

Regulatory Docket File

NUCLEAR REGULATORY COMMISSION



IN THE MATTER OF:

TOLEDO EDISON COMPANY and CLEVELAND
ELECTRIC ILLUMINATING CO.

(Davis-Besse Nuclear Power Station,
Units 1, 2 and 3)

and

CLEVELAND ELECTRIC ILLUMINATING CO.,
et al

(Perry Nuclear Power Plant, Units 1
and 2)

Place - Silver Spring, Maryland

Date - Wednesday, January 14, 1976

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: Docket Nos.
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: 50-346A
: 50-500A
: 50-501A
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: 50-440A
: 50-441A
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Pages 3228-3369

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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

In the matter of:)	
)	Docket No.
TOLEDO EDISON COMPANY and CLEVELAND)	
ELECTRIC ILLUMINATING CO.)	50-346A
)	50-500A
(Davis-Besse Nuclear Power Station,)	50-501A
Units 1, 2 and 3))	
)	50-440A
and)	50-441A
)	
CLEVELAND ELECTRIC ILLUMINATING CO.,)	
et al,)	
)	
(Perry Nuclear Power Plant, Units 1)	
and 2))	
)	
)	

First Floor Hearing Room
7915 Eastern Avenue
Silver Spring, Maryland

Wednesday, January 14, 1976

Hearing in the above-entitled matter was reconvened, pursuant to adjournment, at 9:45 a.m.

BEFORE:

MR. DOUGLAS RIGLER, Chairman.

MR. JOHN FRYSIK, Member.

MR. IVAN SMITH, Member.

APPEARANCES:

(As heretofore noted.)

C O N T E N T
VOIR

<u>WITNESS:</u>	<u>DIRECT</u>	<u>DIR</u>	<u>CROSS</u>	<u>REC DIRECT</u>	<u>RECROSS</u>
HAROLD M. NOZER	3263		3269		
<u>EXHIBITS:</u>				<u>MARKED</u>	<u>RECEIVED</u>
Staff Exhibit:					
No. 151, document No. 1				3251	3260
No. 152, document No. 2				"	"
No. 153, document No. 3				"	---
No. 154, document No. 4				"	3260
No. 155, document No. 5				"	"
No. 156, document No. 6				"	---
No. 157, document No. 7				"	3260
No. 158, document No. 8				"	"
No. 159, document No. 9				"	---
No. 160, document No. 10				"	3260
No. 161, document No. 11				"	"
No. 162, document No. 12				"	"
No. 163, document No. 13				"	"
No. 164, document No. 14				"	"
No. 165, document No. 15				"	"

		<u>Marked</u>	<u>Received</u>
1	(Exhibits, continued)		
2			
3	(Staff Exhibit)		
4	No. 166, document No. 16	3251	3260
5	No. 167, document No. 17	"	"
6	No. 168, document No. 18	"	"
7	No. 169, document No. 19	"	"
8	No. 170, document No. 201	"	"
9	No. 171, document No. 202	"	"
10	No. 172, document No. 203	"	"
11	No. 173, document No. 204	"	"
12	No. 174, document No. 205	"	"
13	No. 175, document No. 206	"	"
14	No. 176, document No. 207	"	"
15	No. 177, document No. 208	"	"
16	No. 178, document No. 209	"	"
17	No. 179, document No. 210	"	"
18	No. 180, document No. 211	"	"
19	No. 181, document No. 212	"	"
20	No. 182, document No. 213	"	"
21	No. 183, document No. 214	"	"
22	No. 184, document No. 215	"	"
23	No. 185, document No. 216	"	"
24	No. 186, document No. 217	"	"
25	No. 187, document No. 218	"	"

		<u>Marked</u>	<u>Received</u>
1	(Exhibits, continued)		
2	Staff Exhibits:		
3	No. 188, document no. 219	3251	3260
4	No. 189, document No. 220	"	"
5	No. 190, document No. 221	"	"
6	No. 191, document No. 222	"	"
7	No. 192, document No. 223	"	"
8	No. 193, document No. 224	"	"
9	No. 194, document No. 225	"	"
10	No. 195, document No. 226	"	"
11	No. 196, document No. 227	"	"
12	No. 197, document No. 228	"	"
13	No. 198, document No. 229	"	"
14	No. 199, document No. 230	"	"
15	No. 200, document No. 231	"	"
16	No. 201, document No. 232	"	"
17	No. 202 document No. 233	"	"
18	No. 203, document No. 234	"	"
19	No. 204, document No. 235	"	"
20	No. 205, Mr. Mozer's testimony	3269	3269
21	<u>Applicant's Exhibits:</u>		
22	Applicant's Exhibit No. 44, Proposed		
23	License Conditions for Davis-Besse		
24	Nuclear Unit 1 and Perry Nuclear		
25	Units 1 and 2	3322	

P R O C E E D I N G S

CHAIRMAN RIGLER: Before we start this morning, the Board has an announcement on a different subject than today's cross-examination.

In connection with the pending disqualification motion, the Board has examined in camera the documents identified in Exhibit H to the City's brief in support of disqualification.

We also asked a clerk at the Commission to pull such other documents as were not listed in Exhibit H, but which bore the -- which were on the stationery of Squire Sanders, so we would pick up any other documents which might be relevant to the issue which were not listed in Exhibit H.

As a result of our in camera examination, we have concluded with the exception of approximately four documents which Mr. Reynolds has advised CEI waiving privilege on and which have been turned over to the other parties already, we have concluded for the other 50-odd documents the claim of privilege and/or work product was properly applied and our independent in camera examination convinces us that those documents are entitled to protection under the claim of privilege.

The next step was to see if any of these documents had such a relationship to the disqualification

1 issue that we should consider overcoming claim of
2 privilege because of their importance in resolving the
3 other issue.

4 Once again, we are satisfied that these
5 documents don't bear any remote relationship to the dis-
6 qualification issue and there is no need to invade or
7 overturn any claim of privilege.

8 A lateral and perhaps unimportant point is
9 that by and large our examination of the documents show
10 they would not be probative with respect to these
11 proceedings. They might be relevant in the sense that
12 they discuss counsel strategy or drafting of pleadings,
13 but in terms of reporting facts or evidence, the documents
14 themselves could not be considered in that category.

15 So for a variety of reasons, those documents
16 will remain privileged. We will not be referring to them
17 in any action we may take with respect to disqualification.

18 The sole exception is one document which,
19 because of one name, we just gave to Mr. Reynolds and asked
20 him to take a second look to see if he would consider
21 waiver of that document.

22 That is out of an extreme abundance of caution,
23 I might add.

24 MR. REYNOLDS: Can we go off the record?

25 (Discussion off the record.)

1 CHAIRMAN RIGLER: You may proceed, Mr.
2 Goldberg.

3 MR. GOLDBERG: At this time the Staff would like
4 to introduce -- identify for the record a series of
5 documents relied upon by Mr. Moux in his prepared direct
6 testimony.

7 I would like to have marked for identification
8 as NRC Exhibit 151 a document bearing the NRC document
9 No. 1, which is the Davis-Besse Unit 1 application for a
10 license.

11 CHAIRMAN RIGLER: Off the record.

12 (Discussion off the record.)

13 MR. GOLDBERG: I would like to have marked
14 for identification as NRC Exhibit 152 the document
15 bearing the NRC document No. 2 which is the information
16 requested by the Attorney General for antitrust review for
17 Davis-Besse No. 1.

18 I would like to have marked for identification
19 as NRC Exhibit 153 the document bearing the NRC document
20 number 3, which is the Attorney General's advice letter
21 dated 7-9-71 for Davis-Besse Unit 1.

22 I would like to have marked for identification
23 as NRC Exhibit 154 document bearing the NRC document
24 number 4, which is the application for license for Perry
25 Units 1 and 2.

1 I would like to have marked for identification
2 as NRC Exhibit 155 a document bearing the NRC document
3 number 5, which is the information requested by the
4 Attorney General for antitrust reviews for Perry Units 1
5 and 2.

6 I would like to have marked for identification
7 as NRC Exhibit 156 a document bearing the NRC document
8 number 6, which is the Attorney General's advice letter,
9 dated 12/17/73 for Perry Units 1 and 2.

10 I would like to have marked for identification
11 as NRC Exhibit 157 a document bearing the NRC document
12 number 7, which is the application for license for
13 Davis-Besse Units 2 and 3.

14 I would like to have marked for identification
15 as NRC Exhibit 158 a document bearing the NRC document
16 number 8, which is information requested by the Attorney
17 General for antitrust review for Davis-Besse Units 2 and
18 3.

19 I would like to have marked for identification
20 as NRC Exhibit 159 a document bearing the NRC document
21 number 9, which is the Attorney General's advice letter,
22 dated 2/14/75 for Davis-Besse Units 2 and 3.

23 I would like to have marked for identification
24 as NRC Exhibit 160 document bearing the NRC document
25 number 10, which is the Cleveland Electric Illuminating

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1 Company's 1973 FPC Form 12.

2 I would like to have marked for identification
3 as NRC Exhibit 161 a document bearing the NRC document
4 number 11, which is Cleveland Electric Illuminating
5 Company's 1973 FPC Form 1.

6 I would like to have marked for identification
7 as NRC Exhibit 162 a document bearing the NRC document
8 number 12, which is Duquesne Light Company's 1973 FPC
9 Form 12.

10 I would like to have marked for identification
11 as NRC Exhibit 163 a document bearing the NRC document
12 number 13, which is Duquesne Light Company's 1973 FPC
13 Form 1.

14 I would like to have marked for identification
15 as NRC Exhibit 164 a document bearing the NRC document
16 number 14, which is Ohio-Edison Company's 1973 FPC Form 12.

17 I would like to have marked for identification
18 as NRC Exhibit 165 a document bearing NRC document number
19 15, which is Ohio-Edison Company's 1973 FPC Form 1.

20 I would like to have marked for identification
21 as NRC Exhibit 166 a document bearing the NRC document
22 number 16, which is Pennsylvania Power Company's 1973 FPC
23 Form 12.

24 I would like to have marked for identification
25 as NRC Exhibit 167 a document bearing the NRC document

1 number 17, which is Pennsylvania Power Company's 1973 FPC
2 Form 1.

3 I would like to have marked for identification
4 as NRC Exhibit 168 a document bearing the NRC document
5 number 18, which is Toledo-Edison Company's 1973 FPC
6 Form 12.

7 I would like to have marked for identification
8 as NRC Exhibit 169 a document bearing the NRC document
9 number 19, which is Toledo-Edison Company's 1973 FPC
10 Form 1.

11 I would like to have marked for identification
12 as NRC Exhibit 170 document bearing the NRC document
13 number 201, which is a January 1, 1952 interconnection
14 agreement between the Ohio Power Company and the Ohio-
15 Edison Company, including supplemental letter agreement
16 dated May 1, 1967.

17 MR. BENBOW: Did you say '57 or '67?

18 MR. GOLDBERG: '67 is what I meant to say.

19 I would like to mark NRC Exhibit 171, a
20 document bearing NRC document number 202 which is a
21 September 26, 1952 contract between Pennsylvania Power
22 Company and the Ohio-Edison Company, including an amendatory
23 contract dated March 29, 1959, and a second amendatory
24 contract dated November 5, 1959.

25 MR. BENBOW: November 5 or December 5?

1 MR. GOLDBERG: November 5.

2 MR. BENELOW: It is not too important, but mine
3 reads this second amendatory agreement made and
4 entered into this 5th day of December 1959.

5 Is that what you are referring to, Mr. Goldberg?

6 MR. GOLDBERG: Yes, I would like to correct
7 that. It should be December 1959 for the date of the second
8 amendatory contract.

9 MR. ZAHNER: The first one is dated March 29,
10 1955, not 1959.

11 MR. GOLDBERG: Thank you.

12 The date of the amendatory contract to NRC
13 Exhibit 171 is March 29, 1955.

14 I would like to have marked for identification
15 as NRC Exhibit 172 a document bearing the NRC document
16 number 203, which is a November 29, 1957 agreement between
17 Columbus and Southern Ohio Electric Company, and the
18 Ohio-Edison Company, including amendatory letter agreement
19 dated July 6, 1959; an amendatory letter agreement dated
20 August 19, 1959; an amendatory letter agreement dated
21 November 1, 1961; an amendatory letter agreement dated
22 April 16, 1963.

23 I would like to have marked for identification
24 as NRC Exhibit 173 a document bearing the NRC document
25 number 204, which is a June 14, 1962 facilities agreement
between the Cleveland Electric Illuminating Company and

1 the Ohio Power Company.

2 I would like to have marked for identification
3 as NRC Exhibit 174 a document bearing the NRC document
4 number 205, which is a June 14, 1962 operating agreement
5 between the Cleveland Electric Illuminating Company
6 and the Ohio Power Company, including modification No. 1,
7 dated April 30, 1965; modification No. 2, dated September
8 16, 1970.

9 MR. BENBOW: What was that date, Mr. Goldberg?

10 MR. GOLDBERG: September 16, 1970.

11 Modification No. 3, dated November 22, 1971.

12 Modification No. 4, dated March 1, 1972.

13 There is no modification No. 5, to our
14 knowledge, but there is a modification No. 6, dated June
15 24, 1971.

16 I would like to have marked for identification
17 as NRC Exhibit 175 a document bearing the NRC document
18 number 206, which is a September 6, 1962 facilities and
19 operating agreement between Duquesne Light Company and
20 Ohio Power Company including modification No. 1 --

21 MR. SMITH: Before you go any farther on your
22 previous contract, Exhibit 174, modification No. 6 refers
23 to the modification dated March 21, 1972, which would
24 have been modification No. 5. So apparently there is a
25 modification No. 5.

1 The modification dated March 1, 1972 was
2 modification No. 4.

3 MR. GOLDBERG: We will endeavor to locate
4 modification No. 5 and make it a part of this exhibit.

5 Returning now to NRC Exhibit 175, there is a
6 modification number 1, dated July 25, 1967; modification
7 number 2, dated April 9, 1970; and amendment to modification
8 No. 2, dated December 1, 1970; another amendment to
9 modification No. 2, dated December 1, 1971; and a third
10 amendment to modification No. 2 dated December 1, 1972,
11 and modification No. 3, dated May 22, 1972.

12 MR. RIESER: Excuse me, Mr. Chairman.

13 May I inquire as to whether the handwritten
14 notation modification No. 3 was on the document as
15 obtained by NRC, or is that something they put on?

16 MR. GOLDBERG: To the best of our knowledge,
17 that handwritten notation stating modification No. 3
18 was on the document when we obtained it.

19 We made no handwritten notation on the document.

20 MR. RIESER: Okay. Fine.

21 MR. GOLDBERG: I would like to have marked
22 for identification as NRC Exhibit 176 a document bearing
23 the NRC document number 207, which is a July 29, 1964
24 interconnection contract between Cleveland Electric
25 Illuminating Company and Ohio-Edison Company. It includes

1 a supplemental letter agreement dated March 21, 1967;
2 an interim supplement dated September 15, 1971; and an
3 interim supplement dated January 1, 1973.

4 I would like to have marked for identification
5 as NRC Exhibit No. 177 a document bearing the NRC
6 document number 208, which is a February 23, 1965 agreement
7 between Ohio-Edison Company and the Cleveland
8 Electric Illuminating Company, including a letter
9 agreement dated December 3, 1963, and a letter
10 agreement dated May 8, 1972.

11 I would like to have marked for identification
12 as NRC Exhibit 178 a document bearing the NRC document
13 number 209, which is a July 23, 1965 facilities agreement
14 between the Cleveland Electric Illuminating Company
15 and the Pennsylvania Electric Company.

16 I would like to have marked for identification
17 as NRC Exhibit 179 a document bearing the NRC document
18 number 210, which is a July 23, 1965 firm power agreement
19 between the Cleveland Electric Illuminating Company and the
20 Pennsylvania Electric Company.

21 I would like to have marked for identification
22 as NRC Exhibit 180 a document bearing the NRC document
23 number 211, which is a September 30, 1965 interconnection
24 agreement between the Cleveland Electric Illuminating
25 Company, and Pennsylvania, New Jersey, Maryland (PJM) group.

1 It includes a -- may I have two or three minutes,
2 please?

3 (Pause.)

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2 MR. GOLDBERG: Referring to NRC Exhibit 180,
3 there are attached to the interconnection agreement seven
4 service schedules, the first six of which were part of the
5 original interconnection agreement, the seventh of which,
6 Service Schedule 7.01 was added May 4, 1967, effective June
7 5, 1967.

8 I would like to have marked for identification as
9 NRC Exhibit 181, a document bearing the NRC document number
10 212, which is a December 1, 1965 operating agreement between
11 Toledo Edison Company and Ohio Power Company.

12 I would like to have marked for identification as
13 NRC Exhibit 182, a document bearing the NRC document
14 number 213, which is a March 1, 1966 operating agreement
15 among Consumers Power Company, the Detroit Edison Company,
16 and the Toledo Edison Company.

17 I would like to have marked for identification as
18 NRC Exhibit 183, a document bearing the NRC document number
19 214, an October 17, 1966 letter agreement between Ohio
20 Edison Company and Pennsylvania Power Company.

21 MR. BENBOW: I am not sure that is an adequate
22 description of the document, as I see it.

23 MR. GOLDBERG: If you prefer, I will quote from
24 the document.

25 CHAIRMAN RIGLER: What is your problem, Mr. Benbow?

MR. BENBOW: It is an agreement to provide for an

mm2 1 interim period the sale of short-term power by Pennsylvania
2 Power Company and Ohio Edison Company to Duquesne Light
3 Company, as I read it.

4 CHAIRMAN RIGLER: Will you accept that,
5 Mr. Goldberg?

6 MR. GOLDBERG: Yes.

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arl 1 MR. GOLDBERG: I would like to have marked
2 for identification as NRC Exhibit 184 a document
3 bearing the NRC document number 215, which is
4 the September 14, 1967 Capco group memorandum of under-
5 standing.

6 I would like to have marked for identification
7 as NRC Exhibit 185 a document bearing the NRC document
8 number 216, which is the September 14, 1967 Capco trans-
9 mission facilities agreement.

