

ORIGINAL

4

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

----- -x
Pennsylvania Power & Light Company : Docket No.
Application for approval of a Restructuring : R-00973954
Plan. :
: :
: :
: :
----- -x

Public Input Hearing.

Pages 240 through 298

Ball Room
Ramada Inn
20 Public Square
Wilkes-Barre, Pennsylvania

Tuesday, June 3, 1997

Met, pursuant to adjournment, at 7:00 p.m.

BEFORE:

GEORGE M. KASHI, Administrative Law Judge

APPEARANCES:

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

JOHNNIE E. SIMMS, Esquire
P.O. Box 3265
Harrisburg, Pennsylvania 17120
(For Office of Trial Staff)

JAMES MULLINS, Esquire
1425 Strawberry Square
Harrisburg, Pennsylvania 17013
(For Office of Consumer Advocate)

PA. P.U.C.
PROTHONOTARY'S OFFICE

7 JUN -9 PM 2:19

RECEIVED

J.M.

DOCKETED

JUN 12 1997

Commonwealth Reporting Company, Inc.
700 Lisburn Road
Camp Hill, Pennsylvania 17011

(717) 761-7150

1-800-334-1063

DOCUMENT
FOLDER

70

APPEARANCES, (Continued):

KAREN OILL MOURY, Esquire
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

C O N T E N T S

<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Vincent Kabacinski	251	--	--	--
Michael W. Zimmerman	255	--	--	--
John Matussek	258	--	--	--
Ann Marie O'Malley	261	--	--	--
Mayor George Legezdh By Mr. Mullins	263 --	-- 268	-- --	-- --
Charles Adams	271	--	--	--
John Matussek	273	--	--	--
Mayor Thomas McGroarty	276	--	--	--

E X H I B I T S

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
✓ Kabacinski Statement No. 1 ✓	255	255
✓ Zimmerman Statement No. 1 ✓	258	258
✓ Makowski Statement No. 1 ✓	275	275

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

1 mitigate those costs.

2 Thirdly, we have the unbundling of rates for
3 generation, transmission and distribution of electricity,
4 including a competitive transition charge to recover the
5 stranded costs.

6 And finally, we have proposals that have been made by
7 the company for the purpose of continued ratepayer
8 protection, which includes an expanded company program for
9 assistance to low-income customers, and other measures to
10 assure that there will be a continued safe, reliable and
11 efficient service to customers at reasonable rates.

12 The purpose the public input tonight is to hear from
13 you. We are here tonight to hear what your concerns are and
14 what it is you think about, what you understand currently,
15 about the plan.

16 The proceeding presently is in a stage of what's
17 called discovery. There are at least 30 parties that are
18 currently participating in front of me.

19 The people who are here tonight are statutory
20 parties. The other parties involved are businesses,
21 consumers, environmental groups, and on and on and on. And
22 they will be preparing their testimonies in answer to the
23 company's testimony that is being prefiled. There will be
24 hearings on all the testimony merely for the purposes of
25 cross examination, and we currently have eight or nine days

1 set down in August for the cross examination to take place.

2 At the conclusion of that, the parties will file
3 briefs, and I will make a recommended decision the first
4 week of November. It's at that time -- and there's a
5 fantastic thing that happens at that time. All the parties
6 can come together and agree on one thing. They will agree
7 when my decision is filed that the Judge doesn't know what
8 he's talking about.

9 (Laughter.)

10 JUDGE KASHI: So everybody will have one point they
11 can agree on.

12 After that happens, the matter goes to the Commission
13 with my decision, the briefs and the exceptions, and the
14 final decision will be made by the Commission the first week
15 of January in 1998.

16 Now, the purpose tonight, again, as I said, is to
17 hear from you. And you can do that in two ways. There's a
18 preferable way and a non-preferable way. The preferable way
19 is, you come to the podium, you allow me to swear you in,
20 and we put your testimony into the record. If you do it in
21 that fashion the attorneys here can cross-examine you.
22 That's nothing to even consider, because they're very gentle
23 people, and I haven't heard them take anybody to ask yet in
24 five or six days of hearings that we've had.

25 And that way I can consider your testimony when I'm

1 making my decision, it can be considered by the Commission
2 when they're making their decision, and it can be considered
3 by these parties, and it can be cited to in their briefs
4 when they file their briefs.

5 If, however, you're uncomfortable with giving sworn
6 testimony, if, however, you've come here that you have
7 something that's on your chest and you want to get it off,
8 we'll listen to that, too. But it's unsworn testimony, and
9 while I will hear it here, I cannot use it for purposes of
10 making a decision. I can't rely on it to make any kind of
11 findings. Were I to make a finding based upon unsworn
12 testimony, the courts above me would just throw it right
13 out. It won't support a finding of fact.

14 So the people who are here I want to introduce to you
15 and let them say a few words about what it is that they're
16 doing in the proceeding. And then we will begin and take
17 your testimony.

18 To my immediate right is Mr. Johnnie Russell, who is
19 with the Office of Trial Staff of the Public Utility
20 Commission; to my immediate left is Ms. Karen Moury, who is
21 with the Office of Small Business Advocate; to her left is
22 Mr. Mullins, who is with the Office of Consumer Advocate.
23 All three of these offices are statutorily created by the
24 legislature and have specific functions. And to
25 Mr. Mullins' left is Mr. Paul Russell, who is counsel for

1 PP&L.

2 So at this time I would begin by calling on
3 Mr. Simms.

4 MR. SIMMS: Thank you, Your Honor.

5 Good evening, ladies and gentlemen. My name is
6 Johnnie Simms, I'm an attorney with the Office of Trial
7 Staff. The Office of Trial Staff was created to present
8 evidence and represent the public interest in proceedings
9 before the Commission. The chief prosecutor is
10 Charles F. Hoffman. The Office of Trial Staff also has
11 accountants and engineers on staff who are expert witnesses.

12 As you know, in December 1996, Governor Ridge signed
13 into law generation choice for customers. PP&L, in
14 compliance with that law, has filed the rate restructuring
15 plan that is the subject matter of this proceeding.

16 At present, our expert witnesses have engaged in a
17 number of discovery and interrogatories. We're in the
18 process of preparing testimony and exhibits to be filed in
19 this case.

20 Tonight is your opportunity to assist our office by
21 presenting your views so that we can ensure that PP&L's plan
22 is in the public interest.

23 I welcome and encourage your testimony tonight. I
24 want to thank you for your attendance here tonight. And if
25 you have any questions after the public input, I will remain

1 and be more than willing to try to answer your questions.

2 Once again, thank you for your participation tonight.

3 JUDGE KASHI: Thank you, Mr. Simms.

4 Ms. Moury.

5 MS. MOURY: Thank you, Your Honor.

6 Good evening, my name is Karen Moury, and I'm here
7 tonight on behalf of the small business advocate of
8 Pennsylvania; his name is Bernard Ryan. And our office was
9 created by the legislature to represent the small business
10 consumers of utility services in matters before the Public
11 Utility Commission.

12 Our primary goal in this case is to ensure that
13 small business customers are treated fairly during
14 transition to a competitive generation market. And we're
15 looking at PP&L's overall claim for stranded costs, and at
16 the method that PP&L wants to use to recover those costs
17 from its ratepayers.

18 We're also trying to make sure that PP&L's small
19 businesses have a meaningful opportunity to obtain access to
20 a reliable, competitive generation supply as soon as
21 possible. So our efforts in this case are really focused on
22 giving PP&L's small business customers a real chance to
23 reduce their electric bills in the near future.

24 As an attorney for the office, it's my job to let the
25 Commission know what we think needs to be done in order to

1 adequately protect small businesses. And we have hired an
2 expert witness who is helping us determine how to do that.
3 But if any of you are here tonight as a small business owner
4 or representative, I would encourage you to let us know what
5 your concerns are and what you think needs to be done to
6 make sure that your interests are protected.

