so the company would not earn a return on its
17 investment on land until the project is included in rate
18 base and is in service; is that correct?

19 A Yes, as with any construction project the company
20 would not earn upon it until it is put in rate base.

21 Q But with any other construction project or portion
22 of a construction project when it doesn't involve land
23 the company is allowed to accrue a return on that project,
24 which it recovers when the plant is placed in service;
25 is that correct?

1 A It is allowed -- if I may restate it, it is allowed
2 to accrue AFUDC on non-land construction.

3 Q During the period when the project is under con-
4 struction and before it goes into rate base?

5 A Yes.

6 Q But that's not true with land?

7 A That's not true with land.

8 Q Now, your materials and supplies adjustment on
9 page 15, you propose some adjustments to the company's
10 oil inventory plan; is tht correct?

11 A The company's oil what?

12 Q Oil inventory plan.

13 A Oil inventory plan, yes.

14 Q And these relate to the price of oil that the
15 company has employed in its filing; is that correct?

16 A That is correct.

17 Q You state at line 14 at page 15 of your testimony,
18 "The company relies on the services of Data Resources,
19 Inc. to prepare quarterly forecasts for each type of fossil
20 fuel used by the company;" is that correct?

21 A Yes.

22 Q Am I correct that the company doesn't simply
23 blindly take the DRI estimates and use them; it's a service
24 the company subscribes to from DRI and takes those figures
25 and examines them and then develops its own fuel forecast

1 using DRI as one input?

2 A That is my understanding, yes.

3 Q Beginning at page 23 of your testimony you discuss
4 the company's claimed tax expense; is that correct, and
5 your proposed adjustments to that claim?

6 A Yes, the claim for accumulated deferred state
7 income taxes?

8 Q We will discuss that one first. Am I correct
9 that you propose an adjustment to reverse the normalization
10 of state income taxes approved by the Commission in prior
11 company rate cases and to amortize that deferral to rate-
12 payers over five years?

13 A I'm not sure what the reversal is there that
14 you are referring to. I am --

15 Q In prior rate cases the Commission allowed the
16 company to normalize state income taxes; is that correct,
17 in certain prior rate cases?

18 A Yes, up until the last rate case.

19 Q And that's the reason there is this deferred
20 balance in the state income taxes; is that correct?

21 A The reason there is a deferred balance is due
22 to the allowance by the Commission for the company to
23 normalize state income taxes.

24 Q And under those normalization orders of the
25 Commission the depreciation expense was determined on

1 a straight-line basis for ratemaking purposes, and the
2 benefits of the accelerated depreciation would be flowed
3 through to ratepayers over the life of the facility in
4 question; is that correct?

5 A Yes.

6 Q You are proposing to change that now and rather
7 than flow those deferred cash benefits due to accelerated
8 depreciation for the remaining life of the plant you pro-
9 pose to give it back to the ratepayers over five years?

10 A I'm not sure I agree exactly with that. Let
11 me put it in my own words. In the last case the Commis-
12 sion ruled for the company to end its normalization and
13 deferral of state income taxes.

14 Q And the company has done that?

15 A The company has done that. There remains on
16 the balance sheet a balance for accumulated state deferred
17 income taxes, which, as I state in my testimony, yes,
18 would be returned over the life of the plant.

19 Q Under prior Commission orders?

20 A Under prior Commission orders. So my recommenda-
21 tion essentially shortens the amount of time that the
22 return to the customers would occur.

23 Q Which is a different result than was ordered
24 by the Commission in those prior proceedings?

25 A I would say that it is a different result than

1 would occur if the company had continued to normalize,
2 or that would occur if this adjustment was not made, yes;
3 I'd say yes to that question.

4 Q Beginning at page 27 of your testimony you discuss
5 proposed adjustments to reflect consolidated tax savings;
6 is that correct?

7 A Yes.

8 Q And you propose to reflect the alleged savings
9 achieved by the company from filing a consolidated tax
10 return; is that correct?

11 A Yes, that is correct.

12 Q Am I correct that these tax savings are caused
13 by tax losses incurred by certain of the company's non-
14 regulated subsidiaries?

15 A Yes.

16 Q And in the case of Philadelphia Electric Company
17 the vast majority -- in fact practically all of the tax
18 losses we are talking about here -- were incurred by the
19 Eastern Pennsylvania Exploration Company; is that correct?

