

DOCUMENT FOLDER

COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

ORIGINAL

MEM

Pennsylvania Power & Light Company.  
Application for approval of a  
Restructuring Plan.

X  
:  
:  
Docket No.  
:  
R-00973954  
:  
:  
:  
:  
X

Public Input Hearing.

Pages 137 through 164

**DOCKETED**  
JUN 09 1997

City Council Chambers  
City Hall  
435 Hamilton Street  
Allentown, Pennsylvania

Monday, June 2, 1997

Met, pursuant to adjournment, at 1:08 p.m.

BEFORE:

GEORGE M. KASHI, Administrative Law Judge

ALSO PRESENT:

JOHN HANGER, Commissioner

APPEARANCES:

JOHNNIE E. SIMMS, Esquire  
P. O. Box 3265  
Harrisburg, Pennsylvania 17105  
(For Office of Trial Staff)

PAUL E. RUSSELL, Esquire  
Two North Ninth Street  
Allentown, Pennsylvania 18101  
(For Pennsylvania Power & Light Company)

RECEIVED  
97 JUN -5 PM 1:26  
PROTHONOTARY'S OFFICE  
P.U.C. OFFICE  
JSM

Commonwealth Reporting Company, Inc.

700 Lisburn Road  
Camp Hill, Pennsylvania 17011

## APPEARANCES (Continued):

IRWIN POPOWSKY, Esquire  
1425 Strawberry Square  
Harrisburg, Pennsylvania 17120  
(For Office of Consumer Advocate)

KAREN OILL MOURY, Esquire  
Assistant Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, Pennsylvania 17101  
(For Office of Small Business Advocate)

**Commonwealth Reporting Company, Inc.**

700 Lisburn Road  
Camp Hill, Pennsylvania 17011

(717) 761-7150

1-800-334-1063

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

C O N T E N T S

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Walter Dealtry	149	--	--	--
Sara Greer	153	--	--	--
Monica Sommerville	157	--	--	--

E X H I B I T S

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
(None.)		

Any reproduction of this transcript  
is prohibited without authorization  
by the certifying reporter.

-0-

FORM 2

P R O C E E D I N G S

1  
2 ADMINISTRATIVE LAW JUDGE GEORGE M. KASHI: Good  
3 afternoon, ladies and gentlemen. I am Judge Kashi. I am  
4 the Administrative Law Judge that is charged with  
5 marshalling the evidence in this case and presenting a  
6 recommended decision to the Commission.

7 The proceeding this afternoon is designed to give you  
8 an opportunity to express on the record, in a fashion which  
9 can be considered by both myself and by the Commission, your  
10 views as they pertain to the restructuring plan that has  
11 been filed by PP&L and is currently an application before  
12 this Commission.

13 There are in this plan basically -- and I don't  
14 intend to do a lot of speaking; I will introduce those major  
15 statutory parties who are present here today and let them  
16 tell you something about their office and their involvement  
17 in the proceedings.

18 But what I'd like to say is that in the company's  
19 proposal, there are four major components. These are not  
20 all the issues that are in the case before us. They are  
21 just the major components of the case.

22 And those include the terms and conditions for open  
23 access retail competition, including a proposal to provide  
24 comparable access to the company's transmission and  
25 distribution systems.

1           Secondly is the calculation of the company's stranded  
2 or transition costs as defined in the Act.

3           Third is the unbundling of rates for the generation,  
4 transmission and distribution of electricity, including a  
5 competitive transition charge to recover stranded costs, and  
6 including rate design to facilitate and encourage full and  
7 fair competition.

8           And finally, there are proposals in the application  
9 for continued ratepayer protection including expanded  
10 company programs for assistance to low income consumers and  
11 other measures to insure continued safe, reliable and  
12 efficient service to the customers.

13           Now, there are two ways in which you can proceed in  
14 presenting whatever it is you wish to do this afternoon  
15 before us.

16           Primarily, there has been a sign-up sheet that has  
17 been put out for you for you to testify, and that means to  
18 give us your views on this particular matter.

19           You can do it one of two ways. You can give it to us  
20 as a sworn statement, sworn testimony, and if you give it to  
21 us as sworn testimony, you open yourself to cross-  
22 examination, which is not a major threat, believe me.

