

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 & 2)

Place - Silver Spring, Maryland

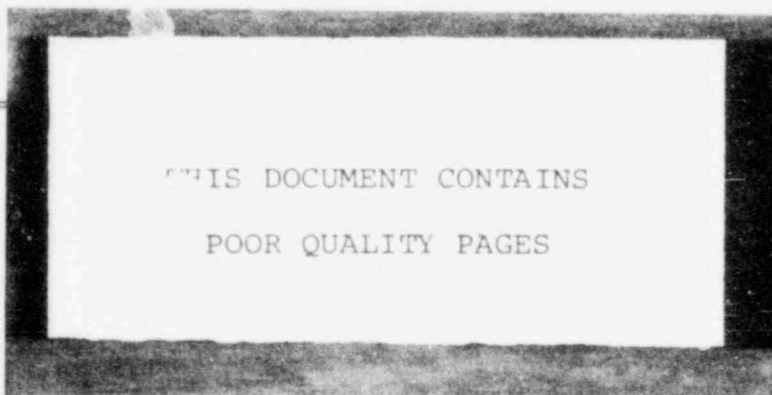
Date - Thursday, May 6, 1976

Docket Nos.

50-346A
50-500A
50-501A

50-440A
50-441A

Pages 8823-
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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of	:	Barker, Inc.
	:	
TOLEDO EDISON COMPANY and	:	50-346A
CLEVELAND ELECTRIC ILLUMINATING CO.	:	50-300A
	:	50-501A
(Davis-Besse Nuclear Power Station	:	
Units 1, 2 and 3)	:	
	:	
and	:	
	:	50-440A
CLEVELAND ELECTRIC ILLUMINATING CO.	:	50-441A
<u>et al.</u>	:	
	:	
(Perry Nuclear Power Plant	:	
Units 1 and 2)	:	

First Floor Hearing Room
7915 Eastern Avenue
Silver Spring, Maryland
Thursday, May 3, 1978

The hearing in the above-entitled matter was reconvened, pursuant to adjournment, at 9:10 a. m.,

BEFORE:

- MR. DOUGLAS RIGLER, Chairman
- MR. JOHN FRYSIAK, MEMBER
- MR. IVAN SMITH, MEMBER

APPEARANCES:

(As heretofore noted.)

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<u>Witness</u>	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Re-cross</u>	<u>Re-direct</u>
William G. Dempster (deceased)	8837	8838	8839	8840	8841
John Stark	8947	8948	8949		
Wilbur Slemmer	8956	8957			

<u>Exhibits</u>	<u>For Identification</u>	<u>For Introduction</u>
Applicants 119 (DL) (geographic map showing operating territory of Duquesne Light.)	8932	8933
DL 508, 509, and 510		8934
DL 511 and 512 (previously marked as DL 117 and 118)		8935
Applicants 120 (DL) (Document prepared by Pennsylvania Economy League, dated April 19, '60)	8954	
Applicants Exhibit 121, Mr. Slemmer's prepared Testimony	8956	8957

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P R O C E E D I N G S

2 MR. OLDS: I want to start with to be very
3 specific on the record as to the portions of our Bingham
4 testimony which Mr. Dempler is adopting.

5 And, if I may, I suggest to other Counsel that they
6 open their copies of the Bingham testimony, so that they may
7 follow with ease, as I indicate specific lines and pages;
8 I'm sure it would be the easiest procedure.

9 We would propose and intend that Mr. Dempler's
10 adoption of the Bingham testimony would begin at page 8151
11 of the record, at line 12, and would continue from
12 there through page 8152, 8153, 8154. Although, as to that
13 page, I'm going to ask Mr. Dempler one question because of
14 a slight difference between the two systems, which I would
15 want him to clarify. But continuing through that page 8154,
16 8155, 8156, 8157, line 12.

17 That would be the last portion of the testimony
18 on that page adopted by Mr. Dempler.

19 Then his testimony adoption would resume at 8171
20 at line 6.

21 MR. LESSY: Skipping from 8157 to 8171?

22 MR. OLDS: That is correct.

23 Again, with the question on line 6 of 8171, the
24 adoption would continue from line 6 of page 8171 through
25 page 8172, to include the first line on page 8173 at that

1 point, the answer which appears near the question
2 line one, we will ask Mr. Compler a specific question to
3 illustrate a difference in voltage, again, between the two
4 systems.

5 Then we would continue with the adoption of the
6 testimony from line 5 on page 8173 through the balance of
7 that page and through the first 12 lines of page 8174.

8 The adoption would resume with the answer
9 beginning at the top of page 8175 through that page, through
10 all of page 8177, all of page 8177 --

11 MR. MELVIN BERGER: Excuse me, Mr. Olds.

12 You are beginning with the answer on top of 8175?

13 There is no question then?

14 MR. OLDS: The only reason I did not include the
15 question is, if you look at the question at the bottom of
16 8174 which introduces the answer, it is so inconsequential that I
17 not include it. The question is "Would you continue?"

18 I would be happy to include it, if you want,
19 but common sense would indicate it doesn't lend a great
20 deal.

21 MR. MELVIN BERGER: I agree with you. I thought
22 you had misspoken.

23 MR. OLDS: I believe we stopped with a reference
24 that we would include through 8177. We will continue 8175
25 asking one question with reference to the answer on line 4,

bw3 1 in order to indicate a small difference between the two
2 systems, as to the date of the particular kind of transmission
3 line.

4 Continuing through 8179, 8180, 8181 and on that
5 page we would propose to ask Mr. Dempler a specific question
6 to illustrate a difference again between the two systems
7 on a particular operational technique.

8 Through 8182 to the 24th line.

9 Then we would adopt the testimony beginning at
10 page -- I believe it is all the way to 8211. I am turning
11 carefully to be sure I don't miss anything.

12 MR. LESSY: Are you skipping from 8182, line 24
13 to 8211?

14 MR. OLDS: I believe that is it, Mr. Lessy, but,
15 as I said, I want to -- I'm glad I did it page by page, because
16 we would propose to offer testimony relevant to the Duquesne
17 System, but which would be substantially addressed to the
18 same point covered by Mr. Bingham's testimony on page 8182
19 at line 12.

20 In that testimony Mr. Bingham offered a map of the
21 CEI service territory, and we would propose to offer a
22 like map of the Duquesne service territory.

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1 MR. OLDS: There is no point in adopting
2 testimony, however; I mention it as a matter of interest.

3 On page 8194, we would adopt the testimony
4 beginning at lines 16 and terminating at line 20.

5 Although we will not adopt the testimony at page
6 8203, line 13, because it is very specific to the Cleveland
7 Electric Illuminating particular facilities, we will ask a
8 question to establish the similarities of like operational
9 experience on the Duquesne Light system in terms of Duquesne
10 Light facilities. That is at page 8203, line 13, continuing
11 through line 20 of 8204.

12 We would resume the adoption of Mr. Bingham's
13 testimony at line 15 of page 8211, continue through the
14 balance of 8211, all of 8212, all of 8213, to line 3
15 of 8214, and we would ask Mr. Dempler one question in connec-
16 tion with the last three lines of the answer again to make
17 clear a small operational difference between the two systems.

18 We would resume the adoption of Mr. Bingham's
19 testimony at page 8220, line 7, and continue through page
20 8222, line, I guess it is 18. The type is slipped over
21 so slightly, but that is the line indicated.

22 We would propose to ask a question on a portion
23 of the testimony appearing on page 8221 at line 17 to make
24 clear a slight difference in equipment between the two
25 systems.

1 Then we would adopt the testimony beginning
2 at page 8260, line 9, continuing to 8266, line 6. That
3 would be the sum total of our adoption.

4 I would like to say, as I did yesterday, that
5 in general we have made every effort, and I believe we have
6 succeeded, in adopting only those portions of Mr. Bingham's
7 testimony which described the operation of an electrical
8 system of the kind which CEI and we believe
9 Duquesne Light both are. We have deleted all references
10 to rates, rate structures, classifications of customers,
11 provisions of particular kinds of service. So as to adopt
12 only that portion which would constitute fact testimony by
13 Duquesne Light Company.

14 MR. LESSY: Wouldn't it be also fair to put on
15 the record that you have also not adopted other portions
16 of the testimony which are beyond what you described as
17 not representing Duquesne Light system because the principles
18 described are not generally accurate?

19 MR. OLDS: I would not agree with that, because
20 we did not make any effort to reach such a conclusion.
21 We only looked at a matter in an affirmative light, not
22 by way of a kind of judgment of negative implication.

23 CHAIRMAN RIGLER: Mr. Dempler, I noticed as
24 Mr. Olds read the list of the testimony that you a copy of
25 the transcript before you and you were looking at the pages

1 with him. Do you concur with your counsel's statement that you
2 adopt those portions of the Bingham testimony which he has
3 read into the record?

4 THE WITNESS: Yes, I do.

5 MR. OLDS: I know it is out of order and therefore
6 I must ask your leave so I would like to finish this
7 portion by asking Mr. Dempler the few questions we deem
8 appropriate in order to clarify differences.

9 CHAIRMAN RIGLER: That would be appropriate.
10 Whereupon,

11 WILLIAM G. DEMPLER

12 resumed the stand and, having been previously duly sworn,
13 was examined and testified further as follows:

14 FURTHER DIRECT EXAMINATION

15 BY MR. OLDS:

16 Q Mr. Dempler, I direct your attention specifically
17 to the testimony appearing at page 8154, lines 5 and 6.

18 Mr. Bingham testified that on the GEL system there
19 had a step-up transformer which increased the voltage, and
20 I'm quoting specifically, "in our case from 11,000 or 12,000
21 to 132,000."

22 What is the step-up transformer voltage change
23 affected on the Duquesne Light system?

24 A We have several levels of step-up voltage. These
25 are 23,000 volts, 59,000 volts, 133,000 volts and currently

1 under construction is step-up to 345,000 volts.

2 Q Mr. Dempler, I direct your attention to page
3 8157 of the transcript and particularly the first three
4 lines on that page describing customers who, I quote,
5 "will be served directly from the 138,000 volt transmission
6 system," and the testimony follows to give a special
7 designation utilized by CEI for such customers.

8 On the pictorial diagram, Exhibit 116,
9 illustrating the Duquesne Light system, what is the
10 designation given to customers served directly from a 138,000
11 volt transmission system?

12 Do you have a copy of 116 in front of you?

13 A I seem to have misplaced my copy.

14 (Document handed to witness by counsel.)

15 That is indicated on this exhibit with the
16 nomenclature of large industrial customer.

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MR. OLDS: I hope the Board of Counsel will be tolerant. I find I inadvertently failed to ask Mr. Dempler a question with reference to page 2154.

BY MR. OLDS:

Q Mr. Dempler, in addition to the reasons stated by Mr. Bingham for the use of high voltage in transmission lines, what additional reasons would you state for the use by Duquesne Light Company of high voltage in transmission lines?

A The basic reasons are economic in their relation to the requirement to transmit large blocks of power and to provide a transmission system at the lowest possible cost.

This can be done by higher voltage lines which, in fact, do have this capability, and as compared with lower voltage lines, the actual number of them would, of course, be substantially reduced.

Q Mr. Dempler, with reference to the use by Mr. Bingham of the term "optional industrial customer" in his testimony, what would the correct term be for the use for the same kind of a customer on the Duquesne Light system?

A Large industrial customer.

Q I direct your attention to page 2173 of the transcript, Mr. Dempler, the second, third and fourth lines of that page, and I ask you what the proper voltage level

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1 step down is on the Duquesne Light System?

2 A The principal step down voltage is 23,000 volts
3 with a very minor amount of 11,000 volts.

4 Q On the Duquesne Light System, is there typically
5 13,000 volt service?

6 A No, not as it is designated here. We do have
7 distribution which we call 23,000/13,200 volt. It is basically
8 23,000 volts phase to phase.

9 It is used as distribution and in many areas it is
10 distributed single-phase. and the voltage of that single
11 phase from one wire to ground, the voltage is 13,200 volts.

12 Q Mr. Dampler, I direct your attention to page
13 3175 of the transcript, where there are several references
14 made by Mr. Bingham in testimony to 13,000 volt distribution.

15 Would you explain what the corresponding voltage
16 would be on the Duquesne Light System for 13,000 volt
17 distribution?

18 A This would correspond to the distribution system
19 I just described, namely 23,000 volt distribution.

20 Q I direct your attention to page 3176 of the
21 transcript.

22 The fourth line, where Mr. Bingham testified as
23 to the first year in which CEI had 345,000 volt transmission.

24 What was the first year that Duquesne had that
25 kind of transmission?

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1 A The first year we had operating of all
2 was approximately 1970.

3 Q I direct your attention to page 2149, the
4 line, which reference is made by Mr. Dingman to
5 carrying 345,000 volt circuits on a type of structure known
6 as a delta tower.

7 Does Duquesne utilize a delta tower?

8 A I'm not certain as to the specific name or
9 apply to our tower design. It is, nevertheless, a delta
10 tower, and I don't recall any particular name that we applied
11 to that type of design.

12 Q I direct your attention to transcript page 2151,
13 the -- actually, I guess I should technically point to the
14 bottom of the immediately preceding page, the line which
15 which carries over to the top of page 2151.

16 I ask you whether, in your description of the
17 of the Duquesne Light System to date, you would supplement
18 Mr. Dingman's testimony?

19 A Basically, Mr. Dingman's testimony is what
20 his statement, as he has it in the Exhibit, and that
21 is presented here.

22 Later on he does elaborate on these efforts,
23 as related to not only efforts on the generation, generating
24 units, but also on the interconnections. And I would
25 suggest that the qualifications in this area might be

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1 better related to the question I believe we have related
2 to our interconnection capacity.

3 Q I direct your attention to page 8192 of the
4 transcript.

5 I show you a plan map which has been identified
6 by the court reporter as Applicants Exhibit Duquesne
7 Light 119.

8 (The document referred to
9 was marked Applicants Exhibit
10 119 (DL) for identification.)

xx

11 BY MR. OLDS:

12 Q I ask you what that is.

13 A This is a geographic map which defines the
14 operating territory of Duquesne Light and shows on it the
15 principal facilities of the Duquesne Light System, as
16 related to power stations, transmission lines, sub-
17 transmission lines.

18 It also indicates the principal substations
19 and the principal customers supplied.

20 Q Mr. Dempler, does Exhibit 119 substantially
21 correspond in its delineation of the territory and facilities
22 of Duquesne Light Company to Exhibit 111 for the Applicants,
23 referred to at page 8192 of the transcript and described
24 at transcript, beginning at line 12 on that page and
25 continuing for several pages thereafter?

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A. I have not seen specifically the Applicant's Exhibit 111, but from the description of it, I would conclude that yes, this is the equivalent of 111.

MR. OLDS: We would like at this time, Mr. Taylor, to offer Exhibit 119.

CHAIRMAN RICHER: Hearing no objection, we will admit Exhibit 119 into evidence at this time.

(The document previously marked Applicant's Exhibit 119 (119) for identification, was received in evidence.)

BY MR. OLDS:

Q. Mr. Dampier, I direct your attention to pages 8203 and 8204 of the transcript, starting at line 11 on page 8203 and continuing through line 20 on 8204.

In connection with that testimony, did you review that testimony of Mr. Dingman?

A. Yes, I have.

Q. Now, does Duquesne Light Company operate in the operation of its system, the phenomena of the power flow described by Mr. Dingman in the transcript at the specific places I have referred to you?

A. Yes, it does.

Q. Would you illustrate with reference to the Duquesne Light System, the occurrence of this phenomenon?

A. When we considered construction of the Alaska

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1 Power Station which is shown on Exhibit 119 in the lower
2 right corner, prior to the installation of that plant the
3 primary source of power for this area were essentially
4 our Colfax Station which is shown in the upper right
5 corner of the map, and the Bruno Allen station location,
6 which is approximately in the middle of the map, and we
7 had substantial load on the transmission lines from the
8 Bruno Allen location down into this area, into the area of
9 Woodville and from Colfax down into this southern area.

10 Installation of the Elrema station, in effect,
11 provided generation in this area and shifted then back
12 the requirement coming from these other areas and, of course,
13 substantially reduced the loads on the transmission lines.

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CHAIRMAN RICLER: Could you identify for us on
2 and map, please, the location of the St. Joseph Substation
3 plant you were discussing yesterday?

4

MR. LESSY: 3-4, I believe.

5

THE WITNESS: Well, it's essentially at 3-4, is
6 you will follow the --

7

CHAIRMAN RICLER: I see it now. Thank you.

8

BY MR. OLDS:

9

Q Mr. Dempler, I direct your attention to that
10 portion of the transcript beginning at page 8213 and
11 continuing through line 3, page 8214. Do you whether
12 you have specifically reviewed this testimony?

13

A Yes, I have.

14

Q Does Mr. Bingham's testimony about the flow
15 of electricity through interconnections describe a
16 dead band situation?

17

A No, it does not.

18

Q Will you explain what the dead band situation
19 is and what that situation amounts to on the Duquesne
20 system?

21

A The functioning of what we call tie line control
22 is essentially as Mr. Bingham has described it. Namely that
23 the tie line control adds up the net flow into or out of
24 the system on the interconnections and compares that
25 reading with a schedule, and any substantive departures

1 from that schedule, the tie line control would initiate
2 a signal to one or more of our generating units to either
3 increase their generation or reduce it to provide correction
4 for the deviation that it has found on the interconnections.

5 On the Duquesne system this is not an instantaneous
6 type of situation. The load from moment to moment will
7 fluctuate rather -- quite substantially. And to avoid a
8 constant operation of the throttles on the generators, we
9 have what we call built into it a dead band area.

10 This says if, for example, the net load feeding
11 into the system of Duquesne Light exceeds the schedule
12 by one or two megawatts, this tie line control will not
13 recognize that and there will be no corrective action
14 initiated.

15 On the other hand, if this departure exceeds
16 approximately 10 megawatts, at that point this tie line
17 control will initiate corrective action and restore the
18 tie line load back to zero. So effectively this is what
19 we call dead band. It effectively simply reduces the
20 number of operations of the tie line control and the
21 signals that it would send to the various generating units.

22 Without this dead band, it is entirely feasible
23 that the tie line control could initiate a signal,
24 for example, to increase the generation and by the time that
25 signal was in fact implemented, it could then at the same

1 time be sending out a signal to reduce generation.

2 You could actually get into a state of
3 humming without some degree of bias in that sense.

4 MR. BESSY: What was the remedy?

5 THE WITNESS: Humming, oscillating.

6 BY MR. OLDS:

7 Q Was this corrective action that the tie line
8 control effects?

9 A The corrective action it affects is to send a
10 signal to specific generating units in our system which are
11 are operating as running reserve and are performing a
12 function of regulating this tie line load.

13 It may be one unit or it may be two or more units
14 depending --

15 Q Signal to do what is what I'm trying to say.

16 A It may be one or two units. The impulse comes
17 in if, for example, the corrective action required to
18 reduce the tie line back to zero is to increase our
19 generation. The signal would come into the control and
20 would be applied to the throttle of the steam inlet to
21 the turbine and that signal would act to increase or open
22 the throttle to increase the flow of steam to that particular
23 generator and correspondingly the generation on that particular
24 unit would be increased. When that increased generation
25 occurs, that is reflected by a reduction in the tie line

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1 into Duquesne.

2 Q Under the dead band concept which is utilized
3 for tie line control on the Duquesne Light system, is
4 there a recognition of changes in load of less than 10
5 megawatts in magnitude?

6 A No. The dead band essentially is that. It
7 recognizes departures of plus or minus 10 megawatts from a
8 balanced position.

9 Q Is this the testimony that you stated earlier you
10 felt applied to Mr. Bingham's description of the reaction
11 of the system to increased load?

12 A Yes, it is.

13 Q Does the dead band concept apply not only to
14 changes reflected on the tie line controls, but also to those
15 situations initiated within the system?

16 A The tie line sums up the sum total of all
17 changes. The source of the change could come either internally
18 or externally.

19 CHAIRMAN RIGLER: Let me pause on this for a
20 minute.

21 Does this mean if your system is operating at a
22 certain rating level, you would not change that level unless
23 there was an overall increase or decrease of load in the
24 magnitude of 10 MW?

25 THE WITNESS: Yes, sir.

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CHAIRMAN RIGLER: That is the address increment before you re-adjust your system to adjust for that extra electricity or reduce the amount being produced?

THE WITNESS: That's correct, sir.

I believe you must appreciate when you say a load on a system is a given amount, this load is actually fluctuating from moment to moment, from period to period and when, for example, as we say, our load is 2000 megawatts, this represents effectively an average load over a period of time.

Instantaneously the load may be 1990 megawatts. A moment later it may swing up to 2020 megawatts.

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1 MR. SMITH: Mr. Dempler, then doesn't that mean
2 there could be as much as a 20 megawatt swing before your
3 generators would be called into action?

4 THE WITNESS: This is correct.

5 We could be in a position where starting from
6 zero, it would build to a plus eight megawatts and
7 subsequently turn around and the system could change so that
8 the requirement would go from a plus eight to a minus ten
9 megawatts.

10 The control would ignore the plus eight,
11 but on the minus ten it would act to correct that.

12 BY MR. OLDS:

13 Q Mr. Dempler, I direct your attention to page
14 8221 of the transcript, line 17, where Mr. Bingham's
15 testimony addressed the overload practices of CBE with
16 reference to transformers.

17 Are the Duquesne Light values precisely the
18 same as those expressed in Mr. Bingham's testimony at
19 line 17 of page 8221?

20 A I don't have the exact values that are applicable
21 for Duquesne Light.

22 We do, of course, utilize the philosophy of over-
23 loading equipment similar to as described here.

24 But not having the specific values applicable
25 for Duquesne Light, I cannot specifically endorse the numbers

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1 Mr. Bingham has indicated.

