

UNITED STATES OF AMERICA  
BEFORE THE  
NUCLEAR REGULATORY COMMISSION

In the Matter of Atlantic City Electric Company )

)

Hope Creek Generating Station )

APPLICATION OF TRANSFER OF CONTROL )

Docket No. 50-354

REGARDING OPERATING LICENSE NO )

NPF-57 FOR THE HOPE CREEK NUCLEAR )

GENERATING STATION )

PETITION FOR LEAVE TO INTERVENE  
AND REQUEST FOR THE COMMISSION  
TO REQUEST THE ADVICE OF  
THE DEPARTMENT OF JUSTICE  
OF THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

I. INTRODUCTION

The Delaware Municipal Electric Corporation, Inc. ("DEMEC"), by and through counsel, Janice L. Lower, Duncan, Weinberg, Miller & Pembroke, P.C., 1615 M Street, N.W., Suite 800, Washington, D.C., 20036, and in accordance with 10 C.F.R. § 2.714 (1996) of the Nuclear Regulatory Commission's ("NRC" or "Commission") regulations, hereby tenders this Petition to Intervene and Request for the Commission to Request the Advice of the Department of Justice in the above-captioned proceeding. DEMEC does not seek a hearing in this docket, but prays that the Commission seek an Advice Letter from the Department of Justice as to any anticompetitive effects of the proposed merger, and DEMEC requests that the proposed transfer of control of the operating license not be approved until the anticompetitive effects of the merger are mitigated.

II. PERSONS TO RECEIVE SERVICE

The names and post office addresses of persons upon whom service of pleadings, documents, or communications shall be made are:

Patrick E. McCullar  
President and General Manager  
Delaware Municipal Electric Corporation, Inc.  
P O. Box 475  
Dover, DE 19901  
(302) 736-7792  
Fax (302) 736-7793

Janice L. Lower, Esq  
Duncan, Weinberg, Miller & Pembroke, P.C.  
1615 M St., N.W.  
Suite 800  
Washington, D.C. 20036  
(202) 467-6370  
Fax (202) 467-6379

Jatinder Kumar  
Economic and Technical Consultants, Inc.  
6241 Executive Boulevard  
Rockville, MD 20852  
(301) 984-7050  
Fax (301) 984-7053

III. BACKGROUND TO THIS PROCEEDING

This proceeding was begun by the filing on April 30, 1997, of an Application for Transfer of Control Regarding Operating License No. NPF-57 for the Hope Creek Nuclear Generating Station, Docket No. 50-354, by the Atlantic City Electric Company ("ACE"). The Application requests the Commission's consent to the indirect transfer of ACE's possessory interest in the Hope Creek license that will occur under a proposed merger of Atlantic Energy,

Inc. (the parent holding company of ACE) and Delmarva Power & Light Company ("DP&L"), to form Conectiv, Inc. Filing Letter at 1. ACE owns a 5 percent ownership interest in Hope Creek

As part of the Application, ACE claims that no additional NRC antitrust review need be undertaken, because no significant changes would have occurred upon consummation of the proposed merger since the NRC's prior review of the license. Application at 7.

As shown below, however, there are issues of an anti-competitive nature that are raised by the proposed merger that are not mentioned by ACE in its Application, which fulfill the NRC's standard for the finding of a significant change. Consequently, DEMEC requests that the NRC make a significant change finding in this proceeding, and that the NRC formally request the advice of the Department of Justice concerning the anticompetitive impact of the proposed merger.

#### IV. PETITION TO INTERVENE.

##### A. Description of DEMEC.

DEMEC is a municipal electric company and a joint action agency, incorporated in the State of Delaware, established by certain cities and towns, and formed pursuant to Chapter 13 of Title 22 of the Delaware Code, with the authority to purchase, sell, exchange, transmit or distribute wholesale electric power within and outside the State of Delaware. The Members of DEMEC are the Delaware Cities and Towns of Newark, New Castle, Seaford, Milford, Lewes, Smyrna, Clayton, Middletown, and Dover, Delaware. These Municipalities each own and operate facilities for the distribution and sale of electric energy. Eight of the municipalities purchase full requirements service from DP&L, under contracts that terminate in 2003 or 2004. As customers of DP&L, DEMEC Members will be directly affected by the merger of ACE and DP&L. On

December 26, 1996, as supplemented on May 5, 1997, DEMEC intervened in the proceeding before the Federal Energy Regulatory Commission ("FERC") begun by the filing by DP&L and ACE of an application for approval of their merger. In its intervention before the FERC, DEMEC showed the anticompetitive impacts of the merger at both the wholesale and retail levels. The FERC has not yet issued its order acting on this proceeding or on the many interventions, including DEMEC's

