

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

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

<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Bill Firjone	218	--	--	--
Mark Murphy	221	--	--	--
Nancy Kay Holmes	231	--	--	--

E X H I B I T S

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
Murphy Statement No. 1 ✓✓	229	229

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

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'm Judge Kashi, I'm the
4 administrative law judge who has been assigned this
5 application, and it's my responsibility to marshal the
6 evidence as it comes in. And when it's all finished, and
7 the hearings are done, in addition to the public input
8 hearings, the evidentiary hearings that are taking place in
9 Harrisburg in the month of August, I will make a recommended
10 decision to the Commission, I believe it's the first week of
11 November, and the parties will then file exceptions to my
12 decision, and the Commission will make it's decision in the
13 first week of January.

14 There are two ways in which you can participate here
15 this afternoon. We are here primarily to hear your
16 comments. We want to hear what it is you have to say, what
17 your concerns are about the restructuring plan that has been
18 filed by PP&L.

19 To that end, we will hear your comments either sworn
20 or unsworn. And I am encouraging you all to give your
21 statements as sworn testimony, which would subject you to
22 cross examination by counsel who are here. Believe me,
23 that's nothing to worry about.

24 And if, in fact, you present your testimony as such,
25 it becomes part of this record. And as part of this record,

1 when I make my recommended decision I can consider it, the
2 parties can use it in their briefs that they present to me,
3 and the Commission can consider it when it's making its
4 final decision.

5 If, however, you're here, and you want to get
6 something off your chest, we'll listen to that also.
7 However, I can't consider that when it comes time for me to
8 make a decision, nor can the Commission, and neither can the
9 parties use it when they're preparing their briefs.

10 So I would encourage you all to give your testimony
11 as sworn testimony.

12 One of the things that I'd like to state up front --
13 and it is your time, and I don't want to take it up -- is
14 that in the proceeding that is before me there are four
15 major components that I hope you are all familiar with.

16 Now, it doesn't mean that there are only four issues
17 in this case; there are four major components to the
18 application. And those components are the terms and
19 conditions for open access to retail competition, including
20 a proposal to provide comparable access to the company's
21 transmission and distribution system, and procedures and
22 rules under which the company will participate as a supplier
23 of electricity, and an extensive proposal for consumer
24 education.

25 The second component that exists in this case is the

1 calculation of the company's stranded or transition costs as
2 defined in the Act that was passed by the legislature.

3 Thirdly are the unbundling of rates for generation,
4 transmission and distribution of electricity, including the
5 competitive transition charge, to recover those stranded
6 costs.

7 And finally, the fourth component is the proposals
8 for continued ratepayer protection, including expanded
9 company programs for assistance to low-income customers, and
10 other measures designed to assure continued safe, reliable
11 and efficient service to customers at reasonable rates.

12 With me today are a number of statutory parties that
13 are in this proceeding. They have unique roles. Most of
14 them have been established by the legislature under statute.
15 And I'm going to introduce them and give them an opportunity
16 to let them tell you what it is they're doing in this case.

17 In addition to the parties who are here today, I
18 currently have had interventions filed by at least 30
19 different parties from Delmarva, the network down south,
20 through Bethlehem Steel and Air Products, and a number of
21 various interest groups, whether they're environmental,
22 consumer, business, commercial. And they are all
23 participating in the proceeding.

24 The current stage of the proceeding we are in what is
25 known as discovery. And the company has filed its

1 application.

2 And in fact, for those of you who would like to get
3 to know the application better, the Commission has placed it
4 on its home page on the Web. And you can access it on your
5 computer through the Internet by going on at
6 <http://puc.paonline.com>.

7 What we're talking about is 3,000 pages, so nobody
8 wants to sit down and have to read all 3,000 pages. But the
9 text is hyper-linked. And so, if you have a particular
10 interest, you can go through it in that fashion and get to
11 what it is that you're interested in and be able to
12 familiarize yourself with it more.