2 MR. OLDS: We have no other questions of this
3 witness with reference to this particular matter.

4 I am most appreciative of the Board's indulgence
5 and that of other Counsel in permitting us to make the record
6 clearer on this point.

7 CHAIRMAN RIGLER: Mr. Reynolds and Mr. Schler,
8 I take it other applicants have no cross-examination with
9 respect to the clarification of the Bingham testimony that
10 Mr. Olds just put on the record?

11 MR. REYNOLDS: That is correct.

12 CHAIRMAN RIGLER: We will resume then with the
13 Department of Justice.

14 MR. CHARNO: Would it be possible to take ten
15 minutes at this point to finish reviewing the petitions that
16 were placed in the record this morning?

17 CHAIRMAN RIGLER: I think that is reasonable.

18 (Recess.)

19 MR. CHARNO: Before recommending the cross-
20 examination, the Department would like to move DJ-608,
21 609 and 610 into evidence.

22 CHAIRMAN RIGLER: There was an objection to
23 DJ-610 which was argued prematurely. Do you want to stand
24 on that objection?

25 MR. OLDS: DJ-610, as I recall it, was on

1 earlier draft of a paper on the same subject matter as
2 117 and 118, I believe.

3 CHAIRMAN RIGLER: You had, I believe, indicated
4 that you had no trouble with the genuineness or authenticity,
5 but you had an additional objection which you argued.

6 The Board is prepared to rule, assuming your
7 objection would be the same now that it is being offered
8 into evidence.

9 MR. OLDS: I'm unaware that the Department
10 has suggested in any way by its questions that there
11 is any difference between the two that bears upon any issue
12 raised in the direct testimony, or that the answers
13 elicited on cross-examination with reference to the contents
14 of 610 in any way affect any proper issue in the case as,
15 for example, the credibility of the Witness.

16 On that basis, I do not see the relevance of
17 the paper in the record.

18 As I say, I do not object to the authenticity.

19 CHAIRMAN RIGLER: The objection is overruled.

20 MR. REYNOLDS: I was hoping I could get in
21 before you had ruled on the admissibility. I would like
22 an indication from the Department as to the purpose for which
23 the exhibits are being introduced.

24 CHAIRMAN RIGLER: I think that is obvious from the
25 record.

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MR. REYNOLDS: Is it coming in for the matter
the matter asserted therein? If so, I don't think that is
obvious on the record, and I would question and object to the
admissibility of the exhibits for that purpose.

CHAIRMAN BIGLER: I will permit the Department to
answer that question.

Are they being submitted for the truth of the
matter contained therein?

MR. CHAPNO: With respect to 608 and 609,
yes.

Certainly, with respect to the copies with the
Witness referred to upon cross-examination in 610, yes.

With respect to the conclusions he drew from
the factual matters, no.

We would note in that context that this is a matter.

We would also further note that one of the reports
610 was introduced was at the direct request of the Department
who noted that there were substantial differences between
610 and 117 and 118, and now they are maintaining there
are no differences.

CHAIRMAN BIGLER: You were the one who indicated
that it was unfair of the Department not to make 610
of record, if they were aware of it, and they were aware
it was the attachment to 608 and 609.

MR. REYNOLDS: I made what.

arl 1 I don't believe Mr. Olds stated his position
2 the way it was characterized by Mr. Charno. I believe
3 he said there are no differences material to the issues in
4 this proceeding. He didn't say there were no differences
5 in the documents.

6 I guess that I did say that they ought to be
7 brought to light and I have no problem having them introduced.
8 I think correctly the letters could appropriately be introduced
9 for the truth of the matter asserted therein.

10 I do have difficulty with 610. My only comment
11 with respect to the tables is that this witness used a
12 memorandum different from 610 in connection with his
13 testimony.

14 I don't know that there is a material difference
15 in the tables from what he used and what we have as 610, but
16 610 was not before him when he testified. My real point is
17 as to 610, I have difficulty introducing any part of that
18 document for the truth of the matter asserted therein,
19 especially in terms of how it is being used on the cross-
20 examination.

21 MR. CHARNO: We would simply reply that the tables
22 referred to in 610 were compiled by the witness and he
23 testified as to the utilization of a 5 megawatt unit for
24 purposes of CAPCO and those are the tables I was referring to.

25 I think it relates directly to his direct testimony

1 about the utility of wall cables to the JSC.

2 MR. BROWNE: I believe there are a few
3 more cables than the one that reflected the fact that
4 Mr. Charno was not clear as to the cables he was talking
5 about.

6 MR. CHAPNO: To the best of my recollection, the
7 only cables the witness referred to on cross-examination
8 was those cables.

9 CHAIRMAN BUCKNER: We will receive all three
10 exhibits into evidence at this time.

11 (The exhibits heretofore
12 marked as Exhibits 117, 118
13 and 119 for identification
14 were received in evidence.)

15 CHAIRMAN BUCKNER: This is the last exhibit
16 Applicant's 117 and 118.

17 MR. OLDS: I want to make it clear to the Board
18 pass 117 and 118 forward as any kind of an affidavit or
19 testimony.

20 CHAIRMAN BUCKNER: You intend to do that on the
21 request of the Board.

22 MR. OLDS: That's correct.

23 CHAIRMAN BUCKNER: If you wish, we would be
24 happy to make them Board exhibits if you don't care to
25 move them.

MR. OLDS: It would seem to me maybe it is more

1 appropriate to make them Board exhibits than ours, because
2 I'm afraid in a transcript of this magnitude that
3 people's memories might be otherwise confused with the
4 passage of time and it might become the impression of the
5 Board or opposing counsel that it would be appropriate
6 to attack the exhibits, and thereby to attack the direct
7 testimony of the witness.

8 CHAIRMAN RIGLER: What we will do is give a
9 second exhibit number to 117. We will designate
10 that also as Board Exhibit 3. Unless the Department wants
11 to make them their exhibits?

12 MR. CHARNO: We have no objection to that.
13 Can we offer Applicant's 117 and 118, have them identified
14 as DJ 611, Applicant's 117; and DJ 612, Applicant's 118, and
15 we would offer them in evidence at this time.

16 MR. REYNOLDS: Would I be correct in assuming,
17 Mr. Charno, that the purpose for the introduction of those
18 two exhibits as Department exhibits would be similar to
19 what you stated on 610 except to the extent you referred
20 to tables in the 610 exhibit that are not in the other two
21 exhibits?

22 MR. CHARNO: The Department doesn't feel an offer
23 of proof is necessary with these two documents, in view of
24 the fact that the witness was extensively cross-examined
25 on them.

1 MR. OLDS: I would observe that the cross-
2 examination was not at all to the substance of what was said,
3 but completely to the minutia of the procedural aspects
4 with their preparation.

5 There was no cross-examination about the documents
6 at all.

7 MR. CEARNO: I take issue with that. I think
8 it is factually incorrect.

9 CHAIRMAN WICKER: We will not require an offer
10 of proof on them and they will be admitted.

11 (Documents previously marked
12 DL 117 and DL 118 were examined
13 by Exhibits 411 and 412,
14 respectively, for identifica-
15 tion, and were received in
16 evidence.)

17 MR. REYNOLDS: Are we not entitled to know if
18 they are being offered for the truth of the matters asserted
19 therein or some other purpose?

20 CHAIRMAN WICKER: I think the purpose for which
21 they are offered is apparent from the overall testimony of
22 the witness and the extensive cross-examination on them,
23 the fact he referred to them, he indicated how they were
24 prepared, the use he made of them, and he was cross-
25 examined on that.

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1 MR. REYNOLDS: Why is there a problem with the
2 Department advising me of that? Why is anybody kept in
3 the dark? If it is clear to everybody else, I'm only
4 asking that somebody make it clear to the Applicants.

5 If everyone thinks it is so clear, I am requesting
6 the Department or Board to advise me as to what is so clear.

7 CHAIRMAN RIGLER: At least one Board member
8 feels the answer to these questions relating to
9 these documents are largely in the hands of the Applicants,
10 particularly Attorney Cramer, who might have the answer to
11 some of the questions which have caused us to go through
12 the long and involved process of digging out the ultimate
13 conclusions on this.

14 Under those circumstances we are hardly disposed
15 to spend the Board or parties' time rehashing these documents.

16 Proceed with cross-examination.

17 MR. CHARNO: In view of Mr. Olds' helpful
18 limitation of Mr. Dempler's testimony this morning, the
19 Department has no further cross-examination.

20 CROSS-EXAMINATION (Continued)

21 BY MR. HJELMFELT:

22 Q Mr. Dempler, I'm David Hjelmfelt. I'm here
23 for the City of Cleveland.

24 I have some confusion about the operation of
25 this dead band. My recollection is that you testified

1 with respect to import of power. There would be no
2 corrective measure taken unless the import exceeded one
3 or two megawatts; is that correct?

4 A No, there would be no corrective measure
5 unless the departure from the schedule exceeded approximately
6 10 megawatts.

7 Q Does that dead band affect the response of
8 Duquesne's generators to its own retail load increases?

9 A Duquesne's response to its load variations
10 internally is one of the contributing factors which
11 produced changes essentially on our interconnections.

12 Q So am I correct, then, if a load of 5 megawatts
13 came on to Duquesne's system, one of your own retail
14 customers, that your own generation would not be pulled
15 up to take that on?

16 A That's correct.

17 Q So that you would not agree then with Mr.
18 Bingham's testimony that when somebody turns on a light bulb
19 in their house, that is immediately reflected at the power
20 station?

21 A I do agree with Mr. Bingham. What he was
22 talking about here is a transition or transient type of
23 situation. When I say there would be no change
24 initiated on the tie line control by this 5 megawatt load,
25 this is correct.

1 But when that load first appears, it is
2 reflected from and is supplied instantaneously from all
3 of the generating units on the interconnected network,
4 including Duquesne's and every other unit on the network
5 and essentially does come out of the rotating stored energy
6 of all of these generating units.

7 In Duquesne's case, about 10 percent of this
8 increase of 5 megawatts would come essentially from
9 the stored energy associated with our generating units, and
10 90 percent of it would come from outside the system, and
11 hence would be reflected as a 4-1/2 megawatt increase in
12 flow into the Duquesne Light system.

13 We would not initiate on our system any corrective
14 action for that amount of change.

#8 Q Does there come a period when Duquesne would
15 settle up accounts on this interflow with its neighbors?
16

17 A Yes, sir.

18 Q This morning you were testifying with respect
19 to differences in your system from the CEI system, and I
20 believe you indicated that Duquesne has no 345 step-up
21 transformation?

22 A The statement I made is that we have 345 kV step-
23 up under construction. Our Beaver Valley unit, which is just
24 about ready for operation, does provide a step-up for 345.

25 Q Do you have 345 step-down transformation?

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A Yes.

Q Until you get 345 kV step-up transformation, is Duquesne able to put any power into the 345 kV network?

A I'm trying to recollect the actual flow. I'm not -- well, of our own generators located on our system, I would say the answer would be no.

However, we do own a portion of, for example, the Sammis unit, which is delivered to Duquesne at 345 kV.

Similarly, for the Eastlake unit from Cleveland.

Q None of your individually-owned generation goes up onto the 345 kV network?

MR. OLDS: I object, because that is not a correct statement of legal fact. Duquesne's ownership of a portion of Sammis Unit No. 7 is individually-owned generation and likewise Eastlake 5.

MR. HJELMFELT: Thank you for that correction.

MR. OLDS: If Mr. Hjelmfelt will accept a change in his question to wholly-owned, exclusively-owned, or some such phraseology, it would be correct.

BY MR. HJELMFELT:

Q Let me change it to make that question with reference to your nonCAPCO generating resources.

A I would say basically that is true, although a certain portion of our ownership share in the Fort Martin

1 unit does come in to us now over 345 kV interconnection
2 between Woodville and with Ohio Power.

3 Q When do you anticipate that Duquesne's 345 kV
4 step-up transformer will be completed, be operational?

5 A You are referring to Beaver Valley?

6 Q Well, whatever the first one is.

7 A That is the first one that Duquesne is
8 constructing. And as I say, the actual construction is
9 essentially completed. The unit now is undergoing, it
10 has a low level operating license and they are working
11 to make the final checks and actually start the unit up.

12 I'm not sure whether the reactor has as yet gone
13 critical. It is expected to go critical almost momentarily.

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1 Q With respect to Duquesne's wholly-owned generating
2 resources, does Duquesne have any 345 kv step-up transformers
3 transformers under construction or planned?

4 A In terms of step-up to 345, associated with
5 generating units on our own system, no.

6 I might also indicate along with the Summit
7 and Eastlake and the discussion on Beaver Valley, adjacent
8 to Beaver Valley, we have the Mansfield Station, which are
9 now in operation one unit.

10 This station is being constructed and operated
11 by Ohio Edison, but Duquesne Light does own, I believe,
12 approximately 263 megawatts in the Mansfield Number One
13 unit.

14 That station does have direct step-up to the 345
15 kv system.

16 Q Looking now at Application 115, and then in the
17 diagram of the system, when the generation is stepped
18 up to 138 kv, are there any consumers that can use it at that
19 voltage?

20 A Yes. We supply customers. I was looking at
21 the index on the side of the map to see if that included
22 identification of source.

23 Apparently it does not.

24 But we supply U.S. Steel at 138 kv. If you will
25 look in the lower right corner, starting from the line

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1 Power Station, going directly north, there is a
2 station marked as Erwin. That is part of U.S. 50.

3 I'm not sure, we have other transformers, and I'm
4 not sure of the status of them.

5 Some are served at 69 kv and some at 138.

6 Q Now, when these customers that take power at 138
7 or at 69 receive that power, do they then step it down?

8 A Yes.

9 Q So, when they actually get that power here, it
10 it is not at 69 or 138?

11 A That is correct.

12 Q Would the function of the transformers shown
13 at -- in this diagram under the circles and under the
14 circle 9, serve the same purpose as the transformer
15 which is shown up there by the large individual transformer?

16 MR. OLDS: Excuse me for interrupting your direct
17 examination, but during the short break we were able to
18 photocopy the portion of Exhibit 116 which includes the
19 explanation of the legend.

20 Perhaps it would be helpful if I showed you
21 those at this time and ask that you just attach them to
22 make them part of 116, which, indeed, they should be.

23 THE WITNESS: Would you repeat that question,
24 please.

25 (Whereupon, the reporter read the question
question as requested.)

1 THE WITNESS: The transformation under 7,
2 index 7 is essentially a step-up transformer to supply power
3 to the 138 and 69 kv system.

4 Off of those lines, of course, we have
5 indicated supply to large industrial customers who,
6 in most cases, would have their own transformers and step it
7 down to whatever voltage they use it in their processing.

8 The transformation indicated under 8 is essentially
9 a step down substation and is representative of our bulk
10 supply substation which transforms the 69-138 down to 23,000
11 volts.

12 Then 23,000 volts is distributed through and off
13 of those lines are supplied other smaller industrial
14 customers and, I believe, what is missing on your share
15 should be large commercial customers.

16 Proceeding along then, transformation 9 is a
17 step down substation to step the voltage down from 23,000
18 volts to 4,000 volts, and this is one of our distribution
19 systems.

20 It was the original distribution system which,
21 in fact, goes up and down the streets and supplies individual
22 homes and stores and small industries.

23 Where this is not up to date it does not
24 reflect what we now call our 23 kv distribution and coming
25 off the bus of the step down station indicated under 3, we

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1 have, in addition to what is shown here, radial 23 kv
2 lines which go also up and down the street, and we provide pole
3 top transformation step down to supply directly into houses
4 and other commercial customers.

5 Q The transformer I was referring to by the large
6 industrial customer was the step down transformer.

7 A I see at the side there. That could be either
8 our transformer or the customer's transformer.

9 Q Basically, its function would be the same
10 sort of function as the step downs shown at eight and
11 nine, that is to get the voltage down to a usable level?

12 A That is correct.

13 Q In CAPCO do the CAPCO members get credit for
14 the generating units they have which are peaking units?

15 A In the CAPCO calculations the assets of all of
16 the -- the total assets of the parties go into the
17 calculation, including baseload and immediate capacity and
18 peaking capacity.

19 Q Do you know what the smallest peaking units
20 any of the CAPCO Members have would be in megawatts?

21 A I believe that Ohio Edison has installed
22 some two and a half megawatt diesel units.

23 The smallest unit currently on Duquesne's
24 system is 25 megawatts.

25 Q Do you know when the two and a half megawatt

1 diesel unit would have been installed?

2 A Oh, not exactly. I would say probably
3 in the order of 1972-'73.

4 Q How large would a unit have to be to affect
5 the plans or commitment to any of the parties to the
6 CAPCO agreement with respect to reserve capacity?

7 A That is an extremely difficult question to
8 answer specifically.

9 I would have to estimate that the resulting
10 calculations that we make probably have a variation in the
11 calculations which would run probably in the order of ten,
12 around ten megawatts, I would estimate as the variation.

13 So I would estimate that certainly to have
14 any significant effect it would have to be something of
15 that magnitude.

16 Q You testified, I believe that the estimated
17 error in Duquesne Lights' weekly and daily load forecast
18 is in the range of 25 to 40 megawatts; is that correct.

19 A That is correct.

20 Q Does that mean that capacity in amounts less
21 than that range would not affect the scheduling of Duquesne's
22 generation?

23 A No, I wouldn't put it that way.

24 When the system operator, for example, is looking
25 at requirements for tomorrow or for next week, he makes a

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1 load forecast or estimate of load and based on that estimate
2 of load, he schedules on sufficient equipment, so that he
3 can supply that load and have sufficient operating reserves.

4 Now, when he actually comes to operate during
5 that period, that actual load may not quite materialize
6 or the -- if we get into a hot spell the actual load may
7 be substantially greater than what he has forecasted.

8 So that this is the error that I'm referring
9 to.

10 He could have missed the actual load in his
11 estimate by 25 to 40 megawatts.

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1 Q But he doesn't necessarily schedule generation
2 to come on in blocks of 25 to 40 megawatts?

3 A No, he would, as he goes into the day's operation,
4 he is always assessing this forecast he has made which has
5 produced a schedule of units.

6 If he does see that the actual load is going
7 to be substantially increased, then to the degree he can,
8 he will anticipate that and if the time permits, actually
9 schedule on additional generating capacity or failure to
10 do that, he will then seek to provide or secure additional
11 capacity off of the interconnection.

12 Q Does Duquesne Light make any -- excuse me. Could
13 you tell me where the Fort Martin unit is located?

14 A If you will refer to the system map, SR-702,
15 and again looking at the --

16 MR. OLDS: That will be a confusing reference.
17 I asked you to write the exhibit number in the lower left-
18 hand corner.

19 THE WITNESS: I'm sorry. It is Exhibit 119.

20 If you look at the lower right-hand corner, which
21 is an indication of the Elrama station, and then off to
22 the left there, below that there is a note which says
23 Fort Martin Power Station is 67.8 miles up the Monongahela
24 River from the Elrama Power Station.

25 It's essentially on the West Virginia border.

1 67.8 miles up the river.

2 BY MR. HJELMFELT:

3 Q That is the jointly-owned unit with what
4 company?

5 A With Allegheny power system.

6 Q Is that a -- is Allegheny power system a holding
7 company?

8 A Allegheny Power System is a holding company.
9 I believe we own 50 percent of the No. 1 unit at Fort
10 Martin, and I believe the other portion is divided between
11 West Penn Power, and Monogahela Power, which are both
12 subsidiaries of Allegheny Power System.

13 Q Is your ownership agreement with West Penn
14 and Monogahela or is it with APS?

15 A I'm not sure who signed -- what the form of that
16 was or who actually signed it.

17 Q How do you get the power from Fort Martin to --
18 I guess you take delivery at Elrama?

19 A When we negotiated this with Allegheny Power
20 System, associated with the construction of this station
21 there was certain additional transmission facilities which
22 they were constructing as part of the requirement for
23 getting this output into the network.

24 At that time, as part of the agreement, we agreed
25 to accept a financial responsibility for a portion of this

1 transmission equipment or transmission lines essentially
2 from Fort Martin to the Mitchell Station, and we pay
3 fixed charges on those lines to West Penn.

4 In turn, West Penn has agreed to deliver
5 that power to us. It is delivered into the network. It
6 comes into the Duquesne system although the actual delivery to
7 Duquesne is reflected as an increase in tie line flows over all
8 of our tie lines.

9 Q West Penn transmits that power from Fort
10 Martin to the Mitchell Station for Duquesne?

11 A They deliver the output of that station into
12 their transmission network. And we take off of the network
13 270 megawatts.

14 Q Have you arranged by contract a path for the
15 transmission of that power?

16 A We have arranged, as I indicated earlier, in
17 the discussion with Allegheny, we have arranged to pay fixed
18 charges or I believe they are a fixed charge rate of
19 dollars associated with certain of the lines which they were
20 constructing.

21 And these payments go to West Penn on a constant
22 basis.

23 Now I can't say that the power that actually
24 comes out of the Fort Martin generators only flows in these
25 lines, into other lines. It flows into the network and we

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1 take it off of the network.

2 Q Contractually you treat it as if it flows over
3 that line; is that correct?

4 A I believe contractually, you might say the legal
5 interpretation is that we have provided this legal path for
6 it.

7 Q That path would include West Penn transmitting
8 the power from Fort Martin to Mitchell?

9 MR. REYNOLDS: I would like to move to strike
10 the last answer of the witness in terms of his legal
11 interpretation. He is not qualified to talk about that.

12 CHAIRMAN RIGLER: Denied.

13 THE WITNESS: Would you repeat the question,
14 please?

15 (Whereupon, the reporter read the
16 pending question, as requested.)