7 Thank you for coming out, and I look forward to your
8 testimony.

9 JUDGE KASHI: Thank you, Ms. Moury.

10 Mr. Mullins.

11 MR. MULLINS: Thank you, Your Honor.

12 Good evening, my name is James A. Mullins, and I
13 represent the Pennsylvania Office of Consumer Advocate. The
14 current consumer advocate is Irwin A. Popowsky, and he has
15 served in that capacity since 1990.

16 As the Judge indicated, our office is created via
17 statute, and our primary function is to represent consumer
18 of the commonwealth before the Pennsylvania Public Utility
19 Commission.

20 In most cases our interests lie with the residential
21 class, being the residential customer; that would be you out
22 there. And we do have certain interests as far as the
23 industrial customers, and some commercial customers as well.
24 But our primary interest is the residential customers.

25 Our office also has hired a team of experts to

1 analyze PP&L's restructuring proceeding. We currently have
2 three consulting outfits looking at the case at this time.
3 Once they make a determination, we will decide how we're
4 going to litigate this particular case.

5 As the Judge indicated, we have evidentiary hearings
6 in August of this year, so obviously, before that time we'll
7 have made a determination as to what stance we're going to
8 take as far as this proceeding is concerned.

9 Our primary goal in this case is to make sure that
10 PP&L's customers -- and by customers, I mean all customers,
11 residential, commercial and industrial -- are provided with
12 competitive access as we move into a competitive market.

13 We'd like to see the rates go down, if possible; but
14 we wouldn't want to see an increase. We'd also like to see
15 the rates at least remain at the current level.

16 As the Judge, indicated we are at a public input
17 hearing, which means we are here to hear from you, the
18 public. So I invite you to take the stand and testify under
19 oath so that we can take your testimony into account when we
20 begin to brief the particular proceeding.

21 Now, our legal brief is just our legal arguments put
22 to paper. So if you provide sworn testimony, we can then
23 use that testimony as we set forth our arguments before the
24 Commission.

25 Once again, thank you for coming out, and I look

1 forward to hearing from you.

2 JUDGE KASHI: Thank you, Mr. Mullins.

3 Mr. Russell.

4 MR. RUSSELL: Thank you, Your Honor.

5 Good evening. My name is Paul Russell, I'm a lawyer
6 with the PP&L legal department assigned to this proceeding.

7 PP&L was an early advocate of retail competition in
8 Pennsylvania. We supported passage of the Customer Choice
9 Act which the governor signed in December of last year.

10 Under that Act, each utility is required to file a
11 restructuring plan with the Commission in which it details
12 the steps it will take to move from regulation to
13 competition.

14 PP&L asked the Commission to allow an early filing of
15 its restructuring plan. That request was granted, and the
16 company filed its plan on April 1st.

17 PP&L's restructuring plan is the subject of this
18 evening's public input hearing. PP&L strongly supports
19 public input hearings. We believe it's an essential part of
20 the Commission process, and it gives the Commission and the
21 Judge and the parties an opportunity to hear and review
22 customer input.

23 We thank you for attending today, and encourage you
24 to testify on the record. We're interested in hearing your
25 views on the subjects raised in the restructuring plan.

1 In closing, I would like to introduce one other
2 person from PP&L. John Levitski is sitting a couple rows
3 back on the left. He's our community development director.
4 John and I will be here all evening to discuss with you any
5 specific concerns you have about your rates or your service.

6 Again, thank you for attending.

7 JUDGE KASHI: Thank you, Mr. Russell.

8 I would ask the court reporter to bring me the
9 sign-up sheet.

10 (Off-the-record pause.)

11 JUDGE KASHI: Mr. Vincent Kabacinski.

12 Sir, do you wish your testimony to be sworn or
13 unsworn?

14 MR. KABACINSKI: Sworn.

15 JUDGE KASHI: Would you raise your right hand and be
16 sworn?

17 **Whereupon,**

18 **VINCENT KABACINSKI**

19 **having been duly sworn, testified as follows:**

20 JUDGE KASHI: Could you please state your name and
21 address for the record, sir?

22 THE WITNESS: My name is Vincent Kabacinski; 70 Davis
23 Place, Wilkes-Barre, Pennsylvania.

24 JUDGE KASHI: And what is it you do, sir?

25 THE WITNESS: I'm the executive director of

1 Volunteers in Service in our neighborhood, which is the
2 community nonprofit organization that deals with the
3 homeless population of Luzerne County.

4 JUDGE KASHI: And are you here tonight to testify on
5 behalf of that group, or on behalf of yourself, sir?

6 THE WITNESS: I'm here this evening to testify not
7 specifically on behalf of the homeless population; but being
8 in the business of dealing with homeless people, part of our
9 work also deals with poor people in general. And we receive
10 numerous phone calls for various services that may be
11 available through the community, such as assistance in
12 various programs to meet their needs.

13 JUDGE KASHI: All right, sir. Could you go ahead
14 with your comments?

15 THE WITNESS: I want to thank you for allowing me the
16 time to present my testimony regarding the restructuring of
17 Pennsylvania Power & Light Company. I am here today to
18 express my concern about how the elderly and low-income
19 ratepayers were fare out as far as the restructuring of our
20 electric utility.

21 Utilities, large commercial and industrial ratepayers
22 should do fine because they have the means to ensure that
23 their voices are heard and that their interests are
24 protected.

25 As you consider PP&L's restructuring plan, it will be

1 up to the Commission to make certain that low-income
2 programs and protections are in place to ensure that the
3 elderly, and that those that are in low-income categories,
4 benefit from restructuring as well.

5 As the Commission tackles the many issues that are
6 involved with restructuring, I would hope that you would
7 take the time to consider the plight of those, especially
8 our elderly and low-income and marginal folks, because they
9 are ratepayers as well.

10 Pennsylvania Power & Light has a longstanding
11 tradition of working with local community-based
12 organizations in delivering a variety of low-income fuel
13 assistance, energy conservation, and payment assistance
14 programs such as the Winter Relief Assistance Program, known
15 as WRAP, which provides free weatherization services and
16 energy conservation education to qualified low-income
17 customers.

18 Another program, the Customer Assistance and Referral
19 Evaluation service, commonly known as CARE, handles
20 customers whose hardship circumstances prevent them from
21 paying the full amount of their electric bills. This
22 program provides affordable payment plans, protection
23 against shutoffs, and referrals to a variety of other
24 assistance programs.

25 Another program, equally important, Operation Help,

1 targets low-income customers at or below 175 percent of the
2 federal poverty level who are confronted with hardships and
3 have overdue energy bills.

4 In addition, there is the Keep Warm plan and the
5 On Track Payment Program, which offers reduced monthly
6 payment based on family size, income, electric use, and
7 previous payment history, as well as referrals to other
8 assistance programs such as weatherization and energy
9 assistance.

10 PP&L should be commended for this work and their
11 longstanding commitment to continue offering these programs
12 which benefit our elderly population and our low-income
13 ratepayers through community-based organizations in this
14 restructured industry.

15 Thank you.

16 JUDGE KASHI: Thank you, sir.

17 Are there any questions from counsel; Mr. Simms?

18 MR. SIMMS: No, Your Honor.

19 JUDGE KASHI: Ms. Moury?

20 MS. MOURY: No, Your Honor.

21 JUDGE KASHI: Mr. Mullins?

22 MR. MULLINS: No questions, Your Honor.

23 JUDGE KASHI: Mr. Russell?

24 MR. RUSSELL: No questions, Your Honor.

25 JUDGE KASHI: I want to thank you for coming and for

1 presenting that for us.

2 THE WITNESS: Would you like a copy of my testimony?

3 JUDGE KASHI: Yes, we'll mark that as Kabacinski

4 Statement No. 1.

5 (Whereupon, the document was marked as
6 Kabacinski Statement No. 1 for identification
7 and received in evidence.)

8 JUDGE KASHI: Thank you, you're excused.

9 (Witness excused.)

