

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

MEM

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

Pages 58 through 77 First Floor Auditorium
 Pennsylvania State Museum
 Third and North Streets
 Harrisburg, Pennsylvania

Friday, May 30, 1997

Met, pursuant to adjournment, at 1:05 p.m.

BEFORE:

GEORGE M. KASHI, Administrative Law Judge

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C O N T E N T S

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Robert D. Gens	69	--	--	--
Lawrence Brooks Mountcastle	72	--	--	--

E X H I B I T S

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
<u>Gens Statement</u>		
1 (sworn statement) ✓✓	72	72
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1 (unsworn statement) ✓✓	76	76

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P R O C E E D I N G S

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2 ADMINISTRATIVE LAW JUDGE GEORGE M. KASHI: Good
3 afternoon, ladies and gentlemen. I call this hearing to
4 order, and we will go on the record.

5 I am Judge Kashi, an Administrative Law Judge with
6 the Public Utility Commission who has been charged with
7 marshalling the evidence in this particular case and
8 preparing a recommended decision to go before the
9 Commission.

10 The filing that has been made in this restructuring
11 is somewhat unique. There is a description of the filing
12 that has been provided by the company in a simplified form
13 in the back of the auditorium on a table.

14 Basically, what we are talking about as the
15 proceeding that is before me is, we are looking at four
16 particular items.

17 Those are basically, the terms and conditions for
18 open access retail competition; a calculation of the
19 company's stranded or transition costs as defined by the
20 Electricity Generation Customer Choice and Competition Act;
21 the unbundling of rates for the generation, transmission and
22 distribution of electricity, including a competitive
23 transition charge; and finally, proposals for ratepayer
24 protection including expanded company programs for
25 assistance to low income customers and other measures to

1 assure safe, reliable and efficient service to customers in
2 the residential programs.

3 The purpose of this public input hearing is to hear
4 from the people. I am not going to take up much of your
5 time this afternoon other than to introduce some of the
6 participants in the hearings.

7 At the present time, there have been two hearings
8 that have already been held. They have been prehearing
9 conferences which have set the schedule, the timetable for
10 the discovery that takes place in this matter, the exchange
11 of paper between the parties and the testimony.

12 The scheduling of the evidentiary hearings has been
13 set, and that begins in August. The schedule for the public
14 input hearings to take place, there are nine that are going
15 to take place throughout the state to hear from the public.

16 You can today provide your input to me in one of two
17 forms. You can come forward and have your testimony sworn
18 to, made part of the record, at which time I can consider it
19 in making my recommendation and the Commissioners also can
20 consider it when they are reviewing my recommendation and
21 making a final decision in the matter.

22 If you do that, you are subject to cross-examination
23 by the lawyers that are here representing the statutory
24 parties.

25 And if not, if you're here just to get something off

1 your chest, we will in fact listen to that too, but I want
2 you to understand that in fact that does not become part of
3 the record in this such that we can consider it.

4 I wholeheartedly recommend to everyone that in fact,
5 if you're coming forward, that you do have your testimony
6 sworn to.

7 Now, to my far right is Mr. Scott DeBroff, who
8 represents the Office of Trial Staff, and I'll let him
9 shortly tell you what they do.

10 To my immediate left is Mr. Popowsky, who is the
11 Consumer Advocate for the Office of Consumer Advocate, and
12 we will give him an opportunity to tell his position here.

13 And Ms. Karen Moury, to his left --

14 VOICE FROM AUDIENCE: Excuse me. We're having a fire
15 drill right now and we have to evacuate.

16 JUDGE KASHI: We're going to take a short recess for
17 a fire drill. In 17 years, I have never had it happen, but
18 there is always a first for everything. So would you please
19 evacuate and come back later.

20 (Recess.)

21 JUDGE KASHI: Welcome back after that short recess.

22 Going back on the record, that was very interesting.
23 I said that we should have proposed to bring the little guy
24 in who threw that alarm and pull together a jury here. He
25 never would have done anything wrong for the rest of his

1 life.

2 As I was saying, the testimony that you give, I
3 encourage it to be sworn testimony so that in fact it can be
4 considered as part of this record when it comes time for me
5 to make a decision and for the Commission to make its final
6 decision on the matter.

7 There are some staff members here from the
8 Commissioners' offices. Mr. Adels is here from Commissioner
9 Hanger's office, and Bob Rosenthal is here from Commissioner
10 Quain's office. We thought Commissioner Quain was going to
11 make it but he was unavoidably detained.

12 I'm going to allow those folks who have statutory
13 roles to address you at this particular time, and we will
14 get to the point of hearing you shortly.