B. Petition for Leave to Intervene

DEMEC learned of ACE's filing before the NRC by the filing of a copy of the NRC Application at the FERC on May 21, 1997. DEMEC's Members will be directly affected by the merger. DEMEC's Members request intervention herein because they have interests in this proceeding that cannot be adequately protected by any other party, and they may be directly affected by the outcome of this proceeding. DEMEC's participation is necessary and in the public interest, and thus DEMEC requests that the Commission make it a party to this proceeding for all purposes

V. THE MERGER WILL RESULT IN A SIGNIFICANT CHANGE, AND THE COMMISSION SHOULD REQUEST ADVICE OF THE DEPARTMENT OF JUSTICE ON THE ANTICOMPETITIVE EFFECTS OF THE MERGER.

Section 105c(2) of the Atomic Energy Act provides in pertinent part that the NRC shall promptly transmit to the Attorney General a copy of any license application for antitrust review where the NRC deems that such review is advisable on the ground that significant changes in the licensee's activities proposed activities have occurred subsequent to the Attorney General's and the Commission's previous review in connection with the construction permit for the facility. See 42 U.S.C. § 2135(c)(2). The Commission's standard for a significant change finding is set

forth in two related cases, In the Matter of South Carolina Electric and Gas Company and South Carolina Public Service Authority (Virgil C. Summer Nuclear Station, Unit 1), CLI-80-28, 11 NRC 817 (1980), and In the Matter of South Carolina Electric and Gas Company and South Carolina Public Service Authority (Virgil C. Summer Nuclear Station, Unit 1), CLI-81-14, 13 NRC 862 (1981). In those decisions, the NRC made it clear that it has the statutory responsibility to avoid the creation or maintenance of situations inconsistent with the antitrust laws, and that conditions that run counter to the policies underlying those laws, even where no actual violation of statute was made out, would warrant Commission action. As noted by ACE in its Application (at 7), the three criteria the Commission reviews to determine whether a significant change has occurred (or in this case will occur) are:

1. Whether one or more changes have occurred since the date of the previous antitrust review by the NRC.
2. Whether the changes are reasonably attributable to the licensee(s).
3. Whether the changes have antitrust implications that would likely warrant some Commission remedy.

South Carolina, supra, 13 NRC 862, 872.

All of these criteria are met by the planned merger between ACE and DP&L, with facts that are much clearer and stronger than those that were the basis for the decisions in the South Carolina cases. First, the change in corporate structure caused by the merger and the transfer of the license from ACE to the ACE subsidiary of Conectiv, Inc., will have occurred since the date of the previous antitrust review, which according to ACE's license transfer Application was in 1986. The NRC and the Justice Department certainly did not and could not have contemplated this change at the time it undertook that antitrust review. Second, the change is

reasonably attributable to the licensee, ACE, since ACE agreed to the friendly merger and is actively requesting a license transfer. And third, as shown below, the change itself--the merger--has profound antitrust implications that absolutely warrant Commission remedy: here, a request for advice by the Department of Justice.

In a March 3, 1997 filing before the FERC, another regulatory agency charged with review of the proposed merger to determine whether it is in the public interest, ACE and its proposed merger partner, DP&L, filed an application for approval of the merger, including a competitive screen analysis reviewing the impact of the merger on the relevant markets and customers for wholesale electric power that is required by the FERC's Merger Policy Statement, Order No. 592, 77 FERC ¶61,263 (December 18, 1996). On May 5, 1997, DEMEC filed its analysis of the Applicants' Application and the screen analysis, demonstrating the many errors and inconsistencies in the screen analysis as presented by the Applicants. In addition to a failure to define the appropriate product and geographic markets, a failure to analyze the impact of the proposed merger on a relevant customer group, the Transmission Dependent Utilities ("TDUs"), to which all of DEMEC's members belong, ACE and DP&L failed to even comply with the requirements for performing the screen analysis and failed to explain inconsistent statements made earlier to the FERC in other dockets. Most importantly, even the Applicants' filing concludes that, utilizing the Department of Justice and Federal Trade Commission's Merger Guidelines<sup>1</sup> as adopted by the FERC, and the Herfindahl-Hirschman Index ("HHI") (an index that calculates the anticompetitive impact of merged entities) utilized therein, a great increase in the HHI index results from any antitrust analysis of the Application.