23           But in doing that, it becomes part of this record  
24 and, as part of this record, I can consider it when I make  
25 my recommendation to the Commission, the Commission can

1 consider it when it makes its final decision, and the  
2 parties can use it in their briefs if they so choose to when  
3 it comes time to do that briefing.

4 If for whatever your reason you're just here to get  
5 something off your chest, we will listen to that also, but I  
6 want you to know that that is not something that I can then  
7 consider in making a recommended decision, nor can the  
8 Commission consider it in making its final decision.

9 What I would like to do at this time is introduce the  
10 parties who are here with me, and I want to assure you that  
11 these are not all the parties that are involved in this  
12 case.

13 At the present time, we have over 30 parties that are  
14 participating in the case. The people that are here today  
15 are primarily our statutory participants.

16 To my immediate right is Ms. Karen Moury from the  
17 Office of Small Business Advocate. To her right is Mr.  
18 Simms, with the Office of Trial Staff. To my immediate left  
19 is Mr. Irwin Popowsky, the Consumer Advocate of the State of  
20 Pennsylvania.

21 On my extreme right is Commissioner Hanger, who has  
22 chosen to be here with us today, and I thank him for his  
23 participation. And on my extreme left is Mr. Paul Russell,  
24 who represents the company.

25 At this time, I'm going to ask those parties who have

1 roles here to tell you what those roles are and what it is  
2 they're doing. I'd like to start with Mr. Simms.

3 Mr. Simms?

4 MR. SIMMS: Thank you, Your Honor.

5 Good afternoon, ladies and gentlemen. My name is  
6 Johnnie Simms. I'm a senior prosecutor with the  
7 Commission's Office of Trial Staff. The chief prosecutor  
8 from our office is Charles F. Hoffman.

9 Our office, the Office of Trial Staff, was created to  
10 represent and to present evidence in the public interest in  
11 proceedings before the Commission.

12 The office consists of attorneys, accountants and  
13 engineers who are expert witnesses and who provide testimony  
14 in these proceedings.

15 I want to welcome you here today. This is an  
16 opportunity for you to be a part of history in not only the  
17 Commonwealth of Pennsylvania, but in the United States.

18 As you know, the Governor signed into law electric  
19 deregulation. This is a golden opportunity for you, the  
20 citizens of this Commonwealth, to provide your views  
21 regarding this matter as it relates to Pennsylvania Power &  
22 Light Company's filing for rate restructuring in this  
23 electric competition.

24 I urge you to testify on the record so that your  
25 testimony may be used by the Commission and by the

1 Administrative Law Judge in reaching a recommended decision.

2 To my far left over here is material that I have  
3 provided from the Commission. I ask you to use it and to  
4 look at the material, and if you have any questions after  
5 the conclusion of this public input, I will be here and will  
6 be more than willing to listen to your questions and  
7 comments. Thank you very much for your attendance.

8 JUDGE KASHI: Thank you, Ms. Simms.

9 Ms. Moury?

10 MS. MOURY: Thank you, Your Honor.

11 My name is Karen Moury, and I am here today on behalf  
12 of the Small Business Advocate of Pennsylvania, and his name  
13 is Bernard Ryan.

14 Our office was created by the Legislature to  
15 represent the interests of small business consumers of  
16 utility services in matters before the Public Utility  
17 Commission.

18 Our primary goal in this proceeding is to insure that  
19 PP&L's small business customers are treated fairly during  
20 the transition to a competitive generation market.

21 We're looking at PP&L's overall claim for stranded  
22 costs and at the method that PP&L wants to use to allocate  
23 and recover those costs from its ratepayers.

24 We're also trying to make sure that PP&L's small  
25 business customers have a meaningful opportunity to obtain

1 access to a competitive generation supply as soon as  
2 possible.

3 So essentially, our efforts in this case are focused  
4 on giving PP&L's small business customers a real chance to  
5 reduce their electric bills in the near future.

6 Now, as an attorney for the Office of Small Business  
7 Advocate, it's my job to let the Commission know what we  
8 think small businesses need during this transition period.

9 We've hired an expert witness to help us figure out  
10 what that is. But if any of you are here today as a small  
11 business owner or representative, I hope that you will let  
12 us know what your concerns are, because that will help us  
13 focus on what needs to be done to protect small businesses  
14 during this time.

