

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17110

Public Meeting held December 21, 1979

Commissioners Present:

W. Wilson Goode, Chairman, not voting
Michael Johnson
James H. Cawley
Susan M. Shanaman
Linda C. Taliaferro

Pennsylvania Public Utility Commission	:	
et al.	:	Docket No.
	:	I-79040308
v.	:	
Metropolitan Edison Company	:	
and	:	
Pennsylvania Electric Company	:	

PREHEARING ORDER

BY THE COMMISSION:

This order supplements the prehearing orders issued at this docket on November 16, 1979, November 29, 1979, and December 14, 1979, respectively, and disposes of the remaining procedural matters requiring formal Commission action at this time.

B. Parties

The City of Lancaster filed a petition to intervene on November 30, 1979 requesting intervention with respect to the issue of revocation of Metropolitan Edison Company's certificate(s) of public convenience. Counsel for the City appeared at the hearing on December 18, 1979. Respondents, as well as other parties, questioned the standing of the City to intervene citing that the City is not seeking to intervene as a customer of Respondents and that the City's request to intervene appears to raise technical issues of radiological hazards which are beyond the scope of these proceedings. We find, however, that the City has a proper, albeit limited, basis to intervene.

It is the practice of the Commission to permit the intervention of persons who can show a specific and direct interest in the outcome of the proceeding or who can show that their participation will aid the Commission in rendering a decision. The City of Lancaster has arguably shown an interest in the outcome of this proceeding in its need to protect its water supply from harmful actions by Respondents in the operation of the Three Mile Island generating stations. In addition, the City states

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that it has first hand knowledge of the actions and ability of Respondents' management in dealing with citizens and municipalities in their service area. These matters have a specific relation to the issue of Metropolitan Edison Company's viability as a public utility.

The Commission hereby rules that the City of Lancaster may intervene in these proceedings to the extent of limited cross-examination of witnesses, and filing briefs and exceptions. If the City desires further participation, the Commission will permit such further participation for good cause.

C. Issues

Test Period to be Used in Determining Costs Associated with TMI-1

At the prehearing conference on November 27, 1979, the Commission directed the parties to file comments concerning Respondents' intent to use calendar year 1980 as the test period for calculating and presenting the effects of removing the costs associated with TMI-1 from their respective base rates.

The Commission has reflected broadly on the appropriate test period for these proceedings. The comments of the parties have been considered. However, the Commission is of the opinion that it is now premature to fix a test period for adjusting Respondents' base rates. The Commission does not yet have before it the issue of finding just and reasonable rates for Respondents.

Motion of Respondents For Severance and an Initial Decision on TMI-1

On November 29, 1979, Respondents Metropolitan Edison Company ("Met Ed") and Pennsylvania Electric Company ("Penelec") filed a motion requesting (a) severance of Met Ed's Petition For Modification which seeks an increase in Met Ed's levelized energy cost rate, or, in the alternative, expedited hearing and decision with respect to that petition in these proceedings, and (b) an initial decision with respect to whether TMI-1 is used and useful in the public service.

The parties have been given ample opportunity to respond to that motion; and the Commission has considered carefully the Respondents' motion and the comments of the parties.

With respect to the motion to sever the request for an increase in Met Ed's energy cost rate, the motion is denied. The Commission reaffirms its unwillingness to set rates outside the context of Met Ed's overall circumstances.

With respect to the motion for an initial decision on the used and useful status of TMI-1, prior to the presentation of the base rate adjustments associated with the removal of TMI-1 from rate base, the motion is granted. The Commission has no desire to undertake a redetermination of Respondents' base rates as a hypothetical exercise. If this Commission finds TMI-1 no longer used and useful in the public service, then the determination of just and reasonable rates for Respondents will be an issue before us.

With respect to the Respondents' request for expedited hearing and decision on its Petition For Modification, the Commission rules as follows. The Commission will not grant Met Ed any increased energy cost rates until (1) the Commission is able to make at least a preliminary determination of the long-term viability of Met Ed as a public utility, (2) the Commission is able to determine whether or not TMI-1 is used and useful in the public service, and (3) all substantial questions are answered with respect to Met Ed's energy costs and cash needs in 1979 and 1980. The alacrity of the Commission in responding to Met Ed's Petition For Modification will depend upon the ability of Respondents to promptly, clearly and completely address the areas just enumerated.

The Commission will expect the Respondents to accomplish the following in the hearings now scheduled in January, 1980:

1. present a prima facie showing of Met Ed's ability to provide safe, adequate and reliable service at reasonable rates, to include but not be limited to:
 - a. presentation of the data described in the pre-hearing order issued November 16, 1979 pertaining to Met Ed's operation over the next four years, and
 - b. presentation of the plans and projections of the senior management of Met Ed and General Public Utilities for the operation of Met Ed over the next four years.
2. present Respondent's complete direct case on the issue of the used and useful status of TMI-1
3. answer fully and completely all substantial questions, with respect to Met Ed's short term energy costs, cash needs, and short term debt limitations.

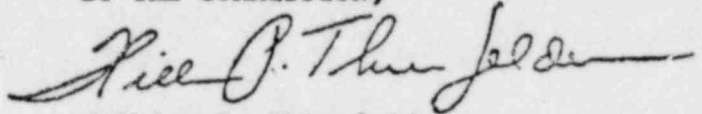
The specific focus of this order should not be construed to imply any intent on the part of the Commission to narrow the scope of these proceedings. Rather our intent is to give guidance to the parties in the development of the record in this proceeding.

This order may be amended or supplemented as additional matters relating to the conduct of these proceedings are considered; THEREFORE,

IT IS ORDERED:

1. That the Secretary s'all amend the service list in this proceeding to include counsel for the City of Lancaster and shall advise all parties of the amended service list.
2. That this order shall be served on all parties to this proceeding.

BY THE COMMISSION,



William P. Thierfelder
Secretary

(SEAL)

ORDER ADOPTED: December 21, 1979

ORDER ENTERED: December 21, 1979