---

<sup>1</sup>Horizontal Merger Guidelines, 57 Fed. Reg. 41552 (1992), as revised on April 8, 1997.



The FERC's Merger Policy Guidelines state that

If the post-merger HHI exceeds 1,800 and the change in the HHI exceeds 50, the merger potentially raises significant concerns, and if the change in the HHI exceed 100, it is presumed that the merger is likely to create or enhance market power.

Slip op. at 27-28, n. 33. A DEMEC analysis follows (attachments included here):

Attachment No.	Type	Post-Merger	
		HHI	HHI Delta
11	Original Est. Trans. Capability, Owned Generation	2755	147
12	Original Est. Trans. Capability, Owned and Purchased Capability	2713	189
13	Revised Est. Trans. Capability, Owned Generation	2702	132
14	Revised Est. Trans. Capability, Owned Gen & Purchased Capability	2661	168
15	Revised Est. Trans. Capability @ 95% Conf. Level, Owned Gen.	2714	135
16	Revised Est. Trans. Capability @ 95% Conf. Level, Owned Gen and Purchased Capability	2673	173

The Applicants' own analysis shows a post-merger HHI of 2640 and an HHI Delta of 102 which indicate a highly concentrated post-merger market. Attachments 11-16 show the HHI Delta to be much higher than 102 in all cases, which confirms the likelihood of a highly concentrated post-merger market. In their original filing at the FERC, the Applicants also analyzed the market concentration based on total capacity available to Eastern Utilities. This analysis showed a post-merger HHI of 2034 and an HHI Delta of 96, indicating a highly

concentrated post-merger market. A further table of market analyses by DEMEC concurs.

Analysis Type	Reference	Post Merger	
		HHI	HHI Delta
<b>Non Firm Energy Market (Owned Capacity)</b>			
<b>Utilities Interconnect with</b>			
- PECO without BGE/PEPCO Merger	P3, App C, Ex JCD-2	1771	48
- PECO with BGE/PEPCO Merger	P4, App C, Ex JCD-2	1809	37
- PSE & G	P5, App C, Ex JCD-2	1688	42
- GPU	P6, App C, Ex JCD-2	1339	43
- Vineland and Delmarva with TDUs			
- with original capacity	P7, App C, Ex JCD-2	2640	102
- with revised capacity	Attach 7	2637	105
- with original owned and purchased + NUG capacity	Attach 5	2581	142
- with revised owned and purchased + NUG capacity	Attach 8	2578	147
<b>Total Capacity Available to PJM</b>			
- Owned Capacity	P1, App D, Ex JCD-2	1185	30
- Purchased Capacity	Attach 6	1771	122
<b>Total Capacity Available to Eastern Utilities</b>			
<b>Owned Capacity</b>			
- Original Transfer Capability	P8, App 8, Ex JCD-2	2034	96
- Revised Transfer Capability	Table 12, Ex JCD-4	1616	68
- Revised Transfer Capability at 95% Confidence Level	Table 13, Ex JCD-4	1669	73
- Without Transfer Capability Allocation	Attach 9	2423	129
<b>With Purchased + NUG Capacity</b>			
- Original Transfer Capability	Attach 10	1887	123
- Revised Transfer Capability	Attach 9	1616	68
- Revised Transfer Capability at 95% Confidence Level	Attach 4	1658	95
- Without Transfer Capability Allocation	Attach 3	2393	167
<b>Total Capacity Available to Eastern Utilities Interconnected w/ Vineland and Delmarva TDUs</b>			
<b>Owned Generation</b>			
- Original Transfer Capability	Attach 11	2755	147
- Revised Transfer Capability	Attach 13	2702	132
- Revised Transfer Capability at 95% Confidence Level	Attach 15	2714	135
- Without Transfer Capability	Attach 11	2797	154
<b>With Purchased + NUG Capacity</b>			
- Original Transfer Capability	Attach 12	2713	189
- Revised Transfer Capability	Attach 14	2661	168
- Revised Transfer Capability at 95% Confidence Level	Attach 16	2673	173
- Without Transfer Capability	Attach 12	2754	197

Note: Sources are testimony and exhibits filed at FERC by DP&L.



The above table shows that there is no disagreement between the Applicants and DEMEC with respect to the intensely anticompetitive effect of the proposed merger on TDUs, in that all of the competitive analyses show that there is a highly concentrated post-merger market. All of the analyses, including the one performed by the Applicants, show that the post-merger HHI exceeds 2500 and the HHI Delta exceeds 100. If the Competitive Analyses are performed with respect to Eastern Utilities, which reflect the more appropriate relevant market, all the analyses also show a highly concentrated post-merger market. Moreover, Delmarva exerts 100% market power over its TDUs, especially DEMEC members (other than Dover), through its requirements power supply agreements with them.

