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COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

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Pennsylvania Power & Light Company :  
Application for approval of a : Docket No.  
Restructuring Plan. : R-00973954  
:   
Further Hearing. :  
:   
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Pages 1931 through 2071 Hearing Room 2  
North Office Building  
Harrisburg, Pennsylvania

Friday, August 29, 1997

Met, pursuant to adjournment, at 10:03 a.m.

BEFORE:

GEORGE M. KASHI, Administrative Law Judge

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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>
Timothy R. Dahl				
By Ms. Helpert	1935	--	--	--
By Mr. Kohler	--	1936	--	--
By Mr. Vough	--	1938	--	--
By Mr. Mullins	--	1950	--	--
 Dawn G. Lennon				
By Mr. Russell	1965	--	--	--
By Mr. Caplan	--	1966	--	--
By Mr. Kohler	--	1994	--	--
By Ms. Moury	--	1999	--	--
By Mr. Mullins	--	2003	--	--
 Nancy Brockway				
By Mr. Mullins	2030	--	2048	--
By Mr. Rubin	--	2032	--	--
By Ms. Helpert	--	2037	--	--
 Mark N. Cooper				
By Mr. Rubin	--	2051	--	--
By Mr. Russell	--	2058	--	--

E X H I B I T S

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
<u>PP&amp;L Statements</u>		
✓16 (Dahl) ✓✓✓	1936	1964
✓16-R (Dahl) ✓✓✓	1936	1964
✓17 (Lennon) ✓✓✓	1966	2027
✓17-R (Lennon) ✓✓✓	1966	2027
✓20-R (Falk) ✓✓✓	--	2062
<u>PP&amp;L Exhibits</u>		
✓DGL-1 through DGL-3 (Lennon) ✓	1966	2027

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**E X H I B I T S** (Continued)

<b><u>NUMBER</u></b>	<b><u>FOR IDENTIFICATION</u></b>	<b><u>IN EVIDENCE</u></b>
<b><u>PP&amp;L Cross Examination Exhibits</u></b>		
✓12 (OCA-XII-6) ✓✓	2041	2042
<b><u>Enron Cross Examination Exhibits</u></b>		
✓No. 3 (brochure) ✓✓✓	1996	1999
<b><u>Schuylkill Energy Resources/Gilberton Power Cross-Examination Exhibits</u></b>		
✓No. 1 (response to on-the-record data requests) ✓✓	2029	2029
<b><u>OCA Statements</u></b>		
✓6 (Brockway) ✓✓	2031	2050
✓6-S (Brockway) ✓✓	2031	2050
<b><u>CEO Statements</u></b>		
✓1 (Kuennen) ✓✓	2046	2048
✓1-SR (Kuennen) ✓✓	2046	2048
✓2 (Karp) ✓✓	2047	2048
✓2-SR (Karp) ✓✓	2047	2048
✓3 (Crandall) ✓✓	2047	2048
✓3-SR (Crandall) ✓✓	2048	2048
<b><u>CEO Exhibits</u></b>		
✓CRK-2 through CRK-23 (Kuennen) ✓	2046	2048
✓MK-2 through MK-13 (Karp) ✓✓	2047	2048
✓GCC-2 through GCC-4 (Crandall) ✓✓	2047	2048

E X H I B I T S (Continued)

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NUMBER FOR IDENTIFICATION IN EVIDENCE

AARP Statements

✓ 1 (Cooper) ✓ ✓ 2051 2059

IBEW Cross Examination Exhibits

✓ 3 (PP&L-III-47) ✓ ✓ 2056 2058

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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.

4 Are there any preliminary matters this morning from  
5 counsel?

6 Mr. Russell?

7 MR. RUSSELL: We have one preliminary matter, Your  
8 Honor. I have with me this morning the company's responses  
9 to three items, two on-the-record data requests that we  
10 received earlier in the week, and an interrogatory from the  
11 Office of Consumer Advocate directed to Mr. Krall's oral  
12 rejoinder testimony.

13 What I would propose to do to is hand those out in  
14 the hearing room today, let the parties look at them and try  
15 to make a decision on whether any or all of them would be  
16 introduced for the record.

17 We're also going to serve them by mail to the active  
18 party list as well so we're sure everybody has them.

19 And with that, I don't think I have any other  
20 preliminary matters.

21 JUDGE KASHI: Anything from other counsel this  
22 morning?

23 *(No response.)*

24 JUDGE KASHI: How did your wonderful settlement  
25 conference continue yesterday? What time did you finish? I

1 know you were still going after 4:00. Does anybody want to  
2 say something?

3 Mr. Kleppinger?

4 MR. KLEPPINGER: I'll say a little bit, I guess, Your  
5 Honor. We think we made substantial progress among the  
6 intervenor parties yesterday. I was charged with the  
7 responsibility of preparing a document for review later  
8 today by those parties, that at least with the general issue  
9 areas that we seem to have agreement on. That is being done  
10 as we speak.

11 JUDGE KASHI: Good.

12 MR. KLEPPINGER: I'll get that at lunchtime, and we  
13 have another meeting scheduled for this afternoon as soon as  
14 the hearing concludes.

15 JUDGE KASHI: Good. Thank you.

16 I have been promised, it's now an hour late, that we  
17 would have available the pilot program decision in the PP&L  
18 case. And I understand they were still at it at 1:00 in the  
19 morning.