15 Thank you for coming out, and I look forward to your  
16 comments.

17 JUDGE KASHI: Thank you, Ms. Moury.

18 Mr. Popowsky?

19 MS. POPOWSKY: Thank you, Your Honor.

20 Good afternoon. My name is Irwin Popowsky. I'm the  
21 Consumer Advocate of Pennsylvania. Our office, the Office  
22 of Consumer Advocate, is also a state office, and our job is  
23 to represent consumers, particularly residential consumers  
24 of our Pennsylvania public utilities, including PP&L.

25 Now, this is an extremely important case regarding

1 the future of how you will receive electric service for at  
2 least the next ten years.

3 Our office has hired a team of experts to address  
4 every aspect of PP&L's plan on behalf of consumers. Our  
5 office's goal is to insure that all PP&L customers have  
6 access to a wide range of competitive alternatives for  
7 reliable electric generation service at rates that are no  
8 more expensive and will hopefully be less expensive than  
9 what you are paying today.

10 The purpose of today's hearing, though, as you have  
11 heard, is to hear from you, to hear your opinions, your  
12 concerns.

13 I encourage you to testify and, if possible, to  
14 testify under oath so that we can use your testimony in the  
15 briefs that we'll be filing with Judge Kashi and with the  
16 Commission in this case.

17 I want to thank you for coming, and I look forward to  
18 your testimony.

19 JUDGE KASHI: Thank you, Mr. Popowsky.

20 Commissioner Hanger, is there anything that you would  
21 like to say, sir?

22 COMMISSIONER HANGER: I too would like to thank all  
23 those who plan to testify and urge them to testify on the  
24 record. Public input hearings are an opportunity both for  
25 the public to provide input to the Commission, of course,

1 but frankly an opportunity for me to listen.

2 We've had public input hearings around the  
3 Commonwealth in a variety of cases. No case that I have sat  
4 on has been as important as this case. This is truly vital  
5 to this area and to the state.

6 So I urge you to testify today. We are providing  
7 also opportunities to testify in other parts of the PP&L  
8 service territory.

9 I have on many occasions used evidence that has been  
10 provided in public input testimonies to help me make  
11 decisions, so I hope today I will hear some of that kind of  
12 evidence.

13 As we go forward with this case, I think it's very  
14 important to remember that we have been given an historic  
15 duty by the Pennsylvania Legislature. They have passed a  
16 law called Electric Generation Customer Choice and  
17 Competition Act.

18 That law obviously has to be implemented, and this  
19 case is about implementing that law. And I am going to do  
20 that to the best of my ability, but my ability will be  
21 greatly increased to the extent that witnesses provide good  
22 input during this public hearing process. Thank you.

23 JUDGE KASHI: Thank you, Commissioner Hanger.

24 At this time, I will call upon counsel for PP&L. Mr.  
25 Russell?

1 MR. RUSSELL: Thank you, Your Honor.

2 My name is Paul Russell. I'm a lawyer in the PP&L  
3 legal department, and responsible for this proceeding before  
4 the PUC.

5 PP&L was an early advocate of retail competition. We  
6 supported the Customer Choice Act which Governor Ridge  
7 signed into law in December of last year.

8 That Act requires each utility to file a  
9 restructuring plan with the PUC detailing how it intends to  
10 move to a competitive market.

11 PP&L asked the Commission to allow us to file on  
12 April 1st. The request was granted, and we filed our  
13 restructuring plan at that time.

14 And that restructuring plan is the subject of today's  
15 public input hearing. PP&L strongly supports public input  
16 hearings. It's an essential part of the Commission  
17 proceeding, and it provides an opportunity for customers to  
18 get their thoughts on the record of the Commission.

19 We thank you for attending today. We join the other  
20 parties in encouraging you to speak on these issues and, if  
21 possible, to speak under oath. We are interested in hearing  
22 your views.

23 In closing, I would like to introduce one other  
24 person from PP&L. Jim Burns, community development  
25 director, is sitting off to the left. Jim and I will be

1 available throughout the afternoon to answer any questions  
2 you might have about your specific service or specific  
3 rates. Again, thanks for attending.

4 JUDGE KASHI: Thank you, Mr. Russell.

5 One other comment that I'd like to make is that in  
6 coming to hear what you have to say today, we are not going  
7 to enter into a dialogue of questions and answers on an  
8 individual basis.

9 As the parties have stated, they will stay. PP&L has  
10 provided other persons that you can talk to about the  
11 restructuring plan.

