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C O N T E N T S

<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
(None.)	--	--	--	--

E X H I B I T S

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
<u>PP&L Exhibit</u>		
✓ STJ-7 Revised (Average Market Clearing Electricity Prices)	✓ 2327	2328
<u>OSBA Cross-Examination Exhibit</u>		
✓ 1 (OSBA-61) ✓	2328	2329
<u>PPLICA Exhibit</u>		
✓ RJF-11A-R Revised (Corrected STJ Capacity Per EGEAS Run Revised)	✓ 2330	2330
✓ RJF-11B-R Revised (Corrected STJ Capacity Per Adjusted EGEAS Run Revised)	✓ 2330	2330

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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: I call
3 this proceeding back to order. The purpose of this hearing
4 is to give PP&L an opportunity to rebut any testimony that
5 was taken at the public input hearings, which were held in
6 Lancaster, Bethlehem, Harrisburg and Scranton, and to take
7 care of the housekeeping details necessary for us to close
8 the record at this time.

9 First of all, are there any preliminary matters from
10 counsel?

11 Mr. Russell?

12 MR. RUSSELL: No preliminary matters, Your Honor.

13 JUDGE KASHI: Mr. Kleppinger?

14 MR. KLEPPINGER: No, other than the clean-up issue.

15 MR. BURGRAFF: We have nothing.

16 JUDGE KASHI: No one has any preliminary matters.

17 Mr. Simms?

18 MR. SIMMS: No, Your Honor.

19 JUDGE KASHI: Ms. Moury?

20 MS. MOURY: No, Your Honor.

21 JUDGE KASHI: All right. Is PP&L going to present
22 any rebuttal testimony this morning?

23 MR. RUSSELL: Your Honor, we do not have rebuttal
24 testimony.

25 JUDGE KASHI: All right. Is there anything that PP&L

1 would like to move the substitution in the record of Exhibit
2 STJ-7.

3 JUDGE KASHI: That which has been marked and
4 identified as Exhibit STJ-7 Revised September 4, 1997 is
5 received into the evidentiary record without objection.

6 (No response.)

7 JUDGE KASHI: Without objection.

8 (Whereupon, the document marked as
9 PP&L Exhibit No. STJ-7 Revised was
10 received in evidence.)

11 JUDGE KASHI: Anything further, Mr. Kaplan?

12 MR. KAPLAN: That's all, Your Honor.

13 JUDGE KASHI: Ms. Moury?

14 MS. MOURY: Yes, Your Honor. I've distributed the
15 company's response to OSBA-61, which was provided to us, if
16 you'll recall, in part on the last day of hearings, and I
17 then needed to have attachments provided after that time.

18 JUDGE KASHI: Right.

19 MS. MOURY: I have marked that as OSBA Cross-
20 Examination Exhibit 1.

21 JUDGE KASHI: It will be so marked for purposes of
22 identification.

23 (Whereupon, the document was marked
24 as OSBA Cross-Examination Exhibit
25 No. 1 for identification.)

1 needs to get in yet that has been agreed to or whatever you
2 have to finish up and get your record closed?

3 MR. KAPLAN: Yes, Your Honor. We have revisions to
4 Dr. Jones' Exhibit STJ-7. I've already given copies to the
5 reporter.

6 (Document handed to Judge Kashi.)

7 JUDGE KASHI: Thank you, sir. That will be so marked
8 for purposes of identification.

9 (Whereupon, the document was marked
10 as PP&L Exhibit No. STJ-7 Revised
11 for identification.)

12 MR. KAPLAN: As Your Honor may recall, I stated on
13 the record at the close of the last day of our hearings in
14 August that there was a transposition of numbers when we
15 submitted the document. The only other thing we would add
16 other than this changed exhibit is that as a result of
17 rerunning both the dynamic and the dispatch model of the
18 EGEAS, PP&L's stranded cost number changed to \$4.500
19 billion. That is our total stranded cost claim.

20 JUDGE KASHI: As opposed to the 4.6?

21 MR. KAPLAN: As opposed to I think it was 4.62. The
22 amount recoverable under the rate cap remains the same, of
23 course, at 4.026.

24 JUDGE KASHI: Anything else, sir?

25 MR. KAPLAN: That's all, Your Honor. Your Honor, we

1 MS. MOURY: And I ask that that be admitted into the
2 record.

3 JUDGE KASHI: It will be received into the
4 evidentiary record without objection.

5 (No response.)

6 JUDGE KASHI: Without objection.

7 (Whereupon, the document marked as
8 OSBA Cross-Examination Exhibit No. 1
9 was received in evidence.)