10 I would like to have marked for identification
11 as NRC Exhibit 186 a document bearing the NRC document
12 number 217, which is a September 14, 1967 Capco administra-
13 tion agreement. It includes amendment No. 1, dated
14 January 4, 1974.

15 I would like to have marked for identification
16 as NRC Exhibit 187 document bearing the NRC document
17 number 218, which is a September 15, 1967 agreement
18 between the Dayton Power & Light Company and Ohio-Edison
19 Company.

20 MR. SMITH: Mr. Goldberg, on your Exhibit 186,
21 I recall -- I don't recall how you described it, but
22 there is a possibility of confusion there. The date of
23 the agreement is not the date that appears on the lead
24 page.

25 MR. GOLDBERG: Referring to Exhibit 186,

ar2 1 the Capco administration agreement, on the first page it
2 says, "This agreement entered as of September 14, 1967,"
3 which is the date I used to describe it. The agreement
4 was actually executed on the 1st day of November 1971
5 as of the 14th day of September 1967.

6 MR. RIESER: I might note a similar problem
7 arises with respect to the transmission facilities
8 agreement which was executed, I believe, some time in 1971
9 as of September 14, 1967.

10 MR. GOLDBERG: I'm just using the dates I have
11 used for identification purposes.

12 I think the documents all are clear on their
13 face.

14 I would like to have marked for identification
15 as NRC Exhibit 188 a document bearing the NRC document
16 number 219, which is a January 1, 1968 agreement among
17 Buckeye Power and Cincinnati Gas & Electric, Columbus
18 and Southern Ohio Electric, Dayton Power & Light,
19 Monongahela Power, Toledo-Edison and Ohio Power Companies.

20 I would like to have marked for identification
21 as NRC Exhibit 189 a document bearing the NRC document
22 220, which is a February 1, 1968 interchange agreement
23 between West Penn Power Company and Duquesne Light
24 Company, including amendment No. 1, dated May 23, 1972,
25 and an addendum dated May 31, 1973.

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1 I would like to have marked for identification
2 as NRC Exhibit 190 a document bearing the NRC document
3 number 221, which is a June 20, 1968 agreement between
4 Ohio Power Company and Ohio-Edison Company.

5 I would like to have marked for identification
6 as NRC Exhibit 191 a document bearing the NRC document
7 number 222, which is an August 1, 1968 agreement between
8 Toledo-Edison Company and Ohio-Edison Company, including
9 an interim supplement dated, I believe, September 26, 1971.
10 The actual day of September is handwritten and it is either
11 the 26th or the 20th. I can't determine whether it is
12 the 26th or the 20th.

13 Including also a second interim supplement
14 dated August 1, 1972 and another interim supplement
15 dated January 1, 1973.

16 I would like to have marked for identification
17 as NRC Exhibit 192 a document bearing the NRC document
18 number 223, which is an October 7, 1968 agreement,
19 among West Penn Power Company, Monongahela Power Company,
20 Ohio-Edison Company, and Pennsylvania Power Company.

21 It includes amendment No. 1, dated February 1,
22 1972, and amendment No. 2, dated June 1, 1973.

end 3

23 I would like to have marked for identification
24 as NRC Exhibit 193 a document bearing the NRC document
25 number 224, which is a May 29, 1969 power agreement among

1 the Toledo-Edison Company, the Cleveland Electric
2 Illuminating Company, the Duquesne Light Company,
3 Ohio-Edison Company, and Pennsylvania Power Company,
4 including amendment No. 1, dated May 26, 1971.

5 I would like to have marked for identification
6 as Exhibit 194 a document bearing NRC document number
7 225, which is a January 1, 1970 interchange agreement
8 among Ohio-Edison Company, Pennsylvania Power Company,
9 and Duquesne Light Company, including an interim
10 supplement dated September 8, 1972, an interim supplement
11 dated January 1, 1973, and an interim supplement dated
12 July 10, 1973.

13 With respect to this document, NRC Exhibit 194,
14 I note that there are pages 11 and 12 missing from the
15 copies supplied to the Board and the parties, and I would
16 like now to distribute pages 11 and 12.

17 Also with respect to NRC Exhibit 194, in my
18 description of that document I included an interim supplement
19 dated July 10, 1973. There may be another interim
20 supplement dated July 10, 1973, which we apparently do not
21 have.

22 If we can locate it, we will attach it to this
23 exhibit and distribute it to the parties.

24 I would like to have marked for identification
25 as NRC Exhibit 196 a document bearing the NRC document

1 number 226, which is a January 20, 1970 and March 17,
2 1970, and June 9, 1970 letter agreements between
3 Cleveland Electric Illuminating Company and the Department
4 of Public Utilities, City of Cleveland.

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1 MR. SMITH: Did you refer to July 23, 1970?

2 MR. GOLDBERG: Not with respect to NRC Exhibit 195.

3 MR. BENELOW: The last two pages seem to be a letter
4 of that date. I think that is what Member Smith is referring
5 to.

6 In addition to the agreements I mentioned, we will
7 also enter a July 22 letter agreement. I would like to
8 correct that to a July 22, 1970 -- strike that, it is a
9 letter agreement.

10 I would like to have marked for identification
11 as NRC Exhibit 196, a document bearing the NRC Document
12 Number 227, which is a July 25, 1972 interim agreement between
13 the Cleveland Electric Illuminating Company and the Toledo
14 Edison Company.

15 I would like to have marked for identification as
16 NRC Exhibit 197, a document bearing NRC Document Number 228,
17 which is a May 7, 1973 surplus power agreement, East Lake
18 Unit Number 5, between the Cleveland Electrical Illuminating
19 Company and the Duquesne Light Company.

20 I would like to have marked for identification as
21 NRC Exhibit 198, a document bearing the NRC Document
22 Number 229, which is an August 28, 1973 CAPCO unit ownership
23 agreement.

24 I would like to have marked for identification as
25 NRC Exhibit 199, a document bearing the NRC Document

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1
2 Number 230, which is an October 1, 1973 agreement between
3 Ohio Edison Company and the Duquesne Light Company.

4 I would like to have marked for identification as
5 NRC Exhibit 200, a document bearing the NRC Document Number
6 231, which is an October 3, 1973 agreement between the
7 Cleveland Electric Illuminating Company and the Ohio Edison
8 Company.

9 I would like to have marked for identification as
10 NRC Exhibit 201, a document bearing the NRC Document Number
11 232, which is a June 10, 1974 surplus power agreement, East
12 Lake Unit Number 5, between the Cleveland Electric
13 Illuminating Company and the Toledo Edison Company.

14 I would like to have marked for identification as
15 NRC Exhibit 202, a document bearing the NRC Document Number
16 233, which is a January 1, 1975 CAPCO basic operating
17 agreement.

18 I would like to have marked for identification as
19 NRC Exhibit 203, a document bearing the NRC Document Number
20 234, which is a January 13, 1975 interconnection agreement
21 between Painesville, Ohio and the Cleveland Electric Illuminating
22 Company.

23 This document which has just been identified as
24 NRC Exhibit 203, has already been received into evidence
25 and when we find the number, we can cross-reference it.

NRC Exhibit 203 has been received into evidence

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1 as NRC Exhibit 140.

2 I would like to have marked for identification
3 as NRC Exhibit 204, a document bearing the NRC Document
4 Number 235, which is an April 17, 1975 agreement between
5 CEI and Cleveland for installation and operation of a 138 kv
6 synchronous interconnection.

7 MR. GOLDBERG: May we have a short break?

8 CHAIRMAN RIGLER: We will make it a short one.
9 We will be back at quarter after.

10 MR. HJELMFELT: These haven't been moved into
11 evidence yet.

12 MR. REYNOLDS: Off the record.

13 (Discussion off the record.)

14 CHAIRMAN RIGLER: Mr. Reynolds advises me that he
15 has consulted with CEI and CEI has agreed to waive privilege
16 with respect to a document which bears number 2029. It is a
17 February 25, 1972 memorandum from Mr. Cherneyer, apparently,
18 to Mr. Howley, with a copy to Mr. Hauser, and the reason we
19 asked him to reconsider it is that it mentions a Mr. Laughlin,
20 whose name was mentioned in connection with the possible
21 cross-flow of information.

22 That document will be made available to all
23 parties.

24 MR. REYNOLDS: Thank you.

25 (Recess.)

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1 (The documents were marked
2 Staff Exhibits Nos. 151
3 thru 204, inclusive, for
4 identification.)

5 MR. GOLDBERG: I would now like to move into
6 evidence NRC Exhibits 151 through 204.

7 MR. HJEMFELT: With respect to NRC Exhibit 195,
8 document 226, the purported agreement between CEI and
9 the City of Cleveland, I'm not objecting to its being
10 admitted into evidence, but I object to it being admitted
11 as an agreement between the parties.

12 That letter was filed with the FPC, accepted
13 by the FPC, as representing an agreement of the parties.
14 It was appealed by the City of Cleveland, and on last
15 Friday, which I believe was January 9, the Circuit Court
16 of Appeals for the District of Columbia reversed and
17 remanded the Federal Power Commission.

18 The city is contending this is not an agreement
19 of the parties. It was reversed in part and remanded,
20 the part that was reversed went to the legality of this
21 agreement.

22 MR. SMITH: It was invalid ab initio?

23 MR. HJEMFELT: Sir, the FPC was asked to re-
24 examine in light of the city's contentions. Our
25 contention would be that this agreement does not represent --

1 that this letter does not represent the true agreement of
2 the parties and was improperly accepted for filing by the
3 FPC.

4 CHAIRMAN RIGLER: Is it a partial agreement of
5 the parties?

6 MR. HJEMFELT: Yes, the part that is actually
7 in contest goes to the rate contained therein.

8 CHAIRMAN RIGLER: You are not objecting to the
9 receipt of the letter into evidence?

10 MR. HJEMFELT: Not with that understanding.
11 We are not agreeing this is an agreement between the parties.

12 CHAIRMAN RIGLER: You are not estopped to challenge
13 the rate provisions set forth in Exhibit 195.

14 MR. REYNOLDS: I have a number of observations
15 on this list.

16 I think with everybody's permission, I can
17 probably consolidate the objections, and as long as it
18 is clear, we need not go on a document-by-document basis.

19 Let me just note in connection with Mr.
20 Hjempfelt's remarks the Court of Appeals remand was to
21 receive evidence on the rate matter that was contained in
22 or was the subject of the letter.

23 It was to receive further evidence from that.

24 MR. HJEMFELT: It was to reconsider the city's
25 arguments with respect to whether this was properly filed

1 at the parties' agreement. What further proceedings might
2 be had before the FPC, I think is maybe not clear,
3 and probably not relevant right here.

4 MR. REYNOLDS: I just don't want the
5 characterization to mislead anybody.

6 On the list I would like to first raise
7 an objection on behalf of the Ohio-Edison Company,
8 Pennsylvania Power Company, and Duquesne Light Company,
9 with respect to the Exhibit No. 151, 152, and 153, which
10 pertain to the application, the information requested
11 by the Attorney General and the Attorney General's advice
12 letter in Davis-Besse No. 1.

13 The three Applicants I named were not parties
14 to Davis-Besse No. 1, nor Applicants, and therefore I
15 would like to make the continuing objection as to those
16 three Applicants to these exhibits coming in, in any
17 way against them.

18 As to the --

19 CHAIRMAN RIGLER: Who is making the objection?

20 MR. REYNOLDS: That would be all of the
21 parties that are not -- all the parties hereto that are
22 not Applicants to the Davis-Besse 1 Plant.

23 That would be Ohio-Edison Company, Pennsylvania
24 Power Company, and Duquesne Light Company.

25 I would object on behalf of all Applicants to

1 the introduction into evidence of any of the advice
2 letters by the Department of Justice. I don't think that
3 that is proper evidentiary material. I know of nothing
4 in the statute that requires that to be introduced into
5 evidence.

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2 It seems to me it is already a matter of record,
3 and I would object to those documents being introduced into
4 evidence in this proceeding.

5 With respect to the FPC forms that are listed as
6 Exhibit Numbers 160 through 169, if I can articulate this in
7 a manner that is clear to everybody, I would like to have the
8 record reflect the continuing objection of those Applicants
9 who were not participants in the form that is referenced in
10 the documents. So that, for example, if it is a Cleveland
11 Electric Illuminating Company FPC Form, the continuing objection
12 would be with respect to all Applicants other than the
13 Cleveland Electric Illuminating Company.

14 I would like to make that continuing objection in
15 that fashion to those documents.

16 As to the agreements which are identified as NRC
17 Exhibits 170 through Staff Exhibit 204, again, if I can
18 articulate it clear, the continuing objection is to be made
19 with respect to each of the Applicants who is not a party to
20 one of those agreements.

21 So that again, by way of example, if you do have
22 listed an agreement that is bilateral agreement between Ohio
23 Edison and Cleveland Electric Illuminating Company, the
24 continuing objection would be made as to that document on behalf
25 of the other three Applicants who are not parties to that
agreement.

mm2 1 I would also like to request that as to NRC
2 Documents 151 through 169, those that are admitted into
3 evidence I would ask that the Board admit them subject to
4 Applicants' opportunity to review the documents, and insure
5 that they are complete documents. There has been a lot of
6 Xeroxing. We have not received this material until
7 last night.

8 I don't anticipate there will be an objection, but
9 I think if we are going to have these kinds of documents in
10 the record, that all of the parties should be satisfied that we
11 have a complete document, and that it has been
12 Xeroxed and all the pages are collated in the right way
13 and it is the proper document we are talking about.

14 I am not suggesting that is not the case. I
15 am only indicating that I did not have an opportunity
16 to go through this material and have not yet, and if we do
17 admit them, I don't want to waive any right at some later
18 date to point up to the Board what might be a missing page, if
19 there is such a thing, or a wrong collation of the document.

end 7 20 CHAIRMAN RIGLER: Which numbers are included in
21 that request?

22 MR. REYNOLDS: That would be 151 through 169.

23 CHAIRMAN RIGLER: That will be granted.
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1 MR. REYNOLDS: I guess I'm reminded while I
2 have gone through copies of all of the other exhibits,
3 the agreements, I have not gone through the copies
4 that they have handed out. Maybe the Board would agree
5 that we could also have that opportunity so that
6 everybody is agreed that the complete document is in the
7 record.

8 In other words, what I'm really saying is
9 that I'm not voicing an objection so much as asking for
10 an opportunity, if documents 170 through 204 are admitted,
11 that we can examine and make sure that the copies that
12 were admitted are indeed the complete copies and in the
13 Xeroxing we didn't lose pages.

14 CHAIRMAN RIGLER: I'm sure the Staff would
15 agree to that.

16 MR. GOLDBERG: Yes, sir.

17 CHAIRMAN RIGLER: Mr. Reynolds, with respect
18 to the Attorney General's advice letters, those
19 matters are a matter of record in these proceedings,
20 irrespective of whether they are introduced into evidence,
21 are they not?

22 MR. REYNOLDS: I believe they are a matter
23 of record, but I do object to them being introduced into
24 evidence. It is the same as trying to introduce the
25 petitions to intervene into evidence or a complaint into

1 evidence.

2 CHAIRMAN RIGLER: Do you have the numbers
3 of the Attorney General's advice letters?

4 MR. REYNOLDS: Staff Exhibit 153, Staff
5 Exhibit 156, and Staff Exhibit 159.

6 CHAIRMAN RIGLER: Do you concur in that, Mr.
7 Goldberg?

8 MR. GOLDBERG: Yes, those are the correct
9 numbers.

10 Mr. Chairman, would you like the Staff to
11 respond to Mr. Reynolds' objection?

12 CHAIRMAN RIGLER: You may, if you would, briefly.

13 MR. GOLDBERG: As far as the advice letters
14 are concerned, the Atomic Energy Act, I believe, requires
15 the Commission to consider the advice letters of the
16 Attorney General. The language is "the Commission shall
17 consider the advice letters of the Attorney General."

18 CHAIRMAN RIGLER: There is no doubt that they
19 have been considered, is there?

20 MR. BENBOW: At some length.

21 MR. GOLDBERG: The advice letter by definition
22 is one of the triggering devices of this proceeding.
23 Since it must be considered by the Commission, I think
24 it is proper to receive it in evidence in this proceeding.

25 I don't think it is necessary to respond to the

1 continuing objection of the Applicants.

2 With respect to the Staff Exhibits 151, 152,
3 153, concerning Davis-Besse 1, I would only say first of
4 all this is a consolidated proceeding.

5 We are concerned with all five Applicants,
6 and the activities under the license which are the
7 subject of this proceeding.

8 We are concerned with the Capco group, Capco
9 memorandum of understanding, the operating agreement.
10 These concern base load power.

11 The plants, all of them, will provide base load
12 power for all of the Applicants.

13 Therefore, I believe that it is proper that
14 these documents be received into evidence with no such
15 restrictions on their use.

16 MR. REYNOLDS: To correct one statement of
17 Mr. Goldberg's, the Davis-Besse 1 Plant will not provide
18 any base load power to the three Applicants that made
19 the objection.

20 MR. GOLDBERG: As the evidence will clearly
21 show, the Applicants have numerous coordinating agreements
22 among themselves and the power supplied by Davis-Besse
23 certainly will be power which is exchanged pursuant to
24 the interconnection agreements.

25 CHAIRMAN RIGLER: The objection with respect

1 to the Davis-Besse 1 Unit is overruled.

2 The objection to the receipt in evidence of
3 the Attorney General's advice letters is sustained, and
4 we will not receive into evidence Exhibits 153, 156, and
5 159.

6 The objection with respect to EPC forms being
7 received for non-reference of the Applicants therein is
8 overruled, as are the agreements with reference to 170
9 through 204.

10 In overruling the continuing objection as
11 to those, we will note that in Exhibit 164, the Capco
12 group memorandum of understanding, Part 7.0 appearing on
13 page 23, suggests that these other agreements may bear
14 relationship to the Capco operation.

15 The Exhibits 151 through 204 will be received
16 into evidence with the exception of No. 153, 156, and 159.

17 (Staff Exhibits Nos. 151,
18 152, 154, 155, 157, 158, and
19 160 thru 204, previously
20 marked for identification,
21 were received in evidence.)