13 To my immediate right is Mr. Johnnie Simms, who
14 represents the Office of Trial Staff in this proceeding; to
15 my immediate left is Ms. Karen Moury, who represents the
16 Office of Small Business Advocate; to her left is
17 Mr. Mullins, who represents the Office of Consumer Advocate;
18 and finally, to his left is Mr. Paul Russell, who is counsel
19 for PP&L.

20 So at this time, before we begin calling you for
21 testimony, I would ask the parties to give you a short
22 presentation as to what it is they're doing in this
23 proceeding.

24 Mr. Simms.

25 MR. SIMMS: Thank you, Your Honor.

1 Good afternoon, ladies and gentlemen. My name is
2 Johnnie Simms, and I'm an attorney in the Office of Trial
3 Staff.

4 The Office of Trial Staff was created by the
5 legislature to present evidence and represent the public
6 interest in proceedings before the Commission. The chief
7 prosecutor is Charles F. Hoffman.

8 The Office of Trial Staff not only has attorneys, but
9 also engineers and accountants who are expert witnesses in
10 our office.

11 As you know, in December 1996, Governor Ridge signed
12 into law generation choice for customers, one of the first
13 such laws in the United States. PP&L has filed its
14 restructuring plan in compliance with that law.

15 At the present time the Office of Trial Staff expert
16 witnesses are in the process of preparing direct testimony
17 and exhibits to be filed in this proceeding to be sure that
18 the company's filing is in the public interest.

19 Your testimony today will be very helpful in our
20 endeavor to represent the public interest in this
21 proceeding.

22 I encourage and welcome your testimony. I thank you
23 for your testimony today. And to the far right is some
24 information from the Commission that I ask that you look
25 at, and also sign up if you seek or need additional

1 information.

2 Thank you very much.

3 JUDGE KASHI: Thank you, Mr. Simms.

4 Ms. Moury.

5 MS. MOURY: Thank you, Your Honor.

6 Good afternoon. My name is Karen Moury, and I'm here
7 today on behalf of the small business advocate of
8 Pennsylvania, who is Bernard Ryan. And our office was
9 created by the legislature to represent the interests of
10 small business consumers of utility services before the
11 Public Utility Commission.

12 Our primary goal in this case is to ensure that
13 PP&L's small business customers are treated fairly during
14 the transition to a competitive generation market.

15 And we're looking at PP&L's overall claim for
16 stranded costs, and at the method that PP&L wants to use to
17 recover those costs from its ratepayers.

18 We're also trying to make sure that PP&L's small
19 business customers have a meaningful opportunity to obtain
20 access to a reliable, competitive generation supply as soon
21 as possible.

22 Now, as an attorney for the office, it's my job to
23 let the Commission know what we think needs to be done to
24 protect small business interest. And we've hired an expert
25 witness to help us figure that out. But it would be very

1 helpful if any of you are here today as small business
2 owners or representatives, if you could let us know what you
3 think needs to be done to protect small business interests
4 during this process.

5 Thank you.

6 JUDGE KASHI: Thank you, Ms. Moury.

7 Mr. Mullins.

8 MR. MULLINS: Thank you, Your Honor.

9 Good afternoon. My name is James Mullins, and I
10 represent the Pennsylvania Office of Consumer Advocate. The
11 current consumer advocate is Irwin A. Popowsky, and he has
12 served in that function since 1990.

13 As the Judge indicated, our office is created via
14 statute, and our primary function is to represent consumers
15 before the Public Utility Commission.

16 Now, our main interest in each and every case is the
17 residential class, which is the residential customers,
18 mainly you all out there. So, as the Judge indicated,
19 please feel free to take the stand and say your piece, so to
20 speak.

21 Our office has also hired a team of expert
22 consultants in this proceeding, and they are at present
23 analyzing PP&L's restructuring plan. And at some later date
24 we will arrive at a determination as to how we're going to
25 litigate this case.

1 Our main function in this case is to ensure that all
2 customers of PP&L are provided with reasonable access to
3 competitive alternative services in the electricity market.
4 We'd like to see the rates remain the same, which we hope
5 they will, and possibly even go down.