12 But the one thing that I would like to have you all  
13 know now is that the plan has been placed by the Commission  
14 on the Internet, and it has been hyperlinked as of I believe  
15 this day.

16 So while there are some 3,000 pages there, not  
17 everybody is interested in every portion of the plan. You  
18 can access it and you can access those portions which in  
19 fact are relevant to whatever your interests might be.

20 Now, at this time, I have asked the court reporter to  
21 give me the sign-up sheet, and we will call Mr. Walter  
22 Dealtry. Will you come to the podium, sir?

23 Do you wish your testimony to be sworn or unsworn,  
24 sir?

25 MR. DEALTREY: Sworn.

1 Whereupon,

2 WALTER DEALTREY

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE KASHI: Could we get you to state your name,  
6 spell it, and give us your address for the record, sir?

7 THE WITNESS: Walter Dealtrey, D-E-A-L-T-R-E-Y. I  
8 reside in Bethlehem on Biery's Bridge Road.

9 JUDGE KASHI: What is it that you do, sir?

10 THE WITNESS: I'm chairman of the board of a company  
11 here in the Lehigh Valley.

12 JUDGE KASHI: And today, are you here to testify as  
13 chairman of the board of that company, or are you here on an  
14 individual basis?

15 THE WITNESS: I am here to represent two interests:  
16 One is my own company, and another interest, which is  
17 economic development, which I have been a part of for many,  
18 many years here.

19 JUDGE KASHI: All right. If that's what brings you  
20 here today, could you give us your concerns, sir?

21 THE WITNESS: Sure.

22 I'm chairman of a privately owned company. We have  
23 seven locations in Pennsylvania, four of which happen to be  
24 in the areas that are covered by PP&L. We are a rather high  
25 user in two of those locations, and a modest user in the

1 others.

2 I'm here to really support the restructuring plan as  
3 proposed by PP&L. When we look at the options that are  
4 being put forth in this proposal, we see that we will have  
5 options which we never had before.

6 This is new for any utility. It's innovative. It's  
7 risky, I'm not sure on whose part. But it brings  
8 competition finally into the utility business, something  
9 that those of us in business, whether we own a home or a  
10 business, we've never had any options to look elsewhere. If  
11 you want to turn the switch on, it's just one supplier. So,  
12 this does give us some options to deal with other suppliers.

13 What was very interesting to me on the transition  
14 costs, which is a huge amount of money that is going into  
15 this process, that even given the transitional costs,  
16 according to what I've read, our bills will be no higher in  
17 1999 than they were in 1986.

18 And if that is correct from what I read, that's a  
19 huge advantage to anyone in business or anyone who owns a  
20 home. So I thoroughly support the proposal, and I hope you  
21 folks do, too.

22 Wearing another hat, I've been involved in economic  
23 development for a number of years. I'm a past president of  
24 the Lehigh Valley Industrial Parks, which is a large  
25 industrial park complex here in the Lehigh Valley.

1           We have over 300 companies that are in the parks, and  
2 collectively those companies employ about 15,000 people, so  
3 it's an important part of our local economy.

4           Over the years, I have talked to many prospective  
5 companies that were looking to come to Pennsylvania, and the  
6 usual kinds of things that they ask about are taxes,  
7 available people, training, and so on.

8           But one of the things that always comes up is, what  
9 are your utility rates. And when you put together the fact  
10 that Pennsylvania has had problems the last couple of  
11 decades in attracting companies to Pennsylvania -- we've  
12 been a no-growth state up until just recently because of a  
13 number of factors -- we are starting to see more activity  
14 coming into Pennsylvania, new companies, because of things  
15 that are going on in Harrisburg.

16           But one of the things that always comes up is utility  
17 rates. And the fact that companies will have options will  
18 be very important to attracting more companies to  
19 Pennsylvania.

20           When a company has the option to deal with one  
21 utility versus another utility, that's a very important  
22 resource to have.

23           So from an economic development prospective in terms  
24 of bringing new jobs to Pennsylvania, this is a very  
25 positive, positive move.

1           If I could summarize it, unless I'm missing  
2 something, Your Honor, this is a win/win situation for the  
3 business community; I think for the homeowner, too. I'm not  
4 that familiar with those rates. But this is a win/win  
5 situation, so I support the restructuring.