22 MR. GOLDBERG: We note our exception to the
23 exclusion of NRC Exhibits 153, 156 and 159.

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MR. LESSY: The Staff's next witness is

2 Mr. Harold M. Moser.

3 While the witness is getting settled, I have
4 one preliminary matter.

5 Dr. Guy, in his testimony, referred to a map,
6 the principal facilities of CAPCO map, that was submitted by
7 CEI pursuant to the application for a nuclear license.

8 The Board requested, an unmarked copy of the map.
9 The documents that were received into evidence today includes
10 unmarked copies of that map, but we will endeavor to make
11 available to the Board an additional copy of that.

12 Secondly, --

13 MR. REYNOLDS: Could you wait just a minute.

14 While we are on this subject, I might raise a
15 matter with the Board, that I don't think anybody is going to
16 have a problem with.

17 The map that Dr. Guy used, he had inserted a number
18 of things in different colors. The copy that we received
19 didn't reflect that, and I was not aware of his color scheme
20 until after he was finished testifying.

21 We have agreed, with the Board's permission, to
22 have Dr. Guy write up a narrative of what that color scheme
23 is, and submit it as a supplement to that exhibit.

24 CHAIRMAN RIGLER: That is fine. However, the
25 Board's copies didn't have colors on them either.

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MR. REYNOLDS: I thought the Board asked Dr. Guy to submit the original and had the only original with the color scheme. For that reason, it seems to me to be important that we know what the colors represent.

CHAIRMAN RIGLER: The reporter has the copy with the colors on it. I suppose what you should do is circulate to the Board the description of the color scheme.

MR. LESSY: There is no problem with that. We think this would be the appropriate witness to do it.

Mr. Lyren at the conclusion of his testimony referred to an agreement between AMP/O and Ohio Power Company. It was received into evidence yesterday as Staff Exhibit 141A.

I would like to seek to ask the witness one question with respect to that agreement, hopefully, for the clarification of everyone.

Mr. Lyren, as you recall, characterized that agreement as a wheeling agreement. This would be the appropriate witness to ask if he agreed to that character, and that, of course, would be subject to an amendment to the direct examination for purposes of cross-examination.

CHAIRMAN RIGLER: Well, lets get the witness sworn first, and find out if he adopts his testimony. And at that point it may be appropriate.

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1 Whereupon,

2 HAROLD M. MOZER

3 was called as a witness on behalf of the Regulatory Staff,
4 and having been first duly sworn, was examined and testified
5 as follows:

6 DIRECT EXAMINATION

7 BY MR. LESSY:

8 Q Will you state your name, please?

9 A My name is Harold Mozer.

10 Q Mr. Mozer, I show you a document which is
11 unnumbered. It bears the language at the bottom, "Prepared
12 Direct Testimony of Harold M. Mozer," and ask if you can
13 identify it for us.

14 A This is printed copy of the direct testimony that I
15 prepared in this matter.

16 Q Do you have any nonsubstantive typographical addi-
17 tions or corrections to your prepared testimony at this time?

18 A Yes, I do.

19 Q Could you please relate those to the Board and
20 parties?

21 A Okay.

22 I will try to do this in sequence.

23 Page 1, lines 9 and 10, I have had a change in
24 assignment and have dropped one of my administrative duties to
25 one of my subordinates. Strike, starting on line 9, beginning

rum4 1 with the word "and" and continuing through the rest of line
2 9 and all of line 10.

3 I am no longer the manager of our Northwest Regional
4 Office. My principal duties are director of electrical
5 engineering.

6 Also, the comma on line 9 following the word "Inc"
7 period should be stricken.

8 Q Is your replacement the manager of the power
9 department in the Northwest Regional Office CH2M Hill?

10 A He has assumed that role.

11 Q Does he report to you?

12 A Yes, he reports to me.

13 Page 1, line 11, strike the word "Juneau." We
14 have closed that office.

15 Page 3, lines 21 and 22, starting on line 21,
16 strike beginning with the word "manager" and continuing to
17 strike through line 22, the word "and."

18 That is similar to the one on page 1.

19 Q The appropriate language would read, as I
20 mentioned previously, "I am director of electrical engineering
21 for the entire firm."

22 Is that right?

23 A That is correct.

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arl 1 Next correction is page 29, line 17, the last
2 word on the line should be plural. It should read
3 "agreements."

4 On page 32, lines 10 through 13, there are
5 some quotation marks left out.

6 Line 11 --

7 MR. BENBOW: Could I have that page number
8 again?

9 THE WITNESS: Page 32, starting on line 10,
10 there should be a quotation mark before the word "ready."

11 On line 11, there should be a quotation
12 mark following the word "capacity" at the end of the line.

13 On line 12, the term "emergency operating
14 capacity" should be enclosed in quotation marks.

15 The term "economy energy" should be enclosed
16 in quotation marks.

17 The term "emergency energy" should be
18 enclosed in quotes.

19 On line 13, the term "short term operating
20 capacity" should be in quotes.

21 There should be a quotation mark ahead of the
22 word "short term."

23 On page 37, line 24, near the bottom, at the
24 end of that line, reference to Exhibit HMM-2 should be
25 corrected to read HMM-4. That is line 24.

1 Next correction is on page 59, on lines 14 and
2 24, there is a transposition in the numbers. The number
3 which reads 4096 should be corrected to read 4906.

4 That is on lines 14 and 24 on page 59.

5 Page 79, line 20, there is a word toward the
6 end of that line spelled entiry's.

7 It should be "entity."

8 MR. BENBOW: What line?

9 THE WITNESS: Line 20, page 79.

10 On Exhibit HSM-6, page 1 of that exhibit, on
11 the next to the bottom, term entitled
12 "diversity exchange," the first word in the second line
13 should read "possible," p-o-s-s-i-b-l-e.

14 Throughout the testimony reference to NRC
15 exhibits should be changed to read NRC documents.

16 I understand that terminology has been
17 adopted for this proceeding.

18 That completes the corrections I have.

19 BY MR. LESSY:

20 Q Other than these corrections, do you adopt
21 the testimony as it presently reads, subject to those
22 corrections?

23 A Subject to the corrections, I adopt the testimony.

24 MR. LESSY: Mr. Chairman, I would like to seek
25 to amend the testimony with two questions addressed to a

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1 document received into evidence as Staff Exhibit 141-A.
2 It was an attachment to a letter received yesterday.
3 It was transmitted by Mr. Rowley to Mr. Milburn.

4 It is entitled "Agreement Between American
5 Municipal Power, Ohio, Inc., and Ohio Power Company,"
6 dated April 1, 1974.

7 BY MR. LESSY:

8 Q I would like to ask Mr. Mozer:

9 Mr. Mozer, are you familiar and have you
10 reviewed this agreement entitled MSC 141-A?

11 A This appears to be the same agreement I received
12 late yesterday. I had opportunity to review it rather
13 briefly.

14 Q Does this agreement constitute a wheeling
15 arrangement between American Municipal Power, Ohio, Inc.,
16 and the Ohio Power Company, in your opinion?

17 A The agreement in its entirety is not just a
18 wheeling arrangement. It provides for other services.
19 Service A is a wheeling agreement, as I would
20 characterize it.

21 MR. LESSY: With those additions and the
22 corrections as Mr. Mozer has adopted into evidence, I
23 would like to move into evidence the prepared direct
24 testimony of Harold M. Mozer.
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1 CHAIRMAN RIGLER: You haven't identified it.
2 Do you want us to give it the NRC Exhibit No. 205?

3 MR. LESSY: Yes, it is NRC 205. It was
4 previously distributed to the Board and filed with the
5 parties at the appropriate time this fall.

6 MR. REYNOLDS: I would simply point out that
7 in terms of the Exhibit EMM-4, we this morning identified
8 some dates that were wrong, and some supplements that
9 were not properly referenced, which it seems to me should
10 be reflected on that exhibit.

11 I don't know that it is necessary to do it now.
12 But it may be something that the Staff and Mr. Mozer would
13 want to do at some later date.

14 MR. LESSY: We would be happy to provide an
15 updating of that exhibit pursuant to this morning's matters
16 on the record.

17 MR. BERGER: Could we have a moment, Mr.
18 Chairman?

19 MR. BENBOW: If I might suggest since we
20 have not yet had cross-examination with respect to Mr.
21 Mozer's testimony, I think I would suggest to the Board
22 that it might be appropriate to reserve ruling on the
23 Staff's offer until such time as that cross-examination
24 has occurred.

25 It may in the course of it turn out that

1 certain parts of this may no longer be offered or they
2 may be amended or otherwise.

3 I think that would be an appropriate course
4 if the Board sees fit to follow it.

5 MR. LESSY: The appropriate course that I am
6 familiar with is that you move it into evidence. If
7 they indicate they would like to move to strike a
8 portion that would be subject to a motion also.

9 CHAIRMAN RIGLER: It could be subject to a
10 motion to strike.

11 Hearing no objection, we will receive
12 NRC Exhibit 205 into evidence at this time.

13 (A document was marked
14 Staff Exhibit No. 205 for
15 identification, and was
16 received in evidence.)

17 CHAIRMAN RIGLER: Does that conclude your
18 direct examination?

19 MR. LESSY: Yes, it does.

20 CHAIRMAN RIGLER: Mr. Charno?

21 MR. CHARNO: No questions.

22 CROSS-EXAMINATION

23 BY MR. HJEMFELT:

24 Q Mr. Mozer, referring to page 64 of your prepared
25 direct testimony, lines 15 through 20, you are describing

1 there a utility which would be able to obtain power
2 supply arrangements without transmission connections with
3 our utilities.

4 Can you tell me if any of the Applicants here
5 would be able to obtain those power supply alternatives
6 without those transmission interconnections?

7 A I don't believe so.

8 MR. HJEMFELT: Thank you.

9 I have no further questions.

10 CHAIRMAN RIGLER: Do the Applicants have any
11 cross-examination?

12 (Laughter.)

13 Before we come to that, the Board has a
14 question, and we think it might be better procedure to
15 get the Board questions answered so that the Applicants
16 can consider those answers in their own cross-examination.

17 MR. SMITH: Mr. Mozer, in part of your testimony,
18 and I can't locate it at the moment, you refer to the --

19 MR. BERGER: Mr. Smith, I can't hear you.

20 MR. SMITH: In a portion of your testimony,
21 you refer to the phenomenon where large capacity
22 generators tend to preempt transmission lines so that
23 smaller utilities would be unable to construct their
24 own transmission liens along the same route.

25 Would that be a not too inaccurate summary of

1 your point there?

2 THE WITNESS: I'm not sure that I accept the
3 word "preempt." I think you are describing the situation
4 that I have discussed wherein by constructing large
5 generating stations at points which tend to be remote from
6 the load areas of the several utilities that expect to
7 receive electric service from the generating stations, they
8 must build large transmission lines.

9 As a result, this creates a transmission net-
10 work or grid as it is sometimes referred to, and this
11 results in a situation whereby a small utility wanting
12 to build a transmission line through this same general
13 area would tend to find that the small utility was
14 duplicating the facilities that had already been
15 constructed as part of the need for transmission of the
16 generation to load.

17 MR. SMITH: Then you stated further it may be
18 possible under the Ohio statutes for power siting, other
19 lines could not be constructed along that line for
20 environmental purposes.

21 THE WITNESS: I reached that opinion, yes.

22 MR. SMITH: Would the same effect tend to exist
23 in relation to siting for nuclear power plants?

24 For example, would there be a problem with the
25 city of Painesville building a nuclear power plant because

1 of the fact that the Perry Plant is very near it, assuming
2 it had the capacity to build one?

3 THE WITNESS: In general, I would answer yes
4 to that, because there tends to be a siting problem
5 associated with most of the nuclear power plants I'm familiar
6 with, so that nuclear sites are unique.

7 There are probably a finite number of them.
8 To the extent that other utilities are using acceptable
9 sites in a particular area, there may not be sites left
10 for a second utility to use.

11 In Painesville's case, of course, the Perry site
12 would seem to be a desirable location, since it is near
13 to Painesville's load area. It would always be nice to
14 build your nuclear plants as close to your own load area
15 as possible. It is hard to say precisely that it precludes
16 the ability of the small utility to find a nuclear
17 plant site, but it certainly creates great difficulty for
18 them.

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1 CHAIRMAN RIGLER: Are the Applicants ready with
2 their cross-examination?

3 MR. REYNOLDS: Yes, Mr. Chairman.

4 MR. LESSY: Could we ask Mr. Reynolds to identify
5 the person to his right?

6 MR. REYNOLDS: I would be happy to.

7 This is Dr. Joe Pace. He is not making an
8 appearance.

9 Is there anybody else we need to identify?

10 MR. LESSY: Since he was sitting at the counsel
11 table, and since the Board asked that people sitting at
12 the counsel table be identified, including Mr. Gerber on a
13 previous date, I thought the record should be clear.

14 BY MR. REYNOLDS:

15 Q Mr. Moser, at page 1 of your testimony, I note that
16 with the amendment this morning you were, until recently, the
17 manager of the power department in the Northwest Regional Office
18 of the firm's CH2M Hill, Inc.

19 Were your responsibilities in that assignment all
20 in connection with utilities located in the Pacific Northwest?

21 A No.

22 Q Would you explain what your responsibilities
23 included?

24 A My responsibilities were principally administrative
25 responsibility over what we termed the power department in

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1 our Northwest Regional Office. That department was
2 involved in all electrical engineering activity, both for
3 electric utilities as well as industrial type electrical
4 designs, some of which were for our in-house electrical
5 projects.

6 In that department within the last year, we had
7 projects that ranged from Trinidad to various projects in
8 Colorado, and we did a study for the Library of Congress.

9 Over the past few years, we have done work in
10 California in that office as well as others.

11 While we principally are organized on a regional
12 basis, and do most of our Northwest work in that office, we
13 also do other work in that office. And as manager of that
14 power department, my duties were larger than just concerned
15 with the Northwest.

16 Q What were your duties as director of electrical
17 engineering?

18 A I am responsible for the technical performance,
19 new business development, and general organization and
20 personnel of all electrical engineering activities in the
21 firm.

22 We have a firm of over 1000 people.

23 Q You have indicated that there are investor-owned
24 investor utilities among your clients.

25 A That is correct.

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1 Q Which utilities?

2 A Puget Sound Power and Light Company, the Portland
3 General Electric Company, Pacific Gas and Electric Company,
4 Pacific Power and Light Company.

5 I believe those are the principal ones.

6 Alaska Electrical Power Company.

7 Q Would you explain for me what the Bonneville Power
8 Administration is?

9 A Bonneville Power Administration is a federal agency
10 under the Department of Interior which has the responsibility
11 for transmitting and marketing power generating at
12 federal hydroelectrical power projects in the Pacific
13 Northwest.

14 The role of the Bonneville Administration includes
15 construction of the large transmission network in the Pacific
16 Northwest that is fully coordinated with the investor-owned and
17 publicly-owned utilities in the region.

18 As a consequence of their fundamental functions, they
19 also provide wheeling or transmission service for the federal
20 and non-federal agencies and public and industrial agencies in
21 the region, as well as their basic function which is marketing
22 federally generated power.

23 Q Is that all subsidized power federally generated
24 power?

25 A I wouldn't call it subsidized.

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1 I think the power is being paid for by the
2 ratepayers.

3 Q You indicated in connection with your work with
4 the Bonneville Power Administration, that you had prepared
5 justifications for transmission in related projects.

6 What do you mean by justifications in transmission?

7 A I studied the engineering report of the system
8 engineering department and assisted in developing the
9 writeups justifying from an engineering and economic basis,
10 the submittal to the Congress for appropriations to construct
11 certain facilities.

12 Q When you mentioned related projects, would that
13 be other facilities than transmission facilities?

14 A As part of transmission network, this would
15 include substations, microwave carrier communications,
16 certain warehouse facilities, although I didn't get into the
17 warehouse activities very much.

end 11 18

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1 Q On page 4 of your direct testimony, you
2 indicate that you have had specific assignments with
3 regard to planning the integration and coordination
4 of Priest Rapids and Wanapum
5 projects of Grant County Public Utility District into the
6 Pacific Northwest Transmission Network.

7 Let me ask you, how are you using the term
8 "coordination" in that connection?

9 A In two senses. The question of how the
10 project feeds its power into the regional transmission
11 network because the projects, while they were under
12 the ownership of a single utility, the power was sold
13 to 12 or 13 utilities in the region. It was necessary
14 to move the power from the power plants to the load areas
15 of the utilities.

16 Then there was also a question of operating this
17 hydroelectric facility into a network of other hydro-
18 electric facilities and some steam generating facilities.

19 We are talking about how you operate a project
20 that had a variable flow of water on a daily, seasonal,
21 annual basis, and how that project would work in
22 conjunction with other similar projects,
23 hydroelectric projects.

24 We are involved with the provision of that
25 project into a project that will be a thermal type,
including nuclear generation.

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1 Q What was the nature of the planning you par-
2 ticipated in?

3 A I participated in some of the transmission
4 studies that were done jointly between the Grant County
5 Public Utility District and the Bonneville Power
6 Administration.

7 I participated also in drafting the
8 contracts for the sale of power to the unit power par-
9 ticipants in the project.

10 Q You indicate that in '57 and '58, you prepared
11 and analyzed transmission system studies which are part
12 of the power supply plan for the eastern two-thirds of
13 the state of Nebraska.

14 What was the nature of those studies?

15 A The nature of the studies were to find the
16 most desirable power supply for that portion of
17 Nebraska which represented two-thirds of the state in
18 area, and I don't recall the percentage of load, but
19 substantially more of the load of the state than that.

20 We were examining several alternative power
21 supplies and found that the best supply available at that
22 time was additional power from the Bureau of Reclamation.

23 We then made transmission studies which I
24 participated in. Some of those were made as joint
25 studies by the various entities in Nebraska, including

1 our client, and the studies were made at the General
2 Electric Company, at that time AC network analyzer.

3 I had computer studies on the same system
4 also. The result was a recommendation to purchase
5 additional power from the Bureau of Reclamation and to
6 transmit that power by a line constructed by the Nebraska
7 Generation Transmission Co-op from Fort Randall, South
8 Dakota to Columbus, Nebraska.

9 Q Did you make the power supply study or the
10 transmission study?

11 A I was principally responsible for the transmis-
12 sion study and participated in a smaller way in the power
13 supply study.