6 As the Judge said, this is a public input hearing,
7 which means we're here to hear from you, the public. So
8 please feel free to take the stand and either give testimony
9 in a sworn or unsworn fashion. We would prefer sworn
10 testimony, because that way we can use your particular
11 information in our legal briefs. And our legal briefs are
12 just our legal arguments put to writing.

13 So I look forward to hearing from you, and we'll take
14 it from there. Thanks a lot.

15 JUDGE KASHI: Thank you, Mr. Mullins.

16 Mr. Russell.

17 MR. RUSSELL: Thank you, Your Honor.

18 My name is Paul Russell. I'm a lawyer in the PP&L
19 legal department assigned to this proceeding.

20 PP&L was an early advocate of retail competition. We
21 strongly supported passage of the Customer Choice Act, which
22 Governor Ridge signed into law in December of last year.

23 One provision of that act requires each utility to
24 file a restructuring plan with the Commission to lay out in
25 some detail its plans to move from regulation to

1 competition.

2 PP&L asked the Commission to allow us to file our
3 plan early in the process. Our request was granted, and we
4 filed our plan on April 1st of this year. And that plan is
5 the subject of today's public input hearing.

6 PP&L strongly supports the public input hearing
7 process. We think it's an important, essential part of the
8 Commission review of any major filing before it, because it
9 provides an opportunity for customers to submit input to the
10 record for the Judge and the parties to consider.

11 We want to thank you for attending today, and
12 encourage you to testify. We're interested in hearing your
13 views on the subjects raised in this plan.

14 Finally, in closing, I'd like to introduce one other
15 person from PP&L. Rich Beasley is sitting in the back to my
16 left. He's a community development direct for PP&L. Rich
17 and I will be here all day, and will be available to answer
18 questions that you may have about your specific rates or
19 specific service.

20 Again, thanks for attending.

21 JUDGE KASHI: Thank you, Mr. Russell.

22 I would ask the court reporter, could you bring the
23 sign-up sheet in for me, please?

24 (Off-the-record pause.)

25 JUDGE KASHI: Mr. Bill Firjone.

1 Sir, do you wish your testimony to be sworn or
2 unsworn?

3 MR. FIRJONE: Sworn.

4 JUDGE KASHI: Would you raise your right hand and be
5 sworn?

6 Whereupon,

7 **BILL FIRJONE**

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

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

11 THE WITNESS: It's Bill Firjone, 309 West Grove
12 Street, Dunmore, Pennsylvania.

13 JUDGE KASHI: What is it you do, sir?

14 THE WITNESS: I am an accountant and a project
15 director for the Scranton-Lackawanna Human Development
16 Agency.

17 JUDGE KASHI: And how are you appearing here today,
18 as an individual or on behalf of that organization?

19 THE WITNESS: On behalf of the organization.

20 JUDGE KASHI: And you're authorized by that
21 organization to appear here?

22 THE WITNESS: Yes.

23 JUDGE KASHI: All right. What would you like to tell
24 us, sir?

25 THE WITNESS: Well, just very briefly, we're

1 concerned that the restructuring of the electricity industry
2 may reduce the amount of support that is given to
3 residential customers.

4 Since the PP&L WRAP Program began, PP&L has expanded
5 its efforts to help residential customers by adding the Keep
6 Warm Program and the On Track Program, which shows that the
7 need for these programs is there and is continuing to
8 increase.

9 We are pleased that PP&L's intent to continue these
10 programs shows that they realize the need for these
11 services.

12 That's it.

13 JUDGE KASHI: Could you explain for me a little bit
14 about your organization, sir?

15 THE WITNESS: We are a federally, state and locally
16 funded organization, and we deal primarily in helping low-
17 income individuals in several different areas; in the energy
18 area, day-care areas; we employ elderly citizens, we have
19 job training programs, we have crisis intervention
20 activities. In basically those areas, it's all dealing with
21 low-income individuals.