The Applicants also claim that there will be benefits arising from the merger. However, none of those benefits will be flowed through to the wholesale customers of DP&L or ACE, which gives DP&L and ACE a further competitive advantage over their wholesale customers with whom they compete at the retail level.

Indeed, the NRC and the Department of Justice should also evaluate the impact of this proposed merger on competition at the retail level, as well as at the wholesale level. DP&L has market power over its Transmission Dependent Utilities, because of upcoming industry changes at the retail level as well as at the wholesale level, DEMEC's Members will be less able to compete with the larger merged entity at the retail level. There are four recognized types of competition at the retail level: franchise competition, yardstick competition, locational or customer competition, and fringe area competition. Franchise competition usually involves an existing or potential municipal distribution system and a nearby investor owned utility. Yardstick

competition is a striving by utilities to rank more favorably in a competitive evaluation of rates, costs, or other performance measures. Locational or customer competition usually refers to efforts by electric suppliers to keep their prices low in order to induce large customers to locate or expand operations in their service territory as opposed to the service territories of other suppliers. Fringe area competition refers to competition to serve individual customers located near the boundaries of the service territories of more than one supplier. As all of DEMEC's members are surrounded by DP&L and they depend upon DP&L for transmission, they are subjected to all four types of retail competition. Because DP&L's wholesale prices to DEMEC's Members are higher than prevailing market prices, they are unable to compete at the retail level. The merger will make the merged entity more competitive as its costs may decrease and DEMEC Members' power costs will increase (according to their current wholesale power contracts with DP&L).

#### VI. CONCLUSION AND REQUEST FOR RELIEF

In the second South Carolina case cited above, the NRC held that any changes found to be "significant changes" under the Atomic Energy Act must be not only significant under the statute, but discernable from the Applicants' filing, any other pleadings filed, or NRC Staff's investigation. 13 NRC 852, 1981 NRC LEXIS 104, 22-23. The above analysis (and the full analysis provided to the FERC, which is attached as DEMEC's Supplemental Intervention in the FERC proceeding) makes plain the extent and import of the significant change proposed by ACE. The NRC also held in the second South Carolina order that decisions that are dictated by business judgment rather than by regulatory requirements may be subject to findings of antitrust violations. *Id.* at 28, note 52. Clearly, ACE's voluntary decision to merge with DP&L resulted from an independent business judgment. In the first South Carolina case, the NRC reviewed the facts

presented--neither as clear nor as strong as those in the instant case--and, concluding that there may be antitrust implications in that merger offer and changes in the wholesale power market due to other circumstances, including state regulatory actions, requested an advice letter from the Department of Justice within 60 days from the date of the order. Here, the showing is much clearer than it was that case that a specific anticompetitive impact--increased market power over DEMEC's Members--will result directly from the significant change, the proposed merger, that is the genesis of the transfer application. In South Carolina, the Commission requested an advice letter from the Department of Justice, the Commission should also request such a letter here. DEMEC does not seek a hearing, nor does it ultimately oppose the transfer of the license; DEMEC prays that the Commission seek advice from the Department of Justice prior to acting on ACE's license transfer application, and appropriately condition that license transfer in order to mitigate the anticompetitive impact of the transfer.

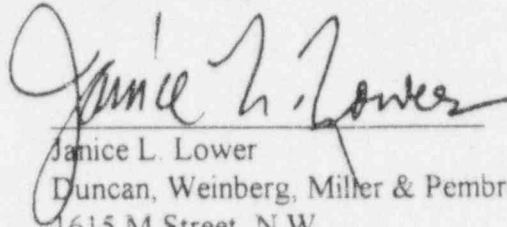
WHEREFORE, for the foregoing reasons, the Delaware Municipal Electric Corporation, Inc., respectfully requests that the Commission grant the following relief:

1. Grant DEMEC's Petition to Intervene and make it a party to this proceeding for all purposes,
2. Request an advice letter from the Department of Justice concerning the application for transfer that is the subject of this docket,
3. Approve the license transfer only with conditions that will mitigate the anticompetitive impact of the proposed merger; and

4. Grant such other relief as the Commission deems appropriate.

Dated: July 9, 1997.