17 THE WITNESS: The designation of that path does
18 not in and of itself say that this is the path that West
19 Penn agrees to transmit the power over. It is simply a
20 transmission which does provide a continuous transmission
21 connection from Fort Martin into Duquesne's system and
22 serves as a basis for us paying costs for transmission.

23 West Penn then puts this capacity into the network
24 and it is delivered to Duquesne, comes into Duquesne over all
25 of its interconnections.

1 MR. OLDS: I can't hear the last part of your
2 answer every time, Mr. Dempster. You drop your voice.

3 MR. REYNOLDS: Will you read it back, please?

4 (Whereupon, the reporter read from the
5 record, as requested.)

6 BY MR. HJELMFELT:

7 Q What is the purpose of spinning reserve?

8 A Spinning reserve is basically another term for
9 it is regulating capacity. This is one of the component
10 parts of it. This is, as I describe the functioning of
11 an interconnection, the regulating capacity would be part of
12 that spinning reserve.

13 The remaining part of the spinning reserve would
14 be additional capacity ready, available in the event of a trip-
15 out of a unit on our system.

16 Q How does Duquesne determine the amount of
17 reserves that should be carried as spinning reserves?

18 A Duquesne is part of ECAR, which is a large inter-
19 connected area and the basic agreements and understandings
20 worked out within ECAR, I believe, required that Duquesne
21 carry operating reserve on their system equal to approximately
22 6 percent of their peak load.

23 With this amount, with everybody on the network
24 carrying this amount, in the event of a failure of any one
25 unit, there is sufficient reserve in the area to replace

1 that capacity lost.

2 Q Is operating reserve the same as spinning reserve?

3 A Spinning reserve is equipment actually running,
4 spinning and synchronized with the system. The term
5 "operating reserve" would include spinning reserve. It
6 could also include what we call quick start capacity such
7 as our peaking units which are not normally operating, but
8 automatically we can push a button and start those units
9 up and bring them up to load and synchronize them and
10 they can be on line and operating and supplying load
11 within probably 10 minutes.

12 Q You stated that Duquesne's operating reserve is
13 6 percent. How much of that is carried as spinning reserve?

14 A I believe the minimum requirement for spinning
15 is about half of that, 3 percent.

16 CHAIRMAN RIGLER: Minimum requirement of whom?

17 THE WITNESS: Minimum requirement to be spinning.

18 CHAIRMAN RIGLER: Required by whom?

19 THE WITNESS: Required by our agreements
20 with the ECAR area.

21 BY MR. BJELMPELT:

22 Q For the record, what is ECAR?

23 A East Central Area Reliability, I believe is what
24 the words actually stand for. As I indicated earlier, it is
25 a group of interconnected companies and the organization of

1 ECAR is primarily directed towards coordination of
2 operations and to insure reliability.

3 Q Is that a voluntary association?

4 A Yes.

5 Q Does a 345 kV transmission line require less
6 right of way for the capacity that it can carry compared
7 to similar carrying capacity of 138 kV lines?

8 MR. OLDS: Would you read that question back?

9 (Whereupon, the reporter read the
10 pending question, as requested.)

11 THE WITNESS: In terms of what the
12 right of way for -- per megawatt, I would have to say that
13 the 345 kV lines would require less right of way than
14 the equivalent number of 138 kV lines.

15 MR. HJELMFELT: Thank you.

16 I have no further questions.

17 BY MR. LESSY:

18 Q Mr. Dempler, with reference to the study which
19 has been identified yesterday as Applicant's 117, DL, but
20 received today as DJ 611, which is the engineering report
21 on Pitcairn Borough's possible participation in CAPCO,
22 as I understand your analysis, what you have done is you
23 have concluded that the maximum reserve is available from --
24 which is available from Pitcairn is approximately 0.09 percent
25 of the CAPCO requirements by comparing the Pitcairn

1 reserve to the overall CAPCO reserve, and then you concluded
2 that the availability of this small amount would not change
3 any plans or commitments of any of the parties to CAPCO
4 with respect to reserve capacity.

5 Further, that the value, therefore, of this
6 0.09 percent of reserve to the members of CAPCO is zero.

7 MR. OLDS: I object, Mr. Chairman, and I think
8 this exactly demonstrates a concern I have about this
9 situation. We did not proffer Exhibit 117. We are now
10 having our witness cross-examined by what is said in it.

11 I agree it is proper to ask questions about what
12 he testified to orally, but he did not simply get on the
13 stand and say, "Here is my analysis." I do not think it
14 proper to cross-examine about this particular document.

15 CHAIRMAN RICLER: This is the third time this has
16 come up. The ruling of the Board is that the witness
17 referred to this, he refreshed his recollection with it,
18 and at times he appeared to read from it, and you may not
19 avoid treating it as an exhibit in evidence or one on
20 which he placed primary reliance merely by the fact that at
21 the end of his use of the exhibit, you did not offer it.

22 They may cross-examine him extensively with
23 respect to the documents that he relied on during his
24 testimony.

25 MR. LESSY: Do you recall the question, sir?

1 THE WITNESS: Yes.

2 CHAIRMAN RIGLER: Moreover, as Mr. Smith reminded me
3 he testified with respect to these figures. If there is a
4 document prepared by the witness that tests his credibility
5 or tests his analysis on those figures, surely they can
6 examine independently on that document.

7 So on two counts, the objection is denied.

8 MR. OLDS: But my point is that the only use he
9 made of it was for the figures. Now we are getting into a
10 question of the statement of the rationale expressed in the
11 document. That was not that use that the witness utilized
12 in his direct testimony.

13 CHAIRMAN RIGLER: We don't know what use he
14 made of it in his direct testimony. He referred to it
15 repeatedly and you discussed the considerations that led him
16 to decide that Pitcairn could not contribute to CAPCO
17 as a basis for Duquesne's denial of membership.

18 The objection is denied, anyway.

19 (Whereupon, the reporter read the
20 pending question, as requested.)

21 THE WITNESS: That's correct.

22 BY MR. LESSY:

23 Q Further, that you continued that comparative
24 analysis past reserves to a comparison of Pitcairn and
25 CAPCO with respect to generation installed reserve,

1 coordination of maintenance, economies of size of
2 generating units, economy interchange of electric power,
3 and the last was method of connection; is that correct?

4 A That's correct.

5 Q If this type of analysis, comparative analysis
6 were valued, couldn't one take even a medium sized electric
7 company and dissect it and consider it in part and then
8 compare it with a large power pool such as CAPCO, and conclude
9 that each part was so small as to be insignificant, and
10 therefore zero?

11 MR. OLDS: Excuse me. I would like to object
12 to the form of the question unless Mr. Leszy gives the witness
13 a definition of a medium sized electric company. I believe
14 that would be fair.

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CHAIRMAN RIGLER: I agree.

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MR. LESSY: Toledo Edison.

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THE WITNESS: Would you please read the question.

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(Whereupon, the reporter read the pending

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question, as requested.)

6

THE WITNESS: If you dissect any system and

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if you compare a small part of that system, say, five

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percent of that system, and try to evaluate the benefits

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or detriments that that five percent might cause on an

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arrangement, such as CAPCO, the conclusions as to that five

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percent would be the same as I have outlined here.

12

Individually, the same conclusions would apply

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to each of the so-called five percent pieces.

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It is, however, in the aggregate where the sum

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total of all of these pieces does put this particular

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system in the position where the sum total of these efforts

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can produce a meaningful benefit to the pool.

18

BY MR. LESSY:

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Q But when you add up each part which comes out

20

as relatively zero and de minimis, and you add them all up

21

together, you still come out to zero, which is not correct.

22

A No, no. When I consider each one individually,

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I come up with zero. But when I start to add them together,

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the sum total effect is not zero.

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Q What happens when you add zero for generation

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installed reserve, same for operating reserve. same for
coordination and maintenance and same for operation of
size?

You are coming out with zero, aren't you?
Let me ask a further question.

Suppose if Duquesne in 1960 came to Duquesne
Light and said, look, my load is only 5.0% percent of
your total load and, therefore, do maintain and stand to
zero and will not change any of your plants or
commitments. Therefore, you should sell us power without
adding on a demand charge.

Would you agree to that?

A No, I would not agree to that final
conclusion.

Q With respect to the Duquesne Light System
and its response to load which you testified to, also, didn't
as I understand Duquesne Light responds to load that
over ten megawatts.

Now, Mr. Bingham testified that power plants
in the system respond to load and that you were with
that conclusion; is that correct?

A That is correct.

Q Is it your testimony that the Shippingport
Nuclear Plant also responds to load like fossil plants
do?

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1 A In the initial reaction as to the transient
2 situation the immediate response which essentially comes
3 from short inertia of any of these rotating machines,
4 Shippingport would, in fact, contribute a small portion, be-
5 cause, again, there would be a portion come out of the
6 rotating stored energy and the rotating mass of the
7 Shippingport generator.

8 Q More generally, in your experience, do nuclear
9 plants, such as Shippingport follow load like fossil
10 plants do?

11 A Now, again, you are talking in a different time
12 context.

13 The phenomena I have just described is inherent
14 and its immediate effect of changing load is related to
15 a transient condition where this increase or decrease --
16 increase is supplied from the short inertia or stored
17 energy in that rotating mass.

18 When you talk about following the load, you
19 are talking essentially about equipment which the
20 system would use to do the regulating, such as I have
21 described that ties in with our tieline bias control.

22 I'm not sure whether we have utilized the
23 Shippingport station to serve as a regulating unit.

24 I do know that we have varied the load on it
25 quite widely and in its past history, its performance has

1 been very good.

2 Q You intend to use the nuclear units, I think
3 which Duguesne Light is applying for have to follow the
4 follow load generally. If the load is greater, you will
5 turn them up.

6 If the load is lesser the system will turn them
7 down?

8 A Generally, we would expect to operate these
9 nuclear units essentially as base loads on the system.

10 The reason for this is the projected energy
11 cost out of these units will be the lowest corresponding
12 equipment we have on the system.

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arl 1 Q I don't think you answered my question.

2 A To answer your question specifically, no, we would
3 not use these machines to follow the load or to regulate
4 as a general practice.

5 Q Do you know of any utilities that operate a
6 thousand megawatt class unit, nuclear unit, to follow load?

7 MR. REYNOLDS: I object to that. It seems to me
8 that that gets into the nature of expert testimony, which is
9 Mr. Lessy has objected heretofore that this witness testified
10 to.

11 MR. LESSY: Mr. Bingham testified that nuclear
12 power plants follow load.

13 MR. REYNOLDS: As the question was phrased, it is
14 certainly of a general nature that goes into expert testimony.

15 MR. LESSY: I would point out, Mr. Bingham
16 testified to that effect based on his personal experience
17 when CEI doesn't have any nuclear plants today.

18 MR. OLDS: May I inquire whether the portion
19 of Mr. Bingham's testimony to which you are referring is a
20 part of Mr. Bingham's testimony adopted by this witness?

21 MR. LESSY: Part is, and part isn't.

22 MR. OLDS: Could you be more specific to help
23 me in knowing whether I would agree with your observation,
24 and therefore withdraw my concern, or whether I feel I
25 should press my position?

1 MR. LESSY: You asked two questions this morning
2 relating to Duquesne Light system, and the load. You have a
3 nuclear plant that is part of Duquesne Light system, so
4 let's focus on that.

5 The answer here is, was, they are not intending
6 to use the units which are the subject of these proceedings
7 generally as base load units.

8 Now let's ask if anybody uses nuclear facilities
9 as base load units.

10 MR. OLDS: Would you read back Mr. Lessy's
11 statement?

12 (Whereupon, the reporter read from the
13 record, as requested.)

14 MR. LESSY: If everybody uses nuclear units as
15 other than base load units.

16 MR. OLDS: Will you read back the last part of
17 Mr. Lessy's statement of justification for his question
18 which I unfortunately missed?

19 (Whereupon, the reporter read from the
20 record, as requested.)

21 MR. OLDS: Mr. Rigler, I would observe that I
22 myself heard this witness testify recently that it was the
23 intention of Duquesne Light Company to use its ownership
24 interest in the nuclear facilities here being considered
25 for licensure as base load units.

1 I fail completely to understand Mr. Lessey's
2 justification unless he misspoke himself. If he did, I
3 would appreciate his correction. I would ask for his
4 justification because his justification, it seemed to me,
5 depended on an assumption on his part which I believe to be
6 erroneous.

7 CHAIRMAN RIGLER: Mr. Lessey?

8 MR. LESSY: Mr. Bingham was asked a question
9 on page 8182 of the transcript, line 5, as to what difference
10 would it be on the illuminating company system if instead of
11 a coal mine in the upper left-hand corner, we had a
12 uranium mine.

13 Mr. Hjelmfelt and I both objected to that, and
14 it was overruled as the question was restated. At 8182 of
15 the transcript, according to my notes here, the question was
16 left in, and I'm not sure that the answer was permitted.

17 My notes are unclear as to what Mr. Dampler adopted
18 or not.

19 MR. OLDS: Are you speaking of 8182?

20 MR. LESSY: Yes.

21 MR. OLDS: I will clarify it. Mr.
22 Dampler adopted the witness' answer appearing at line 24
23 to the question you referred to, which dealt with the matter
24 of whether or not the source of energy to make the
25 electricity was coal or a nuclear fuel.

1 MR. LESSY: Makes any difference in the system.
 2 That is what I have asked him here.

3 MR. REYNOLDS: Are you then rephrasing your
 4 earlier question?

5 MR. LESSY: I'm asking it my way and not
 6 Mr. Buchmann's way.

7 CHAIRMAN RIGLER: Let's rephrase it. Move ahead.
 8 Rephrase your question and if there is objection, we will
 9 hear the objection to the question as rephrased.

10 BY MR. LESSY:

11 Q You have testified, Mr. Dampier, that Duquesne
 12 Light does not plan to use the nuclear units subject to NRC
 13 licensing here for other than base load purposes, which is
 14 to say not as units following changes in load?

15 A That's correct.

16 Q Is that in your experience -- in Duquesne
 17 Light's intention standard the way electric utilities
 18 utilize nuclear power plants in the thousand megawatt class?

19 A I have not made any industrywide study of this,
 20 but it would certainly be my impression, yes, this is standard
 21 to the degree that they are able to run these units as
 22 base load capacity, this is the economic thing to do.

23 Q With respect to Applicant's Exhibit 119, DL, the
 24 map, I see that this was prepared by the systems planning
 25 department, and you are head of the systems planning

1 department; is that correct?

2 A That's correct.

3 Q The bottom left-hand corner of the map describes
4 the location of the nuclear units subject to licensing
5 and in addition it notes other units and also outlines what
6 is called the CAPCO territory; is that correct?

7 A That's correct.

8 Q Has there been prepared under your supervision
9 any more complete mapping of the nuclear units and their
10 location in the CAPCO territory?

11 A We do have under preparation a map which we
12 call the CAPCO map and it would be a similar map, equivalent
13 to what you have here for Duquesne. Namely it would
14 identify the basic systems involved and the basic transmis-
15 sion of the area. The status of that map, that map is
16 being prepared in the offices of Duquesne Light. Based
17 on information we received from the other members of CAPCO.

18 The status of that map is we have prepared a
19 final draft and I believe what remains to be done on it
20 is to submit that final draft to the other parties for
21 their final check and assuming there are no major errors
22 or changes required, once that is done, we would then go
23 and have it printed.

24 MR. LESSY: Would you be agreeable to providing
25 that to the Board and parties here as soon as that approval --

1 MR. OLDS: I object as to the etiquette
2 of that matter. I believe if Mr. Lessy has such a request,
3 it would be more proper to make it to me.

4 MR. LESSY: We have had that request on the
5 record for two years. That map has been in preparation
6 forever. I think it would be better for the hearing to get a
7 more recent than a 1968 CAPCO map. I think it is essential
8 that everyone know what we are looking at in terms of
9 facilities.

10 I have no further questions.

16

11 MR. REYNOLDS: The request has been made of
12 me specifically, as well as Duquesne, and I have assured
13 Mr. Lessy as soon as the map is available, we will provide a
14 copy to him.

15 As soon as the map is available, we will provide a
16 copy to you.

17 In fact, we have agreed to provide a number of
18 copies to him.

19 MR. LESSY: Didn't you also say it is a very low
20 priority item and you don't expect it to be completed
21 before the hearing is over?

22 MR. REYNOLDS: I did not say anything as to
23 my expectation of when it will be completed. In terms of a
24 number of other things being done by the companies, I would
25 not consider this to be a high priority item. It is being
done, and it is being done in as expeditious a manner as it

1 can be done, and as soon as it is available, we will provide a
2 copy to you.

3 BY MR. LESSY:

4 Q When did the preparation of that map start?

5 MR. REYNOLDS: I object. I don't see that it
6 has relevance to this witness' testimony or to any issues
7 in this proceeding. It is outside the scope of direct
8 examination.

9 CHAIRMAN RIGLER: Sustained.

10 MR. LESSY: I would like to state we think, the
11 Staff feels that this goes directly to the question of
12 Applicant's cooperation with the Nuclear Regulatory Staff
13 in the process of the license, and there may be an appropriate
14 time when we want to make our views felt on that matter.

15 CHAIRMAN RIGLER: Mr. Dewpler, to whom do you
16 report?

17 THE WITNESS: At the present time I report to
18 Mr. Schaffer, the president of the Duquesne Light Company.

19 CHAIRMAN RIGLER: In 1967, '68, '69, to whom
20 did you report?

21 THE WITNESS: In that period of time I was
22 reporting to Mr. Flegler, the chairman of the board, and
23 chief executive officer.

24 MR. OLDS: Did you include the year 1969 in
25 your question, Mr. Rigler?

1 CHAIRMAN RIGLER: I did.

2 THE WITNESS: I'm not sure. I don't recall
3 exactly when Mr. Flegler retired.

4 MR. OLDS: It has been testified on the record
5 that he retired in July 1968.

6 THE WITNESS: Then I will have to correct that.
7 Prior to his retirement, I reported to Mr. Flegler. After
8 his retirement, I reported to Mr. Schaffer and I continued
9 to report to Mr. Schaffer.

10 CHAIRMAN RIGLER: Have you always reported
11 directly to the presidency since 1965?

12 THE WITNESS: Since 1965 -- well, since the
13 retirement of Mr. Flegler, I have reported directly to
14 Mr. Schaffer, the president. Prior to his retirement, I
15 reported to Mr. Flegler, whose title was chairman of the
16 board and chief executive officer.

17 CHAIRMAN RIGLER: Are you an officer of the
18 company?

19 THE WITNESS: No, I'm not.

20 CHAIRMAN RIGLER: Has Duquesne made any study or
21 analysis with respect to the St. Joseph's Lead Plant as
22 to whether there is any protective equipment on the synchronous
23 tie installed by St. Joe?

24 THE WITNESS: I have not made any investigation
25 of that, and I am not familiar with the specifics of it.

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This has been very effectively operating for years. Whatever is required, I would certainly have to assume is installed either by St. Joe or by Duquesne.

CHAIRMAN RIGLER: But you have no specific knowledge?

MR. CHAINO: Mr. Chairman, I move to strike the last part of the witness' answer containing his assumption.

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MR. OLDS: I object to your motion, Mr. Charno

This is a response to a question of the Board.

I think it is inappropriate for you to make such a motion.

If the Board has invited the answer, I think as far as all of the parties are concerned we have to accept the Witness' response.

CHAIRMAN RIGLER: Well, my pending question for you is, you have no personal knowledge?

THE WITNESS: I have no personal knowledge of the facilities.

CHAIRMAN RIGLER: I think that takes care of the point you were trying to make, Mr. Charno.

Yesterday, Mr. Olds, in a colloquy with the Board, I indicated that we had been left with the impression from Mr. Fleger's testimony that the engineering or operational analysis of Mr. Dempler may not have been the controlling factor at the time the 1967, '68 request of Pitcairn to join CAPCO was under consideration, that we had interpreted Mr. Fleger's testimony as suggesting that other considerations, the need for the resolution of the CAPCO agreement precluded consideration of the Pitcairn request at the time, notwithstanding the engineering factors.

You indicated that we may have been misinterpreting

bw2 1 that testimony.

2 I have taken the occasion to go back through
3 the record and get some transcript references, so before you
4 begin your redirect, you will know those portions of the
5 Flegler testimony which led us to this impression, and
6 then you would have an opportunity to correct that with this
7 witness to the extent that you can, if necessary, or, indeed,
8 to argue to us that we have misinterpreted the Flegler
9 testimony.

10 I am trying to be fair to you.

11 I want you to know in advance my own view of this
12 thinking and if we are wrong, then you can address your self
13 to it.

14 I had in mind testimony beginning at 8617, and
15 continuing to 8620, lines 3 to 10, 8626, 8631, paragraphs
16 lines 18 to 20, and then again at 8639, line 17, continuing
17 over to 8651, line 6.

18 These, generally speaking, are the portions of
19 the Flegler testimony in which he indicated that he did not
20 conclude the CAPCO agreement was based on overriding
21 consideration that he, for one, was not concerned with
22 the admission of any other party and not even considering
23 it, be that a municipal system or, indeed, at this point
24 there was a discussion of the Allegheny system.

25 That was the reference I had.

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1 MR. OLDS: I would appreciate the opportunity
2 to look at the specific transcript references.

3 CHAIRMAN RICHER: We will take a break and
4 let you do that.

5 MR. OLDS: Before we take a break, if I may
6 say, I had thought in referring me to those, incidentally, you
7 had said your interest in them was stimulated by your
8 impression from them that Mr. Plegert testified his overriding
9 concern for getting an agreement precluded a consideration of
10 the Borough of Pitcairn request.

11 CHAIRMAN RICHER: If I said that, that is not
12 exactly right.

13 MR. OLDS: I was going to say, because the
14 request was made after the UNFCO agreement.

15 CHAIRMAN RICHER: I'm aware of that and that's
16 why I wanted to go back to the transcript references to
17 you.

18 If I stated what you said I said, I was
19 in error.

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arl 1 CHAIRMAN RIGLER: I hope I didn't say that.