14 My principal involvement in that study was
15 in the transmission aspect.

16 Q Were any private utility systems involved in
17 that?

18 A No.

19 Q What is the nature of your present consulting
20 on the power operation and power marketing aspects of
21 studies of hydroelectric projects in the states of
22 Nebraska and Washington?

23 A In the state of Nebraska, we are now in the
24 preliminary design stages of a hydroelectric project to
25 add power to an existing irrigation dam.

1 Early parts of that study, which were
2 prepared under my direction and with considerable input
3 directly from me, were on the feasibility of the project
4 to determine both its physical feasibility and the cost
5 of power, to determine whether or not the power appeared
6 to be marketable at the price at which we would have
7 to charge in order to recover the cost of constructing
8 the project.

9 In the Pacific Northwest, I have several on-
10 going projects. I'm a consultant to the Grant County Public
11 Utility District on the continued operation of the
12 Priest Rapids and Wanapum projects.

13 There are two separate hydroelectric projects
14 under the same ownership and are operated as a joint
15 project.

16 Our consulting there involves the physical
17 operation of the project and interpretation occasionally
18 of contract language.

19 We have to write periodic reports on the
20 insurance that is carried on the projects, and every
21 three years we prepare a comprehensive report on the
22 operation of the project.

23 The project has certain operational
24 constraints under its FPC license, the stream flows
25 that had to be maintained. They operate as part of the

1 Pacific Northwest coordination agreement, which is a
2 major agreement coordinating the activities of the
3 principal generation in the region.

4 The other project that is an ongoing one is
5 our consulting work for what is known as the
6 Public Power Council, which is a planning entity or
7 organization consisting of the non-federal publicly-
8 owned electric utilities who are customers of the
9 Bonneville Power Administration and are involved in the
10 planning of their future power supply activities.

11 Consulting work there has been
12 to evaluate alternative projects and to help in the
13 development of power purchase and coordination type
14 contracts involving in most cases multiple parties.

15 Our client is the Bonneville Administration,
16 private utilities, investor-owned utilities, and public
17 bodies, joint operating agencies made up of groups of
18 utilities.

19 Q Would it be fair to state that your experience
20 is with electrical design and integration of
21 facilities, rather than with contract terms setting rates
22 or specifying obligations among the parties?

23 A That would be too limiting. My experience
24 is much broader than that.

25 Q All right.

1 In response to question 12 on page 5, you refer
2 to two papers which you have co-authored. One with
3 Saul Schutz, and the other with Harschal Jones. Did
4 either of these papers involve analyses of coordination,
5 interconnection, pooling, wheeling?

6 A Not directly, no. Indirectly, the paper on
7 future power supply, as I recall it now, discussed the
8 need for smaller utilities to coordinate their efforts
9 in obtaining future power supply on the premise that most
10 of them couldn't achieve the economies of scale that
11 were most desirable if they tried to act alone.

12 Q You indicate on page 6 that you prepared
13 testimony for use in the Duke Power antitrust proceeding?

14 A Yes, I did.

15 Q What was the nature of that prepared testimony?

16 A My testimony involved the, largely the discussion
17 of hypothetical studies we did of alternative power
18 supply arrangements that might be available to the
19 principally municipalities or certain selected municipalities
20 that were currently being at that time still served by the
21 Duke Power Company.

22 Testimony discussed those studies, and some
23 general aspects of power pooling and coordinations
24 operations.

25 Q Did you have occasion to refer to that testimony

1 for this proceeding?

2 A Yes.

3 Q Do you have a copy of that testimony?

4 A Not with me.

5 Q Could I get a copy of that, Mr. Lessy?

6 MR. VOGLER: We don't have it.

7 MR. REYNOLDS: Could you furnish a copy of
8 that to us?

9 MR. VOGLER: The record shows it was for the
10 department.

11 BY MR. REYNOLDS:

12 Q I'm asking the witness to furnish a copy of it.

13 A I don't have one here. I have one in my office.
14 Yes. That is public record. My client was the Department
15 of Justice.

16 CHAIRMAN RIGLER: On the other hand, Mr.
17 Reynolds, you might be able to obtain it more easily by
18 application at the Docket Room of the NRC.

19 MR. REYNOLDS: I don't believe it was ever filed,
20 which was why I was making the request. He indicated
21 the testimony was not given.

22 THE WITNESS: I would like to seek advice of
23 the Department of Justice as to whether I would be
24 permitted to make that testimony public, inasmuch as it
25 wasn't filed. I have a copy and can physically provide it.

1 I have to seek advice of counsel as to whether
2 it would be appropriate or not.

3 MR. REYNOLDS: I believe he has testified
4 that he did make reference to it in preparing his
5 testimony here. In light of that, I would like to
6 request a copy of it.

7 CHAIRMAN RIGLER: I think you are entitled to it.

8 MR. REYNOLDS: All right.

9 MR. LESSY: There was an exchange of underlying
10 data between the parties representing wherein all the
11 parties but the Applicants requested copies of underlying
12 data. Some of the matters requested were testimony.

13 There was no request made by Applicants of
14 Mr. Mozer.

15 However, we will endeavor to call his Washington
16 office and have it sent here at the next break.

17 CHAIRMAN RIGLER: I do recall that the Staff
18 was obliged to comply with the terms relating to underlying
19 data.

20 MR. LESSY: I want to make it clear that
21 wasn't requested ahead of his appearance.

22 MR. REYNOLDS: It was not requested because
23 it was only learned now that it was an underlying document.
24 It was used in reference for preparing his testimony.

25 BY MR. REYNOLDS:

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1 Q Mr. Mozer, would you relate to us what your
2 assignment was in connection with the present proceeding?

3 A I was -- I had a contract or have a contract
4 with the Nuclear Regulatory Commission, original contract,
5 of course, with the AEC, to assist them in certain of the
6 prehearing proceedings, to review documents, and my
7 original assignment did not include the preparation of
8 testimony, although that was included as one of the
9 several things I might be called upon to do.

10 Following the early stages of reviewing
11 documents, I was given an authorization and prepared
12 testimony discussing generally the coordination arrange-
13 ments and utility bulk power supply activities that I
14 found the Applicants and the utilities in the general
15 area served by the Applicants were engaged in.

16 The NRC had a broad outline of the sort of
17 things we were interested in having me discuss as an expert.

18 Subsequent to that, I revised that outline
19 and made other suggestions prior to the presentation of
20 testimony.

21 Q How did the material that you reviewed come
22 into your possession?

23 A From the NRC Staff.

24 Q Did the Staff select the material and send it
25 to you?

1 A Not completely. They sent material which
2 they thought was pertinent. I asked for, as you recall,
3 other documents where I suspected there were documents
4 or where they didn't send me information, I asked for
5 them, FPC Forms 1 and 12.

6 They had some of that available. We looked at
7 them. I can't remember what I asked for and what they
8 supplied voluntarily.

9 Ultimately it all came to the Staff.

10 Q Did you undertake any studies with respect
11 to the electric utilities in the Midwest in connection
12 with your job?

13 A By studies, do you mean a formal analysis?
14 I'm not sure how you define a study.

15 Q Well, to what extent did you engage in any
16 sort of study with respect to the Midwest area?

17 MR.LESSY: Is the Midwest area clear to the
18 witness?

19 CHAIRMAN RIGLER: It isn't clear to me.

20 THE WITNESS: I was going to inquire about that.

21 BY MR. REYNOLDS:

22 Q Let's take the state of Ohio.

23 A I had a limited amount of traveling in the
24 state of Ohio. I studied documents that were available,
25 various maps and transmission diagrams. I did study that

1 material, reports of the companies.

2 Q What about with respect to the state of
3 Pennsylvania?

4 A Only insofar as there were interconnections
5 into Pennsylvania involving the Applicants in this proceed-
6 ing and the interrelationship of the Capco people, the
7 Western Pennsylvania utilities.

8 Q Which of the Applicants serving Pennsylvania?

9 A Pennsylvania Electric and Duquesne.

10 Q Pennsylvania Electric Company?

11 A Pennsylvania -- Pennsylvania Power.

12 Q In your visit to Ohio, I believe you have
13 indicated in your testimony that you visited the site
14 of the municipal electric light plant in Cleveland. And
15 CEI, and also the Perry site; is that correct?

16 A That's correct.

17 Q Did you visit these locations on more than
18 one occasion or did you make a single visit and do all three
19 in the single visit?

20 A I made a single visit several days in the Ohio
21 area.

22 Q When did that occur?

23 A In July of 1974, early July. Do you want the
24 dates?

25 Q What was the relevance of those visits to your

1 testimony?

2 MR. LESSY: I object to the lack of
3 clarity of that question. I think it could be cleared
4 up.

5 CHAIRMAN RIGLER: I will permit it. You may
6 answer.

7 THE WITNESS: I was particularly interested
8 in the early parts of the preparation of my
9 studies and the relationships between the Cleveland
10 Electric Illuminating Company and the municipal systems
11 which served in its area.

12 I felt that while a great deal of information
13 can be obtained from documents and maps and things, it
14 would be helpful to have a first-hand look at these physical
15 relationships and physical entities involved.

16 So I requested the trip and asked to see
17 certain basic facilities.

18 Q Did you visit a Davis-Besse power station?

19 A No.

20 Q How did you find the physical condition of the
21 Municipal Electric Light Plant in the city of Cleveland?

22 A You are talking about the generating plant?

23 Q Generating plant.

24 A There were several units. I would have to refer
25 to my notes to know which one. Several units were out of

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1 service at that time for maintenance. The rest of them
2 were operating.

3 I am not a mechanical engineer and I didn't
4 make an attempt to do a real detailed evaluation of the
5 plant.

6 Q Do you know if the city's largest unit was
7 out of operation at the time?

8 A I don't recall.

9 Q Did you make any inquiry as to the general
10 outage experience that the city had had with respect to
11 that unit or any of its units?

12 A I recall discussing it and I have seen
13 references to it in some of the material that I have read.

14 Q What did you find out?

15 A Generally they have had several outages on
16 many of their small as well as their largest unit.

17 Q When you say several --

18 A More than one.

19 Q -- would it be more than you would normally
20 expect?

21 A I don't have in mind any outage percentage figures
22 which would be the way that I would want to answer that
23 more precisely.

24 Q Did you make any inquiry as to whether
25 their outage experience was typical?

1 CHAIRMAN RIGLER: Typical of what?

2 MR. LESSY: Typical of what?

3 BY MR. REYNOLDS:

4 Q Typical for a system that size.

5 A I came away with the general impression that
6 they probably had more than the usual number of outages,
7 but I can't define that in any more precise terms.

8 Q Would you not think that the outage record
9 and the physical condition of the Municipal Light
10 Plant would be relevant to your testimony?

11 A Yes, I think it is relevant in general.

12 Q In what way is that reflected in your testimony?

13 A It typifies the need of a small utility to have
14 support from additional -- from surrounding -- from its
15 neighbors.

16 It typifies the difficulty that any utility
17 would have operating as an isolated entity.

18 Q Did you visit the municipal system in the city
19 of Painesville?

20 A No.

21 Q Why didn't you visit that system?

22 A It is a much smaller system. We had a fair
23 description of it given to me. We passed through the
24 city of Painesville en route to the Perry Plant. I didn't
25 feel at the time it would add a great deal to the information

1 I needed to prepare testimony if I was to ultimately
2 prepare testimony.

3 Q Did you make any inquiry as to the physical
4 condition and the outage record of the Painesville
5 system?

6 A I have a recollection of discussing it. In
7 general terms only. Again those -- I have no specific
8 outage records for Painesville.

9 Q Is it your understanding that that is an isolated
10 system?

11 A Yes.

12 Q Would you say that -- I believe you indicated
13 that the city system is typical of an isolated system?

14 MR. LESSY: Which city?

15 BY MR. REYNOLDS:

16 Q The city of Cleveland?

17 A I don't think I said the city was typical of
18 an isolated system. I said the problems they were having
19 were of a nature that indicated that
20 isolated operation leaves something to be desired.

end 12

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#13 mml 1 Q Do you know whether the City of Painesville was
2 having similar problems?

3 A I don't recall hearing that they were having
4 mechanical problems of a similar nature, or to a similar
5 extent that Cleveland was having.

6 Q Did you visit the City of Newton Falls?

7 A No.

8 Q Did you make any inquiry as to that system?

9 A No.

10 Q Do you know if that is an isolated system?

11 A I don't know that system.

12 Q Did you make any inquiry as to any other
13 municipal systems in the State of Ohio in connection with --

14 A Not specific inquiries, no.

15 Q Did you not think that might be relevant to your
16 testimony?

17 A I had some general impressions of those systems
18 simply from the material that appears in the Federal Power
19 Commission Forms 1 and 12 as to the fact that a large number
20 of them are basically buying their power supply from the
21 various larger utilities.

22 Q Given the City of Cleveland's past isolation,
23 would it be your view that the Municipal Light Plant System
24 is a well-planned generating system?

25 A I really haven't studied their planning. It

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1 is a little hard to give an opinion like that without some
2 additional study of the system itself involved in the
3 planning.

4 Q Do you know how large their largest unit is?

5 A As I recall, it is around 80,000 kilowatts.

6 Q Do you know how that relates to the peak load
7 of the Municipal Light System?

8 A The peak load is something over 100,000 kilowatts.
9 It is 110 or 112,000 kilowatts.

10 Q Would you, as an engineer, ever advise an isolated
11 system to install a unit of that size with the load that you
12 have indicated?

13 MR. LESSY: Excuse me.

14 That question assumes that that peak load existed
15 at the time the decision was made to install the unit.
16 That would have to be established.

17 MR. REYNOLDS: I am asking for his opinion.

18 MR. LESSY: You can ask for his opinion, but you
19 have to give -- assuming that peak load at the time and
20 the decision was made at the time.

21 The question requires clarification in order to get
22 an opinion we can listen to.

23 BY MR. REYNOLDS:

24 Q What I am asking you is, assuming the peak load
25 was as you stated, and the size of the unit was as you stated,

mm3 1 would you advise an isolated municipal system in their
2 planning to install a unit of that size?

3 A It is a question that can't be answered without
4 a study because putting a unit of that size on a
5 system with that peak load, would require carrying considerable
6 reserve capacity. You would have to make a study as to
7 whether or not the benefits of the larger sized units
8 as compared to the alternatives, would offset the cost of the
9 reserve capacity and without making the study, I am a little
10 hard put to precisely answer that.

11 MR. REYNOLDS: Is this a good place to take a
12 break?

13 CHAIRMAN RIGLER: I would like to run another
14 15 minutes, or so.
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arl 1 BY MR. REYNOLDS:

2 Q Have you ever seen a study anywhere which
3 concluded that the installation of a unit that was 80
4 percent of the peak load would be a prudent planning
5 policy for an isolated system?

6 A With an isolated system, I don't believe I have
7 ever seen a study with that recommendation except perhaps
8 for the one -- I never saw the study that prompted
9 Cleveland to put in a unit that size, but they probably
10 had one.

11 Q When you first received your assignment in
12 this proceeding, did it include an assignment with
13 respect to anything relating to Duquesne Light Company?

14 A Not except that they were one of the several
15 Applicants involved in the proceeding. I was not
16 originally going to examine and detail the Duquesne system.

17 Q What about the Ohio Edison system?

18 A I was not going into the same detail there
19 as I was the CEI system.

20 Q Was it included in any more detail than the
21 Duquesne Light System?

22 A Not originally.

23 Q What about Pennsylvania Power Company?

24 A Same answer.

25 Q And Toledo-Edison Company?

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1 A Same answer.

2 Q Now at what point did you get an assignment
3 which would prompt you to look elsewhere than in the CEI
4 area?

5 A I want to clarify one point. I did look
6 beyond CEI, of course, in terms of transmission. It is
7 all interconnected. That was my very considerable interest
8 in the beginning.

9 But between the first and second drafts of my
10 testimony I was asked to give more attention and more
11 detail to the study of individual contractual relation-
12 ships among the several entities and even the entities
13 which are not even Applicants.

14 I examined these contracts and have a general
15 idea of the relationships of the bulk power supply services
16 that all of the applicants were engaging in among them-
17 selves and between the non-Applicant parties.

18 I had not included this information in
19 detail in my testimony as you now see it. So it was
20 between the first and second drafts of my testimony
21 that the NRC Staff asked me to prepare a considerably
22 more detailed analysis of the individual contractual
23 relationships.

24 Q What was the time frame on that?

25 A Just a second.

1 About May of 1975.

2 Q You had -- by May of '75, you had prepared a
3 first draft?

4 A That's correct.

5 Q When was that done?

6 A That was done in early '75, about February or
7 so.

8 Q And then following the assignment in May of
9 '75, you prepared the final draft that we have here?

10 A I prepared a second draft which except for a
11 lot of detail is the essence of this testimony. At that
12 time I incorporated a discussion of contracts.

13 Q Was that new assignment given to you in
14 writing?

15 A I don't recall a specific directive. There
16 was some written material in the form of suggested
17 questions which would form the framework of the kind of
18 information that I wanted to study, to prepare the testimony
19 on.

20 Q With whom did you discuss this new assignment?

21 A Various members of the NRC Staff, the engineering
22 people and counsel. Mr. Lessy, Mr. Tolston, Mr. Guy.

end 14

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15 mm 1 Q Did they explain to you why they had given you
2 the new assignment?

3 A Oh, I guess the general idea was that they
4 wanted additional details on the contracts. Testimony presented
5 on additional analysis and detail on the contracts and I
6 was qualified to prepare such testimony.

7 Q And were the contracts that you are referring
8 to the ones listed on your Exhibit 54A-9?

9 A That is what we finally resolved it to.

10 Most of those contracts I had copies of long
11 before the decision to include this detail was included. I
12 think some of them I got later when the Staff apparently
13 found some additional material, probably through the
14 discovery process.

15 Q You have indicated to us in connection with your
16 assignment, that you familiarized yourself with the general
17 power supply situation in Ohio.