10 JUDGE KASHI: Michael Zimmerman.

11 Mr. Zimmerman, do you wish your testimony to be sworn
12 or unsworn, sir?

13 MR. ZIMMERMAN: To be sworn, sir.

14 JUDGE KASHI: Would you raise your right hand and be
15 sworn?

16 Whereupon,

17 MICHAEL W. ZIMMERMAN

18 having been duly sworn, testified as follows:

19 JUDGE KASHI: Would you state your name and address
20 for the record, sir?

21 THE WITNESS: My name is Michael W. Zimmerman, I am
22 the director of information referral services for the Family
23 Service Association of Wyoming Valley, at 31 West Market
24 Street, Wilkes-Barre.

25 JUDGE KASHI: And are you here tonight on behalf of

1 that organization, sir, or by your own?

2 THE WITNESS: On behalf of the organization.

3 JUDGE KASHI: Could you give us some information and
4 background about the organization?

5 THE WITNESS: Sure. The program I'm representing is
6 entitled Help Line, which is administered by the Family
7 Service Association. It's a 24-hours-a-day information,
8 referral, advocacy and emergency service program.

9 We have worked closely with other community agencies
10 for the past 25 years to assure expedient and timely access
11 to services for people in need. Through the years we have
12 assisted thousands of residents with heat and utility-
13 related issues.

14 It is from this formidable experience that I praise
15 PP&L for its past efforts to assist the less fortunate and
16 those victimized by low-income and poverty. The WRAP and
17 Keep Warm weatherization programs are vital efforts to
18 assist the vulnerable population.

19 We urge PP&L, however, to expand its weatherization
20 efforts to more than its heating customers, maintain
21 hardship funds, and to build its customer assistance
22 programs as proposed under the restructuring plan.

23 Such programs will become more important as
24 deregulation proceeds, and will ensure that those people
25 with the greatest need will not be abandoned as change in

1 the industry occurs.

2 It is the mission of Help Line to connect those in
3 need to programs that can alleviate the need. It is
4 incumbent upon all of us to ensure that energy conservation
5 programs, customer assistance programs, and hardship funds
6 continue to be available to the vulnerable in our
7 communities.

8 JUDGE KASHI: Do you have anything to add to that,
9 sir?

10 THE WITNESS: No.

11 JUDGE KASHI: Thank you.

12 Any questions from counsel; Mr. Simms?

13 MR. SIMMS: No questions, Your Honor.

14 JUDGE KASHI: Ms. Moury?

15 MS. MOURY: No, Your Honor.

16 JUDGE KASHI: Mr. Mullins?

17 MR. MULLINS: No questions, Your Honor.

18 JUDGE KASHI: Mr. Russell?

19 MR. RUSSELL: No questions, Your Honor.

20 JUDGE KASHI: Thank you very much, sir, you're
21 excused. And thank you for coming.

22 If you'll give that to the court reporter, please;
23 and the court reporter can mark that as Zimmerman Statement
24 No. 1, please.

25

1 (Whereupon, the document was marked as
2 Zimmerman Statement No. 1 for identification
3 and received in evidence.)

4 JUDGE KASHI: Thank you, sir.

5 (Witness excused.)

6 JUDGE KASHI: Mr. John Matusek.

7 Sir, do you wish your testimony to be sworn or
8 unsworn?

9 MR. MATUSEK: Sworn.

10 JUDGE KASHI: Would you raise your right hand and be
11 sworn?

12 Whereupon,

13 JOHN MATUSEK

14 having been duly sworn, testified as follows:

15 JUDGE KASHI: Could you please state your name and
16 address for the record, sir?

17 THE WITNESS: My name is John Matusek, and I am the
18 director of the Luzerne County Office of Community
19 Development. The address is 54 West Union Street, in
20 Wilkes-Barre.

21 JUDGE KASHI: And are you here tonight on behalf
22 of yourself or on behalf of the Office of Community
23 Development?

24 THE WITNESS: On behalf of the Office of Community
25 Development.

1 JUDGE KASHI: Could you, for the record, let us know
2 a little bit about the office, sir?

3 THE WITNESS: The Luzerne County Community
4 Development Office funds programs which principally benefit
5 low-income families and individuals. Many of those
6 recipients are elderly. That is why I'm concerned about how
7 the low-income and elderly ratepayers will fare as far as
8 the restructuring of our electric industry.

9 As you consider PP&L's restructuring plan, it will be
10 up to the Commission to ensure that low-income programs and
11 protections are in place to ensure that these residents also
12 benefit from the restructuring.

13 As the Commission tackles the many issues surrounding
14 restructuring, I hope that you take the time to consider the
15 plight of the low-income and elderly ratepayers.

16 PP&L has a long tradition of working with the local
17 governments and local community-based organizations in
18 delivering a variety of low-income fuel assistance, energy
19 conservation, and payment assistance programs such as CARE,
20 HELP, WRAP, Keep Warm, and On Track.

21 PP&L should be commended for this work, and urged to
22 continue their commitment to offering these programs through
23 community-based organizations in this restructuring
24 industry.

25 Thank you.

1 JUDGE KASHI: Thank you, sir.

2 Any questions from counsel; Mr. Simms?

3 MR. SIMMS: No questions, Your Honor.

4 JUDGE KASHI: Ms. Moury?

5 MS. MOURY: No, Your Honor.

6 JUDGE KASHI: Mr. Mullins?

7 MR. MULLINS: No questions, Your Honor.

8 JUDGE KASHI: Mr. Russell?

9 MR. RUSSELL: No questions, Your Honor.

10 JUDGE KASHI: Thank you very much, sir. We
11 appreciate your coming; and you're excused.

12 THE WITNESS: Thank you, Your Honor.

13 (Witness excused.)

14 JUDGE KASHI: Now the unfortunate part is, having
15 placed that sign-up sheet and getting ready to come and
16 listen to everybody, that is all the people who have signed
17 up tonight.

18 Now, what I'm going to ask is that if there is anyone
19 who has not signed up to testify tonight, who has not yet
20 been heard tonight, who would like to be heard yet tonight,
21 that they please come forward and sign up, and we will hear
22 you yet this evening.

23 (Off-the-record pause.)

24 JUDGE KASHI: While the gentleman is signing up here,
25 one of the things that I'd like to inform you of is that

1 this filing is rather extensive, and there are other things
2 that the Commission, with the parties, is putting onto the
3 Internet. At the present time I have a site, if there are
4 any of you who are so interested, that would get you through
5 the filing easier than the hard copies that are currently
6 served at Allentown at PP&L and at the Commission. And that
7 site is -- there's no WorldWide Web site on it -- it's
8 <http://puc.paonline.com>. The filing has been hyper-text
9 linked, and that way you don't have to page through the
10 3,000 some pages, or whatever it is right now, to get to
11 whatever it is that interests you.

12 (Pause.)

13 JUDGE KASHI: Ann Marie O'Malley.

14 Do you wish your testimony to be sworn or unsworn?

15 MS. O'MALLEY: Sworn, Your Honor.

16 JUDGE KASHI: Would you raise your right hand and be
17 sworn?

18 **Whereupon,**

19 **ANN MARIE O'MALLEY**

20 **having been duly sworn, testified as follows:**

21 JUDGE KASHI: Could you please state your name and
22 address for the record, ma'am?

23 THE WITNESS: My name is Ann Marie O'Malley, I'm
24 president of council in Dupont Borough. My address is 100
25 Lincoln Street, Dupont, Pennsylvania.

1 JUDGE KASHI: Are you here tonight representing the
2 council, the borough, or yourself?

3 THE WITNESS: Both, Your Honor. I'm representing our
4 borough, and as a consumer myself.

5 JUDGE KASHI: All right. Are you familiar with the
6 restructuring plan that's been filed, generally?

7 THE WITNESS: Not as much as I'd like to be. But
8 there's just one point that especially bothered me in a
9 newspaper article.