2 MR. OLDS: That is what I heard you say. Will
3 you say again what you intended me to hear?

4 MR. LESSY: Would it be appropriate to excuse
5 the witness?

6 CHAIRMAN RIGLER: I don't think it is necessary.
7 I had understood Mr. Flegler to indicate that notwithstanding
8 engineering or operational considerations, that in the
9 fall of 1967, his desire to conclude the CAPCO agreement
10 precluded or overrode any intention or ability on his
11 part to consider individual requests or the addition of
12 other entities to the CAPCO pool.

13 MR. OLDS: I guess I thought that was the
14 testimony, too. I guess at this point I'm not sure why this
15 is a matter of concern.

16 CHAIRMAN RIGLER: I don't recall how it came
17 up, but I recall the colloquy. I want to set you straight
18 as to the impression we had from the review of the Flegler
19 testimony. If we are on the same wave lengths, there is
20 no need to address it further.

21 If there is a misunderstanding, I want to give
22 you an opportunity to correct it.

23 MR. OLDS: Perhaps the misunderstanding was
24 my concern that perhaps there had been a transposition of
25 the chronology in the Board's mind and that you were thinking

1 in terms of Mr. Fieger having this attitude at the
2 time the Borough of Fitcairn request came to his
3 attention. That would not be the case. The record makes
4 that clear.

5 CHAIRMAN RIGLER: That was two or three months
6 after the conclusion of the CAPCO agreement.

7 MR. OLDS: Two and a half, actually.

8 MR. CHAPNO: Without going to the record, I
9 think there may be some confusion in that Mr. Fieger
10 testified that Duguesne had received a general request
11 concerning pooling in 1966 and received no specific
12 request concerning CAPCO until after conclusion of the
13 CAPCO agreement and CAPCO had come into being.

14 MR. OLDS: That's correct. We would agree that
15 that is exactly what the testimony is and the documents, I
16 believe, have all been produced. I'm not sure how many are
17 in the record. I think all of them are.

18 CHAIRMAN RIGLER: There may be no disagreement
19 and we all may be on the same wave length. If you want
20 to address it further, you can look at the transcript
21 references.

22 We will take five minutes.

23 (Recess.)

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1 REDIRECT EXAMINATION

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2 BY MR. OLDS:

3 Q Mr. Dempster, since the conclusion of your
4 testimony yesterday afternoon, you have been furnished documents
5 by counsel which have indicated more fully circumstances
6 under which you prepared Exhibits 117 and 118?

7 A Yes, I have.

8 Q What have those documents that you have
9 reviewed indicated?

10 A Those documents indicated that my recollection
11 of the preparation of this material was in error.

12 And, in fact, the documents were prepared as
13 part of the data required in association with the antitrust
14 suit between Duquesne Light and Pitcairn.

15 Q Have you also, at my request, compared Department
16 of Justice Exhibit 610 with the two papers originally
17 identified and discussed yesterday as Exhibits 117 and 118?

18 A Yes, I have.

19 Q Could you tell us, in general terms, based upon
20 your review, what the differences are, if any, between the
21 two or, I guess it is three papers? 610 and the other
22 two papers?

23 A The exhibits marked 118 and 117, the old numbers,
24 are essentially shorter and more concise in the descriptive
25 matter. There are some differences --

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1 Q Shorter and more concise than what?

2 A Than the draft of DJ-610. There is some
3 difference in the numerical values.

4 The basic difference arises from the fact that
5 in DJ-610 the tabulated capacity values of the various
6 companies involved here were tabulated in terms of
7 kilowatts.

8 In the shortened memorandum of 117 and 119, these
9 figures were rounded to the nearest tenth of a megawatt.
10 There is also an indication in the early draft of the minimum
11 size unit on the Dugasne system as a 33,000 megawatt.

12 Q 33,000 megawatt?

13 A I'm sorry, 33 megawatt. This is reflected in the
14 later documents as a 52 megawatt. This difference
15 arises out of the fact that the 33 megawatt unit was
16 associated with the our Colfax Station and at that time, we
17 were in the process of retiring that station.

18 Also, in the draft, DJ-610, there is a footnote
19 which reads as follows: "Excludes a 5.1 --" I will read
20 it exactly;

21 "Exclude a 5,100 kilowatt generating unit oper-
22 ated in conjunction with the Allegheny County Steam
23 Heating Company-Stanwix Plant."

24 Q To what is that footnote appended?

25 A That footnote is appended to the reference

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1 above, referring to the size of the smallest generating
2 unit on the system.

3 Q That leads me also, while we are doing this, to
4 address a different question to you, but intimately
5 related.

6 Can you explain why you did not mention the
7 Stanwix unit when you were asked about the smallest sized
8 unit in the Duquesne Light System?

9 A Two reasons: One, it is not normally
10 available on peak load periods.

11 Secondly, this unit also was being retired
12 and today is, in fact, retired.

13 Q Mr. Dempler, would you please state for the
14 record what use you made of Exhibits 117 and 118, while
15 you were on the stand?

16 A My principal purpose in utilizing them on the
17 stand was to refer to the specific capacity figures
18 associated with Duquesne Light and the Borough of Piquette,
19 and in the third case, to the capacity figures for
20 CAPCO.

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1 Q Mr. Dampler, did you use it for any other purpose
2 than that which you have just testified to?

3 MR. LESSY: While he was on the stand or
4 any other purpose?

5 BY MR. OLDS:

6 Q While you were on the stand, that's correct.

7 A While I was on the stand, no, sir.

8 Q Now, would you explain to be certain what the
9 record is clear, the circumstances under which you reached
10 the suitability of Fitzcarr as a possible CAMEO member
11 in late 1967?

12 A I was requested to make such analysis by Mr. Flegler?

13 Q Did you prepare any writing in connection with
14 that analysis?

15 A Not specifically, no, not at that time.

16 Q And did you report the results of your
17 analysis to Mr. Flegler?

18 A Yes.

19 Q You were asked in cross-examination whether --
20 excuse me. Let me withdraw that and refer to the transcript
21 specifically.

22 At page 3798 of the transcript, you were asked
23 in cross-examination, well, then, as I correct that it is not
24 your testimony that participation by Fitzcarr would be
25 unduly detrimental, would be an undue strain upon the

1 resources of CAPCO?

2 You answered, "The supply to Pittsfield
3 would not exercise any undue strain, but it would also not
4 provide any benefit."

5 Now addressing yourself to the answer you
6 made to the question, did your answer speak to any
7 other perspective than the matter of electrical supply?

8 A No other aspect. The content of my answer
9 related to the problem of generating capacity only.

10 Q And therefore was your answer solely confined to
11 the second of the two questions expressed by the questioner
12 that I read?

13 In other words, there were two questions asked.
14 Would participation by Pittsfield be unduly detrimental and
15 would participation by Pittsfield be an undue strain upon
16 the resources of CAPCO?

17 Your answer was addressed only to the second
18 question.

19 A That's correct.

20 MR. LESSY: I object. Mr. Olds just testified.
21 That was a grossly leading question, and I move to strike
22 the answer and start with a direct question.

23 MR. OLDS: I'm happy to read it, and withdraw it,
24 and go all through it again, but I think it is a matter of
25 form.

1 MR. LESSY: That's wiath I'm objecting to, is
2 the form of the question.

3 BY MR. OLDS:

4 Q Mr. Dempler, I ask you to listen carefully to a
5 re-reading of the question and I want you to tell me which
6 of the two questions your answer was addressed to?

7 MR. LESSY: You have to first establish that
8 the answer was addressed to more than one question.

9 MR. OLDS: I do not understand Mr. Lessy's
10 position.

11 CHAIRMAN RIGLER: What are you saying, Mr. Lessy?

12 MR. LESSY: There was a joint question and one
13 answer. The first thing to do is to ask the question when
14 you made that answer on line such and so, to what were you
15 responding?

16 If the answer is the whole question, that is it.

17 If the answer is only to half of it, that is it.

18 That is the way to go through this analysis.

19 MR. OLDS: I object to the characterization of it
20 as a joint question. I think it is clearly two questions.

21 I think I am entitled to ask which of the questions he
22 responded to.

23 CHAIRMAN RIGLER: The witness may have understood
24 it as two questions and responded to both. If his answer to
25 the same was both and he gave a single answer, it could

1 apply to each of the two separate questions.

2 I think that the request you ascertain whether
3 he was addressing himself to one of the questions, the
4 other of the questions, or both, as he answered, would be
5 appropriate.

6 MR. OLDS: I will be happy to ask that question
7 in order to comply completely with the bounds of propriety.

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8 BY MR. OLDS:

9 Q I read you the question and ask you whether
10 your answer to the question was an answer to both requests.

11 Well, then, am I correct that it is not your
12 testimony that participation by Pittcairn would be unduly
13 detrimental, would be an undue strain upon the resources
14 of CAPCO? The first question I'm allowed to ask you is
15 was your answer you gave, that the supply of Pittcairn
16 would not exercise undue strain, but it would also not
17 provide any benefit, was that an answer to both questions?

18 A My answer to that --

19 Q Was it an answer to both questions?

20 A It was an answer to the second portion.

21 Q In response to cross-examination questions today,
22 you were asked about the manner of the delivery or -- let
23 me withdraw that and say when you were answering questions
24 about how Fort Martin Power reached the Duquesne Light
25 system, you said that it came in over all of the Duquesne

1 interconnections.

2 Would you please explain what you mean when you
3 say it came in over all of the Duquesne Light interconnec-
4 tions?

5 A Well, the functioning of an interconnected
6 network of this nature results in a -- has the effect of --
7 a transfer of this nature does change the load on all of
8 the lines in the immediate area. As I stated, the output
9 of the Fort Martin generating unit is delivered by West Penn
10 into the transmission network.

11 Q Which transmission network are you talking about?

12 A Transmission network of which primarily Allegheny
13 system and all of the systems interconnected with Allegheny.
14 We receive it by increasing our tie line bias control so
15 that the net flow into Duquesne Light Company is exactly
16 equal to our share of the output of that generating unit.
17 Namely, 270 megawatts, if it is operating at full load.

18 That transfer will have changed the loads on
19 many of the lines in the area and will in fact change the
20 load of all of our tie lines.

21 Now I can't say, I have no way of tracing,
22 for example, an electron from the Fort Martin generating
23 plant and trace that electron as such as delivered to
24 Duquesne Light. All I can say is that 270 megawatt,
25 megawatts of capacity is put into the network at the

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1 Fort Martin Station.

2 We take out of the integrated network 270 mega-
3 watts. And the effect of that does have an effect on
4 all of these lines.

5 Q When you say that you take it out of the net-
6 work, would you state for the record so that we understand
7 your answer, where there are interconnections with that
8 network from or by which you can take the 270 megawatts?

9 A When I say take it out of the network, what
10 I'm saying is that the net flows of all of our interconnec-
11 tions, including the Blrana-Mitchell tie line, the Collier-
12 Tidd 345 kV interconnection, the Beaver Valley-Sammis
13 interconnection, the Samsis -- there is one other line
14 there which interconnects up through to the Ohio Edison
15 system.

16 But the net effect of the flow -- the algebraic
17 sum of the flows on these tie lines adds up to 270 megawatts
18 to Duquesne Light.

19 Q During the course of cross-examination you were
20 asked whether there was any engineering requirement under
21 the DAPCO agreement that interconnections be at 345 kV
22 and you said there was no engineering requirement.

23 MR. CHAFNO: Could we have a citation of that
24 transcript, please, before the witness answers?

25

1 MR. OLDS: If the Board will indulge me for a
2 moment, we will find the precise reference, I hope.

3 Mr. Charno, I believe the reference you have
4 asked me to give you would be to page -- well, the cross-
5 examination started, I believe, way back at page 3734.

6 But the particular part of the line of cross-
7 examination that I am referring to is at pages 3793 and
8 94.

9 The particular question that you asked was,
10 "Mr. Dempler, is there any engineering requirements that
11 a CAPCO member be connected to other CAPCO members at 2.5
12 kv? Engineering requirement, not arrangement, contractually."

13 The answer, "There is no engineering requirement."

14 That is the transcript reference I'm bearing
15 in mind.

16 MR. CHAPNO: I do accept that as the correct
17 question and answer. I don't believe that that accorded
18 with the question you initially asked the witness.

19 CHAIRMAN RIGLER: Let's rephrase it at that
20 point.

21 BY MR. OLDS:

22 Q I thought I was only in the process of stating
23 the basis for the redirect question.

24 Mr. Dempler, you heard, I hope, the question
25 you were asked by Mr. Charno yesterday in cross-examination

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1 and the answer you made.

2 A Yes, sir.

3 Q My question is addressed to the same area of
4 interest, and that is, does the CAPCO memorandum of
5 understanding require that the CAPCO members maintain
6 interconnections at 345 kv?

7 MR. LASSY: I'm going to object to that.

8 I think the proper form of that question would
9 be, does the CAPCO understanding specify transmission
10 voltages and what are they?

11 That, again, is a grossly misleading question
12 and I object to it.

13 CHAIRMAN RIGLER: Let me hear the question.

14 (Whereupon, the reporter read the
15 pending question.)

16 CHAIRMAN RIGLER: I agree, the question is
17 leading.

18 MR. OLDS: I thought the best of a leading
19 question, Mr. Rigler, was whether it suggested the
20 answer.

21 CHAIRMAN RIGLER: I think that is Mr. Lassy's
22 objection.

23 If you asked what requirements for interconnection
24 there were and what voltages there are in CAPCO agreements,
25 that would not be a leading question.

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1 You have suggested, I think, the answer you
2 may be anticipating.

3 MR. OLDS: If it is important to the
4 progress of the case to change my question, I will do so.

5 BY MR. OLDS:

6 Q Does the memorandum of understanding contain
7 provisions with reference to the voltage of interconnections?

8 A Yes, it does.

9 Q What are the provisions?

10 A The basic requirement in a memorandum is
11 related to interconnecting the companies at 345,000 volts.

12 Q Very early in your cross-examination you were
13 asked about your inclusion in your analysis of the reserve
14 capacity of Duquesne Light of certain power available on
15 Duquesne Light under a firm power purchase.

16 Is it normal in system planning to include
17 power available to a company under a firm power purchase
18 as part of reserve?

19 A Yes.

20 Q Mr. Smith: Would this be acceptable under
21 your arrangement with the ECAR companies?

22 A Not under the ECAR arrangement, no, sir.
23 This is -- these sales and purchases are implemented either
24 one of two ways. Between two-party interconnection agreements
25 in the case of Duquesne and West Penn and two-party

bw4

1 agreements with respect to Ohio Power.

2 Within the CDPCC arrangement, we do have today
3 an operating agreement, and we would implement future
4 purchases and sales within the CDPCC companies under the
5 operating agreement.

6 BY MR. OLDS:

7 Q I'm afraid I don't fully understand your
8 response to Mr. Smith's question. He asked whether it
9 was acceptable under ECAR, and you said it was not.

10 A I understand the question to say, are those
11 purchases and sales implemented under the ECAR
12 arrangement.

13 Mr. OLDS Was that the question?

14 MR. SMITH: No, I meant was purchasing of
15 power for reserves acceptable under ECAR arrangement?

16 THE WITNESS: I'm sorry, I misinterpreted
17 your question. Yes.

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1 MR. OLDS: I have no other questions on redirect,
2 Mr. Rigler.

3 MR. CHARNO: The Department has some recess.

4 MR. REYNOLDS: I have a question.

5 RE-CROSS-EXAMINATION

6 BY MR. REYNOLDS:

7 Q Mr. Dempler, I believe you indicated during the
8 course of the cross-examination that Ohio-Edison had added a
9 two megawatt peaking unit as the smallest peaking unit
10 in CAPCO; is that correct?

11 A Yes, they have installed two or three of those
12 size units.

13 Q Is it not correct that those two megawatt
14 peaking units, two or three are part of a 50 megawatt commit-
15 ment to CAPCO by Ohio Edison for peaking power?

16 A That's correct.

17 MR. REYNOLDS: Thank you.

18 I have nothing further.

19 BY MR. CHARNO:

20 Q Mr. Dempler, are the documents which comprise
21 DJ 610 the only drafts -- first let me ask whether you can
22 tell us whether the documents identified as Applicant's 117
23 and 118 are drafts or final copies of your memoranda?

24 A I can't say. I really don't know whether they
25 are final or not.

1 Q Are you aware of any drafts of either of
2 these memoranda other than those that are in evidence
3 in this proceeding, that is DJ 610 or 117 and 143. If they
4 happen to be drafts?

5 A In examining the papers that were made available
6 to me last night, I believe among them there was perhaps
7 one additional version, specifically where it stood
8 in relation to these documents likewise, I did not notice?

9 MR. CHARNO: Before further recess, I think
10 it would be appropriate for the Department to have an
11 opportunity to examine the documents that were made
12 available to Mr. Dampler by counsel prior to his testimony
13 from which he has refreshed his recollection.

14 CHAIRMAN RIGLER: Absolutely.

15 MR. REYNOLDS: That will be produced to the
16 Department.

17 MR. OLDS: I understand Mr. Charno's request
18 because a lot of documents have been produced. I don't
19 think it is reasonable to expect him to know precisely. If
20 the Board will permit, it was Mr. Zahler who was kind
21 enough to retrieve from the central depository or whatever
22 it is called, and he would have to produce them again, as far
23 as I'm concerned personally. I did not personally examine
24 them.

25 CHAIRMAN RIGLER: It doesn't matter who did it

1 personally. If the witness has refreshed his recollection
2 by referring to other documents --

3 MR. OLDS: He didn't refresh his recollection.

4 CHAIRMAN RIGLER: He just testified he
5 examined the documents or was exposed to them in discussions
6 with counsel last night. He has made a substantial flip-
7 flop with respect to his testimony this morning.

8 Yesterday he testified they were prepared for
9 his own use entirely. This morning he now recalls
10 they were prepared in connection with an antitrust proceeding.

11 MR. OLDS: What I think is practical in response
12 to Mr. Charno's question -- I don't know where Mr. Sahler is
13 now.

14 CHAIRMAN RIGLER: He is coming in right now.

15 MR. OLDS: I have no objection to the Department
16 of Justice examining them.

17 CHAIRMAN RIGLER: Let's break early.

18 (Whereupon, at 12:30 p.m., the hearing
19 was recessed, to reconvene at 1:15 p.m., this
20 same day.)

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AFTERNOON SESSION

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(1:25 p.m.)

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Whereupon,

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WILLIAM G. DEMPLER

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resumed the stand and, having been previously duly sworn,

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was examined and testified further as follows:

7

RE-CROSS EXAMINATION (Continued)

8

BY MR. CHAPMAN:

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Q Mr. Dempler, before we broke for lunch, I was

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asking you about other drafts of these memoranda and you

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said you were aware of at least one other.

12

A I believe in the documents I looked at last night,

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they had at least a partial typing or retyping or re-

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arrangement of material. I believe it also is an incomplete

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copy.

16

Q Is it possible that there are other drafts of

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this memorandum either in your office or in some other

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location?

19

A I don't know.

20

Q Was your recollection refreshed at all with

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respect to whether you attended a meeting on May 23 at

22

which according to DJ 609, the memoranda were revised?

23

A No, my recollection was not improved.

24

Q Do you recall any circumstances under which

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the memoranda were revised?

1 A No. My recollection on the specifics of this
2 is as I stated. I just don't recall the details.

3 Q Six on redirect this morning, you testified
4 you did not prepare your analysis in 1967 in writing; is
5 that correct?

6 A That's correct.

7 Q When did you prepare your analysis in writing
8 for the first time?

9 A I don't know the exact date, because
10 again I neglected to research the files of my own office
11 in this area, and I just don't know.

12 Q Do the --

13 CHAIRMAN RIGLER: Wait a minute.

14 You did not look at your own office files for
15 studies or summaries or writings you may have made with
16 respect to the CAPCO admission proposed by Vitovina?

17 THE WITNESS: That's correct.

18 CHAIRMAN RIGLER: Did anyone else look at your
19 files in connection with that matter?

20 THE WITNESS: I don't recall specifically. My
21 files, of course, have been subject to review by various
22 people.

23 CHAIRMAN RIGLER: When?

24 THE WITNESS: In the discovery process.

25 MR. OLDS: Mr. Rigler, if it is of any help, I

1 would state that Mr. Dampier's files were made available
 2 for discovery during the extensive discovery proceedings.
 3 I don't think there is any paper that anybody has
 4 referred to that wasn't discovered by either government
 5 or one of the other opponents.

6 BY MR. CHARGO:

7 Q Sir, do the documents which were initially
 8 identified as Applicant's Exhibits 117 and 118 reflect
 9 the substance of the analysis you made in 1967?

10 CHAIRMAN RIGLER: Where isn't any testimony
 11 that he made an analysis in 1967.

12 MR. CHARGO: I believe there is.

13 MR. OLDS: I have some difficulty with your
 14 recollection of that. I not only recall the witness so
 15 testifying when initially examined, but I thought that was
 16 reiterated on redirect today.

17 CHAIRMAN RIGLER: It was my impression that
 18 the 1969 summaries reflected studies made throughout the
 19 period, '68, '69, perhaps '67, but that he could not
 20 identify specifically when these studies began or ended.
 21 He testified repeatedly, I believe, that it occurred
 22 during the '68-'69 period.

23 MR. OLDS: I'm sorry, I cannot recall in that
 24 way, but I'm sure the record will be clear on it. I asked
 25 him specifically today, however, whether Mr. Plegier requested

1 him to make an analysis of it, and whether he reported
2 to Mr. Flerer.

3 CHAIRMAN RIGLER: That is one of the big open
4 areas. We don't know when that request was made and we
5 don't know when that report was made.