20 A Yes, those that I've reflected in my adjustment
21 on Schedule 8 are almost entirely for that subsidiary.

22 Q Am I correct that Pennsylvania jurisdictional
23 ratepayers have been asked to pay none of the costs of
24 operating EPEC or have been asked to make no capital invest-
25 ments for EPEC?

1 A That is correct.

2 Q But in your view, PECO ratepayers should receive
3 the tax savings benefits associated with losses incurred
4 by that company?

5 A I think that's part of it. The other part is
6 based on several rulings within this State, and I believe
7 also at the court level, which say that tax payments should
8 be based on actual data, and the purpose of this adjustment
9 is to reflect the actual tax payments that the company
10 makes.

11 Q Under your adjustment of EPEC tax losses a por-
12 tion of them would accrue to the benefit of Philadelphia
13 Electric Company ratepayers; is that correct, by reducing
14 the tax expense in this rate case?

15 A Yes.

16 Q Now, as such as EPEC has taxable income in the
17 future and has to pay taxes to the federal government,
18 would it also be appropriate for Philadelphia Electric
19 Company ratepayers to share in the payment of those taxes?

20 A No. I'm asked this question many times. You
21 can't pay more than 46 percent of taxable income, and there
22 is no increase in taxes to Philadelphia Electric by the
23 Philadelphia Electric company, itself -- not the parent
24 -- by having additional positive taxable income.

25 Q There is an increase in taxable income to EPEC;

1 is that correct?

2 A There could be positive taxable income to EPEC,
3 yes; and, therefore, the consolidated entity would pay
4 more taxes. But this has no effect on the rate of the
5 consolidated entity; it is still 46 percent. The only
6 difference is they pay more taxes.

7 Q It has an effect on EPEC?

8 A It has an effect on EPEC in that they now have
9 positive taxable income, and would have taxes to be paid,
10 whereby now they have negative taxable income and the
11 benefit of that is flowed through to the consolidated
12 filing of Philadelphia Electric.

13 Q So if EPEC has tax losses the benefits associated
14 with those tax losses go in large part to Philadelphia
15 Electric Company, and then if EPEC has taxable income EPEC
16 pays the taxes and not Philadelphia Electric Company rate-
17 payers?

18 A That's exactly right, because that's how the
19 tax return works.

20 Q Mr. Bleiweis, has the Commission ever adopted
21 a consolidated tax savings adjustment in a Philadelphia
22 Electric Company electric rate case?

23 A In a Philadelphia Electric Company Electric
24 Division rate case; if I put it in those terms the answer
25 is no. I'm not sure that one has been proposed.

1 Q Did not your firm propose one in 1983 in a Phila-
2 delphia Electric Company proceeding?

3 A Yes, that's right. We did not do it in the last
4 case but did it two cases ago; that's correct.

5 Q And the adjustment was rejected?

6 A The adjustment at that time was rejected.

7 Q You discuss in your testimony that there has
8 been a consolidated tax savings adjustment made for Phila-
9 delphia Electric Company with respect to its Gas Division
10 rate filing; is that correct?

11 A Yes.

12 Q You testified in that proceeding, did you not?

13 A Yes.

14 Q I believe you agreed with me earlier that the
15 principal source of the tax losses at issue here is the
16 Eastern Pennsylvania Exploration Company; is that correct?

17 A Yes.

18 Q What does that company do primarily, Mr. Bleiweis?

19 A I will have to go by my memory here. My under-
20 standing is they participate in exploration of and drilling
21 for fuel; I believe principally gas.

22 Q It's a gas exploration company, is it not?

23 A Yes.

24 Q And any gas produced by the project would be
25 used to provide service to Philadelphia Electric Company

1 Gas ratepayers; is that correct?

2 A Yes.

3 Q Mr. Bleiweis, is that one reason why it might
4 be appropriate to adopt a consolidated tax savings
5 adjustment in a gas rate proceeding for Philadelphia
6 Electric Company but not an electric rate proceeding, since
7 the primary tax losses we are talking about deal with a
8 company whose primary, if not sole, business is gas explora-
9 tion and any benefits that would be produced by gas dis-
10 covered and developed by that company would be used for
11 the benefit of the company's ratepayers?

12 A No, I would strongly disagree with that statement,
13 again because we are dealing with a very strict edict in
14 this State that for ratemaking purposes taxes should reflect
15 an actual taxes paid basis.