6           JUDGE KASHI: Thank you very much. If you'll just  
7 wait a minute?

8           THE WITNESS: Surely.

9           JUDGE KASHI: Commissioner Hanger, do you have any  
10 questions of the gentleman?

11          COMMISSIONER HANGER: No.

12          JUDGE KASHI: Mr. Simms?

13          MR. SIMMS: No, Your Honor.

14          JUDGE KASHI: Ms. Moury?

15          MS. MOURY: No, Your Honor.

16          JUDGE KASHI: Mr. Popowsky?

17          MS. POPOWSKY: No, Your Honor.

18          JUDGE KASHI: Mr. Russell?

19          MR. RUSSELL: No, Your Honor.

20          JUDGE KASHI: I have one. In your experience, sir,  
21 as being past president of that industrial park, is there  
22 any way -- well, it's two questions. The first is, is there  
23 any way that you can gauge by virtue of the experience that  
24 you've had as to how many companies have been put off by  
25 coming into Pennsylvania by virtue of the cost of energy in

1 this Commonwealth?

2 THE WITNESS: I cannot specifically, Your Honor. If  
3 I would characterize it, the high utility users don't  
4 normally come to Pennsylvania. I'm talking about the very  
5 high, not -- my kind of business is in small manufacturing.

6 But generally speaking -- and I think that could be  
7 looked at, and if you want some more information on that,  
8 I'll be glad to look it up.

9 JUDGE KASHI: Well, I'm sure we could get it in the  
10 record.

11 THE WITNESS: But I can't be specific as to  
12 companies, but it is a question that is asked almost every  
13 time.

14 JUDGE KASHI: Thank you very much, sir. You are  
15 excused. Thank you for coming.

16 (Witness excused.)

17 JUDGE KASHI: Sara Greer?

18 Ms. Greer, do you wish your testimony to be sworn or  
19 unsworn?

20 MS. GREER: Sworn.

21 Whereupon,

22 SARA GREER

23 having been duly sworn, testified as follows:

24 DIRECT TESTIMONY

25 JUDGE KASHI: Can you please state your name and

1 address for the record?

2 THE WITNESS: Sara Greer, S-A-R-A, G-R-E-E-R. I'm  
3 here on behalf of my company and myself, so would you prefer  
4 my business or home address? Does it matter?

5 JUDGE KASHI: Well, it doesn't make any --

6 THE WITNESS: Okay, Post Office Box 21750, Lehigh  
7 Valley, Pennsylvania, 18002.

8 JUDGE KASHI: And what is it that you do, Ms. Greer?

9 THE WITNESS: I'm director of marketing for the  
10 Lehigh Valley Economic Development Corporation.

11 JUDGE KASHI: What brings you here today?

12 THE WITNESS: To speak on behalf of economic  
13 development and for my corporation.

14 JUDGE KASHI: Are you familiar with the restructuring  
15 plan that has been filed by PP&L?

16 THE WITNESS: Yes, I am.

17 JUDGE KASHI: What are your comments?

18 THE WITNESS: My comments are that we are here to  
19 speak out in support of the plan. We feel that the  
20 competition is good.

21 We are in the business of promoting and marketing the  
22 Lehigh Valley, retaining the business that we have here,  
23 which many states and organizations are day-to-day actively  
24 competing for our companies that are here, and 80 percent of  
25 our job creation will come from those existing businesses.

1           So to add to what Mr. Dealtrey had said, in an  
2 environment such as the State of Pennsylvania where we have  
3 been a no-growth state, things are starting to change with  
4 the Ridge Administration and we are seeing activity.

5           But this plan helps to support continued and  
6 increased activity, especially with some of the targeted  
7 industries that we are going after such as food processing  
8 and plastics that are high energy users.

9           Also, to add to the question that you had asked Mr.  
10 Dealtrey, we probably could provide in the last year  
11 companies that have been deterred from this area as a result  
12 of high energy costs and companies most recently that have  
13 made the decision to move here specifically from New Jersey  
14 as a result of cheaper energy costs.

15           The competitive rates and the competition would be  
16 much better for business attraction and retention, as well  
17 as the fact that deregulation of this business is also good  
18 for entrepreneurial type businesses, new job growth, other  
19 types of businesses and organizations.

20           I would also like to say that PP&L has proven over  
21 the years to be very involved in the community. We think  
22 this plan is a fair and equitable plan to educate the  
23 consumer, to educate businesses, and we see the proposal to  
24 be very equitable to all involved.