22 JUDGE KASHI: All right. And it's federally and
23 locally funded?

24 THE WITNESS: And state. We get our funds from
25 various sources.

1 JUDGE KASHI: Thank you very much, sir. Let me ask
2 if there's any counsel here has any questions.

3 Mr. Simms?

4 MR. SIMMS: No, Your Honor.

5 JUDGE KASHI: Ms. Moury?

6 MS. MOURY: No, Your Honor.

7 JUDGE KASHI: Mr. Mullins?

8 MR. MULLINS: Just one, Your Honor.

9 Can I have the name of your organization again?

10 THE WITNESS: It's the Scranton-Lackawanna Human
11 Development Agency.

12 MR. MULLINS: Thank you.

13 JUDGE KASHI: Mr. Russell?

14 MR. RUSSELL: No questions, Your Honor.

15 JUDGE KASHI: Thank you very much, sir, you're
16 excused. I appreciate your coming.

17 THE WITNESS: Thank you.

18 (Witness excused.)

19 JUDGE KASHI: Now comes the disappointing part. That
20 was the only person who signed up to speak this afternoon.
21 As is my custom and habit, I will say: Is there anyone here
22 in this hearing from who has not signed up, who has not been
23 heard, who would at this time like to be heard? Please come
24 forward and sign the sheet, and we'll call you.

25 (Off-the-record pause.)

1 JUDGE KASHI: Mr. Mark Murphy

2 Mr. Murphy, do you wish your testimony to be sworn or
3 unsworn?

4 MR. MURPHY: Sworn.

5 JUDGE KASHI: Would you raise your right hand and be
6 sworn?

7 **Whereupon,**

8 **MARK MURPHY**

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

10 JUDGE KASHI: Please state your name and address for
11 the record, sir.

12 THE WITNESS: Mark Murphy; 329 Seventeenth Avenue,
13 Scranton, Pennsylvania 18504.

14 JUDGE KASHI: What is it you do, sir?

15 THE WITNESS: I'm an electrical engineer.

16 JUDGE KASHI: And are you appearing here today on
17 behalf of yourself, or some organization?

18 THE WITNESS: The University of Scranton.

19 JUDGE KASHI: And how on the University of Scranton?
20 I mean, in what capacity, sir?

21 THE WITNESS: I'm the university's engineer. I
22 handle all the utility bills.

23 JUDGE KASHI: And you're authorized by the university
24 to appear here today?

25 THE WITNESS: With respect to their utility bills,

1 yes.

2 JUDGE KASHI: Okay. What would you like to tell us?

3 THE WITNESS: I have a list that I typed up right
4 before I got here, so what I'd like to do is just read
5 through that.

6 JUDGE KASHI: Take your time.

7 THE WITNESS: The first item is the pilot program
8 that's offered by PP&L, is the credit that's being offered
9 to participating customers. I just wanted to check, has the
10 amount of this credit been evaluated with the present
11 available prices of brokered electricity to assure that
12 participating customers, customers that will participate in
13 that pilot program, that they would have the opportunity to
14 purchase their electricity from a broker and still save
15 money.

16 The second part of that is, if -- so far, from what I
17 have seen from the credit that's offered is that the rate
18 that the customer would be able to buy brokered power at,
19 it's going to be rather close. And as a fall-back for
20 customers, also sort of to give customers an incentive to
21 part of that program, is that if not, if that price, if that
22 credit cannot be increased to make it more attractive for
23 customers to get involved, could it be possible that the
24 local utility would be able to supply electric power in the
25 case that you're not able to get the power from a broker at

1 that price.

2 Is there something in the filings that says that you
3 sign up with the pilot program, now instead of getting
4 electricity for around six cents a kilowatt hour, are you at
5 a risk that you're going to be paying eight, ten or twelve
6 because you've lined up with -- with it being very new,
7 there's that risk of, kind of like if you hire a plumber to
8 work on your house for the first time you heard of the
9 plumber, you might have a bad experience the second time;
10 that sort of thing. And I just think that if there was
11 something in there that the utility could supply you power
12 at the same capped rate as was decided in January '97, this
13 year.

14 The other, I think there is some competition for
15 customers whose peak demand is not between the 8:00 a.m. and
16 5:00 p.m. period of the day. For customers with their peak
17 demand at other times of day, I think they'll have an easier
18 chance with a pilot program. But I feel with a place like
19 the University of Scranton, between 8:00 a.m. and 5:00 p.m.
20 is where our peak demand is going to occur. And I think
21 it's going to be much harder for us to be able to buy power
22 in a pilot program or in a competitive one.