16 Q That's your interpretation of the Court decision;
17 is that correct?

18 A If you want to put it that way, yes.

19 What I'm trying to reflect here is the fact that
20 because Philadelphia Electric Electric Division participates
21 in the filing of a consolidated return, and because some
22 of these subsidiaries which also participate in that return
23 have taxable losses, there is a tax savings benefit to
24 all of those subsidiaries that participate in that filing,
25 but, principally, as you state, Philadelphia Electric

1 Company.

2 Q Thank you, Mr. Bleiweis.

3 Am I correct that you show the calculation of your
4 adjustment on Schedule 8 attached to your testimony?

5 A Yes.

6 Q Looking toward the bottom in your summary numbers,
7 am I correct that you calculated a total tax savings
8 subject to allocation of approximately \$444,000?

9 A Yes, that is right.

10 Q And then you allocated a portion of that to
11 Philadelphia Electric Company, namely \$396,547; is that
12 correct?

13 A Yes, that would be Philadelphia Electric Company,
14 the utility entity; I'm not sure how to describe it. The
15 Electric/Gas/Steam Division.

16 Q So this schedule shows your view at the present
17 time that the total consolidated tax savings attributable
18 to Philadelphia Electric Company Electric/Gas/Steam
19 operations is approximately \$396,000; is that correct?

20 A Yes.

21 Q I believe you mentioned earlier, Mr. Bleiweis,
22 that you previously testified in Philadelphia Electric
23 Gas rate proceedings; is that correct?

24 A Yes.

25 Q And you proposed a consolidated tax savings

1 adjustment in that case; is that correct?

2 A Yes.

3 Q And the Commission adopted that adjustment, did
4 they not?

5 A Yes.

6 Q Would you agree with me that the adjustment
7 adopted in that case and reflected in current gas rates
8 was approximately \$432,000?

9 A I'd have to take that subject to check, but I
10 think it was somewhere in that neighborhood, yes.

11 Q So am I correct that the company's current gas
12 rates already reflect a consolidated tax savings adjustment
13 greater than the amount you presently consider appropriate
14 for Philadelphia Electric Electric/Gas/Steam operations
15 as a whole?

16 A Yes. That's because the methodology that I
17 utilized in that case and in this case have changed some-
18 what. That was due to the fact of my utilizing only the
19 most recent two years worth of information and actual data
20 from the company's tax return, whereby in the Philadelphia
21 Gas Division case I utilized five years worth of data;
22 so the ratios and the time periods are not equivalent.

23 I might add that the reason I did that -- I think
24 I did state this in my testimony -- is because in prior
25 years the Exploration Company had much larger tax losses

1 and in recent years those losses have decreased except
2 for the increase that occurred in 1984; so, therefore,
3 to be conservative and to be fair I thought it was only
4 proper to utilize the most recent two years worth of data
5 from the company's tax returns.

6 Q For whatever reason, Mr. Bleiweis, the company's
7 current gas rates reflect a \$432,000 adjustment; is that
8 correct?

9 A Yes.

10 Q You mentioned the two-year methodology you used
11 in calculating your adjustment. Am I correct that what
12 you did was look at the average tax losses experienced
13 by Philadelphia Electric Company and its subsidiaries over
14 two years, 1983 and 1984, and averaged those years to
15 determine an average tax loss/gain position for each of
16 the companies listed on Schedule 8?

17 A Yes.

18 Q And after you determined the average tax loss
19 for all of these companies you had to allocate that loss
20 to Philadelphia Electric Company and to each of the loss
21 companies; is that correct?

22 A Allocate the loss to each of the companies in
23 a positive position.

24 Q Thank you.

25 Now, at the bottom of page 30 of your testimony

1 at lines 25 and 26, you state that Column 6 of your Schedule
2 8 develops an allocation factor based upon only those
3 subsidiaries in an average position, average positive
4 taxable position, during the 1983-84 time period; is that
5 correct?

6 A Yes. To be absolutely correct that should be
7 just the 1984 time period.

8 Q That is correct. So your statement at pages
9 30 and 31 of your testimony is wrong; you do not use a
10 two-year period to allocate the tax savings. You used
11 a one-year period, 1984?

12 A Yes, that's right. That should be changed on
13 the top of I guess 31 to be just say the 1984 time
14 period.

15 Q So you used a two-year period to develop the
16 average taxable loss and used the one-year period of 1984
17 to allocate it to the various companies?