25           JUDGE KASHI: Thank you. Is there anything further

1 you'd like to add?

2 THE WITNESS: No, sir.

3 JUDGE KASHI: One of the things that I'm going to ask  
4 that you do, and I'm going to ask the Office of Small  
5 Business Advocate to see if they can take care of this, the  
6 information that you have, I would like you to be able to  
7 provide that to the Office of Small Business Advocate so  
8 that they might be able to evaluate it and see what if  
9 anything they can do about getting it in front of us in the  
10 record that's going to be produced for the evidentiary  
11 hearings.

12 THE WITNESS: Okay.

13 JUDGE KASHI: I need you to all understand that this  
14 public input session is to hear from the public, but that we  
15 have scheduled at the present time I believe it's nine days  
16 of evidentiary hearings at the end of August on the pre-  
17 filed testimony of everybody. So basically we're talking  
18 about eight days of cross-examination.

19 JUDGE KASHI: Commissioner Hanger, do you have any  
20 questions of the witness?

21 COMMISSIONER HANGER: No, Your Honor.

22 JUDGE KASHI: Mr. Simms?

23 MR. SIMMS: No, Your Honor.

24 JUDGE KASHI: Ms. Moury?

25 MS. MOURY: No, Your Honor.

1 JUDGE KASHI: Mr. Popowsky?

2 MS. POPOWSKY: No, Your Honor.

3 JUDGE KASHI: Mr. Russell?

4 MR. RUSSELL: No, Your Honor.

5 JUDGE KASHI: Thank you very much, ma'am. We  
6 appreciate your coming.

7 (Witness excused.)

8 JUDGE KASHI: Now is the sad part. That is all the  
9 folks I have who signed up. At this point, what I usually  
10 ask is, is there anyone in this council chamber who has not  
11 signed up to testify, who has not testified, who would at  
12 this time like to be heard? If so, can I have you please  
13 come forward?

14 (Pause.)

15 JUDGE KASHI: Can we get you to sign up?

16 (Pause.)

17 JUDGE KASHI: Ms. Sommerville, do you wish your  
18 testimony to be sworn or unsworn, ma'am?

19 MS. SOMMERVILLE: Sworn would be fine.

20 Whereupon,

21 MONICA SOMMERVILLE

22 having been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 JUDGE KASHI: Would you please state your name and  
25 address for the record, ma'am?

1 THE WITNESS: Sure. My name is Monica Sommerville.  
2 I live at 514 North Park Street in Allentown.

3 JUDGE KASHI: Are you familiar with the plan, the  
4 application that has been filed before this Commission?

5 THE WITNESS: Generally, yes, not the thousand pager.

6 JUDGE KASHI: No, I don't think any of us are that  
7 familiar with the 3,000 pages.

8 What brings you here today, ma'am?

9 THE WITNESS: I am a resident of Allentown and a  
10 consumer, and my main area of concern would be on the issue  
11 of PP&L suggesting that in some way they should be  
12 compensated for potential losses that they may experience or  
13 a lack of their ability to compete because of prior  
14 investments.

15 I would express particular concern about the  
16 decision, if PP&L made past decisions to invest in  
17 alternative energy sources like nuclear power, I personally  
18 would be opposed to any special consideration to be given to  
19 them to compensate for that bad business decision.

20 As a consumer and an individual that lives in this  
21 area, I have been opposed to investments like that, and  
22 nonetheless, if their company decided to do that, their  
23 shareholders decided to do that, they need to be held  
24 accountable for that economically. I don't think that  
25 consumers should need to pay that price.

1 JUDGE KASHI: What you're speaking to and what we're  
2 talking about is stranded costs, stranded investment?

3 THE WITNESS: Yes.

4 JUDGE KASHI: Do you have a suggestion as to what we  
5 should consider?

6 THE WITNESS: I think they should bite the bullet  
7 like any other business would have to do. If it was an  
8 unsound investment, then if we're talking about competition,  
9 that's competition.

10 JUDGE KASHI: And if part of the reason that they  
11 made the investment was that they were required either by  
12 federal or state regulation or guidelines, would your  
13 position still remain the same?