18 Is that correct?

19 A I think I made that general statement, yes.

20 Q Would you tell me please, in what area of Ohio
21 the Duquesne Light Company serves?

22 A Duquesne.

23 Q I refer you to your answer on page 7 to question
24 16, where you suggest that you have familiarized yourself
25 with the power supply situation in Ohio, and then you go on

am2 1 to say where Duquesne Light served their customers.

2 A I looked mostly at Ohio -- I did also look with
3 much less detail at Western Pennsylvania, where Duquesne
4 and Pennsylvania Power are serving.

5 Q You don't seem to suggest by this answer, do you,
6 that Duquesne Light or Pennsylvania Power Company are
7 serving customers in Ohio?

8 A I am not suggesting that. To my knowledge, they
9 don't.

10 Q Now, familiarizing yourself with the general
11 power supply situation in Ohio, did you familiarize yourself
12 with the power supply situation in Columbus?

13 A Not in detail.

14 Q Why is that?

15 A It didn't seem to be a relevant part of the kind
16 of material I wanted to present in this testimony.

17 Q Well, could you explain that to me, please?

18 A Basically I was looking at bulk power supply
19 arrangements among the applicants, and relationships of
20 those bulk power supply arrangements to various smaller
21 utilities in Ohio.

22 I didn't feel it was necessary to examine each
23 situation to draw the general conclusions that I drew in the
24 testimony. I was not interested in distribution systems in
25 Columbus or anyplace else.

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1 Q Did you familiarize yourself with the Buckeye
2 Power Plant and that transmission arrangement?

3 A A little bit, yes.

4 Q Did you familiarize yourself with the power
5 supply situation in the State of Pennsylvania?

6 A I couldn't make a broad statement to that effect,
7 no. Certainly not the degree I am aware of it in Ohio.

8 Q To what degree would it be accurate to say you
9 did familiarize yourself with the power supply situation in
10 Pennsylvania?

11 A I was interested in the arrangements for bulk power
12 supply that Pennsylvania Power and Duquesne had that were
13 interrelated to the power plants under concern in this
14 matter.

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1 Q On page 6, in response to question 14, you
2 make reference to technical literature of power
3 systems planned and operating concerns.

4 Could you tell us what technical literature
5 you have reviewed to keep familiar with the power supply
6 system planning and operating concerns?

7 A Well, the principal source of data is a large
8 body of data which is incorporated in the publications
9 of the Power Engineering Society of the Institute of Electrical
10 and Electronics Engineers.

11 Data is available in the trade publications
12 that I read of a less technical nature, Electrical World
13 is one.

14 Q Have you read "The CAPCO Group Probability
15 Technique for Timing Capacity Additions and Allocation of
16 Capacity Responsibility," a paper prepared by Messrs.
17 Firestone, Monteith and Masters?

18 A Yes, I have it.

19 Q Have you read "Evaluation and Comparison of
20 Some Methods for Calculating Generating System
21 Reliability," which was prepared by Mr. Ayoub
22 of Guy & Patton?

23 A I don't remember the paper specifically. I
24 had a recent opportunity not in connection with this
25 matter to do some additional study in this field. I

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1 examined several papers fairly recent on the subject
2 of power system reliability.

3 Q When did you read the Firestone, Monteith and
4 Masters paper?

5 A I don't recall if I read it when it was first
6 published or not. My most specific recollection is
7 having received a copy of it in my visit to the
8 Cleveland Electric Illuminating Company in 1974 and reading
9 it on the airplane as I recall on the way back home from
10 that trip.

11 Q What is your understanding of the methodology
12 discussed in that paper?

13 A I didn't study the paper to the degree if I
14 might if I was trying to operate in that system; but as I
15 recall the methodology is a probability method of first
16 determining the overall reserve requirement of the CAPCO
17 coordinated system and then a further methodology,
18 mathematical methodology of allocating the total
19 capacity among the various systems in the CAPCO group.

20 Q Do you know the extent to which that methodology
21 is used by other pool arrangements?

22 A The only other pool that I'm fairly intimately
23 familiar with is the Northwest Power Pool, a rather large
24 pool, and it is not used there.

25 Q How many pooling agreements in the United States

1 would you say you have read and studied?

2 A I have read probably three or four, perhaps.
3 I think I have made what might be referred to as a study
4 principally of two.

5 Q Which are those two?

6 A These would be the Northwest Coordination
7 Agreement and the CAPCO contracts, which I have testified
8 to.

9 Q Are you familiar with the PJM pool?

10 A Only very generally. I have not read the PJM
11 contractual relationships.

12 Q What about the Cincinnati, Columbus, Dayton
13 pool?

14 A No.

15 Q Would not that be a relevant pool to
16 consider in familiarizing yourself with the bulk power
17 supply situation in the state of Ohio?

18 A If I was interested in the entire state in
19 detail, yes, I would certainly have studied that pool.
20 I was operating in an area which is -- that is operating in
21 an area not important to the geographic situation I was
22 studying here.

23 Q The bulk power supply situation outside the
24 state that you concentrated on was not relevant to your
25 testimony?

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1 A It wasn't as important. Some of it was
2 relevant because I do discuss some interrelationships
3 between the five Applicants here and other utilities
4 within the state of Ohio that are not Applicants.

5 MR. REYNOLDS: Is this a good place to stop?

6 CHAIRMAN RIGLER: Have you finished this line?

7 MR. REYNOLDS: Perhaps I can look at my
8 questions over lunch.

9 CHAIRMAN RIGLER: This would be a good break
10 point. Can we reconvene at 2:00 today?

11 (Whereupon, at 1:05 p.m., the hearing
12 was recessed, to reconvene at 2:00 p.m.,
13 this same day.)

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AFTERNOON SESSION

(2:00 p.m.)

CHAIRMAN RIGLER: Mr. Reynolds.

MR. CHARNO: Mr. Chairman, before we recommence cross-examination and before I'm challenged, I would like to introduce the gentleman sitting at counsel table with me. He is our expert engineering witness, Roland Kampmeier. Whereupon,

HAROLD M. MOZER

resumed the stand as a witness on behalf of the Staff and, having been previously duly sworn, was examined and testified further as follows:

CROSS-EXAMINATION (Continued)

BY MR. REYNOLDS:

Q Mr. Mozer, I believe you mentioned that you had spent several days in Ohio in connection with your preparation?

A That's correct.

Q Do you recall exactly how many days you spent?

A I think it was three. I have my notes with me, if you want a more precise answer.

Q All right.

A July 9, 10, 11 of 1974.

Q And how much of that time was spent at CEI?

A One day, July 9.

1 Q And what was your purpose for spending that
2 day at CEI?

3 A I wanted to get some general impressions of
4 the bulk power supply arrangement of the company and
5 principally how they appeared to be physically. I felt
6 like I needed at least to have an idea of where the city
7 of Cleveland was and where the Perry Plant was and
8 where some of the transmission facilities were. Not
9 necessarily all of them, because I feel I have enough
10 experience in dealing with this.

11 The information I asked for and saw specifically,
12 I can infer specifically -- the maps and drawings.

13 Q Which maps and drawings?

14 A There was an exhibit I was handed earlier this
15 morning that I had a copy of before I went to Cleveland
16 of the CAPCO system which gave a pretty general
17 description of the bulk power and transmission systems
18 that were involved with CEI and the other Applicants to
19 this proceeding.

20 Since then I have had access and observed other
21 transmission maps, some of which are included in my
22 testimony.

23 Q Were you distributed the other documents before
24 you went to CEI?

25 A Before I went to CEI?

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Q That's right.

A I don't have dates on all of the documents I received. I believe that I had some information relating to the Perry Plant prior to going to CBI.

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1 Q Did you receive any documentation other than the
2 map that related to any of the Applicants, other than CEI?

3 A The answer to the Attorney General's questions
4 in the Perry plant, as I recall, was a document that included
5 responses by five Applicants.

6 Q Did you have that in your possession before you
7 made your visit?

8 A I am pretty sure that was in my office prior to
9 my visit to CEI.

10 Q Did -- how much time did you spend at the
11 Municipal Light Plant?

12 A The second and third day. Two days.

13 Q Where you visit the Perry site?

14 A On the first day, the day I was with the CEI people.

15 Q What was it you were looking for at the Municipal
16 Light Plant, in connection with your preparation?

17 A I wanted to see specifically the power plant.
18 I was interested in its location with respect
19 to the Municipal system, as well as the CEI system.

20 I looked at some Beacon Power Plant they had on
21 their distribution system. I was interested in what, at
22 that time, was a 69 kv transmission line between CEI and
23 the Municipal System, to give me some idea what the proposed
24 permanent interconnection or future synchronous interconnection
25 was going to be or where it was going to be.

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1 Q Was that information relevant to your assignment
2 at that time?

3 A I considered it so.

4 Q And -- did you consider your assignment at that time
5 to require visits at any other places in the State of Ohio?

6 A At that time I didn't think it was necessary to
7 visit any other places in the State of Ohio. I thought the
8 impressions I got in the general vicinity of Cleveland would
9 be adequate for the testimony.

10 Q Was that because the assignment you had focused
11 only on the City of Cleveland area?

12 A No, it didn't really focus on the City of
13 Cleveland area.

14 The City of Cleveland and Painesville were the
15 two of the largest utilities, non-Applicant utilities
16 involved, and I felt that I could get pretty general impressions
17 there as to the relationships of the Applicants to the other
18 utilities in Ohio that would be suitable.

19 I wasn't as interested in the details of the others.

20 Q Was it your opinion that the municipalities of
21 Cleveland and Painesville would typify the situation with
22 respect to the other municipalities in Ohio?

23 A Not necessarily.

24 In fact, neither one of them were what I would
25 call typical. They are both different, between the two of them,

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1 in many respects.

2 Q Why is it that you determined that you would
3 not need to explore the other municipal areas?

4 A Principally because these were the two largest
5 ones with generation.

6 I believe there are other utilities with generation,
7 but not very many. Most of them are nongenerating utilities.

8 I think the information I could get on the maps
9 and data there was adequate.

10 Q Is it your testimony that has been submitted
11 in this proceeding directed primarily at municipalities
12 that had their own generation?

13 A No.

14 Q Did you examine any of the electric cooperatives in
15 the State of Ohio?

16 A Not in detail. Only insofar as they in general
17 were part of the Buckeye organization. I did have some interest
18 in Buckeye relationships.

19 Q Would you explain for us what your study of the
20 City of Painesville entailed?

21 A Here again the use of the word study is not a very
22 precise one.

23 Q Investigation.

24 A I observed passing by on the highway, the general
25 physical relationship of Painesville and CEI in an area,

1 which is rather well encircled with CEI transmission facilities.

2 I examined the contract between CEI and Painesville.

3 I have seen some load data in terms of the size
4 of the Painesville area. Here again I was not really very
5 interested in their detailed distribution system, or how
6 they served individual customers. I was more concerned with
7 the bulk supply and the relationships therein.

8 Q You thought you could determine that by what
9 you saw passing by on the highway?

10 A That was just one of the several things I used.

11 Q What else did you use?

12 A The data I found as to the size of their loads,
13 their contractual relationships.

14 Q When you say the data you found, is that data
15 that was selected and furnished to you by the Staff, WRI
16 Staff?

17 A Data that was furnished to me, yes.

18 Q To what extent did you use data in addition to
19 that that was furnished to you by the Staff?

20 A I recall looking for some load information in
21 Federal Power Commission data which we normally keep in our
22 office library. I didn't find any and I was furnished some
23 correspondence that gave some existing load and load fore-
24 casts for the City of Painesville.

25 Q You indicated that when you prepared a first draft

mm5 1 of your testimony, that it was different from what we have
2 today.

3 What did the first draft -- what area did your
4 testimony cover in your first draft?

5 A The first draft covered everything that is in
6 the present testimony, except for detailed explanations of
7 individual contracts.

8 Q Did you make general reference to those individual
9 contracts?

10 A I made general reference to power supply relation-
11 ships among the Applicants and other utilities.

12 Q Had you reviewed the contracts that are referenced
13 in your present testimony at the time you prepared your first
14 draft?

15 A I reviewed -- I would say probably most of the con-
16 tracts that are now in my testimony, I reviewed at the time
17 I prepared the first draft, plus a lot of others that I make
18 no reference to here.

19 Some of the contracts that are in my testimony
20 were furnished to me by the NRC Staff, after I had prepared
21 my first draft.

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1 Q Did you review any agreements between the
2 Applicants other than CEI and the smaller utilities
3 located in their areas?

4 A I do not review the wholesale power contracts
5 between the Applicants. Some of the material which I
6 believe Mr. Guy discussed in his testimony, I did not review
7 those contracts.

8 Q Did you not think that those contracts would be
9 relevant to your testimony?

10 A No, not in detail.

11 Q Why is that?

12 A Because in terms of my testimony, I was
13 looking for general relationships and the fact that various
14 of the Applicants sold power at wholesale to a number of
15 municipalities was all of the information I really needed
16 to establish that general relationship.

17 Q What about the terms and conditions of the
18 wholesale power contract? Wouldn't that be relevant in
19 determining the relationships?

20 A It wasn't my purpose to have judgments on the
21 terms and conditions of the initial contracts. That
22 wasn't -- that kind of information was not requested of
23 me. I could have done that if it had been desired.

24 Q Did the second draft that you made after the
25 change of assignment -- strike that.

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1 At the time that your assignment was changed,
2 was any request made for you to examine the terms and
3 conditions of the wholesale contracts?

4 A When you say assignment changed, I would
5 prefer to term it broadened. It wasn't really changed,
6 but, no, there was no discussion of me examining the
7 wholesale contracts.

8 Q Did you speak to any representatives of
9 municipalities in the Ohio-Edison area?

10 A In the Ohio-Edison area?

11 Q Right.

12 A No.

13 Q What about in the Toledo-Edison area?

14 A No.

15 Q In the Pennsylvania Power?

16 A No.

17 Q What about Duquesne Light?

18 A No.

19 Q Would it be accurate to state that -- strike
20 that.

21 What documents other than those listed on your
22 Exhibit 4 did you study specifically in preparation?

23 A I can't recall. I'm sure all of the documents,
24 and I don't have them all listed, but I examined some of
25 the annual reports of the Applicants, Federal Power

1 Commission Forms 1 and 12 for the Applicants and the
2 Cleveland Municipal System.

3 There are contracts among the various
4 Applicants I do not have listed here that I examined
5 in varying detail.

6 Q Would it be accurate to state that your
7 testimony in this proceeding is based on a review of
8 contracts and forms that the Applicants are parties to,
9 and Forms 1 and 12 that the Applicants filed in 1973?

10 A Those documents were included in my review, yes.

11 Q What else in your review is relevant to your
12 testimony?

13 A I think I have an exhibit in my testimony of
14 ECAR document dated 1975, a document that updated some of
15 the information.

16 I also looked at Forms 1 and 12 of a more
17 recent date than '73, but we didn't have complete information
18 for all of the parties after that, so I decided to use 1973
19 as a typical date.

20 Q Anything else?

21 A I studied the responses to the Department of
22 Justice questions and license applications. I have excerpts
23 from the Perry Environmental Report that had factual
24 data as to the nature of the product. I can't remember
25 details of that.

1 There are a great deal of documents in here,
2 and I don't play memory games with them.

3 Q Did you have discussions with the other expert
4 witnesses in this proceeding?

5 A The only other expert witness that I have
6 met with is Dr. Hughes, Bill Hughes, and Dr. Guy, of
7 course. He presented testimony, too.

8 Q When did you meet with Mr. Hughes?

9 A I came out with him twice. Once prior to
10 preparing my first draft of testimony, but after I had
11 prepared an outline of the testimony, probably some time
12 in the summer or early fall of 1974. Second time was
13 about September of 1975 as my testimony was nearing its
14 final form.

15 Q What was the purpose of the first meeting?

16 A The meeting with Dr. Hughes and the NRC Staff
17 was to kind of decide where the dividing line between
18 engineering and economics was, I believe. It is not always
19 a clear dividing line. Engineers get into economic
20 aspects in their studies.

21 I inferred from the discussion that the Staff
22 didn't want to be redundant, that I should testify to the
23 areas which were principally engineering and Dr. Hughes
24 should testify to whatever areas they wanted him to cover,
25 or were interested in having him cover.

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1 Q At the time of that meeting, the assignment
2 you had was the narrower assignment?

3 A It was the assignment that did not include
4 the detailed analysis of individual contracts, if that
5 is what you mean by narrower.

6 Q The individual contracts except those involving
7 CEI?

8 A The first assignment did not have a detailed
9 discussion of any single individual contracts.

10 Q When you refer in your testimony to small utilities
11 in the area served by Applicants, did you intend to include
12 cooperative systems?

13 A In the general sense, yes.

14 Q On page 8 of your testimony, lines 6 through 11,
15 you state that the coordination arrangements in which
16 the Applicants are participants, have led to the development
17 of what appears to you to be a reliable and efficient bulk
18 power supply system.

19 What is the basis for that statement?

20 A I have had occasions before and after the detailed
21 examination here to be aware at least of the major power
22 pools in the country.

23 As I said earlier, I haven't studied all of
24 their detailed contracts, but I am aware that CAPCO and the
25 ECAR operation generally is considered to be one of the

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1 major operating pools in the country. I have no reason
2 to -- I have never seen any statements to the contrary.

3 The transmission system seems to be utilizing
4 transmission voltages that would appear to be
5 appropriate for the distances and the loads to be trans-
6 mitted.

7 I have to draw that conclusion principally on the
8 basis of judgment from my experience. I made no detailed
9 studies of transmission systems.

10 Q Have you made cost analyses of the systems
11 of the non-Applicants to insure their reliability in the bulk
12 power supply area?

13 A No.

14 Q Do you have any idea of the investment by the
15 Applicant in the interconnections which have contributed
16 to the reliability and efficiency of the systems?

17 A I have not studied the dollars and cents. That
18 is all a matter of record in the accounting system.

19 Q You go on to state on page 8, lines 12 to
20 14, that the power supply options like those available
21 to Applicants are not generally available to other electric
22 entities. And you refer to non-Applicant CCF in the
23 areas served by the Applicants. What do you mean by the
24 phrase "not generally available"?

25 A The Applicants are getting large amounts of

1 their power supply now from very large generating
2 units, either on line or planned, which are principally
3 coal-fired or nuclear-fired.

