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C O N T E N T S

WITNESS

DIRECT CROSS REDIRECT RECROSS

(None.)

E X H I B I T S

NUMBER

FOR IDENTIFICATION IN EVIDENCE

(None.)

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FORM 2

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE GEORGE M. KASHI: This is
3 the time and place which has been set for a third and final
4 prehearing conference in the matter of the application of
5 PP&L which has been docketed to R-00973954.

6 I have a number of items on my short list this
7 morning that I'd like to discuss with the parties. The main
8 purpose of the prehearing today is to see what if anything
9 can be done about scheduling witnesses.

10 But the first question that I have is, in looking at
11 the cast here today, I believe everyone's petition for
12 intervention has been granted. I don't have anyone here who
13 has a petition filed that has not been granted? Sir?

14 MR. FRANCIS: Your Honor, David W. Francis for Quaker
15 Oats Company. We filed a petition just this morning to join
16 the intervention of Caradon Mideast Aluminum and Metal
17 Industries, who have been admitted. So they want to join in
18 that intervention.

19 JUDGE KASHI: Okay, so something has been filed this
20 morning?

21 MR. FRANCIS: Something was filed this morning. I
22 foresee that Mount Joy Wire Corporation may file in this
23 case an intervention.

24 MR. BARAK: Your Honor, the environmentalists have a
25 similar addition, too, and a pro hoc vice motion.

1 JUDGE KASHI: I want to congratulate you all on the
2 job that's been going on with discovery. I haven't had one
3 petition filed.

4 Maybe I shouldn't ask the question, but are there any
5 discovery problems? Hearing none, we'll move along.

6 (Laughter.)

7 JUDGE KASHI: Witness scheduling, have any of the
8 parties talked about how we should approach this as far as
9 groups or issues? Mr. Russell?

10 MR. RUSSELL: Your Honor, we haven't discussed it
11 with other parties yet. I have gotten from our witnesses a
12 list of their availability during the two weeks that
13 hearings are scheduled, and I will volunteer to try to
14 coordinate the scheduling of those weeks of hearings.

15 I think, to some extent, there may be desire on the
16 part of parties who are in both our case and PECO's case to
17 do some coordination between those hearings, because there's
18 an overlap, and we would seek to accommodate that.

19 I know the Small Business Advocate has a particular
20 problem with availability of their expert that we need to
21 accommodate. But we haven't had discussions, but I will
22 happy to try to create a matrix on whatever basis the
23 parties want.

24 JUDGE KASHI: Any other parties have similar
25 availability lists as to when their witnesses are available,

1 know when they are available?

2 (No response.)

3 JUDGE KASHI: I don't see any nodding of heads or
4 anything else.

5 MR. MOURY: Yes, Your Honor.

6 JUDGE KASHI: Mr. Barak, your witnesses, do you know
7 when they're available?

8 MR. BARAK: Yes, and we'd like to work with
9 Mr. Russell and coordinate so they can participate in both
10 cases in one trip in. But that's not something we want to
11 lay on your desk.

12 JUDGE KASHI: I'm going to hate myself for saying
13 this, but because of the overlap, I am not adverse to going
14 late or, God forbid, doing a Saturday, because I want to
15 make sure everybody has a fair shot at this. I know
16 sometimes that going late, we start getting legal
17 psychobabble, is what you start to hear.

18 Do all parties have their witnesses lined up? I've
19 got three feet of testimony in my office.

20 MR. RUBIN: Your Honor?

21 JUDGE KASHI: Yes.

22 MR. RUBIN: There is a possibility that IBEW will be
23 presenting a rebuttal witness. We haven't finally decided
24 that yet. If we do, that testimony would come in on August
25 5th with rebuttal testimony.

1 MR. FITZPATRICK: Your Honor?

2 JUDGE KASHI: Sir?

3 MR. FITZPATRICK: GPU Energy is in the same boat as
4 IBEW with the possibility of rebuttal testimony, but we
5 haven't made that determination yet.

6 JUDGE KASHI: Any other possible rebuttal testimony
7 that hasn't been filed?

8 (No response.)