15 Mr. DeBroff?

16 MR. DeBROFF: Thank you.

17 My name is Scott H. DeBroff and I am a prosecutor
18 with the Office of Trial Staff of the Pennsylvania Public
19 Utility Commission. My fellow prosecutor in this matter is
20 Johnnie Simms.

21 We would like you to know that we review each and
22 every rate case that comes before the Commission
23 independently. We represent the public interest and the
24 ratepayers and weigh their interests against that of the
25 company.

1 We are charged with the responsibility that the
2 company remains a viable financial entity, one that provides
3 the best quality service at the lowest and most reasonable
4 price to you, the consumer.

5 We must now also review the restructuring of PP&L and
6 the other electric utilities in the Commonwealth of
7 Pennsylvania.

8 We have engineers, rate specialists, accounting and
9 financial analysts who review these filings. We have
10 submitted interrogatories to the company and will continue
11 to do so.

12 I also want to indicate that in terms of coming to
13 the hearing, as the Judge pointed out, it is handled in a
14 trial-like situation with an Administrative Law Judge at the
15 bench, the attorneys and witnesses below.

16 When you speak today, you are doing so to the ALJ
17 because he is responsible for submitting a recommended
18 decision to the Commission in this matter.

19 Settlement proceedings in this matter will go forward
20 during the time period in which we will also litigate this
21 restructuring.

22 And if the numbers in such a settlement are deemed
23 appropriate by our office, we will attempt to settle this
24 restructuring matter.

25 Thank you very much.

1 JUDGE KASHI: Mr. Popowsky, of the Office of Consumer
2 Advocate?

3 MR. POPOWSKY: Thank you, Your Honor.

4 My name is Irwin Popowsky. I'm the Consumer Advocate
5 of Pennsylvania. With me here today is James Mullins in the
6 front row who is one of the attorneys working on this case
7 on behalf of our office.

8 The Office of Consumer Advocate is a state office.
9 Our job is to represent the interests of consumers,
10 particularly residential consumers, in matters involving
11 Pennsylvania's public utilities, including the Pennsylvania
12 Power & Light Company.

13 This is an extremely important case regarding the
14 future of how you all will receive your electric service for
15 at least the next ten years.

16 Our office has hired a team of experts to address
17 every aspect of PP&L's plan on behalf of consumers. Our
18 office's goal is to insure that all PP&L consumers have
19 access to a wide range of competitive alternatives for
20 reliable electric generation service at rates that are no
21 more expensive than, and hopefully will be less expensive
22 than what you are paying today.

23 The purpose of today's hearing is to hear from
24 members of the public, to hear your opinions and your
25 concerns.

1 I do encourage anyone here who is interested in this
2 matter to testify, preferably to testify under oath so that
3 we can use your testimony in the briefs that we'll be filing
4 in this case.

5 Thank you for coming, and I look forward to hearing
6 your comments.

7 JUDGE KASHI: Thank you, sir.

8 Ms. Karen Moury, with the Office of Small Business
9 Advocate?

10 MS. MOURY: Thank you, Your Honor.

11 My name is Karen Moury from the Office of Small
12 Business Advocate, and the Small Business Advocate, Bernard
13 Ryan, is in the audience today.

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

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

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

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

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

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

6 As an attorney for the Office of Small Business
7 Advocate, it's my job to let the Commission know what we
8 think needs to be done to accomplish our goal.

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

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

17 JUDGE KASHI: Thank you, Ms. Moury.

18 To my extreme left is Mr. Paul Russell, who is
19 counsel for PP&L, and at this time we would call on him to
20 address you. Mr. Russell?

21 MR. RUSSELL: Thank you, Your Honor.

22 My name is Paul Russell. I'm an attorney in the
23 legal department of PP&L, and I am responsible for
24 representing the company in this proceeding.

25 PP&L was an early advocate of the move to retail

1 competition. We fully supported passage of the Customer
2 Choice Act which was signed by Governor Ridge in December.

3 One of the provisions of the Customer Choice Act
4 directed utilities to file restructuring plans with the PUC,
5 the layout of all the detailed plans for that utility to
6 move from regulation to competition.

7 We asked the Commission to let us to file our
8 restructuring plan early in the process. That request was
9 granted, and we filed our plan on April 1st of this year.
10 And it is that restructuring plan that is the subject of
11 today's public input hearing.

12 PP&L has always been a supporter of the public input
13 hearing process. We believe it provides important public
14 input for the Judge and for the Commissioners in their
15 review of any proceeding that is before them. We thank you
16 for attending, and we would join in encouraging everyone to
17 give their views on the record.