10 It stated, where anyone using in excess of 500
11 kilowatt hours would be penalized or charged \$16 and some
12 odd cents for this transition, or, you know, whatever the
13 charge would be for.

14 I do feel possibly that that is excessive. I imagine
15 almost everybody uses in excess of 500 kilowatt hours. In
16 our borough, we're more than 50 percent senior citizens in a
17 borough of less than 3,000 people.

18 Now, \$16 and some odd cents per month would be a
19 great financial strain on everyone. And I do wish that the
20 company would consider that in any future plans they have.

21 JUDGE KASHI: Do you have any other comments on the
22 restructuring, ma'am?

23 THE WITNESS: No, I just wish they would be as
24 diligent and as considerate as they can be.

25 JUDGE KASHI: Are there any questions of

1 Ms. O'Malley; Mr. Simms?

2 MR. SIMMS: No, Your Honor.

3 JUDGE KASHI: Ms. Moury?

4 MS. MOURY: No, Your Honor.

5 JUDGE KASHI: Mr. Mullins?

6 MR. MULLINS: No questions, Your Honor.

7 JUDGE KASHI: Mr. Russell?

8 MR. RUSSELL: No questions, Your Honor.

9 JUDGE KASHI: Thank you for coming, and thank you for
10 providing us with that information.

11 THE WITNESS: Thank you, Your Honor.

12 (Witness excused.)

13 JUDGE KASHI: Mr. George Legezdh.

14 Do you wish your testimony, sir, to be sworn or
15 unsworn?

16 MR. LEGEZDH: Sworn.

17 JUDGE KASHI: Would you raise your right hand and be
18 sworn?

19 **Whereupon,**

20 **MAYOR GEORGE LEGEZDH**

21 **having been duly sworn, testified as follows:**

22 JUDGE KASHI: Could you please state your name and
23 address, and spell your name for the record, sir?

24 THE WITNESS: My name is Mayor George Legezdh,
25 L-E-G-E-Z-D-H.

1 JUDGE KASHI: And you are the mayor of Dupont
2 Borough, sir?

3 THE WITNESS: That is correct, Judge.

4 JUDGE KASHI: And what brings you here tonight, sir?

5 THE WITNESS: As Ann Marie spoke before me, our
6 community's 60 percent retired people. We have a beautiful
7 community.

8 I have testified before before the PUC and before the
9 PP&L rate hikes, and I think in my last letter I got from
10 them was last week -- we're down in Philadelphia now -- and
11 it seems like this procedure seems to take place every like
12 maybe two years.

13 And what happens here is, I believe the PUC, outside
14 of us reading the paper, getting informed from the
15 newspapers, what's happening with this transition period, or
16 whatever PP&L, or whatever competitive companies are going
17 to do, we just don't have enough information on it.

18 And my complaint is here, I think the public should
19 have more knowledge on this prior to the hearings.

20 As you say, you have three or four attorneys sitting
21 up there to cross-examine me. Well, the thing is this; I
22 would like to ask some of the PP&L attorneys questions, like
23 I did at the hearings before.

24 And which, we don't have enough information. And I
25 don't know who's to blame for this, why it wasn't

1 forthcoming sooner than what we read in the newspaper.

2 And I think the man in front me had spoke,
3 John Matusek and the other two men spoke, of what's
4 happening, what PP&L gives to our customers today, or the
5 consumers; the low-income rate people, how they take care of
6 their weatherizing and what not.

7 But what happens here is, this transition period is
8 going to cost us an awful lot of money. I don't know;
9 sometimes we should leave well enough alone. And when I say
10 this, whosever idea this was, I don't know, but I'd like to
11 know whose idea it was; and I believe you said it was the
12 governor signed the paper, but I don't think he came up with
13 the idea.

14 JUDGE KASHI: Well, it was the legislature who passed
15 the legislation. They passed the legislation, he just
16 signed it into law.

17 THE WITNESS: I know. I read that, Judge. I'm just
18 talking about there has to be some senator, some
19 representative, somebody had to come up with this idea.

20 And like I said, now, we have a local community that
21 generates their own power, or that buys their power from
22 PP&L. I wonder what's going to happen to them.

23 JUDGE KASHI: It's what's known as a FERC community.

24 THE WITNESS: Yes. There's one local here that does
25 it.

1 JUDGE KASHI: All right.

2 THE WITNESS: But I want to thank you for hearing me
3 out.

4 JUDGE KASHI: As far as the information goes, it's
5 difficult to understand when the public would know, and what
6 it is they know, to be able to plan this. Because as we
7 stated, it was passed by the legislature, signed by the
8 governor in December; PP&L filed its plan in April.

9 Under the legislation, I've got nine months to run
10 the entire hearing process and get a decision out. And
11 that's part of the legislation.

12 So, since the matter has been on file and in the
13 press since at least April, and we've been trying to get as
14 much dissemination of the plan out there; but, again, the
15 problem is, I'm under a time gun as far as getting the thing
16 done and finished to meet the statutory deadlines.

17 So, I'm not sure what can be done. And, in fact,
18 that's one of the reasons that we've tried to get it out
19 there on the Internet for those persons who can get at it in
20 that fashion, as opposed to having them try to obtain hard
21 copies of the file.

22 I agree with you that it's a problem. But the
23 question is, what do you do about it. If you have any
24 suggestions as to how we can further get the information to
25 the public so that they can be in a better position to

1 comment -- because, see, when we're having these evidentiary
2 hearings, while we're not going to have public input as
3 such, the people here who represent these various statutory
4 offices, who have explained those offices, they will be in
5 contact with various members of the public when they're
6 fashioning their testimony from their experts to be put into
7 the record.

8 And so, while it's not going to be the same kind of
9 direct participation as you standing there testifying, it
10 will still be an opportunity to get it in through these
11 people who have statutory offices designed to protect you.

12 And I want to say something. I'm going to regret it.
13 I'm going to regret it because I'm even thinking it right at
14 the present time, but I'm going to say it anyway. There's
15 misinformation coming out. I've been hearing things on the
16 television like the pilot program and this restructuring
17 program; and it's not the same thing. We're not talking
18 about the same thing.

19 So, I'm not quite sure who in the media is reading
20 what, but it's not necessarily coming out as I would like to
21 see it be coming out. And I don't know what to do about
22 that.

23 And again, I know with the pilot programs that are
24 going on now at the same time that this restructuring plan
25 for the entire retail competition is out there, perhaps it's

1 somewhat confusing. And I would welcome any suggestions
2 that you have for us to be able to get the information to
3 the public.

4 THE WITNESS: I believe my suggestion is, and I want
5 to say this, I have a lot of faith in the PUC. I do have a
6 lot of faith. We've been at the hearings before, and I
7 think the PUC has been fair with us, and so I want to thank
8 you for that.

9 JUDGE KASHI: All right. Thank you, sir.

10 No questions?

11 MR. SIMMS: No questions, Your Honor.

12 MS. MOURY: No.

13 MR. RUSSELL: No questions.

14 MR. MULLINS: Just one, Your Honor.

15 JUDGE KASHI: All right.

16 **CROSS EXAMINATION**

17 BY MR. MULLINS:

18 Q. Sir, did you have concerns about the lack of
19 notice, if there was any, for this particular hearing, or
20 just in general as far as the case is concerned?

21 A. Just last night in the newspaper, or yesterday's
22 newspaper. That's it.

23 Q. Do you have any idea what publication that was?

24 A. Citizens Voice.

25 JUDGE KASHI: That was the first notice that you had

1 of it?

2 THE WITNESS: Yes.

3 JUDGE KASHI: Again, I was surprised when I arrived
4 at Scranton this morning, and I had breakfast and I picked
5 up the newspaper, and I couldn't find anything in the
6 newspaper. And the notices have been out to as many places
7 as we have been for -- I don't even remember now the date
8 the notices went out. But they have been out there for
9 quite some time.