4 Generating units of this size, as I have
5 indicated in the testimony, tend to have an economy of
6 scale.

7 In other words, the cost per kilowatt of capacity
8 tends to be considerably lower in a large-sized unit than
9 it does in a small-sized unit.

10 The smaller entities seemingly -- small
11 entities unless they have opportunities to join together,
12 can't construct units of that size. A utility with a
13 25,000 kilowatt or 100,000 kilowatt load can't build an
14 800,000 kilowatt power plant for its own use. It would
15 have to be participating with others on some basis to do
16 so. I have seen evidence that it would be very difficult
17 and almost impossible for the small utility to do that.

18 Q Do you know whether or not the Buckeye arrange-
19 ment provides power supply participation arrangements in
20 Buckeye for those smaller Applicants?

21 A Yes, I would say Buckeye is an opportunity for
22 any small utility to participate jointly in a larger
23 power plant than they would be able to without this
24 opportunity. They have special arrangements
25 with other utilities besides themselves to enable that to be

1 possible.

2 Q Would the participants in Buckeye in areas
3 served by Applicants be considered non-Applicant CCCT?

4 A Any participants in Buckeye would be non-
5 Applicant. In the service areas of the Applicant. If
6 they are in the service area of the Applicant, they would
7 come under that general term.

8 Q Then am I to understand you, that your
9 generally available statement is not entirely accurate
10 with respect to the Buckeye participants?

11 A I think the statement generally available is
12 accurate. However, I can't say at the moment what
13 percentage of the Applicant CCCT entities are actually
14 in Buckeye.

15 It is my general impression that it represents
16 either very few in number, or a very small part in terms
17 of total load.

18 Again the statement is general and it is not
19 intended to be all-inclusive.

20 Q You say a small part in terms of total load.
21 Are you comparing it with the total municipal load or the
22 total load of the Applicants?

23 A The total of the non-Applicant CCCT entities.
24 I don't believe the proportion of that group that belongs
25 to Buckeye would represent a particularly large proportion

1 of that load, but I don't have the figures readily at hand.

2 Q In formulating your opinion in regard to the
3 availability of power supply options, did you take into
4 account Applicant policy commitments to allow electric
5 entities in the CCCT access to nuclear power from the
6 Davis-Besse and Perry Nuclear Plants together with the
7 transmission service necessary to produce that power?

8 MR. LESSY: Be more specific.

9 BY MR. REYNOLDS:

10 Q Were you provided with a copy of Applicants'
11 proposed license conditions in connection with the
12 preparation of your testimony?

13 A I don't remember an Applicant's proposed license
14 condition.

end 19

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1 Q Were you advised that Applicants had proposed
2 license conditions which would offer to smaller electric
3 entities in their area, access to the nuclear facilities and
4 transmission to deliver that power?

5 MR. LESSY: I object to the characterization of it as
6 license conditions.

7 What the license conditions are, and what they
8 in fact do, is an issue in this proceeding. Who knows
9 about them also, I might add.

10 MR. REYNOLDS: The question was whether he was
11 advised with respect to those license conditions.

12 CHAIRMAN RICLER: I suppose he can answer with
13 respect to any advice he received in terms of that
14 characterization.

15 You may answer.

16 THE WITNESS: I don't recall.

17 The word advice is something I would have to
18 answer negative to.

19 I have some recollections of the discussion
20 that the Applicants had discussed somewhere the possibility
21 of access to nuclear power to the non-Applicant COOP entities.
22 But I have seen to my recollection, no specific conditions
23 as to how that power might be delivered, or what the terms
24 and conditions might be.

25

BY MR. REYNOLDS:

Q If Applicants had made an offer of access to the nuclear plants, would that not be relevant to your expert testimony?

A Sure. Yes.

MR. REYNOLDS: I would like to mark as Applicants' Exhibit 44, what is labelled Applicants' Proposed License Conditions for Davis-Besse Nuclear Unit 1, and Perry Nuclear Units 1 and 2, and ask if you would review those for me, Mr. Moser, please.

MR. LESSY: Could the reporter read back the question.

(The reporter read the record as requested.)

MR. LESSY: I would object to the label of this document. The label of this document is Applicants' Proposed License Conditions.

There is a hypothetical question as to whether or not these conditions, if they were implemented, would impact on the witness's testimony is one thing.

To assume for purposes of the question that the license conditions have been proposed, is something else.

I think that is what we are getting to here.

CHAIRMAN RIGLER: I don't see how we could make that assumption. The document is whatever its label is.

If you are asking us not to read the document

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1 for the truth of the proposition that these are proposed
2 license conditions, I would agree with you.

3 MR. LASSY: Thank you.

4 MR. REYNOLDS: Can we take a few minutes so you
5 can read through that?

6 CHAIRMAN RIGLER: We will give you about five
7 minutes, in view of the possible importance of this
8 document.

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9 (Recess.)
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arl 1 BY MR. REYNOLDS:

2 Q Mr. Moxer, have you had opportunity now to
3 read the document identified as Applicant's Exhibit 244?

4 A Yes, I have.

5 Q Would you turn to page 3 and tell me what
6 your understanding is of paragraph 1 on that page?

7 A Paragraph 1 is an offer to entities in -- in
8 the Applicant area to participate by an ownership share or
9 by a unit power purchase in, as I read it, either
10 the Davis-Besse Unit 1 or the Perry Units 1 and 2, or
11 perhaps both, subject to certain conditions.

12 Q Are there any unreasonable conditions in
13 your view?

14 A And I am focusing now on paragraph 1.

15 A On paragraph 1 -- well, there are some blank
16 dates in here which -- in 1975, which are obviously
17 impossible to fulfill.

18 Other than that, I see no problem with
19 paragraph 1.

20 Q What is your understanding with respect to
21 paragraph 2-A?

22 A Paragraph 2-A is a limited agreement to
23 provide an interconnection necessary to deliver the
24 power which is provided for in paragraph 1.

25 Q Is that all --

1 A It also provides certain back-up facilities,
2 specifically replacement power and energy to cover
3 periods of maintenance, emergencies or refueling of the
4 specific plants of the nuclear power which it contracted
5 for, or purchased under paragraph 1.

6 Q What do you understand that to mean specifically?

7 A It means that in terms of base load power supply,
8 the entities undertaking this arrangement would have
9 assurance that they had this power supply available to
10 them virtually 100 percent of the time, either as
11 power directly from the nuclear units or by means of the
12 emergency or back-up provisions.

13 Q And would that include, as you understand it,
14 the wheeling in of power for replacement power where
15 it was requested?

16 A Paragraph 2-A, subparagraph 3 provides an
17 option that the emergency and back-up power could be
18 purchased from a third party and wheeled if the entity
19 chose to purchase the back-up power from a source other
20 than the owner of the Davis-Besse or Perry Plants.

21 Q In other words, they could shop around for the
22 power, is that right?

23 A For this particular block of power, yes.

24 Q What is your understanding of paragraph 2-B
25 that appears on page 5?

1 A Paragraph 2-8 is a fairly general
2 paragraph discussing that interconnections could be made
3 at various voltages, that this agreement to some degree
4 at least does not prohibit interconnections between the
5 parties to this agreement and other parties except that
6 it does have a proviso that any other such interconnections
7 need to be considered jointly by the parties to this
8 agreement to protect the safety of the company or the owner
9 of the nuclear plant as this would be, to protect their
10 system.

11 Q I wouldn't consider that to be an unreasonable
12 condition, would you?

13 A Conditions for joint planning and protection
14 are not unreasonable, no.

15 Q Let's move to paragraph 3.

16 Can you tell me what your understanding is of
17 that paragraph?

18 A Well, it takes in a general sense of the
19 company and the participating entities will provide
20 reserve capacity, necessary reserves, that these will be
21 established jointly, that is by the parties to this
22 agreement, and will meet certain rather general conditions
23 except that it does have a proviso of what the minimum
24 reserve shall be -- in no event shall the minimum reserve
25 be less than the amount of the block of power which is

1 purchased from those power plants.

2 Q Part of paragraph 3 that says if agreement
3 can be reached as to the minimum reserve requirement, it
4 should be determined on the basis of the smallest reserve
5 requirement which company has agreed to under other similar
6 reserve arrangements then in effect.

7 Is that, in your view, a reasonable provision?

8 A I don't think it is a completely understandable
9 provision. I don't know whether you are talking about
10 reserve -- I don't know what smallest reserve requirements
11 mean, and on what basis they are to be determined.

12 Is it the smallest in terms of some percentage,
13 or is it smallest in terms of some absolute magnitude of
14 kilowatts?

15 I can't have a value judgment on the reasonableness
16 of that particular provision because I don't know exactly
17 what it means.

18 Q Would it be your view if it were one or the other
19 that it would be unreasonable?

20 A It might be.

21 Q Which one would you consider might be unreason-
22 able?

23 A Here again it talks about very generally determining
24 reserve requirements. I can't read that portion without
25 reading the final proviso that says but in no event

1 shall the participating entities' minimum reserve be
2 less than its largest single block of nuclear generating
3 capacity.

4 Whatever agreement they reach under the
5 smallest reserve requirement you end up with the minimum
6 reserve not being less than the largest single block of
7 nuclear capacity. That I consider unreasonable.

8 Q That would depend, would it not, on the size of
9 the block of nuclear capacity that was requested?

10 A No.

11 Q Why is that not so?

12 A What you are in effect saying there is if you
13 buy a block of nuclear capacity, you need 100 percent of
14 reserve to back it up. It is unreasonable. It fails to
15 take into account any benefits of joint participation
16 in the power plant.

17 Q What if the block of nuclear capacity was only
18 3 percent of your requirements? Would you consider that
19 to be burdensome?

20 A I would have to see what the rest of your
21 reserve requirements would be. If all you are adding is a
22 block of 3 percent of your requirements, it is entirely
23 possible that your reserve requirement would go up half
24 of that amount in terms of any kind of reasonable
25 calculation of reserves.

1 Q But this provision speaks only to a minimum
2 overall reserve requirement, doesn't it?

3 A That's right. I would have to interpret
4 this as to a full range of possibilities of the entities
5 that might be participating in such an agreement, and
6 most of the entities we are talking about, many of them
7 don't have any generation now. If they added a block of
8 nuclear power, say 50 percent of their load or 100 percent
9 of their load and had to double that up with reserve
10 requirements, that would be a rather large burden, and they
11 would try to seek a better way to accomplish it.

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1 Q Would you consider it reasonable for them to add
2 a single block of nuclear capacity to be equal to 50 or
3 100 percent of their load?

4 A Let's talk about what we mean by load.

5 Whether you are talking about their peak load
6 or average energy load, the base load. I think they would
7 try to avoid adding a block of nuclear capacity that equalled
8 their peak load.

9 Q Do you know what portion of the Applicants'
10 total load will be satisfied by each of these units?

11 A I am not sure what point of time you are talking
12 about.

13 Q The year they come on the line?

14 MR. LESSY: Mr. Reynolds would help the witness
15 if he identified which year, for which units.

16 We would get a better answer that way.

17 BY MR. REYNOLDS:

18 Q I am talking about the three units that are specified,
19 Davis-Besse Unit 1, Perry Unit 1, and Perry Unit 2.

20 MR. LESSY: Now we are mixing hypothetical
21 questions because this is what these questions are, with
22 facts that the witness is supposed to know that happens in
23 the real world.

24 If we are clear on a hypothetical line and he wants
25 to add other facts, he ought to add them on a hypothetical

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1 basis. To intermix hypothetical questions based on 44, with
2 facts that may exist in the real world, will be confusing
3 for all of us.

4 The proper way of asking hypothetical questions is,
5 you can ask a question and ask him to assume certain other
6 facts that are hypothetical and go forward.

7 BY MR. REYNOLDS:

8 Q Mr. Moez, do you know when these units are coming
9 on line?

10 A I haven't committed that to memory. These dates
11 tend to be slipping. I am not sure of the dates.

12 The last dates I have were in the ECAK Planning
13 Report. It is in my testimony. I haven't memorized the
14 figures.

15 Q Do you know what portion of each of the Applicants'
16 total load would be represented by nuclear capacity from
17 each of these plants when it comes on the line?

18 A Not precisely.

19 MR. LESSY: I will object to that question. It
20 is lacking specificity and is confusing in this context.

21 BY MR. REYNOLDS:

22 Q Did you understand the question, Mr. Moez?

23 A I think I understand the general thrust of the
24 question.

25 MR. LESSY: Can we get a ruling?

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1 CHAIRMAN RICLER: Let's see if the witness
2 understands.

3 THE WITNESS: I fail to understand if you are
4 talking about their peak load or their average energy load,
5 or their base load.

6 What component of load are you referring to when
7 you use the term load?

8 BY MR. REYNOLDS:

9 Q Do you know either one of them?

10 A I don't have specific figures in my mind, only
11 fairly broad generalities which I think are probably fairly
12 close.

13 Q What would that be?

14 A I think the planning year is based on a nuclear
15 unit meeting all or a fair portion of each year load growth
16 at the time it comes on for each of the utilities.

17 I believe these utilities' load growth is probably
18 in the order of 7 or 8 percent a year. Probably less with
19 conservation practices.

20 The objective is to meet most of that load growth
21 for the Applicants with a nuclear power plant at the time
22 it comes on with some occasional supplementing with peaking
23 power.

24 5 to 10 percent of the load is probably close
25 enough.

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1 Q If we were to suppose that participating entities
2 were to get the same proportion and amount of nuclear
3 capacity from each of these plants, would you view this
4 minimum reserve provision to be burdensome?

5 A In that case I would say that it is a kind of
6 limiting way to determine reserve because the reserve
7 capacity that needs to be maintained by a system is based
8 on its total power supply situation, and its load situation,
9 and shouldn't be specifically related to one single element
10 of power supply.

11 Certainly this would be taken into account.

12 What I think you are saying is, if the utility
13 arrived at or took 10 percent of its load from a nuclear
14 power plant and had a reserve equal to that 10 percent,
15 that if their total reserve was only 10 percent that probably
16 would not be unreasonable, but it would be a rather low
17 reserve.

18 I fail to see how a provision of this nature has
19 any necessary relationship to the total reserve to be
20 carried by the system.

21 Q Would you turn to paragraph 3B and tell me what
22 your understanding is of that paragraph?

23 A This is a general provision to cover the day-to-day
24 operating reserves with a general statement that each system
25 should carry reserves as put here to avoid the imposition

mm5 1 of unreasonable demand on the others.

2 That is kind of a generalization and philosophy
3 that isn't very specific.

4 I don't know how it would be implemented.

5 Q Do you have any problems with that formulation?

6 A In general I don't have any problems with it.
7 Although I am not sure of any other way to write it. But those
8 things do tend to lead to conflict, eventually.

9 Q And what about paragraph 4?

10 A I don't know what some of the things in paragraph
11 4 exactly mean.

12 They talk about sharing of interconnections on the
13 basis of net benefits are sometimes very difficult to arrive
14 at. There is a general thought in paragraph 4 that services
15 to be provided are compensatory.

16 I certainly subscribe to what to the degree that
17 one can establish what the cost of providing a service is,
18 A fair ratemaking would suggest that the price to be made
19 should be compensatory to the party furnishing a facility.

20 Q Are you suggesting another basis for sharing costs
21 other than a net benefit basis?

22 A Well, here again this is kind of an agreement to
23 agree. It is an agreement to have some rate schedule with
24 certain provisions in them.

25 Until you can actually sit down and examine those

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1 provisions, it is a little difficult to tell whether you have
2 agreed to something that is desirable, or not.

3 The same is true of sharing on the basis of net
4 benefits. I would certainly admit that there is a theoretical
5 objective here to try to arrange things so that the parties
6 pay for what they get. But it is hard to determine the
7 effect of an agreement like this until you sit down with
8 specific facilities and decide who is to pay for what.

9 Q Am I right in concluding that you don't see anything
10 wrong with the principles, on the surface, though?

11 A I think the general principles of paying a
12 compensatory rate for services or facilities provided are
13 generally within the kind of thing that I would accept and
14 believe as fairly common.

15 Q If you will look at paragraph 5, do you see
16 anything in that paragraph that you find troublesome?

17 A Paragraph 5 discusses implementation with respect
18 to certain laws and statutes.

19 This is more of a legal aspect of this thing than
20 an engineering technical aspect. I have less basis for
21 opinion on paragraph 5.

22 Q Now, Mr. MOzer, having gone through this document
23 and having had time to read it -- have you ever seen this
24 document before?

25 A I don't recall having ever seen this document.

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1 Q Have you ever seen what is the contents of this
2 document in some other form, some other document form?

3 A I don't recall having seen any.

4 Q Has -- have you had any discussion with the WRC
5 Staff regarding any of the matters that are contained in this
6 document?

7 MR. LESSY: I think that question needs
8 clarification.

9 CHAIRMAN FIGLER: That was pretty broad.

10 BY MR. REYNOLDS:

11 Q In connection with the preparation of your testimony,
12 were you at any time advised that Applicants had proposed
13 license conditions with respect to the Perry and the Davis-
14 Besse Nuclear Plants?

15 A I don't recall any specific advice that there
16 were any specific conditions proposed. I have recollections
17 of some general discussions that there were considerations
18 being given to proposals by the Applicants, but I recall no
19 specific documents or terms and conditions of such
20 license conditions.

end 22

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1 Q Did you make any inquiry when you were
2 told generally that there was some discussion as to what
3 the nature of those discussions were, or what direction
4 they were going, or what they involved?

5 A I probably discussed them broadly, but having
6 no specific document relating to them, we couldn't get into
7 any details.

8 Q When you were at CEI, did you make any inquiry
9 as to what their position was with respect to access
10 to the nuclear facilities?

11 A No, I was interested in physical conditions
12 and things that existed, at the time I wasn't
13 prepared to discuss any proposals or such activities of
14 that nature.

15 Q Did you make any inquiries of that sort of any
16 of the other Applicants?

17 A No.

18 Q Would you not consider it relevant if you
19 were going to give expert testimony on alternative
20 bulk power supply options to probe and determine what the
21 position was of Applicants with respect to access to the
22 nuclear facilities?