14 THE WITNESS: I think so.

15 JUDGE KASHI: Is there anything further you would  
16 like to add?

17 THE WITNESS: Another area of concern, and I'm not  
18 familiar if it is -- I have not been able to get a clear  
19 answer on this and may not be able to get it today -- but I  
20 don't know if this restructuring takes into consideration  
21 the ability for poorer consumers to be able to access and  
22 get electrical services like in the past, and I don't know  
23 what kind of consideration is going to be given in a more  
24 competitive market.

25 And I would express concern that that should be part

1 of the plan, as well.

2 JUDGE KASHI: I don't know if you were here when we  
3 initially started --

4 THE WITNESS: No.

5 JUDGE KASHI: -- when I said that one of the  
6 components of this case are in fact proposals for continued  
7 ratepayer protection including an expanded company program  
8 for assistance to low income customers and other measures to  
9 assure continued safe, reliable and efficient service to  
10 customers at reasonable rates. So that is a major part, a  
11 major component of this case.

12 THE WITNESS: Good. Thank you.

13 JUDGE KASHI: Commissioner Hanger, do you have any  
14 questions?

15 COMMISSIONER HANGER: No, Your Honor.

16 JUDGE KASHI: Mr. Simms?

17 MR. SIMMS: No, Your Honor.

18 JUDGE KASHI: Ms. Moury?

19 MS. MOURY: No, Your Honor.

20 JUDGE KASHI: Mr. Popowsky?

21 MS. POPOWSKY: No, Your Honor.

22 JUDGE KASHI: Mr. Russell?

23 MR. RUSSELL: No, Your Honor.

24 JUDGE KASHI: Thank you very much. Thank you for  
25 coming. You are excused.

1 (Witness excused.)

2 JUDGE KASHI: Once more, I would ask if there is  
3 anyone in the council chambers who has not signed up, who  
4 has not yet been heard, who would at this time yet like to  
5 be heard.

6 (No response.)

7 JUDGE KASHI: Let the record show that there is no  
8 response.

9 It only being 1:35, let me say that perhaps there may  
10 be some folks who are taking a late lunch and are getting  
11 here a bit late, and so rather than adjourn this, I am going  
12 to take a recess for 15 minutes to see if we have anyone  
13 else show up who would like to speak.

14 At this time, it might be a good opportunity for  
15 those persons who wish to talk individually with the  
16 company, the Consumer Advocate, Trial Staff or the Small  
17 Business Advocate on particular issues to do that.

18 We'll stand in recess for 15 minutes.

19 (Recess.)

20 JUDGE KASHI: Ladies and gentlemen, I'd like to go  
21 back on the record at this time.

22 Having recessed for 15 minutes for all those folks  
23 who have a late lunch, I would at this time ask once again,  
24 is there anyone in council chambers who has not signed up to  
25 testify, who has not had the opportunity to testify, who at

1 this time would like to testify.

2 (No response.)

3 JUDGE KASHI: Let the record show that there is no  
4 response.

5 What I will do at this time is, I want to thank  
6 everybody who has come forward, who has come out and taken  
7 the time from their day to come forward, and especially the  
8 idea that you came forward and testified in a fashion that  
9 we can consider that testimony in deciding this case. I  
10 would like to thank you on my behalf and on behalf of the  
11 Commission and the parties who are here today who will be  
12 able to use that testimony.

13 There are further hearings scheduled. This evening  
14 we are going to be in Bethlehem at 7:00. Tomorrow we are in  
15 Scranton and Wilkes-Barre. The day after that, we are in  
16 Hazleton and Pottsville, and the day after that we are in  
17 Williamsport, and that will conclude the public input  
18 portion.

19 Testimony is being filed, and hearings begin in  
20 Harrisburg in late August, I believe. There has been an  
21 extension of it, and my recommended decision to the  
22 Commission I believe is sometime in the first week of  
23 November, and the Commission will decide the case the first  
24 week of January in 1998.

25 I thank you all for coming. Are there any comments

1 yet from the parties?

2 (No response.)

3 JUDGE KASHI: Hearing none, we stand adjourned.

4 Thank you very much.

5 (Whereupon, at 1:53 p.m., the hearing was adjourned,  
6 to be reconvened at 7:00 p.m., this same day, in Bethlehem,  
7 Pennsylvania.)

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

FORM 2

C E R T I F I C A T E

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

COMMONWEALTH REPORTING COMPANY, INC.

By: John A. Kelly

John A. Kelly,  
Certified Verbatim Reporter

-0-

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

FORM 2