10 MS. O'MALLEY: We did receive one last week, George.
11 Just a short sheet that just stated the time and the place.

12 JUDGE KASHI: It's been several weeks since the
13 parties have agreed on what the schedule for the public
14 inputs were going to be, and we're on the road now for like
15 nine days in nine different places that we're going to. And
16 I hope it's not inadequate notice.

17 THE WITNESS: May I ask you a question, Your Honor?

18 JUDGE KASHI: Surely, sir.

19 THE WITNESS: How was the turnout at the other nine
20 days?

21 JUDGE KASHI: Well, about the same. It's been about
22 the same. And in fact, the numbers of people who want to
23 testify, I think we had, what, three people in Scranton, is
24 all that showed up. And last night in Bethlehem, I think we
25 also had three people who wished to give testimony.

1 Whereupon,

2 **CHARLES ADAMS**

3 having been duly sworn, testified as follows:

4 JUDGE KASHI: Would you please state your name and
5 address for the record, sir?

6 THE WITNESS: My name is Charles Adams, 180C Heisz
7 Street; Heisz is spelled H-E-I-S-Z, Edersville,
8 Pennsylvania.

9 JUDGE KASHI: And what is it you do, sir?

10 THE WITNESS: I'm a retired senior citizen. I was
11 the former executive director of the Luzerne-Lackawanna
12 County Bureau for the Aging. I'm also a member of the
13 Pennsylvania Council.

14 JUDGE KASHI: And what brings you here tonight, sir?

15 THE WITNESS: As an advocate for the elderly.

16 JUDGE KASHI: All right.

17 THE WITNESS: Thank you.

18 I'm truly familiar with the process the PUC has gone
19 through in developing guidelines, different aspects of the
20 restructured electric industry, particularly the universal
21 service component.

22 However, I am concerned about the timing of the PP&L
23 restructuring plan. And I noticed it on the form that was
24 submitted to the PUC on April 1st.

25 However, it's my understanding that the universal

1 service working group that has recommended guidelines that
2 were issued subsequent to that time. So a separate request
3 that I have is that the PUC will issue instructions or raise
4 requests from PP&L that they submit addendums to the plan
5 they've already submitted on April 1st that might cover some
6 of the recommendations submitted by the working group.

7 Simple enough?

8 JUDGE KASHI: I think that working group at the
9 present time is doing things that would, in fact, dovetail
10 with what's taking place in the restructuring at this time.

11 THE WITNESS: That's true, but PP&L submitted their
12 plan prior to that.

13 JUDGE KASHI: I understand that.

14 THE WITNESS: Okay.

15 JUDGE KASHI: Anything further, sir?

16 THE WITNESS: No, sir.

17 JUDGE KASHI: Any questions from council; Mr. Simms?

18 MR. SIMMS: No, Your Honor.

19 JUDGE KASHI: Ms. Moury?

20 MS. MOURY: No, Your Honor.

21 JUDGE KASHI: Mr. Mullins?

22 MR. MULLINS: No questions, Your Honor.

23 JUDGE KASHI: Mr. Russell?

24 MR. RUSSELL: No questions, Your Honor.

25 JUDGE KASHI: Thank you very much, sir, you're

1 excused. Thank you for coming.

2 THE WITNESS: Thank you.

3 (Witness excused.)

4 JUDGE KASHI: At this time I have now gone through
5 the entire list of those people who have signed to testify.
6 I would at this time ask, is there anyone in this room
7 tonight who has not signed up, who has not been heard, who
8 would at this time like to be heard? If so, could you
9 please come forward?

10 MR. MATUSEK: Your Honor, could I add something to my
11 testimony?

12 JUDGE KASHI: Sure. That's Mr. Matusek?

13 MR. MATUSEK: Yes, sir.

14 JUDGE KASHI: All right. You're still under oath,
15 sir.

16 **Whereupon,**

17 **JOHN MATUSEK**

18 **having previously been duly sworn, testified further as**
19 **follows:**

20 THE WITNESS: Commissioner Thomas Makowski was unable
21 to make it this evening, and he wanted me to read a
22 statement, which I inadvertently handed in before. But if
23 you'd allow me, I'd like to read that statement.

24 JUDGE KASHI: All right. But I want you to
25 understand that it's coming in as an unsworn statement.

1 This is like when I spoke earlier and said if you want to
2 come in and get something off your chest and give it
3 unsworn, by virtue of the fact that he's not here, not
4 subject to cross examination, and can't swear to it, we'll
5 listen to it. But just so you understand that.

6 THE WITNESS: Okay.

7 JUDGE KASHI: Okay, go ahead.

8 THE WITNESS: "On behalf of the Luzerne County
9 Commissioners, I appreciate the opportunity to address the
10 Commission.

11 "As the electric industry restructures, we are
12 concerned that residential customers will not fare as well
13 as commercial and industrial customers who have much more
14 bargaining power. We must therefore make sure that there
15 are safeguards in place to protect those who are most
16 vulnerable.

17 "In this new era of electric competition, we must
18 ensure that consumer information continue to be available,
19 and that is regularly distributed to the general public.

20 "In this regard, it is especially important that the
21 universal service programs be continued, those being the
22 energy conservation programs, both WRAP and Keep Warm, the
23 customer assistance program, and the program which provides
24 hardship funds to help those who have the greatest need.

25 "We are pleased that PP&L proposes to continue these

1 programs, and we would request that some thought be given to
2 even expanding them. There are a large number of senior
3 citizens in our area, and these programs are very important
4 to them.

5 "Respectfully submitted, Thomas A. Makowski, Esquire,
6 Chairman."

7 JUDGE KASHI: Thank you, sir.

8 THE WITNESS: Thank you.

9 JUDGE KASHI: Have that marked as his Statement
10 No. 1, please.

11 (Whereupon, the document was marked as
12 Makowski Statement No. 1 for identification
13 and received in evidence.)

14 JUDGE KASHI: And one last time, is there anyone who
15 has not yet been heard who wishes to be heard?

16 (No audible response.)

17 JUDGE KASHI: All right. It's a little early, and I
18 would like to say that maybe somebody wanted to have a late
19 dinner and they are still on the road trying to get here.
20 There's a high school graduation tonight, maybe the traffic
21 is blocked up; I don't know.

22 So rather than adjourn at this time, I'm going to
23 take a fifteen-minute recess, and we'll come back at that
24 time and I'll see if there's anybody else who wishes to
25 speak.

1 We'll stand in recess for fifteen minutes.

2 (Recess.)

3 JUDGE KASHI: Going back on the record, having
4 recessed, what I would at this time ask is: Is there anyone
5 in this room who has not yet been heard, who would at this
6 time still like to be heard?

7 Sir, can I get you to come to the podium? Now, we'll
8 give you an opportunity to give your statement or testimony
9 as a sworn statement, at which point I can consider it in
10 making my decision, the Commission can consider it in making
11 its decision; or if you just have something that you want to
12 get off your chest, we can let you do that as an unsworn
13 statement.

14 So, do you want your statement to be sworn or
15 unsworn?

16 MAYOR McGROARTY: You're the boss, sir, whatever you
17 think is best.

18 JUDGE KASHI: Let's have it sworn. So raise your
19 right hand.

20 **Whereupon,**

21 **MAYOR THOMAS McGROARTY**
22 **having been duly sworn, testified as follows:**

23 JUDGE KASHI: Would you please state your name and
24 address for the record, sir?

25 THE WITNESS: Sure. I'm Mayor Thomas McGroarty of

1 the city of Wilkes-Barre; and it's 4 East Market Street,
2 Wilkes-Barre, PA 18701.

3 JUDGE KASHI: And Mr. Mayor, are you familiar with
4 the PP&L restructuring plain, at least generally?

5 THE WITNESS: I do have some knowledge of that.

6 JUDGE KASHI: What brings you here tonight then?

7 THE WITNESS: First of all, I'd like to say that
8 John Levitski is our PP&L representative here locally. He
9 works very well with the city, we have a very good
10 relationship with him.