18 A Yes, the reason being, as you can see on Schedule
19 8, that in 1983 Philadelphia Electric Company had a very
20 large taxable loss. Therefore, there was no methodology
21 that I could use to allocate the tax losses back using
22 that year.

23 Q You could have used a two-year period consistently
24 for both the calculation of the tax loss and the allocation
25 factor. If you had done that Philadelphia Electric Company

1 would have been in a net loss position on a two-year
2 average basis and no consolidated tax savings would have
3 been allocated to Philadelphia Electric Company; is that
4 correct?

5 A Sure, that's mathematically correct, but I also

6 --

7 Q It is also consistent, is it not?

8 A It's consistent, but it would not result in any
9 methodology to be utilized for an allocation. In the
10 Philadelphia Gas Company where I did use a five-year
11 allocation I have updated those figures, and I did note
12 that over a five-year period, which would include say to
13 1983, that the allocation factor for Philadelphia Electric
14 would be somewhere around 90 percent.

15 Therefore, when I looked at this data for 1983 and
16 '84 I compared it to my previous calculation in the Gas
17 Company case and to other calculations which I had made
18 and determined that the 90 percent factor fairly represented
19 Philadelphia Electric's portion of the loss to be allocated.

20 Q Thank you, Mr. Bleiweis.

21 Will you look for a moment at your sales adjustment;
22 your discussion begins on page 39 of your testimony.

23 A Yes, I have it.

24 Q Am I correct that you propose an adjustment --
25 and I believe it is approximately \$11 million -- to reflect

1 the difference between actual and budgeted sales for the
2 first five months of the future test year?

3 A Yes.

4 Q At the bottom of page 39 and continuing over
5 to page 40 you describe a calculation where one values
6 the effect on revenues of this type of variance at an
7 average revenue per kilowatt-hour of 8.6 cents; is that
8 correct?

9 A Yes. This was a calculation we asked Mr. Hill
10 to make on the stand, and for purposes of a rough figure
11 we utilized the 8.6 cent number.

12 Q I am correct that it was an OCA request that
13 Mr. Hill perform that calculation, and you are not in any
14 way stating that Mr. Hill accepted that calculation as
15 an appropriate methodology?

16 A That is correct.

17 Q Isn't it true, Mr. Bleiweis, that for the first
18 five months of the future test year actual Philadelphia
19 Electric Company sales are below budget?

20 A Actual sales?

21 Q Yes.

22 A I have not made that calculation, but I will
23 take it subject to check. I do believe that's correct.

24 Q Your numbers are not actual sales numbers; they
25 are actual numbers weather-corrected, is that correct?

1 A Yes, they are.

2 Q And they, therefore, do not necessarily reflect
3 sales actually made by Philadelphia Electric Company during
4 that period; isn't that correct?

5 A No, they don't.

6 Q They do not reflect the revenue received by
7 Philadelphia Electric Company during that five-month
8 period?

9 A That's right; consistent with the company's bud-
10 get, they reflect just as it states, the actual sales
11 adjusted for weather conditions.

12 Q And it is the weather correction that places
13 actual weather-corrected sales above budget; without the
14 weather correction and looking simply at the kilowatt-hours
15 sold by Philadelphia Electric Company during that five-
16 month period those actual sales are below budget, is that
17 correct?

18 A Yes. If one were to make that comparison --
19 and of course I do not believe it is a valid comparison
20 -- mathematically that is correct.

21 Q Mr. Bleiweis, sales may be above or below budget
22 during a particular period for any number of reasons in
23 addition to sales; is that correct -- I mean weather, in
24 addition to weather?

25 A Yes.

1 Q Did you make any other adjustments to the actual
2 sales data to reflect changes in the economic conditions
3 or any other factors that might have affected actual sales
4 during that period?

5 A No, that would be taken care of in the actual
6 sales that occurred, so all we are adjusting for is the
7 fact that since the company's budget is on a "weather-
8 adjusted" basis it is only valid to compare sales that
9 actually occurred on a weather-adjusted basis.

10 Q The company didn't sell those kilowatt-hours,
11 did it, to make up for the weather adjustment in this case,
12 Mr. Bleiweis; they didn't receive any revenue from those
13 kilowatt-hours; is that correct?

14 A No, the company did not receive revenues from
15 the kilowatt-hours. What we are doing here is for rate-
16 making purposes a projection of sales by the company and
17 comparing that to what has occurred; and, again, the only
18 proper way, as even the company states on one of the data
19 requests, for its own internal purposes to compare sales
20 that have occurred to the budget is to weather-correct it.
21 And you have apples and apples versus apples and oranges.