23 The second item I have is, PP&L has offered for, I
24 think it's almost ten years now, a program referred to as
25 EDI, or the Economic Development Program.

1 My understanding of that program is that it was set
2 up to help businesses so that they can grow and improve and
3 expand. And I think the program has been successful in
4 doing that.

5 The significance of that program for the university's
6 bills is it's worth over ten percent of its electric bill.

7 JUDGE KASHI: Over ten percent of its bill is through
8 EDI?

9 THE WITNESS: Over ten percent of that electric bill
10 is -- the electric bill, say we spend about \$700,000 on just
11 one electric meter, our 12,000-volt service, is that that
12 will would probably be about \$810,000 if we weren't part of
13 this Economic Development Program.

14 And since as of January '97, the rates were capped.
15 And that was part of our rate as of then. And I just wanted
16 to make sure, kind of voice my opinion, that that should
17 still be part of our rate. Because that would create a
18 significant increase on our bill.

19 And we're not the only customer on it. I think they
20 may have about 200 customers that are involved with that
21 program.

22 The third item I have is, if a customer purchases
23 their electricity at a higher voltage, versus not at a
24 residential voltage of 120 or 208, or at a more industrial
25 voltage of 277 or 408.

FORM 2

1 The university buys their power at 12,000 volts.
2 There's other customers that buy it at 39,000, and other
3 ones that I think buy it at 69,000.

4 For these customers that are using less of the
5 distribution system that PP&L has, they're using less
6 equipment of the utility because they've purchased and
7 installed, manage and maintenance, their own transformers to
8 reduce the power of the voltage down to a level that's
9 usable for equipment and lighting and things; that the
10 transmission costs should be lower for these customers,
11 because they're using less of the system that the utility --
12 part of the system that the -- part of what those businesses
13 are using are their own owned transformers, their own
14 underground cabling, their own high-voltage switches, and
15 what goes on with that, the managing of it, the servicing
16 and the maintenance also. So I would like to see that those
17 customers don't end up having a different rate for the
18 transmission.

19 Like I say, I think that was in the filing; there is
20 a lower cost. But I'm just curious, was that analytically
21 come upon so that it's kind of proportionate to that, or
22 not.

23 The fourth item I have is, considering customers who
24 have a very conservative approach to budgeting and long-term
25 planning, I feel it would be beneficial for these customers

1 to be able to negotiate long-term fixed priced contracts
2 with guaranteed delivery of power. And I think that's what
3 everybody would like to get, with respect to possibly
4 purchasing power through a broker. But I think at the
5 outset it's the right think to do, if we had that
6 opportunity, to buy that power through the existing electric
7 company.

8 JUDGE KASHI: Define "long-term" for me.

9 THE WITNESS: Long-term would be one-year contracts,
10 multi-year contracts, contracts that could extend out to,
11 say, possibly, five years.

12 And I feel this would benefit many customers, and
13 also would enable PP&L, which is a local business and
14 employer, the opportunity to remain that way.

15 And I think if -- I was looking at it, if I could
16 negotiate a five-year contract where it reduces our electric
17 rate by ten percent, all that could be is a good thing for
18 the University of Scranton, or for another business. And if
19 that could help sustain the local -- and if we don't want to
20 call them utility any longer; if they end up being a broker,
21 is that if they were in a non-regulated basis, be able to do
22 the same thing they're doing now, I think that would be good
23 for the local economy and for us, and other businesses.

24 The fifth item I have is, will the stranded costs be
25 proportionately distributed to customers with respect to

1 their demand and time of day, since the cost is mainly to
2 recoup the cost incurred by the utility to build power
3 generating facilities to keep up with the demand of these
4 larger users of power.

5 JUDGE KASHI: I'm not quite sure how you understand
6 stranded costs.

7 THE WITNESS: Well, I thought those stranded costs
8 was more so like the capital investment or the debt that the
9 utility has because of the kind of business investment that
10 they would have made for building power plants, their
11 infrastructure that they use to get the electricity to you.