11 I'd just like to state that the only thing we see as
12 a city is that we've had some changes in PP&L overall as a
13 company, and we think that their goals are a little more
14 profit oriented, and I appreciate that, we're all in that
15 same business, as opposed to some of the things they have
16 done previous in the past, prior to PECO, since the PECO
17 takeover, and we were very supportive of PP&L locally, but
18 we just think that there needs to be some consideration in
19 some of the things that they do when they're asking for
20 changes and increases, and stuff like that, to look at some
21 of the service they provide to us, as the rates to the
22 overall customer.

23 And I'll just give you some examples in the past.
24 What we have is symptoms, like a problem with lighting and
25 stuff like that, where the lights would be changed, we'd pay

1 for a higher rate of electricity. Now we have to pay for
2 the whole new system. The costs have just gone off the
3 wall.

4 And I appreciate they've become more profit oriented,
5 but I think what it requires us to do, unfortunately, is to
6 raise it to all our customers, not just the taxpayers. So
7 they only get an increase from us for lighting.

8 Let me just give an example. To put up a light
9 before, to change the wattage. Wattage reduces an amperage,
10 and candlepower reduces crime dramatically in areas, we
11 found. So we're trying to change the wattage and make it
12 brighter in the neighborhood; candlepower. And it's worked
13 out very well.

14 The only problem is we get a substantial tariff, or
15 whatever you call it, just to change the poll. And I think
16 that, unfortunately, we're caught in a Catch-22, and what
17 it's going to result for us to do as a city is that we have
18 to go to charge for the use of easements to our streets, and
19 we're probably just going to pass it on.

20 And I hate to get to the point of Burlington,
21 Vermont, but if that's what it takes as a city, we will do
22 that. They've extremely put user fees on lines, everything.

23 JUDGE KASHI: Well, then you're in favor of
24 competition, that if you don't like what they're charging
25 you for this, that or the other, that you can pull it out

1 and take Wilkes-Barre to another company?

2 THE WITNESS: Well, I'm not so worried about Wilkes-
3 Barre, not just PP&L; all utilities. And I'll be quite
4 candid, but the reason I'm here tonight is not so much PP&L,
5 is that I have a chance for a little audience with some
6 members of the PUC.

7 We've gone out and gone to great pains repaving the
8 city. And if you're staying overnight tonight, you'll see,
9 we're just tearing all the streets up, putting new roads in.

10 Put a brand new street on Park Avenue, cost us
11 \$250,000. And the water company, in the first three months
12 of this year, jackhammered the street eight times. Which
13 they're clearly in violation of the PennDOT law, as well as
14 our law. They don't listen to us. And then today, PG
15 Energy just jackhammered the same street.

16 And what I would like to do is, if possible, someone
17 from the Public Utility Commission would just take the time
18 to maybe sit down in a room with us and a utility --

19 JUDGE KASHI: Can I make a suggestion? If, in fact,
20 they're violating, one, your easements and ordinances, I'm
21 sure you've got counsel, and I'd file a complaint against
22 them.

23 JUDGE KASHI: And, Judge, unfortunately there's some
24 good in that and there's some bad. We have filed, and we'll
25 go to court. Unfortunately, common sense should prevail.

1 Once you jackhammer the street, you can never put it back to
2 the condition that it was in. Even though a court would
3 rule you must render it, and say so much money, we don't
4 want any money. We want a good, quality street system.

5 And I think that we've had a substantial challenge of
6 the utilities. And to be quite candid, I don't believe that
7 they're as responsive to us as they should be in some things
8 on part of my watch around the city.

9 I'll give you an example, I'll use the water side of
10 the house. We pay for these fire hydrants double what we
11 paid in the last few years. The water's actually worse.
12 And we don't pay by flow. Everybody's house pays by flow.
13 If you look at a fire hydrant, the NFP standards, the
14 National Fire Prevention Association standard, says fire
15 hydrant's red, has less than 500 gallons a day; it should be
16 orange or yellow, 500 to 1,000 gallons; if it's greater than
17 1,000 gallons it should be green, just so the fireman knows
18 whether or not to use it.

19 The significance of that is, where you may not
20 realize that you have a greater bearing on this, is that
21 everyone's fire insurance is decided by three factors.

22 JUDGE KASHI: Where the fire hydrant's located.

23 THE WITNESS: It's the fire (sic) pressure is 40
24 percent of it, 20 percent is the training of the fire
25 department, and 40 percent is the equipment of the fire

1 department.

2 So you could have an excellent fire department, great
3 training --

4 Do you find that hard to believe?

5 MR. RUSSELL: We were trying to keep track of the
6 percentages.

7 THE WITNESS: It's 40, 20 and 40. And that's
8 unbelievable. So, just to give you an example, to a
9 resident of the city, their fire insurance, instead of being
10 \$400 a year, could end up being \$600 a year. To a major
11 billing, like a newspaper, printing plant, that stores
12 paper, this is dramatic.

13 My point simply being is that they have to be
14 accountable. And when they ask for raises and other things,
15 they should be responsible.

16 And I would think that the Public Utility Commission
17 stands for public. They have a right to have a monopoly.
18 The water and the gas has a monopoly, PP&L has a monopoly.
19 That may change, as you say, but I don't think it's going to
20 change for the water, because we're not going to be able to
21 tear up hundreds and hundreds of miles of roads. It would
22 cost a lot to repair it.

23 But I think that there needs to be -- and almost like
24 they're too big for us to monitor. Maybe the thing for us
25 is to do to buy a few shares of stock. And I think that

1 clearly, if the Public Utility Commission told the utilities
2 that it would be wise to sit down with the cities and become
3 reasonable --

4 JUDGE KASHI: I think a lot of that takes place, sir,
5 with the Consumer Advisory Council. And I believe there's a
6 lot of interaction that sets that kind of policy.

7 I know, like specific with the BOCA code that was
8 being adopted, that there was consideration with the cities
9 on that through the Consumer Advisory Council to the
10 Commission when it came time for regulations.

11 THE WITNESS: I appreciate that, Judge. The only
12 problem we have is that if the regulations are not enforced.
13 I'll give you an example. Today Park Avenue, it's a state
14 highway; the Pennsylvania Department of Transportation -- a
15 state trooper; and he just ignored it. Couldn't do
16 anything. And it's clearly in state law.

17 Now, what will happen is there will be a citation
18 filed before the magistrate, and in 90 days from now we'll
19 have a hearing. And we go to the hearing, and the gas
20 company's attorney is going to say: We need to delay the
21 hearing because we can't get Joe Blow here today.

22 JUDGE KASHI: Right.

23 THE WITNESS: And we'll reschedule it for 60 days.
24 In the interim we have the city tore up. And eventually,
25 Judge, the magistrate will rule in our favor. I have no

1 doubt about that. But there has to be a point where common
2 sense prevails and, like at a railroad crossing, stop, look
3 and listen, just like you regulate a railroad crossing, a
4 utility, the Public Utility Commission; you know.

5 And if we get so defiant that we don't listen to the
6 public, then we'll have some challenges. And I'm not here
7 for that. I think that PP&L does a good job. And as I said
8 here with John.

9 JUDGE KASHI: On your particular concern, have you
10 thought of going to an authority?

11 THE WITNESS: I'm sorry?

12 JUDGE KASHI: With your particular concern, have you
13 thought of creating and going with an authority?

14 THE WITNESS: I believe government's government, and
15 least governs best, I think, over the years. And I don't
16 think we need to be in competition with the utilities, I
17 think we need to be partners with them.

18 And that's my impression of what the panel is in
19 Pennsylvania, is to work with us. And I just can't imagine
20 that when they come in for the rates and all that stuff, I
21 mean with daily interaction -- I could tell you this, if
22 someone has a building contractor, he may not listen to the
23 average joe on the street, but when our building inspector
24 goes down, he has an attentive ear.