9 JUDGE KASHI: The question of lead counsel, I have
10 stated it since the day we had the first prehearing
11 conference. Have the parties had an opportunity to discuss
12 this as far as what their interests are and who should be
13 lead counsel for purposes of cross-examination?

14 We have 22 lawyers here, and I am not about to have
15 cross-examination from 22 lawyers. That has been something
16 that I have been very up-front on from day one.

17 There are certain groups of interests here. I think
18 that they can be pursued by having a lead counsel do
19 cross-examination. Has anybody been talking about that?
20 Mr. Barak?

21 MR. BARAK: No one has been talking about that.

22 JUDGE KASHI: Mr. Simms?

23 MR. SIMMS: No, Your Honor.

24 JUDGE KASHI: I would hate to have to issue an order
25 and appoint somebody lead counsel. I can do that. I

1 thought it would be easier and friendlier if I let you do it
2 among yourselves.

3 We're getting short on time frame, and I'm sure
4 people want to start working on preparing your
5 cross-examination since we're down to about a month now. I
6 would like to hear something from the parties within ten
7 days as to proposals for lead counsel.

8 MR. SIMMS: Your Honor, just for clarification
9 purposes, are you looking for lead counsel on witnesses or
10 issues?

11 JUDGE KASHI: Well, I'm looking primarily to restrain
12 22 lawyers from cross-examination. I'm looking that if we
13 have an environmental consumer group here and then we have
14 industrialists here and small commercial here, that all I
15 need is three lawyers asking questions.

16 And I think that the folks that are in those groups
17 can by themselves decide, okay, you are going to do the
18 cross-examination.

19 Yes, sir?

20 MR. KOHLER: Your Honor, Alan Kohler on behalf of
21 Enron. The only thing I can say is, I think everyone is
22 reluctant to give up their right to cross. That doesn't
23 mean we won't try to coordinate; we will.

24 My observation is, in the PECO securitization where,
25 I don't know if there were 22 lawyers, but there was a whole

1 lot of lawyers, I don't think there was that much problem
2 with cross-examination going on and on. In fact, those
3 hearings went faster than scheduled.

4 On the one hand, you're reluctant to give up your
5 right to cross. It may be that you will rarely have cross
6 for other people's witnesses, and potentially it's a problem
7 that we're foreseeing that might not occur.

8 We certainly will comply with Your Honor's directive
9 to try to coordinate.

10 JUDGE KASHI: I don't see counsel giving up the right
11 to cross as to, when he's talking to lead counsel, if lead
12 counsel has missed it, I'm sure the lawyer is going to pick
13 it up.

14 That other case you're talking about, that's the one
15 that had the train wreck in it?

16 (Laughter.)

17 JUDGE KASHI: All right. Ten days, if you will
18 advise me as to where you are on that.

19 Commonality of issues, I need us to be speaking the
20 same language. I need us all to be calling the same thing
21 the same thing.

22 I ran into this in the Bell case and it just drove me
23 absolutely crazy, because obviously in the Bell/MCI case, we
24 were talking one language here and the brief apparently was
25 being written in Washington and they were talking an

1 entirely different language. I couldn't find stuff in the
2 briefs. I had no idea what they were talking about.

3 Since you're the applicant and you filed it, can you
4 prepare a list of issues, and you can submit them to the
5 parties so that if people have a strong disagreement as to,
6 no, we shouldn't call it that because that varies this or
7 varies that, could you do that for us, sir?

8 MR. RUSSELL: Yes, Your Honor.

9 JUDGE KASHI: If you will get that to me within ten
10 days, I will make sure that it gets out to the parties for
11 them to get back to me as to whether they object to it or
12 would like to make a change to it or something else.

13 MR. RUSSELL: Yes, sir, we will do that.

14 JUDGE KASHI: Thank you.

15 You guys are going to love this one. It's not going
16 to affect too many people here. I am going to hold further
17 public input hearings after the testimony.