Respectfully submitted,

A handwritten signature in cursive script, reading "Janice L. Lower". The signature is written in dark ink and is positioned above the typed name and address.

Janice L. Lower  
Duncan, Weinberg, Miller & Pembroke, P.C.  
1615 M Street, N.W.  
Suite 800  
Washington, D.C. 20036  
202/467-6370  
Fax 202/467-6379

**ATTACHMENTS**

**Electric Utilities Interconnected with Vineland and Delmarva TDU's  
Original Estimate of Transfer Capability During Peak Demand  
(Based on Utility Owned Generating Capacity)**

Pre-Merger Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
	ACE	1,570	7.03%	1,841			
DP&L	2,442	10.93%	2,733	8.84%	-	2,442	10.69%
PECO	5,961	26.68%	8,457	27.34%	138	6,099	26.71%
PSE&G	8,809	39.43%	10,471	33.86%	-	8,809	38.57%
GPU	3,212	14.38%	7,081	22.90%	360	3,572	15.64%
Virreland	85	0.38%	85	0.27%	0	85	0.37%
Berlin	7	0.03%	7	0.02%	0	7	0.03%
Dover	175	0.78%	175	0.57%	0	175	0.77%
Easton	69	0.31%	69	0.22%	0	69	0.30%
Delaware Muni.	9	0.04%	9	0.03%	0	9	0.04%
<b>Total</b>	<b>22,339</b>	<b>100.00%</b>	<b>30,928</b>	<b>100.00%</b>	<b>498</b>	<b>22,837</b>	<b>100.00%</b>
HHI		2644		2532			2608

Post-Merger Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
	Conectiv	4,012	17.96%	4,574			
PECO	5,961	26.68%	8,457	27.34%	138	6,099	26.71%
PSE&G	8,809	39.43%	10,471	33.86%	-	8,809	38.57%
GPU	3,212	14.38%	7,081	22.90%	360	3,572	15.64%
Vineland	85	0.38%	85	0.27%	-	85	0.37%
Berlin	7	0.03%	7	0.02%	-	7	0.03%
Dover	175	0.78%	175	0.57%	-	175	0.77%
Easton	69	0.31%	69	0.22%	-	69	0.30%
Delaware Muni.	9	0.04%	9	0.03%	-	9	0.04%
<b>Total</b>	<b>22,339</b>	<b>100.00%</b>	<b>30,928</b>	<b>100.00%</b>	<b>498</b>	<b>22,837</b>	<b>100.00%</b>
HHI		2797		2637			2755
HHI Delta		154		105			147

17-5transcap.xls  
4/29/97

Conectiv Market Share **17.57%**



**Electric Utilities Interconnected with Vineland and Delmarva TDU's  
Original Estimate of Transfer Capability During Peak Demand  
(Based on Utility Owned and Purchased Capacity)**

Pre-Merger Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
ACE	2,076	9.07%	2,472	7.76%	-	2,076	8.88%
DP&L	2,490	10.88%	3,021	9.49%	-	2,490	10.65%
PECO	5,961	26.04%	8,457	26.56%	138	6,099	26.07%
PSE&G	8,809	38.48%	10,471	32.88%	-	8,809	37.66%
GPU	3,212	14.03%	7,081	22.23%	360	3,572	15.27%
Vineland	85	0.37%	85	0.27%	0	85	0.36%
Berlin	7	0.03%	7	0.02%	0	7	0.03%
Dover	175	0.76%	175	0.55%	0	175	0.75%
Easton	69	0.30%	69	0.22%	0	69	0.29%
Delaware Muni	9	0.04%	9	0.03%	0	9	0.04%
<b>Total</b>	<b>22,893</b>	<b>100.00%</b>	<b>31,847</b>	<b>100.00%</b>	<b>498</b>	<b>23,391</b>	<b>100.00%</b>
HHI		2557		2431			2524

Post-Merger Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
Conectiv	4,566	19.94%	5,493	17.25%	-	4,566	19.52%
PECO	5,961	26.04%	8,457	26.56%	138	6,099	26.07%
PSE&G	8,809	38.48%	10,471	32.88%	-	8,809	37.66%
GPU	3,212	14.03%	7,081	22.23%	360	3,572	15.27%
Vineland	85	0.37%	85	0.27%	-	85	0.36%
Berlin	7	0.03%	7	0.02%	-	7	0.03%
Dover	175	0.76%	175	0.55%	-	175	0.75%
Easton	69	0.30%	69	0.22%	-	69	0.29%
Delaware Muni	9	0.04%	9	0.03%	-	9	0.04%
<b>Total</b>	<b>22,893</b>	<b>100.00%</b>	<b>31,847</b>	<b>100.00%</b>	<b>498</b>	<b>23,391</b>	<b>100.00%</b>
HHI		2754		2578			2713
HHI Delta		197		147			189