12 JUDGE KASHI: All right.

13 THE WITNESS: But the impression I've been getting
14 from things I've been reading is that the main amount of
15 that money is in the generating facility. That's why I was
16 thinking the businesses that have the higher demand should
17 be the ones paying more stranded cost than the people with
18 the lower demand, whether it be a residential customer, a
19 small commercial customer. The University of Scranton I
20 consider as probably a medium-sized customer.

21 JUDGE KASHI: Do you have any suggestion on that
22 proportion between the demand usage?

23 THE WITNESS: Being an engineer, I know there's
24 usually always a lot of numbers for you to take a look at,
25 and there's a lot of ways you can interpret those numbers.

1 But if I was more familiar with how -- like our demand is
2 around 2,700 kW during certain -- that's the highest demand,
3 throughout our year.

4 I'm sure there's other businesses out there, places
5 that their demand may be not 2,900, but 29,000, or much
6 larger. And I would think that those stranded costs should
7 be -- presuming that they're mainly for the power plants,
8 which were built to make sure that they could get that peak
9 demand, supply that amount of energy, that amount of power
10 in the instant in time, I feel that since they were built
11 for these larger facilities, and they'll still be there to
12 be able to give them that large, say, kW amount, whether
13 it's even for a five-minute period, fifteen-minute period --
14 but if they need it, they need it -- is that I'm sure the
15 numbers would fall something out that -- if all the numbers
16 are looked at, I'm sure there's some way that that would
17 come out so that it could be done in an analytical manner.

18 JUDGE KASHI: All right.

19 THE WITNESS: That's all I have.

20 JUDGE KASHI: Mr. Simms, do you have any questions?

21 MR. SIMMS: No, Your Honor.

22 JUDGE KASHI: Ms. Moury?

23 MS. MOURY: No, Your Honor.

24 JUDGE KASHI: Mr. Mullins?

25 MR. MULLINS: No questions, Your Honor.

1 JUDGE KASHI: Mr. Russell?

2 MR. RUSSELL: No, Your Honor.

3 JUDGE KASHI: Thank you very much.

4 THE WITNESS: Do you want a copy of my testimony?

5 JUDGE KASHI: Yes, you can give a copy of it to the
6 court reporter; I'd appreciate it. And I would ask the
7 court reporter to have it marked as Murphy Statement No. 1,
8 please, for purposes of the record.

9 (Whereupon, the document was marked as
10 Murphy Statement No. 1 for identification
11 and received in evidence.)

12 JUDGE KASHI: Mr. Murphy, were you here when I gave
13 the online address for where the --

14 THE WITNESS: No, I wasn't.

15 JUDGE KASHI: Would you like it?

16 THE WITNESS: Yes.

17 JUDGE KASHI: It's not a www, it's
18 <http://puc.paonline.com>. The entire application you would
19 be able to get in there with hyper-link text to see whatever
20 you might be interested in.

21 THE WITNESS: Okay, thank you.

22 (Witness excused.)

23 JUDGE KASHI: I would again at this time ask: Is
24 there anyone present in this hearing room who has not signed
25 up, who has not been heard, who at this time wishes yet to

1 be heard?

2 (Pause.)

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

5 As has been my custom and habit here for the past
6 three days that we've been on the road, rather than
7 immediately adjourning, I would suspect that maybe
8 somebody's having a last-minute martini with their lunch,
9 and will come hurrying into here any minute now.

10 So what I'm going to do is, I'm going to take a
11 fifteen-minute recess, and we'll come back at that time to
12 see if we have any stragglers, or if any of the folks here
13 in the hearing room have a change of heart and would like to
14 say something.

15 We'll stand in recess for fifteen minutes. Thank
16 you.

17 (Recess.)

18 JUDGE KASHI: Back on the record.

19 Having recessed to see if we had any late arrivals
20 or persons who still with to testify, I see we have
21 Nancy Kay Holmes.

22 Ms. Holmes, can I get you to come forward, please?
23 Do you wish your testimony to be sworn or unsworn?

24 MS. HOLMES: Yes, please sworn.

25 JUDGE KASHI: Would you raise your right hand and be

1 sworn?