25 I think that if you, your board, could just have

1 someone say: Look, I think you should come with an
2 attentive ear, and possibly send a person up for the day we
3 have the meeting, or we'll go to Harrisburg, I'd gladly go,
4 we'll send a cruiser, take the PG Energy officials down. No
5 problem with that. But we cannot just thumb our nose at the
6 public.

7 And I can tell you this, is that -- and you don't
8 know me from Adam, but I'll tell you this. And the public,
9 I ran unopposed for this job. I had both party nominations.
10 Wilkes University did a political study polling; I have a
11 91-percent approval rating in this county. That's very much
12 unheard of in politics.

13 People dislike the utilities more than they like
14 politicians. And I'm a politician. And I think that they
15 have to responsive to us. And I will tell you, they won't
16 even answer our calls.

17 We met with the utility last week and showed them are
18 rules. And they just flagrantly have disregard for them.

19 And I think that clearly your board could rattle
20 someone's cage and say, please sit down with the city. Or I
21 will tell you we'll go to a lot further confrontation than
22 that. I think that in -- now, just if we're going to get to
23 the point, if we have a fire, we had a fire burn a house
24 down four months ago, to the ground. Pennsylvania-American
25 Water has admitted to the city that the main to the hydrant

1 was turned off inadvertently. It only burned the house
2 down, no one was killed. I think that that is little
3 leadership.

4 I've had enough, if I'm speaking at the wrong
5 location, but I think that --

6 JUDGE KASHI: Well, one, obviously you're presenting
7 us with something that we're not here for today.

8 THE WITNESS: And I apologize for that.

9 JUDGE KASHI: All right.

10 THE WITNESS: But you were in town, and I thought --

11 JUDGE KASHI: It was a good shot. Okay.

12 THE WITNESS: And you're staying overnight, and I
13 would -- and tomorrow we would have someone, if you would
14 like to see the streets -- if you want tonight, I'll do
15 it --

16 JUDGE KASHI: No, I'm going to be in Hazleton
17 tomorrow.

18 THE WITNESS: We'll have DPW come out and illuminate
19 the street with a spotlight, light the street for you. I'm
20 an easy guy to get along with.

21 JUDGE KASHI: One of the hard parts about being a
22 judge is when you're talking to people, I've got to have
23 that guy down at the end there with me almost all the time,
24 or they tell me that it's an exparte --

25 THE WITNESS: He's been at hearings that we've had

1 before. He'll tell you that I'm not the easiest guy to get
2 along with.

3 JUDGE KASHI: It's an exparte proceeding otherwise.
4 And I think that --

5 THE WITNESS: We've have a lot of arbitrations,
6 Judge.

7 JUDGE KASHI: There are a lot of things that, in
8 fact, can be done, and I will take your concern. And what
9 you're speaking of specifically is PG Energy?

10 THE WITNESS: Pennsylvania-American Water.

11 JUDGE KASHI: Okay.

12 THE WITNESS: And they split. And I would tell you
13 this, is that, just so you know, and some may consider me to
14 be a little bit offbeat. Perhaps I am. And I'm tough on
15 landlords. I would say this, that it would be not beyond me
16 to go after each individual board of director of the
17 organizations. And those who get a dividend from this
18 corporation should realize it also.

19 JUDGE KASHI: You're well within your rights.

20 THE WITNESS: And certainly, we are a small business,
21 the city. We don't have four employees to qualify as a
22 Bureau in Pennsylvania, but clearly, they should have some
23 responsibility.

24 JUDGE KASHI: They do. It's not that they should,
25 they do. But what I'm surprised that what I'm hearing from

1 you is that you're not enforcing your ordinances against
2 them now. You're allowing them to dig up your streets.

3 THE WITNESS: Well, unfortunately, Judge, we -- and
4 as you know, the state legislature does not allow us to
5 create misdemeanors or felonies. We can only have summary
6 violations.

7 JUDGE KASHI: Right.

8 THE WITNESS: Summary violations have the right to be
9 adjudicated before a magistrate in a district.

10 JUDGE KASHI: Right.

11 THE WITNESS: And we cannot be the judge, jury and
12 executioner, unfortunately. And that's the point we're in.
13 But we cannot let this continue.

14 I just can't see how that someone from the PUC in
15 Harrisburg can't come up here -- and I would just tell you,
16 we had problems with the railroads, you know, we
17 straightened them out.

18 It just seems like this is the only two that we can't
19 get along with.

20 JUDGE KASHI: I promise I will relay your message to
21 certain people within the Commission on the political side
22 of it to see if there's anything that they can do as far as
23 getting a meeting together for you such as you've suggested
24 with those particular utilities.

25 THE WITNESS: Is there an enforcement division,

1 Judge?

2 JUDGE KASHI: There certainly is, but the enforcement
3 division works on the basis of complaints. And you tell me
4 that you're not filing complaints. You don't want a
5 confrontation.

6 THE WITNESS: Oh, I do want a confrontation. I did
7 call Harrisburg today. What I would like to do is resolve
8 it. But I cannot -- well, when you leave the city tonight,
9 you'll see that we have 19.7 miles of roadway under
10 construction, 9.5 million.

11 JUDGE KASHI: Is that the one I came in on, the main
12 one that I had to go from Cunningham around?

13 THE WITNESS: Then you noticed that we're trying to
14 repair it. But that street will open next Friday. We're
15 not going to jackhammer it next Monday. And that street
16 will open four months ahead of schedule.

17 JUDGE KASHI: I guess one of the questions I have is:
18 If, in fact, you have an infrastructure that is apparently
19 so poor, and being familiar with the predecessors up here in
20 PG&W, and Scranton, and wooden pipes and 100-year-old pipes,
21 and all the rest of that kind of stuff, as if while they're
22 laying the new road, what's wrong with the cooperation here
23 as to not getting new pipe in the ground?

24 THE WITNESS: Well, the problem with that is there's
25 not enough common sense to go around. You have enough, I

1 have enough, and they don't. Common sense would tell you
2 that. But I would think that this panel, when they come in
3 for their increase -- and maybe they should be entitled to a
4 reduction; and the quality. Because how much it costs
5 people's fire insurance. I don't think anyone's ever taken
6 it from this end.

7 I will tell you this, is that, from our perspective
8 as a city, this affects people's pocketbook.

9 JUDGE KASHI: Oh, it sure does.

10 THE WITNESS: So when you improve those water
11 facilities, you should certainly fix up that. And I would
12 certainly -- and I know this isn't the right forum, but I
13 thought that, you know, it was the right group. If we could
14 certainly give them a chance, somebody come up -- and I
15 would love; an independent body, to my eyes, would be a
16 Public Utility Commission. They wouldn't be biased to us or
17 to the utilities. And if we're wrong, we'll just take a
18 shot. But I'm not going to let the city be destroyed.

19 And I think that for years utilities have walked over
20 this community like the coal miners did 70-80 years ago. I
21 wasn't always in charge here. I'm only in charge since last
22 year.

23 JUDGE KASHI: Some of the pipes you've got in were
24 put in by those coal miners.

25 THE WITNESS: You're absolutely right.

1 JUDGE KASHI: I mean, I actually saw wooden piping up
2 here that was put in by the coal miners. Seriously.

3 THE WITNESS: Well, do you think, does it not seem
4 that when they come up for their increase, that no one asks
5 about the water pressure in these fire hydrants or anything?
6 Is it not important enough?

7 JUDGE KASHI: I can't speak to this particular case,
8 because I'm not familiar with that. But most of the places
9 that have pressure problems, it's not assessed to the
10 utility because the utility usually has a separate contract.
11 They have a separate contract with whatever the municipality
12 is. The PUC does not require them to provide fire
13 protection.

14 THE WITNESS: Well, we're told by them, and maybe I'm
15 getting on ability to sell, is that the PUC would want to
16 approve raising these, doubling the fire hydrants for them,
17 the fee. The fire hydrant fee doubled. Says the PUC wanted
18 that, to make it easier. The same as what the people's
19 houses.