18 It has become painfully clear to me that the public
19 hasn't the vaguest idea what this is all about. And it's
20 not only from the lack of their participation; it's from
21 those people who are participating who are consumer oriented
22 and all the rest of that stuff, and they're sitting there,
23 the media is confusing between pilot programs and
24 restructuring, and they just don't have the information.

25 And I do believe, Mr. Barak, you made that

1 suggestion, you and Mr. Rubin, very early on. And so the
2 thought is that after the testimony has been filed and it's
3 of record and we hear the testimony, that somewhere in the
4 first week in September, I will go back on the road at three
5 sites -- I'm not going to do nine sites again -- at three
6 sites to see if in fact we have a better response.

7 What is coming in to me is that the public is not
8 having a number that their rates are going to be increased
9 by, that they don't care.

10 Maybe it's just my sense of history, but in the
11 context that we're changing the way electricity has been
12 bought and sold in this Commonwealth in the last 75 years, I
13 think people should be interested.

14 Mr. Epstein?

15 MR. EPSTEIN: I have a suggestion, Your Honor. One
16 of the things that I have experienced in my constituents is
17 a sense of apathy and confusion, and I think a lot of that
18 is a result from what happened during the consolidation of
19 the phone companies where slamming was going on and other
20 things, where they were quite alarmed.

21 Is it possible that we could send out some
22 information notice within the PP&L electric bill, something
23 in plain language so that they have some information to rely
24 upon?

25 We've done that before in other base rate

1 proceedings. We've notified customers that there are going
2 to be public input hearings and hear some of the issues.
3 Frankly, I think people are intimidated and confused, and
4 there's just a great deal of apathy right now in the public.

5 JUDGE KASHI: Well, the Commission just passed
6 something at this last public meeting about consumer
7 information regarding restructuring.

8 I haven't had an opportunity to read that yet, but I
9 want to take a look at it and see if there is anything that
10 I can do to say to these people, "Listen, we need some
11 consumer education and information out there right now as
12 opposed to the framework of down the road sometime. We
13 really do, from my point of view, anyway. So, we'll see
14 what we can do about that, Mr. Epstein.

15 Does anyone else have any ideas on that?

16 (No response.)

17 JUDGE KASHI: Hearing none, I will offer at the end
18 of the public input, I will offer to PP&L a one-day
19 opportunity to rebut anything that they think they have to
20 that came out in the public inputs.

21 I suspect that I'm probably looking at two days in
22 the first week of September and either Tuesday or Wednesday
23 the following week for PP&L.

24 That's all I have this morning.

25 MR. SIMMS: Your Honor?

1 JUDGE KASHI: Sir?

2 MR. SIMMS: On the public input hearings, do you
3 envision there being a broader range of notification in
4 those particular areas? The only reason I raise the issue
5 is that we go through the same process of notices in the
6 newspaper.

7 JUDGE KASHI: We need more than that.

8 MR. SIMMS: We need more than that if your desire is
9 to get larger participation in these public input hearings.

10 JUDGE KASHI: It's not the participation. It's what
11 people are coming out and telling me, that they obviously
12 don't understand it.

13 I mean, heck, the mayor of Wilkes-Barre came and
14 thought we were there for a water rate case, or a water and
15 street crew that came.

16 MR. SIMMS: Right. I guess my point is not only
17 notification, but there needs to be some type of information
18 in that notification as to, that people can go to a library
19 or something where they can get some type of plain language
20 explanation of what is going forward.

21 JUDGE KASHI: It is my intent to contact -- I have
22 already contacted our press office, John Frazier, and said
23 that I thought that we needed to work get something up to be
24 able to get it out to the public.

25 They have put me in touch with someone now on this

1 consumer information committee that the Commission just put
2 the order on it this past week. As I said, I haven't read
3 it. I am going to try, because I don't think it's out of --
4 and if any of you think I am out of line with it, please
5 tell me -- but I don't think it's out of line for me to go
6 to these people and say, "Listen, we've got to start
7 disseminating information and we've got to start doing it
8 now, not after the fact."

9 And so I agree with you that we're not talking about
10 just making sure there's notices out there. There has to be
11 some up-front as to what is taking place.