17-5transcap.xls  
4/29/97

Conectiv Market Share

19.52%

**Electric Utilities Interconnected with Vineland and Delmarva TDU's  
Revised Estimate of Transfer Capability During Peak Demand  
(Based on Utility Owned Generating Capacity)**

Pre-Merger Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
ACE	1,570	7.03%	1,841	5.95%	94	1,664	6.57%
DP&L	2,442	10.93%	2,733	8.84%	101	2,543	10.05%
PECO	5,961	26.60%	8,457	27.34%	864	6,825	26.96%
PSE&G	8,809	39.43%	10,471	33.86%	575	9,384	37.07%
GPU	3,212	14.38%	7,081	22.90%	1,339	4,551	17.98%
Vineland	85	0.38%	85	0.27%	0	85	0.34%
Berlin	7	0.03%	7	0.02%	0	7	0.03%
Dover	175	0.78%	175	0.57%	0	175	0.69%
Easton	69	0.31%	69	0.22%	0	69	0.27%
Delaware Muni	9	0.04%	9	0.03%	0	9	0.04%
<b>Total</b>	<b>22,339</b>	<b>100.00%</b>	<b>30,928</b>	<b>100.00%</b>	<b>2,973</b>	<b>25,312</b>	<b>100.00%</b>
HHI		2644		2532			2570

Post-Merger Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
Conectiv	4,012	17.96%	4,574	14.79%	195	4,207	16.62%
PECO	5,961	26.68%	8,457	27.34%	864	6,825	26.96%
PSE&G	8,809	39.43%	10,471	33.86%	575	9,384	37.07%
GPU	3,212	14.38%	7,081	22.90%	1,339	4,551	17.98%
Vineland	85	0.38%	85	0.27%	-	85	0.34%
Berlin	7	0.03%	7	0.02%	-	7	0.03%
Dover	175	0.78%	175	0.57%	-	175	0.69%
Easton	69	0.31%	69	0.22%	-	69	0.27%
Delaware Muni	9	0.04%	9	0.03%	-	9	0.04%
<b>Total</b>	<b>22,339</b>	<b>100.00%</b>	<b>30,928</b>	<b>100.00%</b>	<b>2,973</b>	<b>25,312</b>	<b>100.00%</b>
HHI		2797		2637			2702
HHI Delta		154		105			132

17-5:transcap.xls  
4/29/97

Conectiv Market Share

16.62%

**Electric Utilities Interconnected with Vineland and Delmarva TDU's  
Revised Estimate of Transfer Capability During Peak Demand  
(Based on Utility Owned and Purchased Capacity)**

**Pre-Merger**

Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
ACE	2,076	9.07%	2,472	7.76%	94	2,170	8.39%
DP&L	2,490	10.88%	3,021	9.49%	101	2,591	10.02%
PECO	5,961	26.04%	8,457	26.56%	864	6,825	26.39%
PSE&G	8,809	38.48%	10,471	32.88%	575	9,384	36.28%
GPU	3,212	14.03%	7,081	22.23%	1,339	4,551	17.59%
Vineland	85	0.37%	85	0.27%	0	85	0.33%
Berlin	7	0.03%	7	0.02%	0	7	0.03%
Dover	175	0.76%	175	0.55%	0	175	0.68%
Easton	69	0.30%	69	0.22%	0	69	0.27%
Delaware Muni.	9	0.04%	9	0.03%	0	9	0.03%
<b>Total</b>	<b>22,893</b>	<b>100.00%</b>	<b>31,847</b>	<b>100.00%</b>	<b>2,973</b>	<b>25,866</b>	<b>100.00%</b>
HHI		2557		2431			2493

**Post-Merger**

Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
Conectiv	4,566	19.94%	5,493	17.25%	195	4,761	18.41%
PECO	5,961	26.04%	8,457	26.56%	864	6,825	26.39%
PSE&G	8,809	38.48%	10,471	32.88%	575	9,384	36.28%
GPU	3,212	14.03%	7,081	22.23%	1,339	4,551	17.59%
Vineland	85	0.37%	85	0.27%	-	85	0.33%
Berlin	7	0.03%	7	0.02%	-	7	0.03%
Dover	175	0.76%	175	0.55%	-	175	0.68%
Easton	69	0.30%	69	0.22%	-	69	0.27%
Delaware Muni.	9	0.04%	9	0.03%	-	9	0.03%
<b>Total</b>	<b>22,893</b>	<b>100.00%</b>	<b>31,847</b>	<b>100.00%</b>	<b>2,973</b>	<b>25,866</b>	<b>100.00%</b>
HHI		2754		2578			2661
HHI Delta		197		147			168