18 I would like to introduce one other person from PP&L
19 in the audience. Nick Dininni is our community development
20 director in this area and is sitting in the middle section
21 about halfway back.

22 Both Nick and I will be available to answer any
23 questions you might have specific to your rates or to your
24 service that maybe is not directed to the restructuring plan
25 but more to individual concerns. Both Nick and I will be

1 here through the formal part of the public input hearing and
2 then stay afterwards if anyone wants to speak with us.

3 Thank you, Your Honor.

4 JUDGE KASHI: Thank you, Mr. Russell.

5 We will call the first witness, Mr. Robert D. Gens.

6 Mr. Gens, do you wish your testimony to be sworn or
7 unsworn, sir?

8 MR. GENS: Sworn, sir.

9 Whereupon,

10 ROBERT D. GENS

11 having been duly sworn, testified as follows:

12 DIRECT TESTIMONY

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

15 THE WITNESS: Robert D. Gens, 6013 Devonshire Heights
16 Road, Harrisburg, Pennsylvania, 17112.

17 JUDGE KASHI: And are you familiar, sir, with the
18 proceeding that is going on today as part of the
19 restructuring plan filed by PP&L?

20 THE WITNESS: I have read that plan.

21 JUDGE KASHI: What brings you here today, sir?

22 THE WITNESS: I appear today as a consumer and on
23 behalf of the Dauphin County Area Agency on Aging Advisory
24 Committee.

25 I have been a member of that committee for about five

1 years and I am the chairperson of the Subcommittee on
2 Consumer Affairs.

3 JUDGE KASHI: Have you been authorized by that group
4 to testify here today, sir?

5 THE WITNESS: I have, sir.

6 JUDGE KASHI: Go ahead.

7 THE WITNESS: I also have a copy that I will give to
8 you at the end of this, sir.

9 The PP&L restructuring application proposes that
10 stranded costs be recovered from consumers through a
11 transition period. Our committee believes that PP&L should
12 meet these stranded costs from operating funds and
13 shareholder distributions and only partially from consumers.
14 The PP&L company was responsible for the construction of
15 generation plants which are perhaps more costly than
16 anticipated, such as the atomic power plant near Berwick.

17 PP&L Resources common stock pays shareholders an
18 amount which is said to be about one percent higher than the
19 average electric utility. We believe that PP&L shareholders
20 can assume part of the stranded costs.

21 Our committee believes that the restructuring
22 application does not address the policy issue of fair
23 treatment of consumers. Over 14 percent of Dauphin County
24 residents are 65 years of age and older. Most of these
25 persons must pay expenses from fixed incomes. Residential

1 electricity rates will be reduced if the proposed
2 competitive transition charge is reduced.

3 Although PP&L has programs to assist low-income
4 persons in the proper use of electric power and in the
5 payment of their electric bills, most older adults are not
6 aware of this assistance. PP&L must improve access to these
7 service programs. Thank you, Your Honor.

8 JUDGE KASHI: That's all you have, sir?

9 THE WITNESS: Yes, sir.

10 JUDGE KASHI: Mr. DeBroff?

11 MR. DeBROFF: No questions.

12 JUDGE KASHI: Mr. Popowsky?

13 MR. POPOWSKY: No, Your Honor.

14 JUDGE KASHI: Ms. Moury?

15 MS. MOURY: No, Your Honor.

16 JUDGE KASHI: Mr. Russell?

17 MR. RUSSELL: No questions, Your Honor.

18 JUDGE KASHI: Thank you very much, sir. You are
19 excused.

20 If you would hand the statement that you have to the
21 court reporter?

22 THE WITNESS: Just a copy, or a few?

23 JUDGE KASHI: If you have three copies, I would
24 appreciate it. We will have that put in as Gens Statement
25 No. 1, please, identified and admitted into the record.

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

JUDGE KASHI: Mr. Brooks Mountcastle?

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

MR. MOUNTCASTLE: Sworn.

Whereupon,

LAWRENCE BROOKS MOUNTCASTLE

having been duly sworn, testified as follows:

DIRECT TESTIMONY

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

THE WITNESS: Lawrence Brooks Mountcastle, 6151 Manor
Hill Circle, Harrisburg, Pennsylvania, 17111.

JUDGE KASHI: And are you familiar, sir, with the
proceeding before us for the restructuring plan submitted by
PP&L?

THE WITNESS: Yes, I am.

JUDGE KASHI: What brings you here today, sir?

THE WITNESS: What brings me here is I'm concerned as
a ratepayer as well as the environmental effects as a result
of the electric restructuring.

JUDGE KASHI: Can you explain your concerns, please,

FORM 2

1 sir?