6 MR. OLDS: I am concerned that your impression
7 is to that effect. I'm sure the record will speak to that
8 point.

9 CHAIRMAN RIGLER: If you can point me to any
10 place in the record where it is positively indicated that
11 the studies began in 1967, I would appreciate it.

12 MR. OLDS: Perhaps the simplest thing would be
13 to ask the witness. He is right here.

25 14 CHAIRMAN RIGLER: For example, I turn to page 8679,
15 and you asked exactly when with reference to the years '67,
16 '68, were you giving consideration to this matter.

17 His answer was, "I was considering it all through
18 this period. The data I crystallized and pulled together
19 was pulled together in '69, early part of '69."

20 I didn't read that answer as to any specific
21 recollection as to a date when the study had commenced, let
22 alone ended. I can find on the next page, 8670, you are
23 trying during the course of your questioning to relate it
24 back to December of '67 by setting a timeframe. I don't
25 find anything in the record where the witness accepts that

1 timeframe.

2 As a matter of fact, the witness' memory
3 has been hazy. He has testified, as I understood it, that
4 he could not recall exactly when the studies began, when
5 they ended and that his '69 summary represented a pulling
6 together of materials he had assembled through a year and a
7 half preceding May of '69.

8 Is that correct or not?

9 THE WITNESS: My recollection is hazy as to some
10 of the specifics, but my recollection as to what initiated
11 this and what prompted my evaluation of it was directly
12 related to the initial request by Pitcairn as received
13 in Mr. Flegor's office, and the request by Mr. Flegor for
14 me to analyze this request.

15 CHAIRMAN RIGLER: Do you know the date upon
16 which Mr. Flegor informed you that the request had been
17 received?

18 THE WITNESS: I don't know the specific date.
19 But I would say that it would probably be in a matter of
20 a few days or day or so after the receipt of the request
21 in Mr. Flegor's office.

22 CHAIRMAN RIGLER: Then you undertook to study
23 this matter during the next year or year and a half?

24 THE WITNESS: That's correct.

25 CHAIRMAN RIGLER: Which resulted finally in the

1 preparation of tables and analyses as contained in
2 Department of Justice Exhibit 5107

3 MR. OLDS: Excuse me. I can't hear you, Mr.
4 Rigler. Your question is with your hand turned to the
5 side.

6 Perhaps the reporter can read that whole document
7 back to me.

8 (Whereupon the reporter read from the
9 record, as requested.)

10 CHAIRMAN RIGLER: Is that correct?

11 THE WITNESS: I would express it slightly
12 different. After the initial request, I analyzed it and I
13 discussed with Mr. Fieger the results of this analysis.
14 I did not during this particular period attempt to document
15 this analysis.

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1 Furthermore, after the initial request, there
2 were further considerations in respect to a follow-up
3 meeting which we had with Mr. McCabe, in which these
4 factors were again discussed with Mr. McCabe, and there
5 were other events that occurred during this period.

6 CHAIRMAN RIGLER: Do you recall when the
7 follow-up meeting with Mr. McCabe took place?

8 THE WITNESS: I don't recall the exact date.
9 There is in the record or in the discovery here a memorandum
10 which summarizes the results of that meeting.

11 I don't recall the exact date.

12 CHAIRMAN RIGLER: Were you present at that
13 meeting?

14 THE WITNESS: Yes, sir.

15 CHAIRMAN RIGLER: And in preparation for this
16 meeting were you continuing the studies or
17 analyses of the Pitcairn system?

18 THE WITNESS: Yes, sir.

19 CHAIRMAN RIGLER: Do you recall the date upon
20 which you first informed Mr. Fieger of the results of
21 any of your studies?

22 THE WITNESS: I don't recall the exact date.
23 I just don't recall the exact date, no, sir.

24 MR. OLDS: Mr. Rigler, it may be of interest
25 to the Board in connection with your discussion, in which

bw2 1 you are engaged with the Witness, to call your attention
2 to Staff Exhibit 17 which is a memorandum of a meeting
3 between Mr. McCabe and Mr. Dempler and, particularly,
4 at pages 3 and 4, where I think the Board will find set
5 forth a document which establishes the time frame very
6 clearly, a full statement of Mr. Dempler's analysis.

7 The meeting was in February 1968.

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MR. LESSY: I would agree with Mr. --

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MR. OLDS: February 21, 1968 is the date of

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the memo.

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MR. LESSY: I agree NRC 17 is a date of a memo setting forth minutes of the meeting. Whether or not it sets forth a full statement of Mr. Daupler's findings or reasoning, that is counsel's conclusion. The record, I think, will reflect if that is a correct statement.

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MR. OLDS: I agree with Mr. Lessy. I'm sure the Board will form its own conclusion as to the matter. I only intended to call it to the attention of the Board.

CHAIRMAN RIGLER: I take it, Mr. Daupler, that you don't have any independent recollection that the date of the meeting with Mr. McCabe was on February 21, 1968?

THE WITNESS: I don't have any independent recollection of the specific date.

I do have recollection of the meeting.

CHAIRMAN RIGLER: Now I'm trying to get dates now.

THE WITNESS: Yes, sir.

CHAIRMAN RIGLER: So for this late '67-'68 period during which you were thinking about the Pitcairn request, you don't have any of the specific dates of conversations or meetings or reports in mind?

1 THE WITNESS: No, sir, not specifically.

2 CHAIRMAN RIGLER: Let me get it exactly straight:
3 at some point Mr. Flegler informed you that there was a
4 Pitcairn request for membership in CAPCO?

5 THE WITNESS: Yes, sir.

6 CHAIRMAN RIGLER: And based on your understanding
7 of the procedures of the company, you believe that he
8 would have informed you within a few days after he became
9 aware of that request?

10 THE WITNESS: Yes, sir, he did inform me.

11 CHAIRMAN RIGLER: But I thought you testified
12 that in the ordinary course of operations at Duquesne
13 you probably would have been made aware of that request by
14 Mr. Flegler within a few days after he received the request?

15 THE WITNESS: Well, he did inform me and it was
16 my judgment, not having the specific date available, it would
17 be my judgment that it would be within a day or two after his
18 receipt.

19 CHAIRMAN RIGLER: After he contacted you, you
20 began to think about the Pitcairn system and to analyze
21 it in terms of a possible contribution to CAPCO?

22 THE WITNESS: Yes, sir.

23 CHAIRMAN RIGLER: At some subsequent point,
24 at a date which you don't remember, you informed Mr. Flegler
25 of your preliminary conclusions?

1 THE WITNESS: Yes, sir.

2 CHAIRMAN RIGLER: You continued to study the
3 matter?

4 THE WITNESS: That's correct.

5 CHAIRMAN RIGLER: As a matter of fact, you
6 continued to think about it and analyze it over a year's
7 period or more?

8 THE WITNESS: Yes, sir.

9 CHAIRMAN RIGLER: I'm not trying to testify for
10 you. I'm trying to tell you what I have gleaned from your
11 testimony.

12 THE WITNESS: All right, sir.

13 CHAIRMAN RIGLER: At some point you recall
14 having a meeting with Mr. McCabe of Pitcairn in relation
15 to this subject and you believe that meeting took place in
16 early '68, although you cannot pinpoint the date?

17 THE WITNESS: That's correct.

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18 CHAIRMAN RIGLER: Are there any other dates or
19 triggering events you can think of, sitting here now, that
20 would help establish a better timeframe than what I just
21 stated I understand your testimony to be?

22 THE WITNESS: I can't establish anything more
23 definitive from my recollection. The date of that meeting
24 which I do recall -- I do recall the meeting, and I do
25 recall reviewing the minutes of the meeting to confirm that

1 they were accurate so that the date indicated on that
2 memorandum is correct.

3 MR. OLDS: Mr. Rigger, the one question you
4 haven't asked the witness, which is so obvious I would
5 to suggest it, and I would be glad to have the witness
6 withdrawn if you think by suggesting it to you, I might
7 in any way --

8 CHAIRMAN RIGGER: Let's ask the witness to with-
9 draw.

10 (Witness temporarily excused.)

11 MR. OLDS: One question you haven't asked which
12 is so obvious is how soon after the request did he report
13 to Mr. Fieger. That apparently is a matter of concern to
14 you, and I think it entirely possible that the witness
15 would have some memory of that.

16 You have been very careful in the way you asked
17 the questions.

18 CHAIRMAN RIGGER: Right. Because I didn't want
19 to suggest an answer to that. I wanted to find out if there
20 was anything in his independent recollection whereby he
21 could come up with that information.

22 The answers he has given suggest unless his
23 memory is stimulated by the question, he does not know what was
24 reported to Mr. Fieger. And the next question, the one
25 to which you allude, is did he make his report prior to

1 the January 2 turndown letter of Mr. Fieger.

2 That is the missing element I don't think we will
3 be able to solve.

4 MR. REYNOLDS: I was suggesting that there
5 is a way to probe it by asking the witness how soon after
6 without ever triggering the January meeting.

7 CHAIRMAN RIGLER: He said he doesn't remember
8 when specific events or reports took place.

9 MR. REYNOLDS: He might be able to answer he
10 doesn't know. He may also be able to answer the other
11 way. To complete the line of questioning, that might be
12 helpful.

13 CHAIRMAN RIGLER: I will permit it.

14 MR. REYNOLDS: I don't know if he knows or not.

15 CHAIRMAN RIGLER: That goes back to the comment
16 of the Board starting this all which is we don't have
17 any evidence that in 1967 any report was made. It could have
18 been after the January 2 date of Mr. Fieger's letter.

19 MR. REYNOLDS: Except Mr. Fieger's testimony.

20 CHAIRMAN RIGLER: Mr. Fieger's testimony is what
21 he was advised by his engineers, by the systems department,
22 that there were practical difficulties, but he doesn't say
23 who did it there. There is still the missing link.

24 It is apparent that somebody advised Mr. Fieger,
25 at least according to his recollection. Whether that was

1 Mr. Dempler or whether it was somebody else is an open
2 question.

3 MR. OLDS: I didn't realize that there was
4 controversy over the question that somebody had
5 advised Mr. Flegar.

6 CHAIRMAN RIGLER: I think there is.

7 MR. OLDS: I didn't know anybody suggested
8 that Mr. Flegar was not advised.

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1 CHAIRMAN RIGLER: Mr. Fieger stated he was
2 advised.

3 MR. OLDS: I was not aware of anyone
4 raising a question as to that.

5 CHAIRMAN RIGLER: You see where Mr. Fieger
6 said he doesn't recall a written report or study was made.
7 It may have been. "I don't recall. Actually, the views
8 of our people, after looking into the matter, strongly
9 suggested it was almost self-evident that, because of the
10 limited maximum reserve capacity of Pittsfield, that they could
11 make any contribution to the CAPCO pool."

12 MR. OLDS: I didn't know anybody controverted
13 that fact.

14 CHAIRMAN RIGLER: That is Fieger's testimony
15 on page 8637.

16 MR. CHARNO: Could you read back the Chairman's
17 last comment?

18 (Whereupon, the reporter read from the record
19 as requested.)

20 Whereupon,

21 WILLIAM G. DEMPLER

22 resumed the stand and, having been previously duly sworn,
23 was examined and testified further as follows:

24 MR. OLDS: Do you wish to have me pose the
25 question or do you want to ask it?

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CHAIRMAN RUSLER: Or Mr. Charno.

I don't care.

Mr. Charno is on his way out. Maybe he should pick up the matter, if he is interested.

ABSTRACT EXAMINATION (Contd.)

BY MR. CHARNO:

Q Mr. Dampler, can you tell us how soon after Mr. Fieger explained to you that Pitconin was requesting membership to the CRPCO pool you initially responded to his questions concerning Pitconin's membership in the CRPCO pool?

A I can't say specifically, except to this degree, that I responded to him before Mr. Fieger replied to the initial request.

Q When would that be?

A I don't recall the date of his reply. Well, it was prior to this February date, which is the date of the subsequent meeting with Mr. McCabe. Because Mr. Fieger's reply, as I recall the letter, did suggest that if Mr. McCabe had further inquiry, that he should contact Mr. M. Sch and that we would discuss the matter further, and the meeting which we had with Mr. McCabe in February was the result of that letter.

Q Now, what facts do you recall that allow you to state that you did respond to Mr. Fieger's request prior

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to the time he initially answered Pigeon's

Q If you are asking for documents or written material, I don't know whether there is anything or if there is not.

A I have not searched my file for that specifically, so I don't have any written material.

A I do know that I discussed the -- my analysis of the situation with him.

Q What I'm asking is what facts do you recall about that discussion or anything else that allow you to state that your discussion preceded his answer to Pigeon's?

A I do know of my own recollection that I discussed it. But, again, as to the specific dates, I don't know. I don't recall.

MR. OLDS: I don't think you are listening to the question, Mr. Dangler.

Would you like to have it read?

THE WITNESS: Yes, read it.

(Whereupon, the reporter read the pending question.)

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THE WITNESS: As I recall Mr. Fieger's

reply, there is, I believe, a reference to his discussing it with the system planning department.

BY MR. CHARNO:

Q Sir, originally you testified that you recalled the letter in which Mr. Fieger suggested that Picotain, if it wished to pursue the matter, should contact Mr. Nussch. Is that a correct statement?

A That is the substance of what I recall as being included in the letter. The specific language I would have to refer to the letter.

Q Is it your testimony that prior to the time that letter was written, you had had your discussion with Mr. Fieger?

A That's correct.

Q That is your clear recollection at this time?

A That's correct.

Q Sir, I'm going to hand you what is in evidence in this proceeding as NRC 12 and ask you if that is the letter to which you refer?

MR. REYNOLDS: Could I have the question?

(Whereupon, the reporter read the pending question, as requested.)

THE WITNESS: Yes, this is the letter.

1 BY MR. CHARNO:

2 Q Sir, do you recall any other facts that would
3 allow you to more specifically date your discussion
4 with Mr. Fieger than some time between two or three days
5 after the request until the time of this letter?

6 A I don't recall anything, no.

7 Q Sir, do the exhibits identified as Applicant's
8 117 and 118 reflect the analysis which you have testified
9 that you performed in late 1967 or the early part of 1968?

10 A Yes, they do.

11 Q Do you have any present recollection, independent
12 of those two documents, as to the methods or content of
13 your analyses at that time?

14 A Would you please repeat that question?

15 (Whereupon, the reporter read the pending
16 question, as requested.)

17 THE WITNESS: My recollection of the
18 conclusions and the results of my analysis are that the
19 conclusions at that time were quite consistent with what
20 is included in these memorandum.

21 BY MR. CHARNO:

22 Q You are stating you do have an independent
23 recollection of those documents -- pardon me, a recollection
24 independent of those documents of your conclusions?

25 A Yes, sir.

1 Q You do?

2 A Yes, sir.

3 Q Did you use those documents to refresh your
4 recollection before testifying?

5 A If you are referring to Documents 117 and 118,
6 yes, before testifying here, I did read them.

7 Q Did your reading of those documents prior to
8 testifying refresh your recollection as to the nodes of
9 analysis you reached and the conclusions you reached?

10 A They confirmed my recollection as to what
11 the -- what my analysis was at that time, and they also
12 confirmed in terms of the present-day situation that those
13 analyses and results were still accurate.

14 Q Is it your testimony then that they did not
15 refresh your recollection -- pardon me.

16 Is it your testimony then that Applicant's
17 Exhibits 117 and 118 did not refresh your recollection
18 prior to your testimony?

19 A They confirmed what my recollection was.

20 Now, I had a recollection of what those results
21 were. Reading these documents, they agreed with my
22 recollection. To that degree, if you call this refreshing
23 my memory, I don't know.

24 Q You read all of the details as to which you have
25 testified in this proceeding prior to reading these

1 two documents?

2 A I remembered the conclusions. I did not
3 remember the specific numbers of capacity and, for example,
4 the capacity of CAPCO, capacity of Duquesne Light at that
5 time, and the specifics of the capacity of the Borough of
6 Pitcairn.

31 7 Q Going back again to your redirect examination
8 this morning, let me ask you, would participation by
9 Pitcairn in CAPCO be detrimental to CAPCO?

10 A Yes.

11 Q Why?

12 A There are many reasons. One of the principal
13 and most significant reasons is the method of voting which
14 we have in CAPCO. Major decisions within the CAPCO
15 arrangement are by unanimous agreement.

16 Now if Pitcairn were a member of CAPCO with
17 equal standing, for example, as is Duquesne, they would
18 have equal votes and they could in fact frustrate
19 any future development of the pool by simply a negative
20 vote.

21 This, to me, in relation to Duquesne is extremely
22 important. I certainly could not recommend an arrangement
23 to my management which would make the development of
24 Duquesne subject to the potential veto power of an entity of
25 size of Pitcairn.

1 This is one of the principal problems. There
2 are other problems. For example, the members of CAPCO
3 in installing and developing the generating capacity, do
4 not have complete freedom of choice as to what they will
5 participate in or the amount of their participation.

6 By agreement we have worked out an allocation
7 process which in effect assigns to each of the parties
8 their particular responsibility.

9 Now I believe I have already testified that I
10 don't know how we could calculate the small size of Pitcairn
11 in this relationship. Simply because they are so small that
12 the potential errors in our calculation are greater than
13 the total amount of the installed capacity of Pitcairn.

14 However, if it were possible to do this, and
15 if Pitcairn were to be a -- accept the same responsibilities,
16 then Pitcairn would have in fact an assignment of some
17 amount of capacity from each of these generating units
18 which have been committed by CAPCO, and some of which
19 have been installed and operating, as well as the prospective
20 units.

21 If this were so, again the amount of this
22 allocation, as a judgment factor, would be approximately
23 equal to one year's load growth on the Pitcairn system,
24 assuming that there was a balanced adjustment position,
25 whatever it might be, as a going in position, from that point

1 on, since we effectively have scheduled a major unit
2 one a year, their effective allocation would be approx. i-
3 mately equal to their yearly load growth.

4 Now this, I believe it has been indicated, their
5 expectation of their rate of growth is approximately five
6 percent per year. Relating this to their actual load,
7 in 1968 of 1.7 megawatts, 5 percent of that
8 would be .0 -- let's see -- would be approximately .06
9 megawatts.

10 Now whether this could factored in and
11 calculated on an accounting basis, as a practical matter,
12 it is impossible to dispatch any generating unit of any
13 size with this degree of accuracy.

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1 Furthermore, the delivery of this power,
2 presumably, for a unit, we will say, in this, would of
3 necessity have to come through the Duquesne system and,
4 hence, to the Pittcairn connection.

5 I have already testified that in scheduling
6 the interchange, we do have a dead band, for example, of
7 plus or minus ten megawatts.

8 If we tried to add in a schedule of .05,
9 or assuming there are two units we are dealing with,
10 approximately one-tenth of a megawatt, there would be no
11 way we could actually do this scheduling.

12 Finally, the general concept of keeping track
13 of this small amount and pricing that small amount by its
14 various component pieces to reflect different costs
15 associated with different units, to reflect the cost
16 during varying periods of time, as to whether that unit
17 was, in fact, in operation or not, to reflect such inter-
18 changes, as the equivalent of maintenance energy or so on,
19 would be almost an impossible job to determine and, at best,
20 where you would end up is by some arbitrary division of
21 these costs, in order to provide proper costing for the
22 power.

23 If we tried to operate this pool with a degree
24 of accuracy, which would recognize this small of an increment,
25 I'm not so sure whether it is physically possible.

bw2

I do know that it would result in a substantial increase in the requirements of manning. In order to get accuracy, it would require a substantial variety of various computer programs in which we make the determinations.

It would substantially increase the costs of making these calculations within the pool.

So, in substance, it is such a small amount, and it would generate difficulties and costs that are way out of proportion to the benefits provided in Pitcairn.

Q Does that complete your answer, sir?

A Yes, sir.

CHAIRMAN RICLER: Can the report be read into the record, as requested?

CHAIRMAN RICLER: I take it from your testimony that there is no objection or no barrier to your recommendation to management that an entity the size of Ohio Edison or Cleveland Electric Illuminating have a veto over major CAPCO decisions?

THE WITNESS: That is correct.

CHAIRMAN RICLER: We are going to take two minutes. You can actually remain in the room, if you would.
(Recess.)

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- 1 CHAIRMAN RIGLER: Proceed.
- 2 BY MR. CHARNO:
- 3 Q Mr. Dempler, has CAPCO ever considered any alter-
- 4 native method of voting which would allow some kind of
- 5 representation direct or indirect by municipals in CAPCO?
- 6 A No.
- 7 MR. REYNOLDS: I assume the question was as to his
- 8 knowledge?
- 9 MR. CHARNO: I would presume he couldn't testify
- 10 beyond his knowledge.
- 11 THE WITNESS: I have to qualify it.
- 12 No, not to my knowledge.
- 13 BY MR. CHARNO:
- 14 Q Did you attend the vast majority of the meetings
- 15 that took place in the formulation of CAPCO?
- 16 A Yes.
- 17 Q What was the figure you gave for an annual incre-
- 18 ment for Borough of Piscataway?
- 19 A The figure that I stated was that it was
- 20 indicated that their growth in load was projected to be
- 21 approximately five percent per year.
- 22 And taking five percent of --
- 23 CHAIRMAN RIGLER: Okay.
- 24 Doesn't that answer your question?
- 25 MR. CHARNO: I thought he might remember the

bwd 1 kilowatt figure.

2

MR. OLDS: He stated that in his testimony.

3

CHAIRMAN RIGLER: O.K. that he came out with.

4

THE WITNESS: I believe it was .90.

5

BY MR. CHARNIO:

6

Q Is it possible for Duquesne Light to

7

bill for that amount of demand?

8

A To build?

9

Q Bill. Pardon me.

10

MR. OLDS: I object to the relevance of that

11

question. I didn't know the issue of billing was

12

involved.