17-5transcap.xls  
4/29/97

**Conectiv Market Share**

**18.41%**

**Electric Utilities Interconnected with Vineland and Delmarva TDU's  
95% Confidence Level Revised Estimate of Transfer Capability  
During Peak Demand  
(Based on Utility Owned Generating Capacity)**

Pre-Merger Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
ACE	1,570	7.03%	1,841	5.95%	78	1,648	6.65%
DP&L	2,442	10.93%	2,733	8.84%	83	2,525	10.18%
PECO	5,961	26.68%	8,457	27.34%	713	6,674	26.92%
PSE&G	8,809	39.43%	10,471	33.86%	475	9,284	37.44%
GPU	3,212	14.38%	7,081	22.90%	1,106	4,318	17.42%
Vineland	85	0.38%	85	0.27%	0	85	0.34%
Berlin	7	0.03%	7	0.02%	0	7	0.03%
Dover	175	0.78%	175	0.57%	0	175	0.71%
Easton	69	0.31%	69	0.22%	0	69	0.28%
Delaware Muni.	9	0.04%	9	0.03%	0	9	0.04%
<b>Total</b>	<b>22,339</b>	<b>100.00%</b>	<b>30,928</b>	<b>100.00%</b>	<b>2,455</b>	<b>24,794</b>	<b>100.00%</b>
HHI		2644		2532			2579
<b>Post-Merger</b>							
Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
Conectiv	4,012	17.96%	4,574	14.79%	161	4,173	16.83%
PECO	5,961	26.68%	8,457	27.34%	713	6,674	26.92%
PSE&G	8,809	39.43%	10,471	33.86%	475	9,284	37.44%
GPU	3,212	14.38%	7,081	22.90%	1,106	4,318	17.42%
Vineland	85	0.38%	85	0.27%	-	85	0.34%
Berlin	7	0.03%	7	0.02%	-	7	0.03%
Dover	175	0.78%	175	0.57%	-	175	0.71%
Easton	69	0.31%	69	0.22%	-	69	0.28%
Delaware Muni.	9	0.04%	9	0.03%	-	9	0.04%
<b>Total</b>	<b>22,339</b>	<b>100.00%</b>	<b>30,928</b>	<b>100.00%</b>	<b>2,455</b>	<b>24,794</b>	<b>100.00%</b>
HHI		2797		2637			2714
HHI Delta		154		105			135
17-5transcap.xls 4/29/97						<b>Conectiv Market Share</b>	<b>16.83%</b>

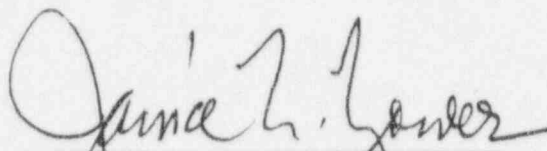
**Electric Utilities Interconnected with Vineland and Delmarva TDU's  
95% Confidence Level Revised Estimate of Transfer Capability  
During Peak Demand  
(Based on Utility Owned and Purchased Capacity)**