12 I have a hard time believing that people are that
13 apathetic about what's taking place here. I may be wrong.
14 I often am.

15 But that's what I have, so that between now and
16 September, notifications that there is testimony going on
17 here -- I mean, somebody can do a blurb, "XYZ testified
18 that," you know, and something can get into their mind as to
19 what's happening, and that gives them the opportunity for
20 further public input hearing.

21 MR. EPSTEIN: There are a couple things we could do
22 that would cost the company nothing. One would be to
23 utilize public access television. Another would be to
24 utilize public service announcements to allow people to be
25 aware that there is information out there and the hearings

1 are going to come forward.

2 Again, in the other PP&L rate hearings where they put
3 a little flyer in the electric bills, we got tremendous
4 turnout. I think you're right, to disseminate this
5 information in the fall is too late.

6 JUDGE KASHI: Mr. Barak?

7 MR. BARAK: I hear you loud and clear on this, and I
8 think that part of our responsibility as counsel to our
9 various clients and client groups here is to take that
10 message back to our people, explain what you have said, and
11 it has to be in their hands as to what they want to hear
12 from the Commission and they want their various memberships
13 to hear.

14 But I think my folks will do their best to try to
15 carry out disseminating accurate information to the public.
16 I think you'll see better, more informed response next time.

17 JUDGE KASHI: The informed response is what we're
18 looking for.

19 MR. RUSSELL: Your Honor, the company will be happy
20 to work with particularly the Commission Bureau of Public
21 Liaison to try to get information out.

22 We did coordinate before the first round of public
23 input hearings with Mr. Frazier and placed newspaper ads,
24 but I understand we're looking for more of an effort this
25 time and perhaps the education effort can be moved forward a

1 little bit. We can work with the Bureau of Public Liaison
2 and help to get information out the door.

3 JUDGE KASHI: The flyer that you had that was at the
4 public inputs, the four major components, I thought that was
5 very informative without getting people lost, but at the
6 same time providing them enough information that they had
7 some idea as to what the issues and components were.

8 MR. RUSSELL: We developed that in cooperation with
9 Grace Cunningham in the Bureau of Public Liaison, and maybe
10 one thing is to try to get that out before the public input
11 hearings rather than have it available at the public input
12 hearings.

13 JUDGE KASHI: How about thinking about that in terms
14 of that flyer?

15 MR. RUSSELL: The one that we had at the public input
16 hearing? That's what I meant, to get it out earlier, yes,
17 sir.

18 JUDGE KASHI: That was all that I had on my list.
19 Counsel? Mr. Russell?

20 MR. RUSSELL: Once again, you have hit all the issues
21 that were on my list.

22 JUDGE KASHI: Do we have any matters from any counsel
23 here that need to be addressed yet that you would like to
24 bring out at this time, given that we're at our third and
25 final prehearing conference?

1 MR. EPSTEIN: I just have one brief question.

2 JUDGE KASHI: Yes, sir?

3 MR. EPSTEIN: That's how to keep track of the
4 intervenors, who to serve. Is there an active list as
5 opposed to an inactive list?

6 JUDGE KASHI: There sure is.

7 MR. EPSTEIN: Is it possible to get that updated?
8 Because I'm having trouble keeping score, who's in and who's
9 out in terms of activity and inactivity.

10 JUDGE KASHI: I didn't realize there was a problem.

11 MR. EPSTEIN: Well, it might just be my problem. I'm
12 the only one who's not an attorney here.

13 JUDGE KASHI: I will see if I can't get one that will
14 go out headed "active/inactive."

15 Anything else?

16 (No response.)

17 JUDGE KASHI: Hearing nothing, now I guess you all
18 want to lay your stipulations on the table, right?

19 (Laughter.)

20 JUDGE KASHI: If there is nothing further, we will
21 adjourn, and we look to see you in August.

22 (Whereupon, at 10:27 a.m., the proceedings were
23 concluded.)

24

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C E R T I F I C A T E

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

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John A. Kelly,
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FORM 2