13

CHAIRMAN RIGLER: Overruled.

14

THE WITNESS: Duquesne can bill for any amount of

15

capacity.

16

BY MR. CHARNIO:

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Q And when you set a schedule setter on a generating

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unit, does that have to be set in multiples of megawatts,

19

or can it be set down to one megawatt, say 311 as opposed

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to 312 coming out of a unit?

Es33

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arl 1 A I don't know specifically the degree of tolerance.
2 But it would be in the order of one or two megawatts.

3 Q Sir, do you recall testifying yesterday on
4 cross-examination that the CAPCO memorandum of understanding
5 did not speak one way or another with respect to the
6 requirement that members of CAPCO be interconnected with 345
7 kV?

8 MR. OLDS: Mr. Charno, I was able to give you a
9 transcript reference. Would you be kind enough to give me one?

10 MR. CHARNO: 8796.

11 I would note it continues on to 8797.

12 MR. OLDS: Thank you.

13 Do you want to show the witness the testimony?

14 MR. CHARNO: I had, if he had any recollection of
15 his testimony yesterday.

16 THE WITNESS: Yes.

17 BY MR. CHARNO:

18 Q Do you recall testifying this morning that
19 the CAPCO memorandum of understanding did contain such a
20 requirement?

21 A I believe I stated this morning the CAPCO memoran-
22 dum of understanding provided that the companies will be
23 interconnected by 345 kV.

24 Q Do you regard those two pieces of testimony as
25 consistent?

SH2

1 Or if you feel that there is any explanation
2 that is necessary to reconcile one with the other --

3 A In relation to the present members of CAPCO,
4 this is the agreement and it is binding. What I was trying
5 to convey earlier was that it does not address itself to
6 additional members and it does not make any requirements
7 one way or another as to additional members.

8 Q But it is your testimony that the -- pardon me.

9 Is it your testimony that the CAPCO group
10 memorandum of understanding requires the present members
11 of CAPCO to be interconnected with each other at 4345 KVF?

12 A I'm troubled by the word "requires." The
13 agreement stated that this is the way we will be inter-
14 connected, and this was in fact what was done.

15 Q Sir, I would like to hand you a copy of
16 Staff Exhibit 184, which is the memorandum of understanding.
17 I would appreciate it if you could tell us on the record
18 what portion of the memorandum you are referring to?

19 MR. REYNOLDS: Would it be appropriate, Mr.
20 Rigler, before the witness answers for us to also examine
21 the document?

22 CHAIRMAN RIGLER: Here comes Mr. Schler with it
23 now, I think.

24 Mr. Reynolds, you can't talk to the witness.

25 MR. REYNOLDS: I did not prompt the witness. I

ar3

1 told him to look through it to make sure the whole
2 document was there. That is what I wanted to be sure of.

3 There are exhibits attached which are not on one
4 of our copies which are on other copies of the memorandum.

5 (Whereupon, the reporter read from the
6 record, as requested.)

7 THE WITNESS: I believe the reference would
8 start with Section 4.3.1.

9 There is no page number on this, but I believe
10 it is page 5. Beginning at that point, there is
11 provision for the construction and installation of
12 various 345 kV lines with one exception, and that relates
13 to an existing 138 kV connection between Ohio Edison and
14 Toledo Edison that would be strengthened as a substitute
15 interconnection until a 345 kV interconnection could be
16 built.

17 And it was determined that that would be an
18 adequate link until, as indicated here, period B. All
19 of the subsequent lines which are described in this
20 memo are 345 kV lines and it further relates on page 7,
21 the parties shall make additional studies for period A
22 through D to determine the need, if any, for 345 kV facilities
23 in addition to those listed in the foregoing items 1 through
24 5.

25 And any such facilities shall be constructed as

1 mutually agreed upon.

2 It goes on to refer to an OE 345 kV line, which
3 they agreed to build as part of this initial package. And
4 I believe that that in a sense covers the basic provisions
5 as to the initial 345 -- establishment of the initial 345
6 kV network and the future strengthening of the network, and
7 the effect of implementing and constructing the lines that
8 are outlined here has resulted in this fact, that the
9 CAPCO companies are interconnected through 345 kV network.

10 BY MR. CHARNO:

11 Q Let me ask, is the connection, the interconnection
12 between Ohio Edison and Toledo Edison today at 345?

13 A Yes, sir.

14 Q When did that occur?

15 A I don't recall the exact date.

16 Q Could you give us the year?

17 A I would estimate that line has been in service
18 possibly one or two years.

19 Q And was the reason that that interconnection did
20 not begin at 345 because it was unnecessary to have that much
21 capacity in that particular tie at that time?

22 A Not entirely. It was recognized that this trans-
23 mission development essentially would be coordinated with
24 the construction of the generating units.

25 It was possible to, as it is referred to in here,

1 as to period D, which under the contours we are discussing
2 here, would coincide with the completion of the installation
3 of the Davis-Besse unit. This was part of the
4 sequential development of the network.

5 Q So that it wasn't necessary to have the 345 KV
6 transmission there until the power from Davis-Besse 1
7 had to flow over it; is that correct?

8 A It was not necessary to have the full capacity of
9 the line. We did find initially that the 138 KV line was
10 inadequate and we did in fact have to reinforce it.

11 Q So basically the consideration of how high
12 the voltage is of the CAPCO transmission lines is based
13 upon the amount of capacity that is necessary for the
14 network; is that right?

15 A Would you put that question back to me, please.
16 (Whereupon, the reporter read the pending
17 question, as requested.)

18 THE WITNESS: No, that is not right.

19 BY MR. CHAMCO:

20 Q Could you explain to me how it is wrong?

21 A There is only provision for constructing 345 KV
22 lines in the memorandum of understanding under the CAPCO
23 agreement. There is no provision in the memorandum for
24 constructing any lower voltage line. So in studying the --
25 and developing the CAPCO network, it comes down basically to

1 a question, do we need additional 345 kV lines or do
2 we not.

3 There is no provision here that says for 138 kV
4 lines or lower voltage lines.

5 Q So if there is no necessity for the capacity of a
6 345 kV line, then it would not be constructed as a CAPCO
7 line; is that correct?

8 A If in the network there is not a requirement
9 for 345 kV line, we would not build a 345 kV line.

10 Q That would be true with respect to all of the
11 members of CAPCO?

12 A Well, I think that is a basic truth across the
13 board. I don't believe anybody is going to build a line
14 they don't need.

15 Q And there wouldn't be any requirement on any new
16 member to build a 345 kV line or to interconnect at 345 kV
17 if that wasn't necessary to the transmission and coordinated
18 development of CAPCO, would there?

S37

bwl

1 A Well, again, I have to say that there is no
2 provision -- the memorandum is silent on that.

3 I can't predict, for example, what the CLECO
4 group might decide, should the question arise.

5 Now, there are obviously many circumstances
6 that be made to, for example, supply a service to an
7 entity such as Pittsboro.

8 All I can say is we would have to look at the
9 particular situation and decide it on its merits.

10 MR. CHARNO: Could I have my question back,
11 please?

12 (Whereupon, the reporter read from the
13 record as requested.)

14 MR. OLDS: What is your position? What did the
15 witness didn't answer the question?

16 MR. CHARNO: Now that I have heard the
17 question, that is my assertion.

18 MR. OLDS: There is nothing in the CLECO agreement
19 that responds to your question.

20 You have invited him to speculate and he told
21 you what he thought might happen?

22 MR. CHARNO: I asked if there was a requirement,
23 Mr. Olds.

24 MR. OLDS: He answered that too, because he said
25 the agreement was silent on that point.

bw2 1 MR. CHARNO: Mr. Olds, please.

2 MR. OLDS: I'm entitled to speak on behalf of
3 the Witness.

4 He said the agreement was silent on that point.
5 If you wish to have the rest of the answer stricken,
6 however, he did answer the question.

7 CHAIRMAN RIGLER: The direct answer to the question
8 was there a requirement, would be yes or no.

9 MR. REYNOLDS⁵: Mr. Chairman, I would submit that
10 the correct procedure would be that the document speaks
11 for itself.

12 If there is a requirement in it, we can look
13 to the document.

14 If there is not a requirement, we can find out
15 from the document that there is not one.

16 To the extent we are asking the Witness to not
17 testify or speculate as to what the requirements of the
18 contract are, we have the contract or memorandum of understand-
19 ing in evidence, and that is the best evidence.

20 MR. CHARNO: If I could reply to that, initially,
21 on cross-examination I asked if he knew of any contractual
22 restraint. He said, no, he did not.

23 On redirect, he recalled something and on
24 cross-examination, I think I'm entitled to explore what he
25 recalled on redirect.

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CHAIRMAN RIGLER: I agree.

MR. REYNOLDS: I believe he testified to that fully.

BY MR. CHARNO:

Q Can you tell me in a yes or no answer, and then explain it, whether there is any requirement in the memorandum of understanding that a new member interconnect with CAPCO at 345 kv?

MR. REYNOLDS: I object to the form of the question. If he asked what his understanding is, I have no objection. But whether there is a requirement, I think the document speaks for itself.

CHAIRMAN RIGLER: Overruled.

THE WITNESS: I would have to answer no, there is no requirement for any specific needs for any additional member, just as there is no provision for any consideration of additional membership.

Again, I repeat. The document is silent on this whole subject.

MR. CHARNO: I have no further questions.

ES37

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CHAIRMAN RIGLER: Mr. Hjelmfelt?

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BY MR. HJELMFELT:

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Q You stated that the CAPCO memorandum of understanding makes no provision with respect to installing lines less than 345 kv. Is the same true with respect to transmission lines greater than 345 kv?

7

8

A There is, I believe -- if not -- well, cancel that. I spoke too soon.

9

10

11

12

I'm not so sure, and my recollection isn't that clear without reviewing the document in detail as to whether or not there is a reference in this particular document to a higher voltage than 345 kv.

13

I would have to read the document.

14

CHAIRMAN RIGLER: That is not necessary.

15

MR. HJELMFELT: I have no more questions.

16

MR. LESSY: No questions.

17

MR. OLDS: I have only one question.

18

FURTHER REDIRECT EXAMINATION

19

BY MR. OLDS:

20

21

22

Q Mr. Charno asked you to look at the memorandum of understanding for a particular purpose. Did you look at Exhibit A?

23

A Yes, sir.

24

Q What does EHV mean on Exhibit A?

25

A 345 thousand volt line.

1 MR. OLDS: I have no other questions.

2 CHAIRMAN RIGLER: Thank you.

3 MR. REYNOLDS: I have a question or two that
4 would follow from the line of questioning that the Board
5 pursued concerning directly the correspondence with Pittsboro
6 and Mr. Fieger's discussions with Mr. Dangler and Mr. Dangler's
7 response to Mr. Fieger.

8 CHAIRMAN RIGLER: Go ahead.

9 MR. LESSY: I object. I think Mr. Reynolds is
10 taking the position that this is cross-examination or re-
11 recross examination, and it should be limited to re-redirect.
12 There was one question only on re-redirect.

13 CHAIRMAN RIGLER: The problem is that the Board
14 brought up the subject. Mr. Reynolds has had no opportunity
15 to test the witness or to get clarification from the witness
16 with respect to questions raised by the Board.

17 Also he is not in a position to object to
18 questions by the board. In fairness, we will let him proceed.

19 MR. LESSY: I would like to add that Mr. Olds
20 did, and he was in a position and he is sponsoring the
21 witness. The fact Mr. Olds didn't go into it would, to my
22 line of thinking, constitute the closing of the subject.

23 I will defer to the Board's ruling.

24 CHAIRMAN RIGLER: You may ask the question.

25

FURTHER RECROSS EXAMINATION

BY MR. REYNOLDS:

Q Mr. Dampler, you were directed to a letter of January 22, which is NRC Exhibit No. 21, I believe, NRC 12.

That letter refers to a letter of January 2, earlier letter of January 2, which is NRC Exhibit No. 21.

I show you what's NRC Exhibit 21, a January 2 letter. I will ask you if you would read that over and I will then ask you a question.

CHAIRMAN RIGLER: It is not NRC 21.

MR. REYNOLDS: It is NRC 6, I'm sorry. I was looking at the internal number. It is NRC 6.

MR. LESSY: I would appreciate it if now that you have shown the witness the exhibit, you can take a seat.

There have been comments between counsel and the witness not on the record. I would appreciate now since you have shown him that if you would take your seat.

MR. REYNOLDS: The witness asked where is the other document.

I said it was NRC 12.

MR. LESSY: I'm not implying any impropriety in what you said. I think any comments between counsel and the witness not on the record is inappropriate.

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BY MR. REYNOLDS:

Q Have you had a chance to look at WBS-TV

A Yes.

Q Do you have any recollection, Mr. Dargatzis,
whether your conversation with Mr. Flager --

CHAIRMAN RIGLER: Resume your seat.

S39
bwl

1 BY MR. REYNOLDS:

2 Q Do you have any recollection whether your
3 conversation with Mr. Flegler regarding your evaluation
4 of the Pitcairn system pursuant to his request preceded
5 or followed the January 2 letter?

6 A My discussion with Mr. Flegler would have been
7 prior to the January 2 letter.

8 Q And what is the basis for that statement?

9 A The basis for that statement is related to the
10 evaluation, including Mr. Flegler's letter that the participation
11 by Pitcairn would be impractical, the Borough could not
12 contribute to the objectives of the reliability of security
13 and, on the other hand, the participation of the Borough would
14 create complications and difficulties without any compensating
15 advantages.

16 This is the kind of discussion and kind of
17 analysis I made and discussed with Mr. Flegler.

18 BY MR. REYNOLDS:

19 Q And it is your recollection that your discussion
20 with Mr. Flegler was prior to the time he sent the January 2
21 letter?

22 A Yes, sir.

23 MR. REYNOLDS: Thank you. I have nothing farther.

24 MR. CHARNO: I have one re-cross on
25 re-reddirect.

b7c 1

BY MR. CHARNO:

2 Q Mr. Dempler, did you have Exhibit A in mind,
3 when you answered my questions concerning the
4 memorandum of understanding?

5 A Exhibit A is the map, as part of the memorandum.
6 I knew that map was there.

7 Q Did you answer my questions with knowledge of
8 the existence of the map as called to your attention by
9 your Counsel?

10 A I knew that map was part of the memorandum in
11 1967.

12 Q So that, is it your testimony that your answers
13 to my questions took into account that map?

14 MR. REYNOLDS: I would like to ask which
15 questions? We had a number of questions on the memorandum
16 of understanding. Just to make it clear.

17 MR. CHARNO: Well, let me with your last
18 question.

BY MR. CHARNO:

19 Q When I asked you to direct me to the portions
20 of the memorandum of understanding that underlay your
21 prior testimony, at that time you were aware of Exhibit A,
22 and you directed me to the portions you directed me to?

23 A Yes.

24 MR. CHARNO: Okay. No further questions.
25

bw3 1

MR. OLDS: Is Mr. Dempler concluded as
a witness, Mr. Rigler?

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3

CHAIRMAN RIGLER: I believe he has.

4

MR. OLDS: Thank you, Mr. Dempler.

5

(Witness excused.)

6

MR. OLDS: Shall we call our next witness?

7

I mentioned to one of the Counsel for the
Government the possibility of a stipulation as to Mr. Stark's
testimony. I did not have any response.

9

10

In the interest of expedition, since the point
to be covered is so simple and straightforward, I would
like to inquire if there is a possibility that Counsel
would be agreeable to such a stipulation.

11

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I proposed a stipulation of Mr. Berger. I do
not know if he discussed it or now with Mr. Charney.

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I do not know if it was discussed with Mr. Casey
and Mr. Hjelmfelt.

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Could I inquire of the record on this point?

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ari 1 CHAIRMAN RIGLER: Let's go off the record.

2 (Discussion off the record.)

3 MR. OLDS: Mr. Stark.

4 Whereupon,

5 JOHN STARK

6 was called as a witness on behalf of Applicant Duquesne
7 Light Company and, having been first duly sworn, was
8 examined and testified as follows:

9 DIRECT EXAMINATION

10 BY MR. OLDS:

11 Q Would you please state your name, your home
12 address and your employment history since the year 1965 with
13 Duquesne Light Company?

14 A John Stark, S-t-a-r-k. My home is No. 5,
15 Carlton Drive, Pittsburgh 15243, Pennsylvania.

16 My employment record since 1965 with Duquesne
17 Light Company; from 1969, I believe it was September of
18 1969 to the present date, I have been manager of
19 industrial and governmental marketing department.

20 Prior to that I was director in the commercial
21 sales department, and director of -- at this time I was
22 director of electric and steam sales for two years.

23 Prior to that time, which would take me back to
24 1965, I was director of electric sales at Duquesne Light.

25 Q What is your educational background since high

1 school?

2 A I have a B.S. Degree in electrical engineering
3 from the University of Pittsburgh. And that is since high
4 school.

5 Q Mr. Stark, did you participate in discussions
6 in 1971 with representatives of the Borough of Pitcairn
7 concerning the possibility of some kind of a connection
8 or interconnection between the electrical system of that
9 borough and the Duquesne Light System?

10 A Yes, sir.

11 Q Were you at such a meeting on such subject
12 matter in February 1971?

13 A Yes, sir.

14 Q At that meeting did Pitcairn raise the question
15 of parallel operation of the two systems in the event of
16 such a connection?

17 A Yes, sir.

18 Q What was Duquesne's response to that question?

19 A We took this under advisement and investigation
20 within our own company.

21 Q Did you or anyone else from Duquesne at that
22 meeting refuse Pitcairn's question or give a negative
23 answer to Pitcairn's question about parallel operation?

24 A No, sir.

25 Q At any subsequent meetings attending by you

1 did you or anyone else from Duquesne Light Company refuse
2 to operate in parallel with Pitcairn?

3 A No, sir.

4 Q Did you inform Pitcairn that Duquesne would
5 operate in parallel with Pitcairn?

6 A At a subsequent meeting, yes, that is true.

7 MR. OLDS: Cross-examine?

CROSS-EXAMINATION

8 BY MR. LESSY:

9 Q Who attended the meeting of February '71, the
10 initial meeting when Pitcairn requested parallel operation?
11

12 CHAIRMAN RIGLER: Before you proceed, Mr. Lessy,
13 Mr. Zahler, could I take if other Applicants have no
14 examination?

15 MR. ZHALER: That's correct.

16 MR. LESSY: I apologize.

17 BY MR. LESSY:

18 Q My question to you is who other than yourself
19 attended the February 1971 meeting?

20 A As I remember, Mr. William Loomis, who
21 represented Pitcairn and Mr. Robert McCabe, who also
22 represented Pitcairn, and myself, and as I remember,
23 Mr. Zagol, Mr. Cramer, and Mr. Fitzpatrick from Duquesne
24 Light Company.

25 Q Did you, in fact, subsequent to that meeting,

1 conduct a study of whether Duquesne was willing to operate
2 in parallel, did you conduct a study?

3 A Yes, sir, we did.

4 Q You personally conducted the study?

5 A I along with other people in our organization.

6 Q Did you conclude was the conclusion of that
7 study that you were willing to operate in parallel with
8 Pitcairn?

9 A Yes, sir.

10 Q Was the willingness to communciate or willingness
11 to operate in parallel conditioned upon the fact that although
12 the line would be paid for by Pitcairn, the interconnection
13 line that Duquesne was required to own the line? Was that a
14 condition at the time of your communication?

15 A There was a letter written to us from Mr. Lewis
16 raising that question and we told them that we would bring
17 the service line or feeder line to their station, their
18 substation. And that we would own, operate and maintain
19 that line.

20 Q So my understanding of your testimony is that
21 subsequent to February '71, you told Pitcairn, Mr. Lewis,
22 that, yes, we would operate in parallel, but the facility
23 that had to be built, Duquesne had to own; is that
24 correct? The interconnection, the tie line?

25 A I would say that is true. I would say that is

1 right, yes, sir.

2 MR. LESSY: No further questions.

3 BY MR. MELVIN BERGER:

4 Q Mr. Stark, you referred to this February '71
5 meeting. I don't recall if you told us or if you haven't,
6 perhaps you can, where was this meeting held?

7 A As I remember it, this meeting was held in
8 the offices of Reid, Smith, Shaw and McClay.

9 Q That is in Pittsburgh?

10 A Yes.

11 Q Did you attend any meetings prior to February
12 '71 with people representing Pitcairn?

13 A No, sir.

14 Q Mr. Stark, since you never attended meetings
15 with the Pitcairn representatives prior to February '71,
16 you are not in a position to say at any of those meetings
17 prior to thattime a refusal to operate in parallel was made.
18 is that correct?

19 A That's right.

20 MR. MELVIN BERGER: We have no further questions.

21 MR. HJELMFELT: The City has no questions.

22 REDIRECT EXAMINATION

23 BY MR. OLDS:

24 Q Mr. Stark, at the time of this meeting, did
25 Duquesne Light already have some kind of a wire connection

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with Pitcairn?

MR. LESSY: Which meeting are you referring to?

MR. OLDS: February 1971.

BY MR. OLDS:

Q Do you recall?

A The only connection that I know of was not to Pitcairn, but it was -- I understand we have an emergency tie to one of their schools in the Pitcairn area.

40-41

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MR. OLDS: I have no other questions.

CHAIRMAN RIGLER: Thank you, Mr. Olds.

(Witness removed.)

MR. ZAHLER: Applicants' next witness is Mr. Slemmer.

MR. OLDS: Before you go forward, there are two matters that I understand there is a category of exhibits called "unsponsored exhibits."

CHAIRMAN RIGLER: That is correct.

MR. OLDS: We would propose to offer as an unsponsored exhibit --

CHAIRMAN RIGLER: That is, unsponsored by a witness, not by a party.

MR. OLDS: That is what I mean, unsponsored by a witness.