22 Q I just want to make sure no one is misled here.
23 The actual sales made by Philadelphia Electric Company
24 for the first five months of the future test year were
25 below budget?

1 A Yes.

2 Q And the revenue was below budget?

3 A It would follow that the revenue would be below
4 budget.

5 Q Did you examine the revenue figures to determine
6 whether they might be even further below budget as a percent
7 than the sales?

8 A No, I haven't and I don't, again, feel it is
9 necessary because, again, there is a distinction that I
10 continually want to emphasize between what has occurred
11 for accounting purposes and what we are dealing with here
12 for ratemaking purposes. For ratemaking purposes we are
13 testing the validity of the company's budget, and that's
14 the purpose of this adjustment.

15 Q And you have only looked at the first five months
16 of the test year; is that correct?

17 A We have only looked at the first five months
18 of the test year because at the time of the writing of
19 this testimony as far as I know that was the only data
20 I had available. I would certainly like to look at updates
21 for further months in this particular area, as well as
22 in other areas, such as the plant adjustment we talked
23 about before.

24 Q Thank you, sir.

25 Finally, Mr. Bleiweis, under the Keystone Alliance

1 adjustment on page 47 of your testimony you have proposed
2 an adjustment to reflect certain expenses incurred by the
3 company which were disallowed in recent Commission orders;
4 is that correct?

5 A Yes.

6 Q The Keystone Alliance case?

7 A Keystone Alliance, yes.

8 Q You propose not only to disallow the company's
9 claim in the current rate case for those dollars, but to
10 go back and order the company to refund dollars collected
11 associated with these items from the prior two rate cases;
12 is that correct?

13 A Yes, that is correct.

14 Q Your firm proposed an adjustment of this type
15 in the company's last rate proceeding, did it not?

16 A Yes.

17 Q And that adjustment was specifically rejected
18 by the Commission in its final order in that case; is that
19 correct?

20 A Yes, from my understanding, as being premature
21 at the time.

22 Q I won't quote from the order; the order will
23 speak for itself.

24 A The order will speak for itself. It was rejected,
25 yes.

1 Q The order was not appealed, to the best of our
2 knowledge, by the OCA or any other party to that proceeding,
3 was it?

4 A On that grounds, I don't believe so, no.

5 Q Beginning at line 14 of the testimony on page
6 47 you state that "Mr. Hill presented his interpretation
7 of the Commission order as it related to claimed expenses
8 for the test year ended June 30, 1986." Then you present
9 a table presenting that interpretation; is that correct?

10 A Yes.

11 Q It was not Mr. Hill's testimony that these were
12 his view of the amounts that should be disallowed in this
13 case; is that correct?

14 A That is correct.

15 Q If we look at paragraph six specifically we see
16 a listing for E.E.I.-TMI Projects of \$755,000; is that
17 correct?

18 A Yes.

19 Q An if we look similarly at paragraph 6 of page
20 48 of your testimony which presents the figures for the
21 last two rate cases, we see a \$1 million figure for that
22 paragraph six, E.E.I.-TMI Projects; is that correct?

23 A Yes, for the last case, 842590.

24 Q Am I correct that that is an expenditure
25 associated with the cleanup through E.E.I., which was

1 specifically approved by the Commission in the
2 company's last rate proceeding?

3 A I would say yes, subject to check.

4 Q Thank you.

5 MR. MacGREGOR: That's all the questions I have,
6 Your Honor.

7 MS. SMITH: Staff has no cross for Mr. Bleiweis.

8 MR. RUBIN: Could we have a few minutes?

9 JUDGE MATUSCHAK: Yes. Let's take a short recess.

10 (Recess.)

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1 JUDGE MATUSCHAK: When you're ready.

2 MR. RUBIN: Thank you, Your Honor.

3 REDIRECT EXAMINATION

4 BY MR. RUBIN:

5 Q Mr. Bleiweis, do you recall being questioned
6 concerning your plant in service adjustment?

7 A Yes.

8 Q Could you, just so the record is clear on this,
9 give us your understanding of when the company originally
10 planned to retire Richmond Unit 9?