20 And maybe the thing we need, we need to copy that
21 court order for what you did or didn't do.

22 JUDGE KASHI: Sure.

23 THE WITNESS: And, Judge, I appreciate you giving me
24 a chance to say a few words.

25 JUDGE KASHI: Well, listen, I'm going to take your

1 concern back, and I will have someone get back to you.

2 THE WITNESS: I could go to Hazleton tomorrow if you
3 want. I don't know if you want me to.

4 JUDGE KASHI: That's okay. Do you have anything that
5 you want to say about the restructuring plan?

6 THE WITNESS: Oh, I would just clearly -- and I can't
7 think of the guy's name. I gave him a key to the city; I
8 should remember. He's from Allentown. Heck; is that his
9 name? Mr. Heck. But they got to get down for a landing on
10 this price of lights. Are they looking for an increase?

11 JUDGE KASHI: No, we're not looking for an increase
12 in this case. We're looking for \$4 billion, is what we're
13 looking for.

14 THE WITNESS: If I could, though, Judge, I think that
15 we pay a rate for the lighting -- and this is a back door
16 charge you come in and charge me for installing it. I think
17 that they've gone around the way -- they can't get the
18 increase, they charge you for everything else. We give you
19 the free monthly guarantee, but we'll charge you \$500 to put
20 it back on. And I think you should explore that.

21 And as good neighbors, if they are good neighbors,
22 they would really -- and I will tell you this, that for the
23 last year they kind of tried to get a handle on it. But,
24 you see, Allentown bought their lights. PP&L went out of
25 their way in Allentown. I don't know, I think they might be

1 headquartered down there. But they put beautiful lights in
2 before they sold to them. Harrisburg, they didn't fix
3 anything. Mayor Reed sold them the junk. Bethlehem was
4 about to buy the lights, and they said, whoa. Other than
5 that, we don't fit into this picture. Allentown's a
6 corporate headquarters, so they put all new lights in. The
7 maintenance was on high. Harrisburg took a beating.

8 JUDGE KASHI: You're going to love the new system.
9 We're talking about retail competition here.

10 THE WITNESS: But we have retail competition in
11 natural gas, but unfortunately, that doesn't affect --

12 JUDGE KASHI: You're not going to --

13 THE WITNESS: And how it would not assist us, because
14 retail competition might be for the units of amp hours,
15 whatever it may be; or however you do, volts, however this
16 works. It will not affect us for the fixtures on the
17 street, which are the main expensive item.

18 JUDGE KASHI: That's your main concern. Go to
19 gaslight. Gas is cheaper than electricity.

20 THE WITNESS: Is that right?

21 JUDGE KASHI: Yes.

22 THE WITNESS: The other problem is we don't want to
23 run gas up a pole. I think you know the position we're in,
24 Judge.

25 JUDGE KASHI: I know.

1 THE WITNESS: And I would think that the utilities
2 should take some interest in these things. I called down
3 and talked to Mr. Heck Monday, he didn't take my call. And
4 I appreciate he's a busy guy. But certainly, before they
5 get some breaks that you're proposing to give them tonight,
6 they should try and --

7 JUDGE KASHI: We're not --

8 THE WITNESS: Or they're proposing to ask for; excuse
9 me.

10 JUDGE KASHI: Wait. Look, let me get it straight to
11 you so you understand what's going on here tonight. The
12 legislature of the Commonwealth of Pennsylvania passed a
13 retail choice act, which was signed by the governor in
14 December.

15 THE WITNESS: That's a law then.

16 JUDGE KASHI: Which the company has complied with and
17 filed a plan to comply with that law. Okay? The purpose of
18 these public input hearings are just to get the public's
19 input as to what we're doing on whether or not that plan is
20 going to be approved. And there are some major components
21 that go into that plan that are going to really affect your
22 city. Seriously affect your city.

23 THE WITNESS: And just so you understand, we have
24 done a lot of things that -- we have formed our power
25 sources in downtown, held us in track, people downtown; did

1 a lot of things for Bell for their buildings down south,
2 because their company located downtown, bring 2,000 office
3 jobs and computer oriented.

4 So we make the best of that. But by the same token,
5 I will tell you, this is -- you know, I'm working; I was on
6 the job at 5:00 this morning. I was giving a contractor a
7 hard time who was paving a street for us, because -- and
8 that's my job. But I want you to just understand that I'm
9 not some fly-by-night guy. The President of the United
10 States said I'm the most energetic mayor in the United
11 States. He was here. Governor Ridge said something. Both
12 sides of the aisle.

13 I get along with every -- but I just got to make sure
14 the people here get a fair break for the investment of
15 dollars, because they hold me accountable.

16 JUDGE KASHI: I understand.

17 THE WITNESS: And I think that if simply someone
18 could just --

19 Are you on the PUC board, sir?

20 MR. RUSSELL: No, I'm with PP&L.

21 JUDGE KASHI: He's counsel for PP&L.

22 THE WITNESS: You're a lawyer for PP&L?

23 MR. RUSSELL: Yes, sir.

24 JUDGE KASHI: I didn't want to hold you up. This
25 thing's just bothering me. And I apologize.

1 MR. RUSSELL: Not at all.

2 THE WITNESS: And you tell Mr. Heck I went out of his
3 way for him when he was in the PECO jam. So the things we
4 have to say are far more important than some other stuff.
5 When he was down and out, we were at the front page. So I
6 would appreciate if he'd -- well, when I speak, listen to
7 me, the same person I gave Mr. Heck. He certainly doesn't
8 want to come down until the next few days, because the
9 challenge to the building down there.

10 Thank you, Judge.

11 JUDGE KASHI: Thank you, sir, for providing those
12 comments.

13 THE WITNESS: And this gentleman will tell you that
14 I'm very fair, I've done a lot of arbitrations with the
15 cops, and workmen's comp. I've been in a lot of court
16 cases; I enjoy it. I like a confrontation or two.

17 JUDGE KASHI: I'll see if I can't get someone to get
18 in touch with you to see if there's something that can be
19 done to come up with some way of getting the city together
20 with them, on a non-confrontational basis on a policy
21 matter, to be able to work on some of the problems.

22 THE WITNESS: If that doesn't work, Judge, just so
23 you know, what we'll do is we'll just violate the law and
24 take someone into custody, and then we'll let some higher
25 court adjudicate it.

1 JUDGE KASHI: There you go. There's always a way of
2 doing it.

3 THE WITNESS: Thanks for your time, Judge. Sorry I
4 took so much time.

5 JUDGE KASHI: Thank you.

6 THE WITNESS: I went to a high school graduation,
7 because the children of the future --

8 JUDGE KASHI: I understand that.

9 THE WITNESS: Oh, Judge.

10 JUDGE KASHI: That's why we waited for you, we heard
11 that you were there.

12 THE WITNESS: Thank you.

13 (Witness excused.)

14 JUDGE KASHI: At this time I would ask, is there
15 anyone in the hearing room who has not yet been heard who
16 would at this time still like to be heard?

17 (Pause.)

18 JUDGE KASHI: Let the record show that I have
19 received no response.

20 I want to thank you all for coming out tonight. I
21 know you took time out from your schedules to do that. I
22 would like to thank you on my behalf, I want to thank you on
23 behalf of the Commission, especially the fact that you gave
24 sworn testimony, which we can consider when it comes time to
25 make the decision in this historic case. We're going to do

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

something that's going to change the way electricity has been sold like never before in the last 75 years.

So, if there's nothing further, we stand adjourned. Thank you very much.

(Whereupon, at 8:50 p.m., the hearing was adjourned, to reconvene at 1:00 p.m., on Wednesday, June 4, 1997, in Hazleton, Pennsylvania.)

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 accu-
rate record to the best of my ability.

COMMONWEALTH REPORTING COMPANY, INC.

By: William J. Horst

William J. Horst

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

PP&L

6/6/97 11:26pm