A document prepared by the Pennsylvania Economic League, Incorporated, Western Division, entitled "Financial and Operating Analysis, Aspinwall System," dated April 19, '66.

MR. CHARNO: The Department would object to the introduction of that document.

CHAIRMAN RIGLER: Has it been given an identification number yet?

We will mark that as Applicants 126 (DE).

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(The document referred to as
marked Applicant's
Exhibit 110 (BB) for
identification.)

MR. CHARNO: Would it be appropriate to
suggest deferring the unsponsored document until tomorrow?
We have examined the document, but our objections were
based upon a document that wasn't red-lined, and we will
have to compare our specification of objections with
those portions that are red-lined.

CHAIRMAN RIGLER: Let's get the rest of the
documents identified.

MR. OLDS: This is the only unsponsored article
we propose to submit, Mr. Rigler.

CHAIRMAN RIGLER: How do you react to the
Department's suggestion that objection, if any, be referred
until tomorrow?

MR. OLDS: My reaction is that I would ask
leave of the Board to have Mr. Reynolds represent
my interest in this matter. I have a hearing scheduled
in Pittsburgh, Pennsylvania, tomorrow and I cannot be here.

CHAIRMAN RIGLER: Mr. Rieser will be here,
as well?

MR. OLDS: Mr. Rieser will be here and one of
the other will speak for me.

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CHAIRMAN RIGLER: Then we will defer consideration
on 120 until tomorrow.

MR. OLDS: May I have the Board's permission
to withdraw at this point?

CHAIRMAN RIGLER: Yes.

We will break until ten after.

(Recess.)

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MR. ZAHLER: Applicant's next witness is

2 Wilbur Slemmer.

3 Whereupon,

4 WILBUR SLEMMER

5 was called as a witness on behalf of Applicant and,
6 having been first duly sworn, was examined and testified
7 as follows:

8 MR. ZAHLER: Mr. Chairman, I would like to identify
9 as Applicant's Exhibit 121 the prepared testimony of
10 Wilbur Slemmer which consists of a cover sheet, 20
11 pages of testimony, and a four-page article published in
12 the IEEE, authored by S. P. Smith and W. P. Slemmer, and
13 entitled "Basic Concepts of Intersystem Contracts."

14 (The document referenced in
15 was marked Applicant's
16 Exhibit 121 for identification
17 (sic).)

18 DIRECT EXAMINATION

19 BY MR. ZAHLER:

20 Q Mr. Slemmer, I would like to hand you a copy
21 of the testimony identified as Applicant's Exhibit 121, and
22 ask you if that is a testimony which you prepared for this
23 proceeding.

24 A It is.

25 Q Mr. Slemmer, Applicants have previously examined

1 an errata sheet for your testimony.

2 Would you, for the record, please indicate the
3 correction on that errata sheet?

4 A It is on page 12, line 4, the "a" should
5 be changed to "the."

6 Q Are there other corrections to that testimony?

7 A No, sir.

8 Q If I were to ask you these questions today,
9 would the answers be those reflected in Exhibit 121?

10 A Yes, they would.

11 MR. ZAHLER: I move Applicant's Exhibit 121 into
12 evidence at this time.

13 CHAIRMAN RIGLER: Off the record.

14 (Discussion off the record.)

15 CHAIRMAN RIGLER: Hearing no objection, we will
16 receive Exhibit 121 into evidence at this time.

17 (The document heretofore
18 marked Applicant's Exhibit 121
19 for identification, was
20 received in evidence.)

21 MR. ZAHLER: Mr. Slemmer is available for cross-
22 examination.

23 CROSS EXAMINATION

24 BY MR. LESSY:

25 Q Mr. Slemmer, on page 5, line 5 of your testimony,

1 you state that you previously testified in the Consumers
2 Power antitrust proceeding.

3 Do you agree that your testimony in this
4 today
5 proceeding/closely parallels that which you gave in the
6 Consumers Power proceeding?

7 A Yes, it does.

8 Q In fact, much of the prepared questions and
9 answers are word for word from your Consumers testimony, is
10 that correct?

11 A I have not compared word for word. I'm not sure
12 of that. I don't know.

13 Q Can you say such of it is not verbatim of your
14 questions and answers in the Consumers case?

15 A It was based on my testimony in the Consumers case.

16 Q You state on page 3, line 4, "I have made many of
17 these studies for electric utilities," et cetera.

18 Of these studies, what percentage of them were
19 made while representing Rural electric cooperatives?

20 A I don't have any real figures of them.

21 Q Just approximate.

22 A Well, the rural electric would be four or five
23 out of the group. I don't have any real figure on a
24 percentage basis.

25 Q Approximately, if you take the four or five --

A It may be 4 or 5 percent; I don't know.

1 Q 4 or 5 percent.

2 Of these, how many were made while representing
3 a municipal electric system?

4 A On the same basis if the total is 100, it would
5 be 2 or 3 percent. I don't know.

6 Q Isn't it an accurate or fair statement that
7 almost all of your interconnection studies have been prepared
8 while representing investor-owned utilities?

9 A I'm not sure what you mean by representing.
10 Most of the studies have been made for investor-owned
11 utilities as a client, yes.

12 Q Now the question on page 6, line 15 of your
13 prepared testimony, asks you to determine "appropriate terms"
14 to --

15 MR. ZAHLER: That question begins on 11 and
16 runs through line 13.

17 BY MR. LESSY:

18 Q Question on page 6, line 11 of your testimony
19 asks you to determine "appropriate terms" to "distribute
20 the benefits of an interconnection."

21 And then it continues among participants.

22 Are we at the same place?

23 MR. ZAHLER: Yes.

24 BY MR. LESSY:

25 Q Can you name books you have read on engineering

1 courses you have taken or any recognized engineering
2 formulas which teach the "appropriate terms" for distributing
3 the benefits of an interconnection?

4 A I can't quote any book that has those
5 precise words in it, no.

6 Q Are there any books that discuss the principles
7 of or teaches appropriate terms for distributing benefits
8 of interconnection?

9 A I'm not -- this question is kind of vague to me.
10 There are books that teach principles of engineering
11 economics, that teach principles of cost determinations
12 and things of this kind.

13 So far as tying it down to the specific words
14 of distributing the benefits of an interconnection, I know
15 of no book that has been written on that. The closest
16 thing that comes to it is this paper we put in here that I
17 have co-authored.

18 Q Have you taken any courses which discuss or
19 which teach the appropriate terms for determining the
20 benefits of an interconnection?

21 A I have taken courses that teach engineering
22 economics that is applicable to this. I have not taken a
23 course entitled "appropriate terms of interconnection," no.
24 I know of no such course.

25 Q Have you taken any courses which instructs the

1 student in the appropriate terms for distributing the
2 benefit specifically?

3 A Not in those words. I have taken courses that
4 instruct the student in things pertaining to that: yes.
5 Not in particular that this is the appropriate terms for
6 determining the benefits of an interconnection, no.

7 Q Are there any engineering formulas which are
8 recognized which are instructive on the "appropriate
9 terms" for distributing the benefits of an interconnection?

10 A I know of no formulas that have that as a particu-
11 lar thing in the formula per se, no.

12 Q That same question relating to distributing
13 the benefits of an interconnection reads in these studies,
14 are you called upon to determine the appropriate terms
15 to distribute the benefits of an interconnection?

16 Doesn't that question assume that it is appropriate
17 to allocate costs of an interconnection based on the
18 benefits each party expects to receive?

19 A Would you repeat the question? I'm not sure I
20 understood it.

21 Q I'm looking at page 6, lines 11 through 13. The
22 exact language of the question.

23 My question to you is, doesn't that question as
24 stated assume that it is appropriate to allocate costs of an
25 interconnection based on the benefits each party expects

1 to receive?

2 MR. BAHLER: Excuse me, Mr. Lessy? I don't
3 understand your reference to costs. There is no mention
4 to costs or allocation of costs.

5 MR. LESSY: I think the question is, doesn't
6 that question, page 6, lines 11 through 13, assume that
7 it is appropriate to allocate terms or benefits of an
8 interconnection based on the benefits each party expects
9 to receive?

10 Isn't that an implicit assumption in that
11 question as it is stated?

12 MR. BAHLER: I object to the form of the
13 question. Mr. Lessy can ask the witness what he understood
14 the question to mean. Now he is reading things into the
15 question that I don't see there.

16 If he wants to phrase the question appropriately
17 as to what he understood it meant, that is appropriate.
18 Otherwise, I object to the form.

19 MR. LESSY: It is appropriate for an expert
20 to be asked, doesn't the question as framed assume something.

21 CHAIRMAN RIGLER: Overruled. But rephrase it.
22 I think your last phrasing still is a little inaccurate.

23 After you said "terms," you said "benefits."
24 You said "benefits" twice. I don't think you need that to
25 ask the question it appears you are trying to ask.

1 BY MR. LESSY:

2 Q My question is:

3 Doesn't the question on page 8, lines 11 through
4 13, assume that it is appropriate to allocate the costs of
5 an interconnection based on the benefits each party
6 expects to receive?

7 A The only assumption I see is: the question is
8 if there is an interconnection, there are benefits
9 to participants. If there are benefits, they need to be
10 distributed in some manner. I see no other assumption
11 in that.

12 MR. LESSY: Would you read that back?

13 (Whereupon, the reporter read from the
14 record, as requested.)

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BY MR. LESSY:

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2 Q What is the purpose of the terms being appropriate
3 of an interconnection, as you see it?

4 A It means you do not want to describe it in a way
5 that is not appropriate. Appropriate has a standard
6 definition. It is something that is good and applicable in
7 this situation.

8 Q In your studies, do you assume that it is
9 appropriate to allocate the costs of an interconnection,
10 based upon the benefits?

11 A I'm not -- maybe the best way to put it is
12 is to go into the basis that I think benefits should be
13 distributed.

14 And to me the benefits should be distributed
15 in a manner that provides a significant benefit to each
16 participant, so that they will have an incentive to make
17 the particular arrangement work.

18 Normal interconnection, the way of distributing
19 benefits is by allocating costs.

20 Usually there is not much money that passes
21 back and forth between the participants. In that concept,
22 then, allocation of costs is a way of allocating benefits.

23 I'm not sure whether that answers your question
24 or not.
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1 Q Let me go this way. Are you familiar with the
2 Gainesville Utilities v. Federal Power Commission, 1971
3 decision, 402 US 515?

4 You can answer yes or no.

5 A I have heard of it. I'm not familiar with the
6 details of it, no.

7 Q Let's assume the Gainesville decision stands
8 for the proposition that the allocation of the costs of
9 an interconnection should be based on the proportionate
10 burden each system places on the interconnected system
11 networks, not the benefits each expect to receive.
12 Let's assume that.

13 The question is, when you make a study to
14 allocate costs of an interconnection, do you feel you
15 comply with Gainesville?

16 CHAIRMAN RIGLER: As you have defined it?

17 MR. LESSY: As I have defined it.

18 THE WITNESS: Would you repeat your definition.
19 I'm not sure I understood it.

20 BY MR. LESSY:

21 Q Let's assume that the Gainesville Supreme
22 Court decision stands for the proposition that the
23 allocation of the costs of an interconnection should be
24 based on the proportionate burden each system places on the
25 interconnected system networks, not the benefits each
expect to receive.

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The question is, when you make a study to allocate costs of an interconnection, do you feel you comply with the Supreme Court standard set forth in Gainesville?

A Certainly, the burden placed on interconnection is one of the elements in allocating costs, yes.

If you interpret that to mean that that is the only thing you consider, I would say I do not comply. If that is one of the things you consider, yes, you do comply.

In allocating the costs of an interconnection, you have to consider all of the factors.

Q Principally, what factors should you consider?

A The one you mentioned, the burden placed on the interconnection is one of the principal factors. Another principal factor, as I said before, is that you should distribute it, so as to present an incentive for each participant to participate in the interconnection.

Q We are focusing on one burden and one incentive, and we are not focusing really on the benefits that are to receive, as a proper focus for analysis; is that correct?

A I think you focus on total benefits, and then try to allocate those total benefits to provide incentives to make the thing work.

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1 Q I thought you said you focused on burden and
2 then you focused on incentives.

3 A The incentives come from the total benefits,
4 yes.

5 That is where you get the incentives, by the
6 distribution of the total benefits.

7 Q Okay.

8 I will accept that, Now, on page 7, line
9 23, you begin to testify about the purposes of power
10 pools where the individual members are those "whose
11 respective service areas have a geographic proximity with
12 one another."

13 I would like a yes or no answer, and then
14 an explanation, if you feel it appropriate.

15 Do you believe a purpose of power pools should
16 be to allocate exclusive service territories of each
17 member and draw boundaries?

18 A No.

19 Q No, on page 9, line 23, relating to power
20 pools, you state certain things are "imperative."

21 Initially, I would like to know what you mean
22 by the word "imperative."

23 A Well, what I had in mind when I used that
24 word, I think, is that they are essential, they are necessary,
25 a little more emphasis than that.

hw4 1 Q Would you say that "imperative" means
2 "absolutely essential" or less than that?

3 MR. ZANLER: The witness answered the question
4 as originally posed, and now Mr. Lessy is quarreling
5 with the definition he gave him.

6 MR. LESSY: I'm trying to get clarification
7 as to his use of the word.

8 CHAIRMAN RIGLER: Overruled.

9 MR. LESSY: Would you read the question back.
10 (Whereupon, the reporter read the
11 pending question, as requested.)

12 THE WITNESS: I would say "absolutely essential"
13 is a fair interpretation, yes.

14 BY MR. LESSY:

15 Q Now, one item which you testify is imperative
16 is that each member provide significant benefits to the
17 total pool operation.

18 What do you mean by "significant benefits"?

19 A Well, significant benefits to me means there
20 must be enough to divide and provide an incentive.

21 Q Would you decide if a benefit is significant or
22 not by whether or not it can be divided and provides an
23 incentive?

24 A Provides an incentive; that is right; yes.

25 Q Would a hundred dollars a day be significant

bw5 1 benefit to a power pool?

2 A It depends on a lot of factors. I would say
3 to a normal power pool a hundred dollars a day
4 probably would not be.

5 Q How about 200?

6 A I don't have any fine line where I would break
7 it off. It has to be a determination from the particular
8 application.

9 Q Suppose your engineering study showed
10 that a pool member contributed no measurable benefits,
11 but likewise imposed no measurable detriment.

12 Further this pool member agreed to pay
13 \$200 per day.

14 Would you then classify this member as
15 providing a significant benefit to the pool?

16 A Let's make a lot of other assumptions on the
17 pool, so we have a background for judgment.

18 Let's say this is a sizable pool, say, in the
19 order of 10,000 megawatts.

20 It is composed of several members. So that they
21 have an organization that is capable of running the pool.

22 Then I would say that that member did not
23 qualify.

24 They would not provide benefits in proportion
25 to its -- the complications it adds to the pool.

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Q Are you familiar with the New England Power Pool?

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A In a general way, yes.

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Q Do you have any reason to believe that the

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New England Power Pool is not a viable power pool?

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A I have no reservation on what the New England

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Power Pool has set up.

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In general answer to your question, I think

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it is a viable power pool.

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arl 1 Q Did you consider the New England Power Pool
2 example in your testimony on page 10, line 3, when you
3 testified that it is imperative that each member provide
4 significant benefits to the total pool operation?

5 A Yes, I did.

6 Q Are you aware that some of the participants
7 in the New England Power Pool have less than 5 megawatts of
8 peak load?

9 A They are not full participants of the New England
10 Power Pool. The small participants in New England Power
11 Pool are grouped together and they are represented by a
12 representative that has much more than that, that he
13 represents.

14 I would have to look at the contract to
15 give you the figures.

16 Q They receive the benefits of coordinated operation
17 and development even if they are something less than a
18 full member, don't they?

19 A To the extent -- whatever their agreement allows
20 them. They are not really members of the pool. They are
21 members of a group that is a member of the pool.

22 Q Now -- are you somehow stating they are not power
23 pool members because they are not -- I'm not sure I
24 understand your distinction. They are participants in
25 the power pool and they receive its benefits, don't they?

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1 A I am not familiar enough with the New England
2 Power Pool to give you specifics. There is a similar
3 situation in the PJM power pool in which I'm a little more
4 familiar. They did it a little different way there.
5 That is that the smaller entities have contracts with one
6 of the full members of the pool. They are called associate
7 members and they sit in on meetings as an observer. They
8 do not have a vote in the meeting.

9 Their participation is entirely through their
10 contract with the full member.

11 In the case of WEPPOOL it is not a full member
12 and participant member. The smaller units have an
13 association -- in one case there is a Municipal Utility
14 Company, Incorporated, or something up there that none of
15 them belong to. To that extent, it is a contract with them --
16 there is another association arrangement there.

17 So that the membership of the pool is not the small
18 company. It is the association.

19 Q It is a derivative form of membership?

20 A What do you mean by derivative?

21 Q They participate in the pool through one
22 particular member.

23 A Through a member or some association or some
24 kind of arrangement other than direct membership.

25 Q But yet the pool is still viable, even though

1 they have such derivative member or whatever term you
2 want to use?

3 A That's right, yes. That is a scheme to make
4 it a viable pool and still use the small or partial: the
5 small members to participate.

6 Q Right.

7 And some of the small members, as you use the
8 term, do not have any installed generation, do they?

9 A As I remember the NEPOOL, again I would have to
10 check the record, but as I remember NEPOOL, one of its
11 requirements is they have production facilities. I think
12 it is 25 megawatts or more, something like that. I would
13 have to check the record on that.

14 Q Now if you were made aware of the fact -- if
15 the record showed that some of the New England Power Pool
16 participating members as compared with full-fledged members
17 do not have any installed generation, would this affect your
18 testimony that it is imperative that each member of a pool
19 provide significant benefits to the total pool operation?

20 A I cannot accept that assumption. I think it is
21 contrary to fact. I think the NEPOOL specifically
22 requires that members have -- either have generation or are
23 getting into the generation.

46
24 Q Would your knowledge that some participants as
25 opposed to full-fledged members of the New England Power

1 Pool have a peak load of less than five megawatts,
2 influence your view that each member supply circuit can benefit,
3 knowing NEPOOL is viable?

4 A The participant is less than five megawatts.
5 A member is the group that has more than that. Yes.

6 CHAIRMAN RIGLER: In your colloquies give
7 the reporter a chance. Don't cut each other off.

8 BY MR. LESSY:

9 Q Did you answer my question?

10 A I thought I did.

11 (Whereupon, the reporter read from the
12 record, as requested.)

13 BY MR. LESSY:

14 Q You also testified that there should be a
15 limit on the number of members in the pool, didn't you?

16 A Yes.

17 Q As I recall your testimony, you don't discuss
18 what the limits should be or how it should be determined.
19 Could you give us a number in a pool of the size you used
20 previously, such as the size of CAPCO that you think would be
21 a reasonable limit?

22 A I don't think there is a single number you can
23 quote and say there is a definite limit. I think it
24 depends on the particular circumstances of the pool.

25 Q Would you say that a factor in determining the

1 number of members that can be accommodated in a pool is
2 the willingness of the existing members to deal with
3 entities who may request membership?

4 A Well, to this extent, that that willingness,
5 I think, depends on the incentive. If there are benefits
6 to provide an incentive, then to that extent, yes.

7 In other words, there has to be an incentive to
8 adopt new members, to take in new members.

9 Q Just focusing on the question of the number
10 of members that can be accommodated within a power pool.
11 As I understand your testimony, it was that there should be a
12 limit. But you don't discuss what the limit is or how
13 it will be determined.

14 Now in terms of a workable limit, would you
15 say that a factor in determining that limit would be the
16 willingness of the people already in the pool to deal with
17 entities who may request membership.

18 MR. ZAHLER: Objection. Asked and answered.

19 MR. LESSY: I don't think the answer really
20 answers that question.

21 Mr. ZAHLER: I think Mr. Lessy is quarreling
22 with the response he got. I think it was responsive to
23 the question asked.

24 MR. LESSY: We can have it repeated.

25 (Whereupon, the reporter read from the
record, as requested.)

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MR. LESSY: I think I said irrespective of.

CHAIRMAN RIGLER: Overruled.

MR. EARLER: Could we have the question read for the witness?

MR. LESSY: My comments didn't change the question.

MR. EARLER: I understand that.

THE WITNESS: I'm lost at this point. I don't know what we are doing.

(Whereupon, the reporter read from the record, as requested.)

THE WITNESS: In the first place, let me qualify this by saying my testimony did give some indication of how the limit should be determined. So far as willingness to deal with the people in the pool, I don't think however any personality should be involved -- I think the willingness to deal would be based on benefits. If there are benefits there, then they should be willing to deal, yes. I don't know how this goes to the question.

BY MR. LESSE:

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2 Q As I understand your answer, you are saying that
3 willingness to deal is irrelevant, if there are benefits?

4 A It might --

5 MR. ZAHLER: What do you mean by benefits? Total
6 benefits or net benefits?

7 MR. LESSY: I'm using it as Mr. Slammor.

8 I'm trying to understand his last answer.

9 MR. ZAHLER: There was an adjective in front of
10 benefits when he used it in the answer.

11 CHAIRMAN RIGLER: What was the adjective?

12 MR. ZAHLER: I don't have it.

13 (Whereupon, the reporter read from the
14 record as requested.)

15 THE WITNESS: If there are sufficient benefits
16 to provide incentives to the parties concerned. My
17 experience is if those benefits are there, there is
18 willingness to deal.

19 If not, they better get another manager or
20 something.

21 BY MR. LESSY:

22 Q That is not with respect to the number of
23 parties in the pool or the number of parties seeking
24 membership in the pool.

25 A The limit to the number of parties in the

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1 pool, as I discussed in here is the fact that each party
2 you add to the pool adds at the cost of the pool operation
3 itself.