2 THE WITNESS: Yes. My principal concern -- my
3 statement is short; I don't have anything prepared -- but my
4 principal concern is that the ratepayers should not be
5 required to pay \$4.6 billion in stranded costs, if that's
6 what the PUC decides.

7 Perhaps the shareholders should pay for some of these
8 costs. PP&L should be rewarded for pollution technologies,
9 investing in pollution technologies.

10 In addition, if they are given the \$4.6 billion in
11 stranded costs, it's going to make it uncompetitive for
12 other suppliers entering the market such as those pushing
13 for renewable forms of energy.

14 (Pause.)

15 JUDGE KASHI: Would you like to expand on that, sir?

16 THE WITNESS: Not at this time.

17 JUDGE KASHI: Is there anything you have to add to
18 your testimony?

19 THE WITNESS: No, I do not.

20 JUDGE KASHI: Do you have anything, Mr. DeBroff?

21 MR. DeBROFF: No, Your Honor.

22 JUDGE KASHI: Mr. Popowsky?

23 MR. POPOWSKY: No questions, Your Honor.

24 JUDGE KASHI: Ms. Moury?

25 MS. MOURY: None, Your Honor.

1 JUDGE KASHI: Mr. Russell?

2 MR. RUSSELL: No questions, Your Honor.

3 JUDGE KASHI: Thank you very much, sir. You are
4 excused.

5 (Witness excused.)

6 JUDGE KASHI: Believe it or not, folks, that's all
7 that I have who have signed up. I would at this time ask
8 yet, is there anyone here for this public input hearing who
9 has not signed up, who has not been heard, who would at this
10 time like to be heard? If so, please come forward.

11 (No response.)

12 JUDGE KASHI: Let the record show that we had no
13 response. However, given that it is now only 20 of two, and
14 I had anticipated the matter going longer than this, rather
15 than adjourn because of lack of participation, it will be my
16 intent at this time to take a 15 minute recess merely to see
17 if we have somebody who is taking a late lunch and thought
18 that they would like to get here by 2:00.

19 So we will recess for 15 minutes and come back and
20 see if in fact there is anybody else who wishes to testify.
21 Thank you very much.

22 (Recess.)

23 JUDGE KASHI: Going back on the record, we took a 15
24 minute recess to see if there was anyone else who would like
25 to provide testimony at this public input hearing.

1 I would ask one last time, is there anyone here in
2 the hearing room who has not been heard, who has not signed
3 up, who at this time would yet like to be heard? If so,
4 please come forward.

5 (No response.)

6 JUDGE KASHI: Let the record show that there was no
7 response. I thank you all for coming. I thank you on
8 behalf of the Commission and thank the witnesses who in fact
9 have participated here today.

10 I think Mr. Popowsky has one late filed exhibit he
11 would like to get in yet.

12 MR. POPOWSKY: Yes, Your Honor. I previously
13 distributed to all counsel present and provided two copies
14 to the court reporter of a written statement that we
15 received in our office on May 21, 1997 by Mr. Joseph A.
16 Rosi, 929 Emily Drive, Mechanicsburg, who was not able to
17 attend the hearing today but asks that we submit his written
18 statement. It's a one page letter, for the record.

19 It's my understanding that none of the other counsel
20 have any objection to its admission. With that, I'd like to
21 move Mr. Rosi's statement into the record at this time.

22 JUDGE KASHI: It's an unsworn statement?

23 MR. POPOWSKY: Yes, Your Honor.

24 JUDGE KASHI: We will receive it into the record as
25 an unsworn statement, and it will be identified as Rosi

1 Statement No. 1.

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

6 MR. POPOWSKY: Thank you, Your Honor.

7 JUDGE KASHI: If there's nothing further, then,
8 again, I thank you all for coming, and we will adjourn. The
9 next public input hearing is at 7:00 this evening in
10 Lancaster at the Brunswick Hotel.

11 All next week, we will be on the road in Hazleton,
12 Allentown, Pottsville, Bethlehem and Williamsport. And
13 while the people in Harrisburg that I know all consider
14 themselves very well protected in this area, when we get to
15 Scranton and Wilkes-Barre, I know the participation is going
16 to be different than we had here today.

17 Thank you very much. We stand adjourned.

18 (Whereupon, at 1:55 p.m., the hearing was adjourned,
19 to be reconvened at 7:00 p.m., this same day, in Lancaster,
20 Pennsylvania.)

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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.

COMMONWEALTH REPORTING COMPANY, INC.

By: John A. Kelly

John A. Kelly,
Certified Verbatim Reporter

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FORM 2