2 **Whereupon,**

3 **NANCY KAY HOLMES**

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

5 JUDGE KASHI: Could you please state your name and
6 address for the record?

7 THE WITNESS: Nancy Kay Holmes, 1107 Woodlawn Street,
8 Scranton, 18509. I am a teacher at Scranton High School, a
9 former elected member of Scranton City Council, who is a
10 candidate for reelection in November.

11 JUDGE KASHI: What brings you here today, Mr. Murphy?

12 THE WITNESS: I have concerns regarding how this will
13 affect consumers, residential, commercial, industrial, in
14 the city, primarily in the city of Scranton. And I would
15 like to make a point, Your Honor.

16 I think this is very early in the proceedings. I
17 think a number of people, myself to a certain extent
18 certainly included, are not as familiar as we would like to
19 be. We have not read the 3,000 pages so far.

20 We know that this going to impact on us for a minimum
21 of ten years, and probably much longer. And therefore,
22 while we very much appreciate you coming here, holding
23 public hearings, I would say that in a period of time when
24 there is more information available, or when there is more
25 understanding of the information, that you will see people

1 coming, raising questions, and testifying.

2 I'm sorry; did you have a question?

3 JUDGE KASHI: Yes. I'm not quite sure how you would
4 envision that working as far as more information becoming
5 available and the public becoming more informed as to how
6 I'm supposed know about that.

7 THE WITNESS: All right. X number of years later in,
8 say, the telephone deregulation, we are much more familiar
9 with the system and what it has become. Perhaps down the
10 line we will be as far as electricity and power.

11 However, your decision obviously must be made long
12 before that.

13 JUDGE KASHI: So says the legislature.

14 THE WITNESS: All right. So could I raise some
15 questions now, please?

16 JUDGE KASHI: Well, one of the things is that at a
17 public input hearing we don't have the dialogue of that.

18 THE WITNESS: I understand.

19 JUDGE KASHI: But if you're talking about raising
20 questions as concerns for us to be --

21 THE WITNESS: Yes.

22 JUDGE KASHI: -- able to look at on the record,
23 please go ahead.

24 THE WITNESS: Thank you.

25 All right. A piece of literature that you referred

1 to before from PP&L, their restructuring, is that I'm going
2 to refer to now.

3 On the back, in no. 2, under transition costs
4 recovery, it states here that the state's electrical
5 utilities will be recovering from customers. And it states
6 that while transition costs are costs the utilities would
7 have normally collected as monopoly, but may not -- and
8 please note the word "may not" -- be able to collect in a
9 competitive marketplace.

10 Obviously, that will be something which will be
11 determined, and will, I would imagine, therefore determine
12 some of the differences in rates.

13 I would like to go over to the second column, the
14 third paragraph down. We are talking about here the
15 competitive transition charge, which would decline from year
16 to year, etcetera, would be set by the PUC.

17 If I am correct in going back over to the left side,
18 it states here that the customer -- I'm sorry; that the
19 costs that would be kept would be the restructuring, would
20 be the transmission and distribution.

21 If I am therefore correct, the transition cost as of
22 right now has no cap. And that is what primarily, or one of
23 the things, that these hearings are about.

24 So I look therefore at the number that is here, which
25 is \$4.0 billion. Obviously --

1 JUDGE KASHI: \$4.6 billion.

2 THE WITNESS: Oh, I'm sorry. \$4.6 billion, the cost.
3 But here PP&L asks the PUC to approve recovery of \$4.0
4 billion. Both staggering costs.

5 If I am following this correctly, sir, I believe,
6 therefore, that the ratepayers will be asked in some way to
7 split up \$4.0 billion. Therefore, it would seem to me that
8 the rates will have to be significantly higher than they are
9 now. All right?

10 I also note as we go down that the transition costs
11 are divided into four categories; the first being nuclear
12 power plants. And if I am correct, the Pennsylvania
13 television station that is broadcast here locally, within
14 the last week I have seen a Sierra Club representative
15 speaking regarding clean air and stating that the two major
16 problems in the Commonwealth of Pennsylvania regarding air
17 quality come, first of all, from generating plants; and PP&L
18 was mentioned. And secondly, from transportation,
19 especially diesel use.