4 Then you come to a place, as in New England,
5 they cut down the number of parties by putting them in
6 smaller groups.

7 THE WITNESS: A good example of the fact that
8 the number of people who wanted to participate was too
9 great.

10 Q Do you know how many people participated in
11 NEPOOL from membership or less than membership standpoint?

12 A I don't have the number, no.

13 Q Would 40 be reasonable?

14 A I would guess it might be more than that.

15 CHAIRMAN RIGLER: Mr. Sloman, do incentives
16 have to be mutually perceived?

17 THE WITNESS: Benefits have to be sufficient,
18 so that all of the parties receive benefits, or they don't
19 have incentive.

20 CHAIRMAN RIGLER: Let me back up one step.
21 Are you using benefits and incentives as
22 synonyms? Does one mean the other?

23 THE WITNESS: I would think of it as cause
24 and effect.

25 The benefit causes the man to have an incentive.

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1 CHAIRMAN RIGLER: I was asking about incentives.
2 Incentives have to be mutually perceived.

3 THE WITNESS: I think each man can have his
4 own incentive.

5 CHAIRMAN RIGLER: All right. What happens
6 in a situation where, in discussing what benefits or what
7 conditions should apply to a pool, two of the potential
8 pool parties are in disagreement with respect to the
9 magnitude of the incentives. Suppose one party said I
10 am furnishing ample incentive and the other party said that
11 is not a sufficient incentive.

12 THE WITNESS: Well, if one party did not feel the
13 incentives sufficient, then I would say there would be no
14 pool.

15 He does not have incentive enough to make him
16 participate in the pool.

17 CHAIRMAN RIGLER: In that case, incentives
18 would have to be mutually perceived.

19 THE WITNESS: I think I have a little trouble
20 understanding your "mutually

21 CHAIRMAN RIGLER: You explained that both parties
22 would have to agree as to the magnitude of the incentive,
23 before it would be recognized.

24 THE WITNESS: Both parties would have to agree
25 that there are enough benefits there to provide him ---
Both parties would have to be motivated.

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1 CHAIRMAN RIGLER: I am getting increasingly
2 confused by your switching back and forth between benefits
3 and incentives.

4 It seems we start a question with benefits or
5 incentives and we turn it around at the end of the
6 answer. I'm talking about incentives.

7 THE WITNESS: Each party must have
8 incentive, but it does not have to be the same for both
9 parties.

10 CHAIRMAN RIGLER: Suppose there is disagreement
11 between two parties as to whether the incentive is
12 sufficient.

13 THE WITNESS: I'm having trouble.

14 How do you measure the sufficiency of
15 incentive?

16 CHAIRMAN RIGLER: That is my question to you.

17 THE WITNESS: The way I measure it is
18 it sufficient to make a man go into the pool and try
19 to make it work?

20 CHAIRMAN RIGLER: If one of the pool members
21 felt the incentive was insufficient that would constitute
22 a basis for denial of extension of the benefits of the pool
23 to the requesting party.

24 THE WITNESS: If he felt the incentive was
25 not sufficient, then he would not contribute to the pool.

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He would not participate in the pool. The

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pool would not be viable.

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CHAIRMAN RIGLER: Suppose that we have a viable pool. Let's take the CAPCO pool. Is that a viable pool?

THE WITNESS: I think it is, yes.

CHAIRMAN RIGLER: Suppose a new member, progressive member applies for membership. And it points to what its considers are incentives that should convince the existing members to let him into the pool and one of the existing members says the incentive is insufficient?

THE WITNESS: I don't think one of the existing members would necessarily have an overall control.

CHAIRMAN RIGLER: You don't think one of the existing members would have veto power?

THE WITNESS: Not necessarily. If the pool as a whole felt that there were sufficient incentives, if the whole pool were motivated to take that member in, when this one participant that did not feel there was an incentive would have to evaluate his participation in the total pool to see whether he wanted to stay in the total pool or not.

CHAIRMAN RIGLER: Can one withdraw from the CAPCO pool at will?

THE WITNESS: I am sure there is a way to cancel the contract. You can't cut it off immediately but there are ways of getting out.

CHAIRMAN RIGLER: Aren't these terms provisions of the CAPCO pool?

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THE WITNESS: I am not that familiar with the
2 CAPCO agreement. But you can cancel some way. You may have
3 commitments that you agreed to participate in before that
4 time. I am not necessarily an expert on the CAPCO agreement.

5 CHAIRMAN RIGLER: I am still unclear as to how the
6 problem of how differences of opinion with respect to the
7 magnitude of the incentives are resolved?

8 THE WITNESS: To me, the incentive is a motivation.
9 something to cause a man to take an action. And he is
10 the only one that can judge whether that incentive is sufficient
11 to make him take the action.

12 I can tell you I think you have plenty of
13 incentive to go buy a Cadillac. Unless you think you have
14 that, you will not do it. It is the same here.

15 CHAIRMAN RIGLER: If a new member comes to a pool
16 and says I will offer these incentives, then it would
17 be up to the present members of the pool to judge the
18 sufficiency of those incentives.

19 THE WITNESS: The new member and the present pool
20 members have to evaluate the incentives and determine for
21 themselves whether it is a good deal or not.

22 CHAIRMAN RIGLER: The new member has said it is.
23 He has already made that representation to the other
24 members in my example.

25 THE WITNESS: Well, to me this gets to
how will you divide the benefits. Maybe that new member

eak3 1 is getting all of the benefits and the other isn't getting
2 any. Maybe a different distribution of the benefits would
3 provide incentive to both parties to form the pool.

4 BY MR. LESSY:

5 Q I want to clear up the point of mutuality.
6 Didn't you testify at the bottom of page 9 that one item
7 you deem imperative for a viable pool is mutuality of interest
8 for the benefit of all?

9 A Yes.

10 Q And is that mutuality jointly perceived in
11 a power pool? How is that mutuality perceived?

12 A I don't know how you mean jointly perceived.

13 Q How is that mutuality perceived?

14 A As a practical matter, that mutuality is the
15 members of the pool evaluate the situation and determine
16 each individually and together that they can do a better job
17 in a pool than they can do out of the pool. They have a
18 mutual interest to do a good job in the pool. They can get
19 more reliable service for their customers, lower cost
20 power for their customers.

21 Q Well, that mutuality doesn't always have to be --
22 scratch that. Assume an aspect of mutuality of interest in
23 a pool is the desire of its members to acquire small electric
24 utilities. Now suppose a prospective new member seeks access
25 to the pool and could add benefits to the pool in your terms,
except he didn't have this particular mutuality of interest.

eak4 1 Wouldn't this member's lack of mutuality with respect
2 to this regard in your terms add to the pool for the
3 benefit of all, isn't that correct?

4 A I have trouble answering a question that comes
5 on a false premise. I know of no pool where any of the
6 interests is in acquiring small utilities. A pool is
7 formed to operate on a basis of a single system so that they
8 can get the benefits of size and coordination and diversity
9 and these sorts of things. I know of no pool that is working
10 on the basis of trying to acquire property.

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arl 1 Q Does mutuality of interest for the benefit of all
2 mean that it must be shared by all in a pool?

3 A I don't think mutuality of interest would be
4 must be shared. It must be shared to provide benefits.
5 Mutuality of interest means we want to do the best job we
6 can in operating the pool. That is the mutuality of
7 interest.

8 MR. LESSEY: Would you need that last answer?
9 (Whereupon, the reporter read from the
10 record, as requested.)

11 BY MR. LESSEY:

12 Q Is there another example of mutuality of interest
13 other than the fact that each must do the best job he can
14 for the operation of the pool, or is that the only one?

15 A I think you could probably make a case that
16 anything else I would mention was a phase of that. It may
17 be better reliability, it may be larger units. There are
18 number of things. I think when you get right down to it
19 it is the best way to run the business.

20 Q So mutuality of interest might be lowering cost
21 of generation or increasing reliability, lowering the
22 necessity for carrying higher reserves, lowering reserves?

23 A Those would all be a portion of it, yes.

24 Q There is no other subjective mutuality of interest
25 required, philosophical mutuality of interest other than

1 the points you have indicated; is that right?

2 A I don't think of anything at the moment.

3 Q This is just a clarification. On page 10, end
4 of line 3, to what does the word "it" refer? Page 10 at
5 the end of line 3.

6 A It refers back to participant.

7 Q Each member?

8 A Yes.

9 CHAIRMAN RIGLER: May I ask a clarifying question
10 at this point?

11 Going back to page 8, to the question posed at
12 line 23, coming through 25 and your answer which is recorded
13 on lines 1 and 2 of page 9, you state that it is
14 essential from an engineering system and operating standpoint,
15 that each member of a pool receive significant benefits
16 over time.

17 Do you really mean that?

18 THE WITNESS: I mean that in this way:

19 If a member-customer does not receive
20 significant benefits, he is going to lose interest in the
21 pool and he will take his time on something else, and will
22 not spend it on the pool operation.

23 CHAIRMAN RIGLER: But the question is posed in
24 terms of engineering and system operating standpoint.
25 From an engineering or system operating standpoint, it doesn't

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1 make one iota of difference if one of the members is a
2 net liability to the pool. They can feed, transmit or generate
3 and feed that member even though that member is a deficit
4 member as far as generation or transmission is concerned.
5 can't they?

6 THE WITNESS: Your question has to do with
7 engineering and operating standpoint.

8 CHAIRMAN RIGLER: That is not my question. What
9 is the question there. You say in your answer that you
10 consider such a result as being essential. Were you thinking
11 the question as posed in giving the answer?

12 THE WITNESS: What qualification in the question
13 excluded legal consideration and this sort of thing. Is
14 my field of activity, which is engineering and system
15 operation --

16 CHAIRMAN RIGLER: From engineering and system
17 operation, what possible difference does it make setting
18 up the transmission grid and arranging the generators if
19 one of the members takes more than it puts into the pool?
20 The engineering will work as well, won't it?

21 THE WITNESS: No, as a practical matter, if one
22 of the members does not receive any significant benefits
23 from the pool, he is going to quit sending his best men
24 to the pool meetings to solve pool problems. He will send
25 his best men to some place where they can do him good.

1 In the end, the pool will fold up.

2 CHAIRMAN RIGLER: I don't think we are becoming familiar
3 with each other too well.

4 From an engineering point of view, do you mean
5 it is not possible to arrange a pool so that one member
6 is constantly taking generation from the other members
7 and depending upon them for maintenance coordination?

8 THE WITNESS: Well, if one member is continually
9 a purchaser from the pool, I think some other arrangement
10 is more -- has a lot of benefits over a pool arrangement.

11 CHAIRMAN RIGLER: Is there any engineering reason
12 why the pool can't operate in that fashion, any equipment
13 reason?

14 THE WITNESS: There is no equipment reason.

15 CHAIRMAN RIGLER: Is there any engineering
16 reason, any formula the electricity flows that says
17 the pool can't operate in that fashion?

18 THE WITNESS: It is a practical operating
19 reason in the pool operation itself.

20 CHAIRMAN RIGLER: But that -- if we return to
21 the question, I don't see any reference in those to practical
22 operating reasons. It says from an engineering and system
23 operating standpoint.

24 THE WITNESS: To me, system operating means --
25 that was my interpretation of those words.

1 BY MR. LESSY:

2 Q Now on page 13, lines 4 through 12, you
3 testify concerning the need for pool personnel that "the
4 complexity of pool problems is likely to require personnel
5 with qualifications and experience not normally required
6 by the small system."

7 Wouldn't outside electrical engineering
8 consultants such as yours be available to the small system
9 to provide that system or the pool with a required
10 expertise that the small system didn't have on its
11 own?

12 A Such advice would be available, yes. But the
13 person participating in the pool has to have the authority
14 to act for his parent company. And whether a system would
15 be willing to give an outside consultant that authority
16 to run the company's business for them, I doubt. Someone in
17 the organization that has authority to act has to be
18 capable of understanding what is going on.

19 Q Someone within the organization. Now you have a
20 five-member pool. One of the members hires out to Blasco
21 your former associated employer for that service. The
22 other four in the pool say fine. Blasco is a wonderful
23 organization.

24 Wouldn't that be sufficient to provide the pool
25 with the required expertise?

1 A If the one hired from Ebasco had an agreement
2 that he was empowered to work for the member in all matters.

3 Q Maybe he would sign it for specific matters, for
4 load matters, decisions on large scale generation decisions,
5 staggered construction decisions in consultation with a
6 member.

7 Don't you think that would work?

8 A This is precisely a point. In order
9 for that consultation with a member to be meaningful, the
10 member has to have someone in the organization that can
11 consult with outside consultants and understand what is
12 going on and be able to judge whether it is what he wants
13 to do or not.

14 I think there is a place in pool operation for
15 outside consultants, but I don't think the outside consultant
16 can do the whole job himself. The member has to have
17 some qualification.

18 Q Can the outside consultant advise the member?

19 A Yes, but the outside consultant does not make
20 decisions for the member.

21 Q Can he make recommendations for the member?

22 A He can make recommendations.

23 Q He can advise him and make recommendations and
24 the member is an otherwise intelligent person, so why can't
25 he base his decisions on that expertise?

1 A He has to have enough expertise himself
2 to understand the advice and to evaluate the recommendations.

3 Q Isn't that in part the job of the consultant,
4 to make sure his recommendations are transmitted and
5 communicated?

6 A Only to the extent that -- the consultant will
7 expect the person who hires him has someone capable of
8 supervising his operation.

9 Q With that one caveat, with the caveat that the
10 hiring entity has somebody who understands the advice,
11 couldn't the outside consultant give the advice
12 and recommendation necessary for that one fifth of the
13 pool's participation?

14 A He has to have that person who understands it,
15 which a small municipality might not have.

16 Q My sole point is that expertise can be acquired
17 by hiring a consultant where it is needed, can't it?

18 A Categorically, no. The expertise can be
19 acquired as far as the consultant is concerned if you have
20 someone to hire the consultant and supervise the consultant's
21 activities, that is knowledgeable to know what is going
22 on, and what he wants the consultant to do, and evaluate
23 the consultant's results.

24 MR. CHARNO: Can I have the question and answer
25 back?

1 (Whereupon, the reporter read from the
2 record, as requested.)

3 BY MR. LESSY:

4 Q Is it your testimony that small systems don't
5 have someone who can understand the recommendations of an
6 outside consultant regarding staggered construction, sharding
7 of reserves and large scale units?

8 A I don't think I can testify about what a small
9 system has without knowing what the small system is and see
10 what they have.

11 Q You have testified that these personnel with
12 the qualifications and experience not normally required by
13 small systems, that small systems couldn't have these kind
14 of personnel, haven't you?

15 A I said is likely to. I didn't say any
16 particular one didn't. In general, municipalities do not
17 have that qualification. In a particular case, for instance,
18 the Department of Water and Power in Los Angeles, I'm sure
19 they have all of the qualifications.

20 Q I'm not addressing myself to municipalities.
21 I'm addressing myself to small systems. That is what you
22 address yourself to.

23 As I understand your testimony on page 15, it is
24 that the complexity of pool problems is likely to require
25 personnel with qualifications and experience not normally

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1 required by small systems. I think today, as I
2 understand your testimony, you have gone one step further.
3 In addition, the municipality doesn't have anyone who
4 can understand the advice of the consultant; in that context?

5 A That isn't what I meant to say. What I was trying
6 to say in this paragraph was that the complexities of
7 pool operation, the things that come up in a pool operation
8 committee, the problems they have to solve are entirely
9 different from the problems that a normal small utility
10 would solve in operating its own plant in its own system and
11 not worrying about the outside world.

12 That operation normally would not have someone
13 in there who would be capable of either doing the work
14 himself or supervising someone else's work to represent
15 him in that kind of situation.

16 He wouldn't know whether the guy was taking care
17 of his interest or not unless he knows what the problem is.
18 If he understands the problem, then he would.

19 MR. LESSY: Would you read that answer back?

20 (Whereupon, the reporter read from the
21 record, as requested.)

22 BY MR. LESSY: You list a number of areas
23 where expertise might be needed by the small system in
24 your testimony.

25 A Yes.

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1 Q One of those areas is nuclear plant construction.
2 Is that so because the economics of scale, some of the larger
3 power plants only make themselves available to large systems
4 or power pools?

5 A Would you repeat the question? I'm not sure I
6 understand.

7 (Whereupon, the reporter read from the
8 record, as requested.)

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THE WITNESS: I think that is right, yes.

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You have to have a large -- in other words,

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has to be a large plant to be economical in a nuclear

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plant.

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BY MR. LESSY:

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Q. So we have assumed there is a power pool that has

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four members. And the power pool, assumes also, takes the

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predominance of its power for its load, based on nuclear

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plants.

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You have a small system which has about 100 MW,

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let's say, a total generating capacity of 250 MW or there.

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It also has the interconnection for emergency

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support.

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It has 12 employees.

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The head of the plant has a Bachelor's degree

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in electrical engineering and a masters degree.

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On down the line it has eight or ten other

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personnel. It wants to join the pool, but it doesn't

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have any experience in nuclear plants for the pool, you have

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testified to.

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Is it your testimony that that plant, if it were a

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system couldn't go outside and hiring engineering consultants

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to provide it with a nuclear expertise required to join that

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pool?

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1 A I didn't intend it to be that, no.

2 Q So, it could, couldn't it.

3 A If it has the money, it could hire, yes.

4 I'm not sure 250 megawatts would support the
5 kind of operation, but that, again, becomes a matter of
6 economics.

7 Q When you say "economics," do you mean engineering
8 economics or are you testifying as an economist?

9 A I should not use the word "economics."
10 It becomes a matter of cost and what you get for it, whether
11 you can really get enough out of the nuclear plant to
12 justify the cost of it, of obtaining that expertise.

13 Q You also testified with respect to emergency
14 service and interchange energy "the return of like services
15 is the only means of payment."

16 A I think I said "often."

17 MR. ZAHLER: Can I ask Mr. Lessy where we are in
18 the testimony.

19 MR. LESSY: Page 15, lines 20 through 22.

20 THE WITNESS: I said, in fact, in some instances
21 such as emergency energy and sometimes interchange energy,
22 the return of like service is the only means of payment.

23 BY MR. LESSY:

24 Q As I read that with respect to emergency service,
25 the return of like service according to your testimony ...

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1 the only means of payment.

2 It sometimes refers to interchange energy.

3 A I didn't intend it that way.

4 Q Now, knowing how you intend it, is it your
5 testimony that dollars can't be adequately used as payment for
6 emergency service and interchange energy?

7 A Well, again, sometimes it can, yes. Perhaps
8 not always.

9 Q On page 17, lines 15 through 18, you state
10 "most pool arrangements with which I am familiar, are
11 premised on the expectation that each member will provide
12 emergency support to be the same degree that it receives
13 it."

14 Initially, what is your understanding of the
15 words "premised on"?

16 A That is the basic assumption in the arrangement. 17
17 Each participant will be -- provide and receive service
18 to the same proportionate extent.

19 Q Premised on means the basic assumption?

20 A Yes.

21 Q Do you agree with the Webster Seventh New
22 Collegiate Dictionary definition of premise "to see forth
23 be beforehand?"

24 (Whereupon, the reporter read from the
25 record.)

1 THE WITNESS: Could I see a copy of that
2 dictionary?

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3 BY MR. LESSY:

4 Q Would you agree with that?

5 A that is one of the meanings of promised. It is
6 always used often in the other sense that this is the
7 basis on which this thing stands.

8 Q How do you determine if a specific pool
9 arrangement is promised on one expectation or another?

10 A Again, I don't know if any mathematical
11 formula or anything of this kind you can apply.

12 The basis for that is the reasoning that the
13 pool uses in arriving at their solution to problems,
14 this basic philosophy that goes into their attack
15 to the whole problem.

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2 Q Your testimony is that most pool arrangements
3 are premised on the expectation that each member will
4 provide emergency support to the same degree it receives
5 it. What is your basis for analyzing what a pool is
6 premised on?

7 A I think I qualified that with the ones with which
8 I am familiar. And the basis is my knowledge of the way
9 they approach their problem; for instance, the PCU pool
10 spells that out specifically in their pool agreement, that
11 each party will supply their part of the total capacity
12 requirements.

13 Q So you tell what a pool is premised on by
14 reading the pool agreements?

15 A Well, this is one way, yes.

16 Q What are the other ways?

17 A Well, by knowledge of the things that go on in
18 the pool meetings, their approach to solving the problems
19 that come up in pool operation, pool planning.

20 Q Have you attended those meetings?

21 A Several of them, yes.

22 Q In what capacity?

23 A My first experience was as a member of the
24 operating committee of a pool. And later I have been
25 a consultant to people who were in pools.

Q Isn't there some sort of compromise at those

eak2 1 meetings as to what the mutuality of interest is? Isn't
 2 there many times a great deal of discussion and debate and
 3 compromise?

4 A The compromise is what is the best solution
 5 to reach the common objective, not what the mutuality
 6 of interest is.

7 Q Attending meetings and reading documents. Is
 8 there any other way to determine what a pool is premised on?
 9 The expectation --

10 A You could go around and interview the members or
 11 something of this kind, I don't know. al

12 Q I am trying to understand. You have testified si
 13 pools are premised on mutual emergency support. One way to
 14 find out is by reading the documents. Another way to find
 15 that is by attending the meetings. Is there another way?

16 A Reading the minutes of the pool meetings or ad
 17 discussing what happened with the members of the pool,
 18 helping the members solve their problems. in

19 Q Are you able to testify today as to what CAPCO
 20 is premised on?

21 A I am not particularly expert on the CAPCO
 22 agreement, itself. I have read portions of the agreement.

23 CHAIRMAN RIGLER: You spoke in answer a minute
 24 ago about pools operating in response to a common objective.
 25 Do you know if CAPCO has a common objective or objectives?