23 A No, my testimony was directed toward what
24 was the situation that existed and some general
25 discussions based upon that, and my experience as to what

1 might be desirable in terms of power supply arrangements.
2 To the extent appropriate conditions were offered, that
3 would fit my pattern, that would be well; but this was not
4 part of my testimony, to comment on any proposals,
5 particularly those I received, or to my knowledge had
6 been offered.

7 Q Well, if you -- in your testimony on page 6,
8 in response to question 17, you said these same or equivalent
9 power supply options are not generally available to other
10 electric entities, non-Applicant CCCT entities in the area
11 served by Applicants.

12 Then you go on to point out by way of
13 example the Cleveland area. Would not it be relevant
14 to that kind of testimony to know what Applicant's
15 position was with respect to the matters that are set forth
16 in the document identified as Applicant's Exhibit 447

17 A I wasn't aware of the document Exhibit 44.

18 Q Would that not have been relevant to your
19 testimony if you had been aware of it?

20 A As far as I can see, it is not an executed
21 document. I don't know the nature of this document
22 vis-a-vis the non-Applicant CCCT entities. I don't see
23 anything here that indicates they were aware of it. I
24 wasn't.

25 Q But as I understand your testimony, it goes to

1 availability; is that not correct?

2 A That is correct.

3 Q Then would not it be relevant to that
4 testimony to determine whether any or all of the offers
5 that are set forth in this document were in fact available?

6 A All I can say is that I had no information of
7 the availability of any opportunity to participate in
8 nuclear power supply on behalf of any of the non-Applicant
9 CCCT entities.

10 Q If indeed the availability of nuclear power
11 were available on the terms set forth in this document,
12 would that bear on your testimony?

13 MR. LESSY: Objection. Were available or
14 were offered?

15 BY MR. REYNOLDS:

16 Q Were available.

17 A Yes, if nuclear power was available, it would
18 bear on my testimony.

19 Q And that would -- would that be directly
20 relevant to some of the conclusions you have drawn in your
21 testimony?

22 A It would be relevant to the conclusions -- if
23 it was contrary to the conclusions that I reached that
24 nuclear power was not available, it would be applicable,
25 yes.

1 It doesn't change my testimony with respect
2 to the desirability of having nuclear power available.

3 Q I see.

4 You picked out the Cleveland area, for
5 example, in your discussion there back on page 8 that I
6 read a few minutes ago, about the availability of the
7 same or equivalent power supply options to non-applicant
8 CCCT entities. Why is it that you selected the Cleveland
9 area as an example, and what other areas it exemplifies?

10 MR. LESSY: That question is really two
11 questions:

12 One, why did you select the Cleveland area; and
13 two, does it exemplify any others?

14 It would be clearer if the question is broken
15 down.

16 THE WITNESS: I selected the Cleveland area
17 because --

18 CHAIRMAN RIGLER: Was that a compound question?
19 Do you want to break it down for us?

20 MR. REYNOLDS: I will rephrase the question.

21 BY MR. REYNOLDS:

22 Q My question is:

23 Why did you select the Cleveland area as an
24 example?

25 A I selected Cleveland because it was the largest of

1 the municipalities involved. Again particularly at the
2 beginning of my investigation leading up to my testimony,
3 I was concerned only with the Perry Plant at that time.

4 Cleveland was one of the larger entities involved.
5 It represented a situation at least in many respects
6 similar to Painesville in the sense that those two
7 municipalities were isolated generating type utilities.

8 Q I thought I understood you to testify earlier
9 that Cleveland was atypical of the other municipal areas
10 in the state of Ohio?

11 A I don't think I have said anything is
12 completely typical. Cleveland represents an isolated
13 generating type entity. It is similar in many respects
14 to Painesville. It is not at all similar, of course,
15 to the many, many utilities in Ohio which are not -- which
16 have no generation of their own in that sense. It is
17 similar to many of them in that each of these municipalities
18 has the transmission systems of the CAPCO utilities more
19 or less surrounding them, and in terms of bulk power
20 supply movement capability.

21 I hate to characterize any utility as completely
22 typical because there are differences in all of them,
23 and yet there are many things the same. It is a hard
24 question to answer generally.

25 MR. REYNOLDS: Let me pause just a minute.

1 (Pause.)

2 BY MR. REYNOLDS:

3 Q Your example on page 9 was, as I read your
4 testimony, addressed to the Cleveland area, and I'm not
5 sure that I understood from your response and I
6 still don't understand from your response why the Cleveland
7 area is one that is typical of any other municipal areas.

8 A I don't think my testimony suggests that it
9 is typical. I used it as an example because it represents
10 a major utility, major operating entity in the area
11 of the Applicants. One Applicant particularly, of course.

12 Q When you were in the city of Cleveland and visited
13 CEI, did you ask CEI about its wheeling policy?

14 A I don't remember asking specifically. I may
15 have reference to that in my notes.

16 Q Do you recall making that sort of inquiry of
17 anyone?

18 A Yes. The question of CEI wheeling, I don't
19 know whether it is a policy or not, because I can't remember
20 ever seeing anything that said policy, but I do have
21 reference to a document in a petition of AMP-O to
22 intervene that indicated that Cleveland had specifically
23 denied in a specific case an opportunity to wheel.

24 I don't know whether that represents a policy
25 or not. I did inquire as to whether or not there was

1 any wheeling being done for Cleveland or Painesville or
2 any of the municipals.

3 I found no evidence that there was any wheeling
4 being undertaken in these cases, although there is some
5 wheeling being done by some of the CRPCO entities.

6 Q When you said any of the municipals, what other
7 municipals did you ask about besides Cleveland or
8 Painesville?

9 A The general question was whether any power
10 was being wheeled by CRI to any of the municipal entities.
11 I have recollection of a negative answer. I have no
12 documentation of that.

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1 Q Do you recall when you made this inquiry?

2 A This would have had to have been in my general
3 discussions in Cleveland, because that is the only time I ever
4 had direct contact with any of the members of the Staff of
5 CEI.

6 Q At the time you were asking about the wheeling
7 of CEI, was your assignment limited to that question as
8 far as wheeling was concerned?

9 A I don't think I had an assignment related to a
10 question.

11 I was trying to examine the power supply practices
12 of the entities and wheeling is an important power supply
13 practice, as I have discussed in my testimony.

14 Q I believe you indicated that your examination
15 did not include an investigation of the other entities in
16 the same manner as you investigated CEI.

17 A At that time that is correct.

18 Q Did it at any time?

19 A Yes, later on when I was studying in detail the
20 contractual relationships that the entities had with each
21 other, with some additional entities.

22 I learned a great deal about the bulk power
23 supply practices of those utilities.

24 Q If CEI were willing to wheel power to the City of
25 Cleveland from markets open to CEI, would not that be a

mm2 1 relevent consideration in connection with your testimony?

2 A It would be relevant, yes.

3 Q Did you inquire as to the coordination policies
4 of the Applicants in connection with the testimony you prepared?

5 A I didn't inquire into policies as such.

6 I assumed that their policies such as they may
7 be, would be reflected in the practices illustrated in their
8 contracts.

9 Q Those contracts were provided to you by the NRC
10 Staff?

11 A Yes, sir.

12 Q Did you, in connection with your preparation of
13 your testimony, make any inquiry with respect to the -- make
14 any inquiry of the small Municipal Systems with respect to
15 the requests they may have made for coordination
16 or wheeling of any of these Applicants?

17 A Yes.

18 Q Which ones? W

19 A Cleveland.

20 Q Anybody else?

21 A They are the only one I talked to specifically.

22 Q What was the nature of your discussion with
23 Cleveland?

24 A Simply to reinforce the information I had already
25 become aware of, that the Municipal System had been denied the

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1 opportunity to -- by CEI to wheel power from the possible
2 source of power that the Municipal System had from PASNY.

3 Q Is that the extent of the information you had?

4 A That is the only specific instance I know about
5 regarding wheeling.

6 Q Outside of the Cleveland area then, you had no
7 knowledge as to what the current policies are of any entities
8 with respect to coordination or wheeling, do you?

9 A No, my testimony doesn't go to, in that
10 case, the specific policies.

11 Q Wouldn't those policies be relevant to your
12 conclusions on the availability of bulk power supply
13 options for the non-Applicant CCCT entities?

14 A Only to the extent that if the policies support
15 what I have testified to as being desirable opportunity for the
16 small utilities to have, they would be policies which I
17 would find desirable.

18 CHAIRMAN RYGLER: Pause for one minute, Mr. Reynolds.

19 (Pause.)

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21 end 25
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arl 1 CHAIRMAN RICHIER: You may proceed, Mr.
2 Reynolds.

3 BY MR. REYNOLDS:

4 Q Mr. Mozer, when you used the term "available,"
5 you mean that in terms of the options have not been made
6 available, or are you using the term "available" in the
7 sense that they have not been taken advantage of?

8 A I used it in the sense that as far as I have
9 been able to determine, they could not be -- they could
10 not be used simply because they were not offered.

11 Q And when you say insofar as you can determine,
12 will you explain to me why it is that you do not in the
13 course of your investigation try to make that determination
14 by inquiries of any of the applicants as to what it
15 was that they were willing to make available?

16 A Perhaps it was an oversight. I thought that I
17 had studied as much of the material as I could find and
18 been provided to me, and I just never found particularly
19 an opportunity to go out and talk to the Applicant about
20 what was available.

21 I assumed if these -- if there were opportunities
22 being offered, that I would have seen some evidence of that.
23 I had seen none.

24 I had seen only one denial. No evidence of any
25 offers.

1 Q You didn't look for any evidence of any offers,
2 though, did you?

3 A I think I looked for some. Perhaps not as much
4 as I might have.

5 Q That will qualify your statement on page 8
6 in response to question 17, which categorically states
7 these same or equivalent power supply options are not
8 generally available to other electric entities, non-
9 Applicant CCCT entities in the area served by Applicants.

10 MR. LESSY: What would qualify? The fact he
11 didn't look for offers? I don't see how the fact that the
12 witness didn't contact each Applicant individually would
13 disqualify his conclusion.

14 BY MR. REYNOLDS:

15 Q Would you care to qualify that categorical
16 statement?

17 MR. LESSY: We are going from hypothetical
18 statements to factual conclusions.

19 CHAIRMAN RIGLER: I will permit the question
20 as originally asked.

21 MR. LESSY: I request we have it back, please.

22 (Whereupon, the reporter read the pending
23 question, as requested.)

24 CHAIRMAN RIGLER: The objection is overruled.
25 I will permit that question.

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1 THE WITNESS: I think I already qualified
2 the answer by using the word "generally." I still haven't
3 seen any evidence that these opportunities are available
4 to the Applicants. I would certainly be happy to
5 qualify the answer if I'm shown to be wrong.

6 BY MR. REYNOLDS:

7 Q Is the -- is it fair to state that your statement
8 there is based on the information provided to you,
9 documentary information provided to you?

10 A Yes, I think so.

11 Q All right.

12 And that documentary information did not include
13 what has been identified as Applicant's Exhibit 44; is
14 that correct?

15 A I don't recall ever seeing Applicant's Exhibit
16 44 before.

17 CHAIRMAN RIGLER: Mr. Reynolds, you have asked
18 him and had that one answered two or three times.
19 Some of the questions are getting a little repetitious,
20 I think.

21 BY MR. REYNOLDS:

22 Q On the bottom of page 8, you state that
23 large nuclear units are not practical options for non-
24 Applicant CCCT entities unless made available to those
25 small utilities by the Applicants.

1 Q Do wholesale transactions make available
2 large scale nuclear power to non-Applicant CCGT entities?

3 A What sort of wholesale transactions do you
4 mean?

5 Q Full requirement wholesale contracts.

6 A To the extent that there is nuclear power
7 in the power supply of the entity providing the power,
8 I would assume that the nuclear power is included in the
9 rate base in which the rates are determined.

10 MR. REYNOLDS: May I have the answer read back?

11 (Whereupon, the reporter read from the
12 record, as requested.)

13 BY MR. REYNOLDS:

14 Q Looking at the following sentence, you go on
15 to state even then effective utilization of nuclear
16 power requires other power supply options. Would you please
17 spell out for me precisely what other power
18 supply options are required?

19 A Of course, in the sense in which I have responded
20 to question 17, the paragraph you are talking about, I'm
21 talking about nuclear power as an option standing alone
22 and not mixed necessarily with another power supply.
23 If an entity has access to nuclear power as a
24 participant or purchasing unit, they would have
25 options including the reserve and emergency and maintenance
power. Options, of course, similar to those that you have

1 shown in Exhibit 44 and I have discussed in my testimony.

2 Q Is there anything else besides reserves,
3 emergency and maintenance?

4 A It depends upon the specific power supply mix
5 of the utility and the nature of the utility. You
6 might want peaking power. You might want intermediate
7 power. You might want some additional base load power.
8 You might want general wheeling access to a variety of
9 power sources.

10 Q Why is it that general wheeling would be required
11 for the effective utilization of the nuclear power?

12 A It may or may not be. It is an option that
13 you want to have available so that you could shop around
14 for the best possible source of the various other options,
15 maintenance, peaking capacity, and the like.

16 They may all be available from some other
17 entity and be deliverable only by means of some sort of
18 transmission service. It is an option.

19 By use of the term option, I don't mean at all
20 times that you want to exercise each one of the options.
21 You want the options available, however.

22 Q What do you mean by effective utilization?

23 A Effective utilization of the power supply goes
24 to matters of economics and matters of practical system
25 operation. You want the best power supply mix that you can

1 use on your system taking into account the characteristics
2 of the system and the various power supply options that
3 you have.

4 You almost have to talk about something
5 specific to make a study of it and to be more specific
6 than that.

7 It goes to economics and to practical operating
8 characteristics of the utilities.

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1 Q Did you --

2 A I want to add reliability to that last answer, too.

3 Q Did you make any such studies in connection with
4 your testimony here?

5 A Detailed studies of individual systems, I did not
6 make.

7 Q Do you know then what power supply options would
8 be necessary for effective utilization of the nuclear power
9 from the particular nuclear plants that are involved in this
10 proceeding?

11 A I think that an answer would differ with each
12 utility that wanted to use some of that nuclear power.

13 It is related as much to the characteristics of the
14 utility using the power as it is to the source of the power.

15 Q Would it be directly related to the amount of
16 nuclear power purchased?

17 A That would be one of the relationships that would
18 be involved.

19 Q What other relationships would be involved?

20 A The amount of power, the amount of power with
21 respect to the utilities load, the nature of other sources of
22 generation available to the utility either on its own system
23 or by purchase from other systems.

24 Q It would be true, wouldn't it, that the greater
25 amount of power purchased, the greater need for backup and

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1 reserve power?

2 A I couldn't answer that as being true. It has
3 to be a relative amount of power. It isn't -- the absolute
4 amount being purchased doesn't make the difference as much
5 as the relationship of that power to the size of the load
6 and to the other resources available to the utility.

7 Q Wouldn't you agree that the reserve problem would
8 be different if you put 30 percent of your needs, rather
9 than 3 percent from a single unit?

10 A The reserve probably might be very different
11 under those conditions, yes.

12 Q On the middle of page 9, line 7 through 11, you
13 state that the additional transmission to be constructed and
14 operated in conjunction with the nuclear power plants will
15 insure further Applicants' ability to restrict or limit
16 power supply options available to small utilities in the
17 areas served by applicants.

18 If you were to take into account the proposed
19 license conditions identified as Applicants' Exhibit 44,
20 would that alter your conclusions?

21 A No.

22 Q Why would that be?

23 A Exhibit 44 discusses only one power supply option.
24 It provides for wheeling under certain specific and very
25 limited conditions.

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1 The general statement that, or the implication in
2 the statement that more general access to wheeling would
3 be a desirable option to a power supply matter, doesn't
4 change the facts.

5 Exhibit 44 goes part way, but it doesn't change
6 the fact that the transmission grant is there. Except that as
7 it may be penetrated by the limited wheeling opportunity
8 given in Exhibit A, it doesn't give the broad and access
9 to power supplies that might be available by means of
10 wheeling.

11 Q It would give access to that transmission for
12 purposes of transmitting the nuclear power, would it not?

13 A Yes.

14 Q What do you mean by the words "insure further"
15 in that sentence?

16 A It is my observation that the transmission system
17 prior to the introduction of any nuclear power plants on
18 the -- in the CAPCO area was a rather extensive network that
19 would make it in my opinion, very difficult for another
20 entity to build most transmission facilities that they might
21 want.

22 I am sure it is possible to conjure up some possi-
23 bilities of a limited nature that could be constructed.
24 Generally it looks to me a pretty solid transmission network
25 in the area that would make proposed construction by a party

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1 not involved in the pooling arrangement appear to be
2 constructing a duplicating facility. That network exists
3 prior to the introduction of any nuclear plants on the
4 system.

5 The construction of nuclear power plants gives
6 cause to the further strengthening of that transmission grid
7 and makes a difficult situation more difficult in terms of
8 the entity desiring a power supply that would require
9 some form of transmission to be taken.

10 Q Will you please define for me what you mean by
11 duplicating facility?

12 A Duplicating transmission facility is one
13 that if it is constructed, does something that would be
14 done just as well as if it wasn't constructed.

15 CHAIRMAN RIGLER: Let's take a five-minute break.

16 (Recess.)

end #26

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arl 1 MR. REYNOLDS: Could I have the last question
2 and answer read back before the break?

3 (Whereupon, the reporter read from
4 the record, as requested.)

5 BY MR. REYNOLDS:

6 Q You say does something just as well as if
7 it was not constructed. What do you mean?

8 A I mean if the facility that I would term as
9 duplicating facility was not constructed, that all of the
10 power would move safely, reliably and virtually as economically
11 or more economically, perhaps, than if the duplicating
12 facility is built.

13 A duplicating facility doesn't add anything
14 essential to the transmission system.

15 Q Are you referring solely to short term wheeling
16 arrangements in that connection?

17 A It is a physical entity. I'm not talking
18 about any wheeling arrangements.

19 Q Would you be talking about a short term
20 transmittal of power over the existing facility in the
21 context of saying it could be done equally well over the
22 existing facility?

23 A I guess I'm still not clear as to the question.

24 Q Will you look at page 36 of your prepared
25 direct testimony, please, at lines 11 through 15, you give

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1 us an explanation of duplicating transmission facilities
2 which as I understand it is similar to what you have
3 just described; is that correct?