11 A Yes. As I stated, in the interrogatory which
12 the company supplied to us, which was to give a comparison
13 of budgeted versus actual data, -- and that is OCA 25,
14 which actually gives the explanations of those variances
15 -- it shows, for the quarter ended June 30, 1985, the re-
16 tirement of the Richmond station.

17 Q Is it your understanding that this was reflected
18 in the company's original budget?

19 A Yes; that's my understanding.

20 Q Could you give us your understanding of when
21 the retirement of Richmond 9 actually took place?

22 A It is my understanding that it occurred in the
23 fourth quarter of 1985.

24 Q Mr. Bleiweis, do you recall being questioned
25 concerning your proposal to amortize over five years the

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1 accumulated deferred state income tax balances?

2 A. Yes.

3 Q. To your understanding, has this Commission ruled
4 on this issue for the Philadelphia Electric Company?

5 A. Not for the Philadelphia Electric Company, but
6 it did in a recent Bell of Pennsylvania case.

7 MR. RUBIN: Thank you, Mr. Bleiweis.

8 That's all we have, Your Honor.

9 RE-CROSS-EXAMINATION

10 BY MR. MacGREGOR:

11 Q. Mr. Bleiweis, with respect to the plant in
12 service adjustment, if you could refer again to the com-
13 pany's response to IR-OCA-13-6 which we discussed before,
14 and to page 7 of your testimony and the table at the top of
15 that page.

16 A. Yes; I have it.

17 Q. Look at page 2 of the response, please, at page
18 2 of the attachment.

19 A. I don't have an attachment.

20 Q. I apologize, Mr. Bleiweis. My reference is to
21 the company's Exhibit 1, Attachment II-E-1B, which was
22 part of the initial filing in this case. I don't know if
23 you have a copy of that with you or not.

24 A. I do have that.

25 Q. If you could look at page 2 of that attachment.

1 A. Okay; yes.

2 Q. Would you agree with me that in the second
3 column we have an estimated balance at June 30, '85 in cer-
4 tain accounts of \$4,754,989,917?

5 A. Yes. That is at June 30.

6 Q. And am I correct that that is an actual number
7 at June 30, 1985, and, in fact, is the source of the
8 6/30/85 actual number in the table on page 7 of your
9 testimony; is that correct?

10 A. You say that's an actual number. The column
11 heading is "Estimated Balance."

12 Q. Is it not the same number that appears in the
13 actual column, June 30, 1985, page 7 of your testimony,
14 rounded to the nearest thousand?

15 A. Yes.

16 Q. Now, the number in your testimony, actual plant
17 in service at 6/30/85, it is your testimony that that num-
18 ber has Richmond 9 included; is that correct? And you
19 adjusted it out of your actual number in order to place the
20 actual and budget figures on a consistent basis; is that
21 correct?

22 A. Yes.

23 Q. Would you agree with me that the third and
24 fourth columns on Attachment II-E-1B show estimated addi-
25 tions and retirements during the quarter July through

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1 September 1985?

2 A. Yes.

3 Q. Would you agree with me that the total retire-
4 ments for that period were \$1,663,000 budgeted for that
5 period?

6 A. Yes.

7 Q. That number could not possibly include the
8 retirement of Richmond 9, which was approximately \$40
9 million; is that correct?

10 A. In those estimated figures, yes, that's correct.

11 Q. Am I correct that the number in column 5,
12 \$4,792,440,356, is in fact the budget number for September
13 30, 1985, which appears on the table on page 7 of your
14 testimony; is that correct?

15 A. I think I'm having trouble figuring out what is
16 actual and what is budgeted. The 4.792 billion number on
17 this Attachment II --

18 Q. -- is the same number which appears in the
19 budget column for September 30, '85, in your testimony at
20 page 7?

21 A. Yes. Those numbers in the budget column were
22 taken from OCA Exhibit 24 supplied by the company; right.

23 Q. My question is this, Mr. Bleiweis: referring to
24 page 7 of your testimony, if the actual number at June 30,
25 1985, of \$4,754,990,000 includes Richmond 9, and, as

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1 shown on II-E-1B, total retirements obviously do not in-
2 clude Richmond during that period, then the \$4,792,440,000
3 figure, the budget at September 30, 1985 in your testimony,
4 must also include Richmond 9?

5 A. To tell you the truth, I'm quite confused be-
6 cause what you're saying -- you're telling me now that the
7 column that is labeled "Estimated Balance" really isn't an
8 estimated balance; it's really an actual balance.