10 JUDGE KASHI: Mr. Kleppinger?

11 MR. KLEPPINGER: Thank you, Your Honor. As a result
12 of the revised EGEAS run that has previously been referred
13 to by Mr. Kaplan, we felt compelled to run those
14 modifications through Mr. Falkenberg's Exhibits 11A and 11B
15 as contained in his rebuttal testimony, and we've
16 distributed those to the parties and the court reporter, as
17 well as Your Honor. It is a simple pass-through of the same
18 transposition problem from the EGEAS run through Mr.
19 Falkenberg's analysis in his rebuttal.

20 We would move for the admission of Exhibit RJF-11A
21 and 11B-R Revised as set forth in the exhibit.

22 JUDGE KASHI: It will be so marked for purposes of
23 identification and received into the evidentiary record
24 without objection.

25 (No response.)

1 JUDGE KASHI: Without objection.

2 (Whereupon, the documents were marked
3 as PPLICA Exhibits Nos. RJF-11A-R
4 Revised and RJF-11B-R Revised for
5 identification, and were received in
6 evidence.)

7 JUDGE KASHI: Any last minute documents before we
8 close this thing?

9 Mr. Simms?

10 MR. SIMMS: I don't have a last minute document, Your
11 Honor, but just for the record, I did receive a letter from
12 Mr. Kaplan regarding a two-week extension by the company,
13 and I just wanted to know where we stand with that with Your
14 Honor.

15 JUDGE KASHI: Well, I just received -- you all know
16 that I'm running without a secretary. I commandeered
17 somebody yesterday. I just got an opportunity to review Mr.
18 Kaplan's letter. My sense is that if the parties are
19 working on something -- I guess Ms. Moury called me this
20 morning and let me know that she thought there was another
21 meeting here at 10:30, so I suspect that everybody is
22 working on this vigorously. I think it gives the parties
23 more time to go out farther than two weeks to get this thing
24 genuinely together, if it's going to get together.

25 I guess my position is a little bit selfish. You

1 guys go out two weeks and nothing happens. That means I
2 have to have my decision in for Thanksgiving. I don't think
3 so. So what I'm going to do is I'm going to ask the company
4 if they can put it out 30 days as opposed to two weeks.

5 Mr. Russell?

6 MR. RUSSELL: Your Honor, we felt that two weeks was
7 a sufficient extension, as stated in the letter that Mr.
8 Kaplan sent to you and the parties, but in view of your
9 request to go to 30, we can accommodate that, yes, Your
10 Honor.

11 JUDGE KASHI: Thank you. All right; so I will issue
12 an order changing the -- the only thing it is going to
13 affect is the filing of the briefs, if we end up filing
14 briefs, and the deadlines for the Commission public meeting
15 date, because this now would put me on the 12th of December,
16 I suspect, which would be a Friday.

17 I genuinely don't know -- I mean, I have called, and
18 the folks upstairs don't know what their calendar looks like
19 yet. I said, "Well, just give me the dates for February,"
20 and they said, "Well, we haven't made that up yet." But we
21 will get that in in the same time frame, you know, with the
22 polling and the decision on it, within that 30-day time
23 frame.

24 So it was January. We're talking February. It was
25 January 8th I think the Commission was supposed to render a

1 decision. This would now put us out to February 8th, given
2 that they have a public meeting on that date.

3 MR. RUSSELL: Your Honor, if it would be helpful, we
4 could try to run a schedule on the laptop here to move
5 everything 30 days and avoid Saturdays and Sundays. That's
6 the problem with jumping out 30 days.

7 JUDGE KASHI: That helps me. I would appreciate
8 that. If you want to run a schedule off on that and see
9 where 30 days puts us, that would be all right.

10 MR. RUSSELL: Let us try to do that.

11 JUDGE KASHI: Okay. I guess the only other thing is
12 I've been receiving requests sporadically for what we need
13 in the way of briefs. Some are very reasonable and some are
14 very lengthy. Get those cards and letters in, folks, so I
15 can see them all. I think I've only had like three at the
16 present time that have come in. I've had one from the
17 company. I have one from IBEW. I have one from Sue
18 Shanaman and CEED. I may have more. I just haven't been
19 able to get through all the mail yet.

20 Anything further from any counsel that we need to
21 take care of yet this morning?

22 MR. KLEPPINGER: Judge, your desire on that briefing
23 letter is primarily related to length?

24 JUDGE KASHI: Right, length and how many of the
25 individuals in your affinity groups think that they have to

1 have special treatment.