4 A It is intended to be, yes.

5 Q In that context or in relationship to that
6 description there, are you referring to short term
7 wheeling arrangements?

8 A I'm not sure --

9 Q You say can be moved over the existing facility.
10 Are you talking about power that can be moved?

11 A The alternative to constructing a duplicating
12 line, is that what you are referring to?

13 Q Right.

14 A The alternative to a duplicating transmission
15 line would be some sort of transmission or wheeling
16 arrangement. Whether it is short term or long term is
17 not necessarily important. It could be either.

18 Q If it were a long term transaction, would that
19 not tend to load up the transmission facility and therefore
20 yield a long run additional requirement for transmission?

21 A It might, yes.

22 Q In what circumstance might it not?

23 A You would have to look at the old transmission
24 system in order to determine such a circumstance. I
25 could conceive of a situation where a particular wheeling

1 arrangement tended to use a transmission system in such
2 a way as to use facilities that would otherwise
3 never have been fully loaded, but it would require some
4 pretty detailed transmission studies to determine that case.

5 Q In the typical situation with a typical
6 transmission system, wouldn't you agree that if you added
7 transmission over an existing system, that that would
8 require the construction of additional facilities?

9 A Not necessarily.

10 Q If the system is expanding or growing, would that
11 not be the case?

12 A Again not necessarily.

13 Q Would you not think that that normally would be
14 the situation?

15 A If wheeling was a part of the requirements for
16 the transmission system, it would have to be taken into
17 account in the planning and perhaps at some point, some
18 specific additions to the system may have to be included
19 for wheeling, but here again you can't make a general
20 answer, because it depends upon the nature of the wheeling
21 arrangement, both as to the points from and to transmission
22 is needed, and the magnitude of transmission involved.

23 Also the general characteristics of the trans-
24 mission network that you are using to wheel power.

25 Q When you referred to duplicating transmission

1 facilities, do you have in mind a situation where the
2 movement over the existing facilities would not require
3 any expansion of those transmission facilities at any point
4 in time?

5 A Not necessarily at any point in time, but I do
6 have in mind a situation where the existing transmission
7 facilities might be capable of transmitting the power that
8 it is desired to be moved without constructing additional
9 specific facilities for that purpose.

10 It is possible that what I would term
11 duplicating facilities might never have to be constructed
12 precisely as they would if wheeling was not provided. If
13 wheeling is provided, you may never have to build the
14 facilities exactly as they would have to be built if
15 you had to build a duplicating facility.

16 Q If you had to build the additional transmission
17 facility at some point in time, why would it be
18 any less duplicative?

19 A Because you probably wouldn't build the same
20 facility. If you were incorporating wheeling into a
21 well-coordinated and well-planned transmission system, you
22 would build the system to take into account the total
23 transmission requirements and not the particular requirements
24 of a particular wheeling arrangement.

25 If you don't have a wheeling arrangement you

1 would have to build a transmission line maybe for that
2 purpose. Absent a wheeling arrangement, you may build a
3 line that would never be built in a system that had a
4 wheeling arrangement.

5 Q You say the same kind of line would never be
6 built?

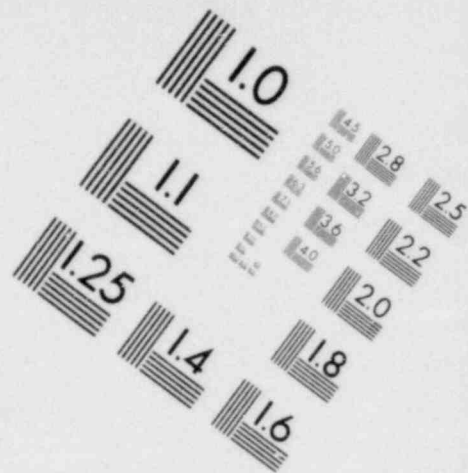
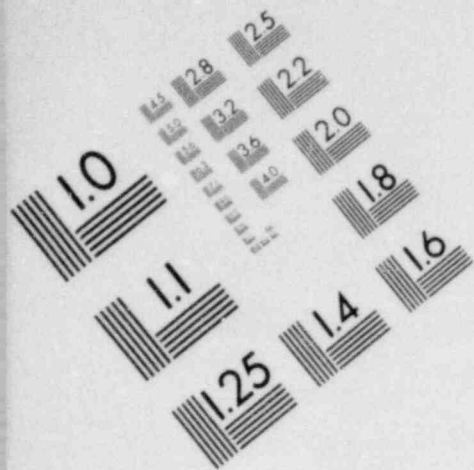
7 A It is possible with a wheeling arrangement you
8 may never build the kind of a line that you may have to
9 build absent a wheeling arrangement.

10 Q But is it not equally possible that if you were
11 to use the existing facility for that wheeling arrangement,
12 you would have to build additional transmission on the
13 existing system at some point?

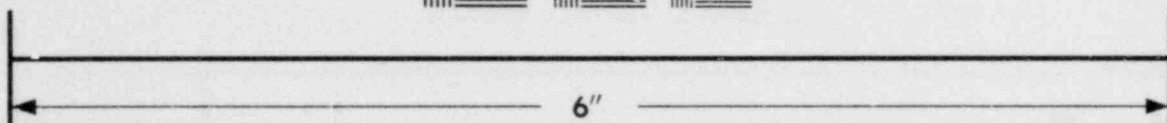
14 A At some point you might have to provide capacity
15 in the planned transmission system to accommodate the
16 wheeling arrangements, yes.

17 Q How would you provide that capacity?

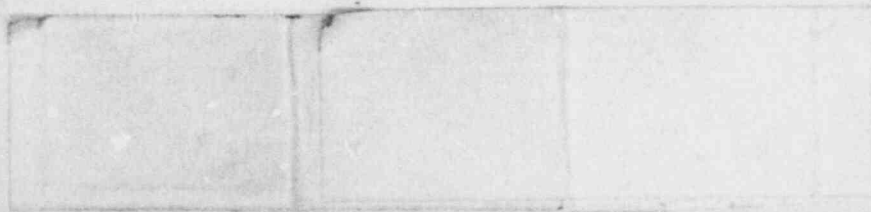
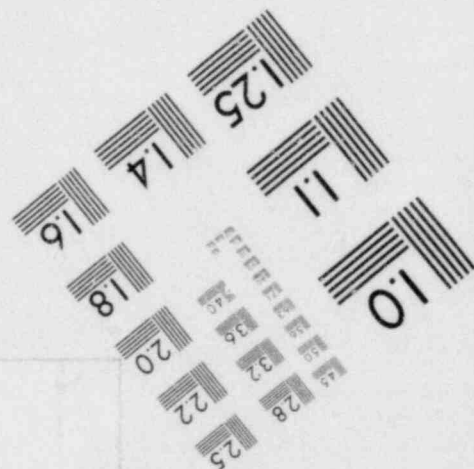
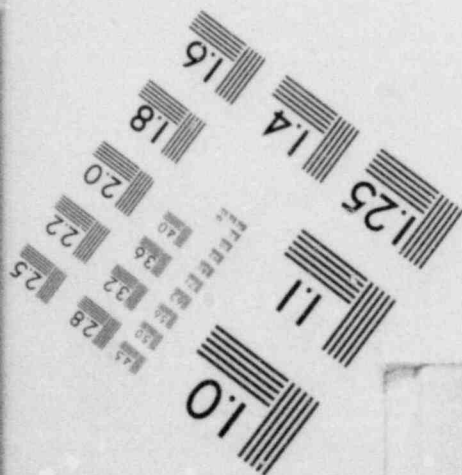
18 A It becomes a matter of system planning. If
19 you know that in the course of planning a transmission
20 system, say 10 years hence, and you know there is a long
21 term contract that provides for X number of kilowatts to
22 be provided at the power plant at the particular point,
23 and X plus losses kilowatts to be delivered from that
24 power plant at some other point on the system, that
25 particular source of generation and magnitude of load would

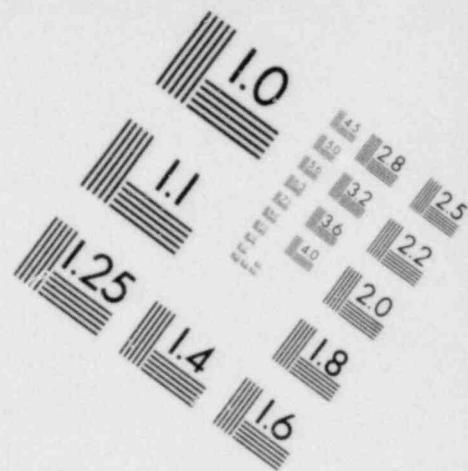
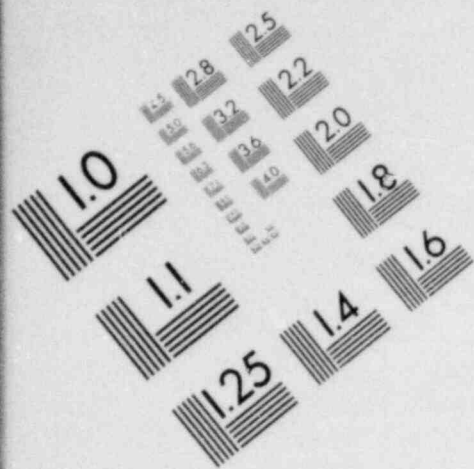


**IMAGE EVALUATION
TEST TARGET (MT-3)**

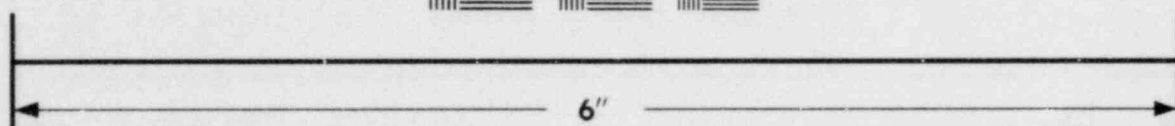
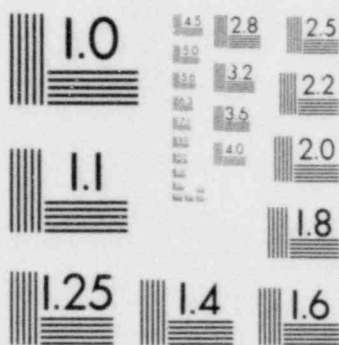


MICROCOPY RESOLUTION TEST CHART

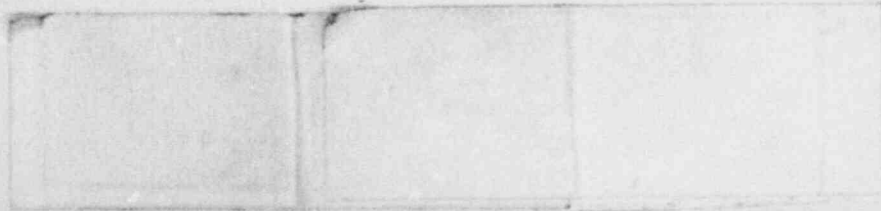
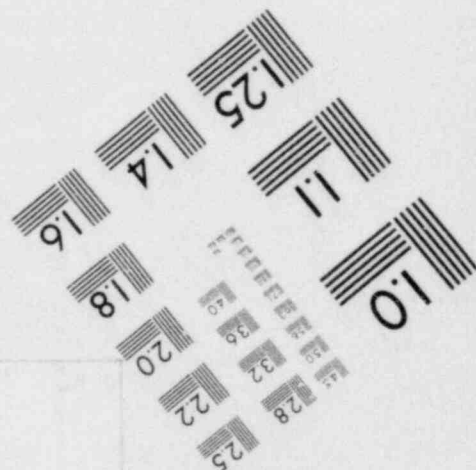
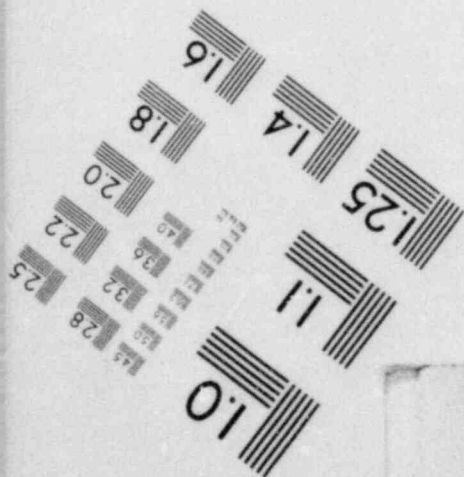




**IMAGE EVALUATION
TEST TARGET (MT-3)**



MICROCOPY RESOLUTION TEST CHART



1 be included in a transmission planning study and the
2 transmission system would be provided accordingly.

3 At this point I think I should make the point
4 that a wheeling arrangement isn't specifically an
5 identifiable path from point A to point B.

6 The power doesn't flow in that manner. It flows
7 over a transmission network in a pattern where you can't
8 always identify exactly which power is associated with the
9 wheeling.

10 It becomes part of overall planned transmission
11 system if you plan for wheeling. You can plan to have
12 wheeling.

13 Q We will assume that the option we are to build
14 a separate line for the wheeling transaction or to move
15 the power over an existing transmission line which would
16 require an increase in the capacity of the transmission
17 facilities.

18 Would the -- in that situation, would the single
19 line be a duplicative facility in your view?

20 A Let me see if I understand the question. You
21 are giving a hypothetical arrangement where you would either
22 have to build a separate line to accommodate the wheeling
23 capacity as against building another transmission line
24 by a different entity in lieu of wheeling.

25 Q Or expanding the existing transmission grid in

1 order to accommodate the wheeling?

2 A I think what you are trying to get at is a very
3 narrow situation where it just so happens that the magnitude
4 of power to be wheeled requires an additional transmission
5 line.

6 In that case, if the transmission line properly
7 fits into the system, it might be built either by a
8 party that could provide a wheeling service or by a party
9 that needed the wheeling service. That is a very narrow
10 and limiting form and my answer as to whether or not that
11 would be a duplicating facility would be simply to -- not
12 simply, but it would have to take a transmission study
13 to find out whether the line to be constructed is a
14 proper part of the system.

15 It could be. It could be under vary
16 specific circumstances whereby the magnitude of the
17 wheeling and the nature of the location of both the power
18 supply and the load which it is serving had a certain
19 configuration that resulted in a transmission line
20 being constructed in just that manner.

21 In that case, the very narrow case itself,
22 certainly you could have the option of having the transmission
23 line built by the principal operators of the transmission
24 network or have the same transmission line built by a
25 separate entity.

1
#23 mm1

2 Q If a wheeling arrangement put additional power over
3 a transmission grid, would not that have to be factored in in
4 your planning for future transmission capacity?

5 A Yes.

6 Q And might that not therefore lead to the need for
7 additional transmission capacity?

8 A It might.

9 Q IN that situation the facility would have to be
10 built in either event, is that not right?

11 A It might not be the same facility, however.

12 You are talking about the addition of transmission
13 capacity. THAT is different than a specific facility.

14 Q If it is not the same facility, is it your
15 understanding that it is not properly a duplicative transmis-
16 sion facility?

17 A I don't know what it is in this case.

18 Q If we are talking about the situation where
19 there would need to be an expansion of the existing trans-
20 mission facility, would you consider that that additional
21 transmission would not be a duplicative facility?

22 A If it was necessary to expand the transmission
23 capacity to provide the wheeling and if the facilities
24 to be built to provide the wheeling were part of the overall
25 planned transmission grid, it would not be a duplicative
facility.

mm2

1 Q Have you conducted any studies which would
2 indicate whether or not a duplicating transmission facility
3 is uneconomic?

4 A Are you asking that in a general sense?

5 I have been involved in studies that resulted in
6 a recommendation to provide wheeling in lieu of separate
7 transmission line construction. I have never advocated
8 a duplicative transmission facility as I have defined it.

9 Q When you state on page 36 that duplication tends
10 to be wasteful, therefore, probably uneconomical and should
11 be avoided, what do you mean by probably uneconomical?

12 A If you have to buy transmission towers, and
13 conductors, and right of way, and labor to do a job that
14 doesn't need to be done, you are spending money which could
15 be avoided.

16 I think from an engineering point of view, and we
17 do deal in economics, that would be uneconomical to spend
18 money that you didn't have to spend.

19 Q And that assumes that the same amount of money
20 would not have to be spent by the expansion of the existing
21 system at some later date?

22 A Yes, there is an assumption here that would have
23 to be borne out in each specific instance by a study, that
24 wheeling provides a more economical means of delivering a
25 given block of power from a source of power to a load, or

mm3 1 from Point A to Point B.

2 Q Would -- you were not stating as a generality
3 that that would be the case, are you?

4 A No.

5 There is an implication here, I believe.
6 Perhaps it doesn't come across strongly enough, so I will
7 try to make it. That is if proper transmission studies
8 indicate it is more economical to build a new line, then
9 I wouldn't define that new line as a duplicating facility.

10 If it is more economical to provide a facility,
11 then it is probably a proper facility in the long range
12 transmission plan, and wouldn't come under the definition
13 of a duplicating facility.

14 I am trying to limit my definition of duplicating
15 facility as something that is clearly not needed, and
16 the service being provided by another means and generally
17 more economically.

end 28

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arl 1 Q Your definition of duplication is a function of
2 economics, then?

3 A It is a function partly of economics and
4 partly of good engineering. Good engineering includes
5 economics. Engineers are trained to try to look for
6 facilities that will both work by the laws of nature as
7 well as being economical facilities.

8 Certainly we don't want to impose cost
9 burdens on the utilities and the customers of these
10 utilities unnecessarily.

11 Q If you could -- it costs \$10 million to build
12 a line in order to transmit power separately, and by
13 comparison if you were to put the power over an existing
14 transmission line and beef it up to take it, it would
15 cost \$9 million, then you would say use the existing
16 transmission line?

17 A With the minimum facts that I have, I think I
18 would use the existing transmission line for a 10 percent
19 saving, yes.

20 Q Would you define the separate line as duplicative?

21 A If I understand your hypothetical question,
22 the existing system would do the job, and therefore
23 the additional line would be duplicative.

24 Q On page 47 --

25 CHAIRMAN RICLER: We are moving on to a new line,