20 So I believe that we should certainly take a look at
21 that in not just today's economy, but today's world
22 environmentally.

23 When you come down again to low-income customers, let
24 me point out to you, as I'm sure you know, because I
25 recognize many of you from other hearings here in Scranton,

1 that in Lackawanna County, and you will find that in Luzerne
2 it's very similar, we have one of the oldest age groups in
3 the country, that we have more senior citizens per capita
4 than virtually anywhere in the United States, including
5 possibly your retirement communities like St. Petersburg in
6 Florida. We therefore have a very high number of people who
7 are on fixed incomes, as well, if you were to look at the
8 current average income of the people of the city of
9 Scranton, I believe that you would find that under-
10 employment is something that is a very real thing, and that
11 like many other urban centers, we are trying very hard to
12 turn that around, and have had some great success stories,
13 but have a long way to go.

14 So I would just like you, please, to keep that in
15 mind, how this could impact on the individuals who are PP&L
16 customers, have been, and may or may not choose to continue
17 to be PP&L customers.

18 JUDGE KASHI: Anything else you'd like to add?

19 THE WITNESS: I don't think so.

20 JUDGE KASHI: Thank you.

21 Do counsel have any questions? Mr. Simms?

22 MR. SIMMS: No, Your Honor.

23 JUDGE KASHI: Ms. Moury?

24 MS. MOURY: No, Your Honor.

25 JUDGE KASHI: Mr. Mullins?

1 MR. MULLINS: No questions, Your Honor.

2 JUDGE KASHI: Mr. Russell?

3 MR. RUSSELL: No questions, Your Honor.

4 THE WITNESS: Thank you very much.

5 JUDGE KASHI: Thank you for coming.

6 (Witness excused.)

7 JUDGE KASHI: I would at this time ask: Is there
8 anyone yet here in the hearing room who has not been heard,
9 who has not signed up, who at this time still wishes to be
10 heard?

11 (Pause.)

12 JUDGE KASHI: Let the record show that there is no
13 response.

14 My normal procedure now would be to adjourn. And all
15 you guys are just going to love this one; or not. I have
16 had a request under ADA for a person who says they cannot
17 make it here, and wants to participate by telephone. I
18 can't accommodate her in this room, so I am moving the
19 hearing up to the PUC hearing room on the third floor, at
20 which time we will attempt to contact this person and take
21 her testimony.

22 All you in the audience are welcome to come up, if
23 you would like. If you're not going to, what I would like
24 to say at this time is I would like to thank you all for
25 coming. Thank you for presenting your testimony in sworn

1 fashion so that I can consider it when I'm making my
2 decision, and the Commission can consider it when it's
3 making theirs. I know it's difficult to take time out of
4 your day to make something like this, and we do appreciate
5 it.

6 So we will recess from here and reconvene at, I
7 believe the room is 318, upstairs, for the purpose of taking
8 the testimony of, I believe her name is Donna Ashley, or
9 something like that.

10 We stand in recess.

11 (Recess.)

12 JUDGE KASHI: Back on the record. We are attempting
13 to make the call to Donna Ashley.

14 **(Whereupon, a call was attempted to be placed via**
15 **conference phone.)**

16 JUDGE KASHI: It is now 2:15, and we have attempted
17 to contact Donna Ashley at the phone number she provided us,
18 area code 717 788-6263, at her request to participate today
19 by phone. And let the record show that the phone has now
20 rung perhaps fifteen or twenty times, and there is no
21 response. So I intend to adjourn.

22 Is there anything from counsel?

23 (No audible response.)

24 JUDGE KASHI: If there's nothing from counsel, we
25 will adjourn. I will see you all tonight at the Ramada, in

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

Wilkes-Barre.

Thank you very much.

(Whereupon, at 2:15 p.m., the hearing was adjourned,
to reconvene at 7:00 p.m., on Tuesday, June 3, 1997, in
Wilkes-Barre, 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

PPE&L

6/5/97 11:38am