2 Mr. Burgraff, anything from you, sir?

3 MR. BURGRAFF: No, Your Honor.

4 JUDGE KASHI: Mr. Mullins?

5 MR. MULLINS: No, Your Honor.

6 JUDGE KASHI: Mr. Simms?

7 MR. SIMMS: No, Your Honor.

8 JUDGE KASHI: Ms. Moury?

9 MS. MOURY: No, Your Honor.

10 JUDGE KASHI: All right.

11 MR. RUSSELL: Your Honor, I have just one thing.

12 JUDGE KASHI: Yes, sir.

13 MR. RUSSELL: I wanted to just raise for you and the
14 parties the issue of confidentiality of the settlement
15 discussions that I think we're about to embark on. I would
16 just raise for discussion how we want to address that. I
17 think at least in my experience settlement discussions work
18 better if they are kept confidential.

19 JUDGE KASHI: Absolutely.

20 MR. RUSSELL: We have not at this point proposed a
21 confidentiality agreement. We could do that or perhaps you
22 could just do something on the record at the end of this
23 hearing that would be, in essence, a confidentiality
24 directive to the parties.

25 MR. SIMMS: Your Honor?

1 JUDGE KASHI: Go ahead, Mr. Simms.

2 MR. SIMMS: It would probably be better if Your Honor
3 does send out a confidentiality order to all the parties,
4 because all the parties who may be involved in the
5 discussions may not receive a copy of the transcript or, if
6 they did receive a copy of the transcript, may not read that
7 portion.

8 JUDGE KASHI: If you have something you would like to
9 propose, I'm more than willing to take a look at it. My
10 understanding was when they did the PECO thing, they
11 considered it to be proprietary. It was like they were
12 going to send people to jail if they said anything during
13 the settlement discussions that got outside the room. I
14 could not get my hands on that PECO document, I just could
15 not, while they were working on it. If you want that tight
16 control on it, I don't have a problem with it.

17 The one thing that I still want to say is that if
18 there are problems that anyone thinks that I can be of help
19 with, please do not hesitate. I guess the only one who
20 objects to that has been traditionally the Office of
21 Consumer Advocate as far as the Hearing Judge interjecting
22 himself into settlement procedures.

23 Do you have a problem with that, Mr. Burgraff, this
24 time around?

25 MR. BURGRAFF: Well, as you stated, Your Honor, we

1 traditionally do. However, that is more in the kind of
2 formal settlement Judge versus litigation Judge posture.
3 Whether we would or not on discreet issues, we can certainly
4 make that determination as we go along.

5 JUDGE KASHI: Okay. I've been reviewing some of the
6 issues, and having seen what transpired in PECO and what is
7 happening with the pilot programs and the people who are
8 withdrawing from the settlement on the pilot programs, I
9 have what I consider to be a general concern with the
10 marketers, as to where that might lead to, and I quite
11 frankly have not come up with any marvelous insight yet as
12 to how a global settlement could be achieved including the
13 marketers, but I have not given that up yet.

14 In the meantime, like I say, anything that you folks
15 want. If you are going to have that second meeting, you're
16 welcome to use this hearing room; and if you feel the need
17 for the reporter to stay and take particulars down, we can
18 arrange that, too.

19 Anything further?

20 MR. KLEPPINGER: Your Honor, I just want to state for
21 the record -- and this isn't a complete confidentiality
22 protection that I know the company would be interested in
23 and that I would endorse -- before we began our discussions
24 among the intervenors, we did commit ourselves to the
25 confidentiality of those discussions. Obviously, there is

1 not an enforceable piece of writing out there, but we do
2 have a professional understanding that those will be held
3 confidentially; and thus far, they have.

4 As we know from the PECO settlement, despite all the
5 attempts to keep those discussions confidential, they still
6 appeared in the newspapers; and I hope that doesn't happen
7 here, and some directive from you in writing to the parties
8 may assist that.

9 JUDGE KASHI: I will take care of that.

10 Hearing nothing further, we will adjourn, and the
11 record will be officially closed as of today. A briefing
12 order will be out.

13 You're going to file for the extension then of the 30
14 days, Mr. Russell?

15 MR. RUSSELL: With the Prothonotary?

16 JUDGE KASHI: Yes.

17 MR. RUSSELL: We can do that, yes, Your Honor.

18 JUDGE KASHI: If there is nothing further, I would
19 like to genuinely thank counsel. It was a monumental task,
20 and I think you all did an excellent job. Hopefully, I will
21 be able to compete and so will the Commission and get this
22 thing off the ground.

23 Thank you very much. We stand adjourned.

24 (Whereupon, at 10:27 a.m., the hearing was
25 adjourned.)

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: Sandra Milus Brown

Sandra Milus Brown

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FORM 2