9 Q. It's the actual number that appears in the
10 actual column in your testimony.

11 A. Yes, but it is not an actual number on your
12 sheet.

13 Q. Well, will you accept subject to check that it
14 is in fact an actual number, and it is the source of the
15 actual number on page 7 of your testimony? In fact, it is
16 identical.

17 MR. RUBIN: Your Honor, I have to object. I don't
18 know how Mr. Bleiweis could possibly accept subject to
19 check what the source of a company-provided number is.

20 MR. MacGREGOR: The numbers are identical. Then will
21 Mr. Bleiweis admit that his actual number at June 30, '85
22 is wrong? It is either actual or it is not.

23 JUDGE MATUSCHAK: We will overrule the objection.

24 THE WITNESS: Mr. MacGregor, if I could, the actual
25 number on my page 7 for June 30, '85 was taken from the

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1 company's interrogatory. Now, if I am correct, I am to take
2 subject to check, that the number on the Attachment II-E-1B
3 in the column "Estimated Balance," that is really the
4 actual balance?

5 BY MR. MacGREGOR:

6 Q. Well, they are the same number.

7 A. They are the same number. And, logically --

8 Q. And it is your testimony that that number in-
9 cludes Richmond 9?

10 A. My testimony, as taken from the information
11 supplied to me by the company, is that that includes
12 Richmond 9; yes.

13 Q. Would you agree with me that sheet II-E-1B that
14 we're examining shows estimated additions and retirements
15 to that June 30, '85 number for the quarter ended Septem-
16 ber 30, 1985?

17 A. Yes. That is an estimated number; not really an
18 actual number.

19 Q. Adds additions, subtracts retirements, and
20 achieves a number of \$4,792,440,000; is that correct?

21 A. Yes.

22 Q. And that number is identical to the budget num-
23 ber for September 30, 1985 on page 7 of your testimony; is
24 that correct?

25 A. That's correct.

1 Q Would you agree with me that the total esti-
2 mated retirements during that period, as shown on this
3 sheet, is \$1,663,000, which is significantly less than the
4 \$40 million associated with the Richmond 9 retirement? So
5 the figures on this page obviously do not reflect a
6 Richmond 9 retirement during that quarter?

7 A I would say logically that is correct.

8 Q So if Richmond 9 is in the \$4,754,989,000 num-
9 ber in column 2, it is also in the \$4,792,440,000 figure in
10 column 5?

11 A Yes; that's my understanding.

12 MR. MacGREGOR: Thank you, Mr. Bleiweis.

13 That's all I have, Your Honor.

14 JUDGE MATUSCHAK: Consumer Advocate?

15 MR. RUBIN: One second, please, Your Honor.

16 (Pause.)

17 MR. RUBIN: We have nothing further, Your Honor.

18 (Witness excused.)

19 JUDGE MATUSCHAK: Is there anything further?

20 MR. MacGREGOR: I don't believe so, Your Honor.

21 JUDGE MATUSCHAK: Does that conclude the matters to
22 be submitted in this phase of the hearing?

23 MR. MacGREGOR: Yes, Your Honor, to the best of my
24 knowledge.

25 MR. RUBIN: Yes, Your Honor.

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1 JUDGE MATUSCHAK: Do I understand that it is the con-
2 sensus of counsel that we will cancel the hearing tomorrow
3 and cancel the hearing on February 5? Is that your
4 understanding?

5 MR. MacGREGOR: Yes.

6 MS. SMITH: Yes.

7 JUDGE MATUSCHAK: Then we will adjourn at this time
8 until February 3, at which time we will have a public
9 input hearing in Doylestown at 6:30, and a public input
10 hearing in Philadelphia on February 4 at 1:30 and 6:30.

11 The next evidentiary hearing in this matter will be
12 on February 6.

13 Very well. This hearing is adjourned.

14 (Whereupon, at 11:25 a.m., the hearing was adjourned,
15 to be reconvened at 10:00 a.m. on Thursday, February 6,
16 1986, in Philadelphia, Pennsylvania.)

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C E R T I F I C A T E

1
2 I hereby certify, as the stenographic reporter,
3 that the foregoing proceedings were taken stenographically
4 by me, and thereafter reduced to typewriting by me or under
5 my direction; and that this transcript is a true and
6 accurate record to the best of my ability.

7 COMMONWEALTH REPORTING COMPANY, INC.

8
9 By: Judith A. Toberman

10 Judith A. Toberman

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