Pre-Merger Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
ACE	2,076	9.07%	2,472	7.76%	78	2,154	8.50%
DP&L	2,490	10.88%	3,021	9.49%	83	2,573	10.15%
PECO	5,961	26.04%	8,457	26.56%	713	6,674	26.33%
PSE&G	8,809	38.48%	10,471	32.88%	475	9,284	36.63%
GPU	3,212	14.03%	7,081	22.23%	1,106	4,318	17.03%
Vineland	85	0.37%	85	0.27%	0	85	0.34%
Berlin	7	0.03%	7	0.02%	0	7	0.03%
Dover	175	0.76%	175	0.55%	0	175	0.69%
Easton	69	0.30%	69	0.22%	0	69	0.27%
Delaware Muni	9	0.04%	9	0.03%	0	9	0.04%
<b>Total</b>	<b>22,893</b>	<b>100.00%</b>	<b>31,847</b>	<b>100.00%</b>	<b>2,455</b>	<b>25,348</b>	<b>100.00%</b>
HHI		2557		2431			2501
<b>Post-Merger</b>							
Utility	Total Capacity				Allocation of Available Transfer Capability(1)	Total Capacity Available to Eastern PJM	%
	East	%	Total	%			
Conectiv	4,566	19.94%	5,493	17.25%	161	4,727	18.65%
PECO	5,961	26.04%	8,457	26.56%	713	6,674	26.33%
PSE&G	8,809	38.48%	10,471	32.88%	475	9,284	36.63%
GPU	3,212	14.03%	7,081	22.23%	1,106	4,318	17.03%
Vineland	85	0.37%	85	0.27%	-	85	0.34%
Berlin	7	0.03%	7	0.02%	-	7	0.03%
Dover	175	0.76%	175	0.55%	-	175	0.69%
Easton	69	0.30%	69	0.22%	-	69	0.27%
Delaware Muni	9	0.04%	9	0.03%	-	9	0.04%
<b>Total</b>	<b>22,893</b>	<b>100.00%</b>	<b>31,847</b>	<b>100.00%</b>	<b>2,455</b>	<b>25,348</b>	<b>100.00%</b>
HHI		2754		2578			2673
HHI Delta		197		147			173
17-5transcap.xls 4/29/97					<b>Conectiv Market Share</b>		<b>18.65%</b>

CERTIFICATE OF SERVICE

I hereby certify that the foregoing document was served this day by first class mail upon all persons on the attached service list.

Dated July 9, 1997

A handwritten signature in cursive script, reading "Janice L. Lower". The signature is written in dark ink and is positioned above a horizontal line.

Janice L. Lower  
Duncan, Weinberg, Miller  
& Pembroke, P. C.  
1615 M St., N.W.  
Suite 800  
Washington, D.C. 20036  
202/467-6370



Office of the Secretary  
U.S. Nuclear Regulatory Commission  
ATTENTION: Docketing and Service  
Branch  
One White Flint North  
11555 Rockville Pike  
Rockville, MD 20852

Patrick E. McCullar  
President & General Manager  
DEMEC  
P.O. Box 475  
Dover, DE 19903

Jeanette Hurlock  
Clayton Town Hall  
315 Main Street  
Clayton, DE 19938

Ronald Donovan  
General Manager  
Board of Public Works  
City of Lewes  
East Third Street  
P.O. Box 518  
Lewes, DE 19958

Hon. Kenneth Branner  
Mayor  
Town of Middletown  
216 N. Broad Street  
Middletown, DE 19709

Richard D. Carmean  
City Manager  
City of Milford  
201 S. Walnut St.  
P.O. Box 159  
Milford, DE 19963

Chip Patterson  
Secretary, Board of  
Water & Light Comm.  
City of New Castle  
216 Chestnut Street  
P.O. Box 208  
New Castle, DE 19720-0208

Dolores J. Slatcher  
City Manager  
City of Seaford  
City Hall  
302 East King Street  
Seaford, DE 19973

Michael Jacobs  
Town Manager  
Town of Smyrna  
27 S. Market St. Plaza  
P.O. Box 307  
Smyrna, DE 19977

James R. O'Connor  
City Manager  
City of Dover  
City Hall, City Plaza  
Dover, DE 19901

Mr. Jatinder Kumar  
ETC, Inc.  
6241 Executive Blvd  
Rockville, MD 20852

Paul S. Gerritsen  
Vice President, Corporate Services  
Delmarva Power & Light Company  
800 King Street  
P.O. Box 231  
Wilmington, DE 19899-0231

David H. Jaffee  
Senior Project Manager  
Hope Creek Station  
United States Nuclear Regulatory  
Mail Stop: 14-E-21  
Washington, D.C. 20555

Scott Morris  
Hope Creek Senior Resident Inspector  
U.S. Nuclear Regulatory Commission  
Drawer 0509  
Hancocks Bridge, NJ 08038

Thomas T. Martin  
Regional Administrator  
U.S. Nuclear Regulatory Commission  
Region I  
475 Allendale Road  
King of Prussia, PA 19406

John H. O'Neil, Jr., Esq.  
Shaw, Pittman, Potts & Trowbridge  
2300 N Street, NW  
Washington, D.C. 20037

Dale Stoodley, Esq.  
General Counsel  
Delmarva Power & Light Company  
800 King Street  
P.O. Box 231  
Wilmington, DE 19899-0231

James E. Franklin, II, Esq.  
Senior Vice President, Secretary and  
General Counsel  
Atlantic City Electric Company  
6801 Black Horse pike  
Egg Harbor Township, NJ 08234-4130