20 So, as soon as it's available it will be made  
21 available to us here, and I'll make it available to the  
22 intervenors also. Because I think it's an important  
23 document.

24 All right. PP&L, do you wish to call your first  
25 witness today?

1 MS. HELPERT: Thank you, Your Honor. At this time  
2 PP&L would like to call Timothy R. Dahl.

3 JUDGE KASHI: Mr. Dahl, please raise your right hand  
4 and be sworn, sir.

5 **Whereupon,**

6 **TIMOTHY R. DAHL**

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

8 MS. HELPERT: Your Honor, under our agreed-upon  
9 procedures, I would like to identify Mr. Dahl's testimony;  
10 PP&L Statement No. 16 is the direct testimony of  
11 Timothy R. Dahl, consisting of 21 pages, PP&L Statement  
12 No. 16-R is the rebuttal testimony of Timothy R. Dahl,  
13 consisting of 31 pages.

14 **DIRECT EXAMINATION**

15 **BY MS. HELPERT:**

16 Q. Mr. Dahl, do you have any corrections or changes  
17 to Statement Nos. 16 or 16-R at this time?

18 A. No, I do not.

19 MS. HELPERT: Your Honor, with the foundation laid by  
20 agreement, PP&L moves into the record PP&L Statement No. 16  
21 and Statement No. 16-R.

22 JUDGE KASHI: They will be so marked for purposes of  
23 identification, and pending any timely motions and/or  
24 objections pending cross examination, they will be received  
25 into the evidentiary record.

1 (Whereupon, the documents were marked  
2 as PP&L Statement Nos. 16 and 16-R for  
3 identification.)

4 MS. HELPERT: Your Honor, is available for cross  
5 examination.

6 JUDGE KASHI: Thank you.

7 Mr. Kohler?

8 MR. KOHLER: Thank you, Your Honor.

9 **CROSS EXAMINATION**

10 BY MR. KOHLER:

11 Q. Good morning, Mr. Dahl.

12 A. Good morning.

13 Q. My name is Alan Kohler, and I represent Enron in  
14 this proceeding. I just have two questions, I think.

15 Referring you to page 24 of your rebuttal. If I read  
16 this correctly, what you're proposing is a 75/25 pro rata  
17 distribution or write-offs related to PP&L's universal  
18 service support or contribution; is that right?

19 A. That is correct.

20 Q. Would your proposal also include a pro rata  
21 distribution of what I would call a universal service  
22 contribution offsets or credits to customer bills served by  
23 suppliers?

24 A. No, it would not. I think our major concern is,  
25 it would be the cross-subsidization issue that we feel are

1 T&D customers are providing a subsidy through our ON TRACK  
2 payment program for our existing customers.

3 Similarly, if they were to shop for an alternate  
4 supplier, there should be some contribution or support, we  
5 feel, on the issue of equity on behalf of the alternate  
6 supplier, similar to our T&D customers.

7 We have particular concern that a T&D customer who  
8 would not shop, have some of those funds be sent to an  
9 alternate supplier, does cause us some concern.

10 Q. Just to make sure I understand your proposal, the  
11 company would receive contribution in the form of surcharges  
12 or LIHEAP, and that revenue would be retained with the D&T  
13 company. But your proposal would -- 100 percent of that  
14 revenue. But your proposal would share on a pro rata basis  
15 the write-offs that are assigned to given customers served  
16 by suppliers?

17 A. That's right, a portion of the write-offs.

18 Q. Okay.

19 MR. KOHLER: Nothing further, Your Honor.

20 JUDGE KASHI: Thank you very much, sir.

21 Mr. Kleppinger?

22 MR. KLEPPINGER: No, we had indicated to the company  
23 we have no cross for Mr. Dahl, Your Honor.

24 JUDGE KASHI: Mr. Stewart?

25 (No response.)

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JUDGE KASHI: Mr. Zalcman?

MR. CAPLAN: He's not present.

JUDGE KASHI: Do we have counsel for CEO?

MR. VOUGH: Yes, Your Honor, Michael Vough.

JUDGE KASHI: Did we have you sign this week's appearance sheet?

MR. VOUGH: I wasn't here this week, Your Honor. This is the first time I've been here.

JUDGE KASHI: All right. I'll have to have you sign the appearance sheet for this week at some point. All right, cross-examine.

MR. VOUGH: Thank you, Your Honor.

**CROSS EXAMINATION**

BY MR. VOUGH:

Q. Good morning, Mr. Dahl. My name is Michael Vough, I represent CEO in this matter.

A. Good morning.

Q. I have a couple questions for you.

The proposed funding levels that you have for the universal service program both in your direct testimony and your rebuttal testimony, can you please tell me how the company arrived at those figures?

A. We looked at, basically, on our customer needs, what one could we run a quality program on, how does it relate to our rate cap, what our various customer needs in

FORM 2

1 relationship to our existing programs and services. As you  
2 know, we offer a large variety of programs and services.

3 Q. Was a needs assessment performed?

4 A. Would you explain a needs assessment? Do we go  
5 out and survey customers?

6 Q. Yes; did you go out and survey customers?

7 A. No, we did not. As you know, we basically -- we  
8 have about 20 years of experience in developing and  
9 implementing programs for low-income customers. We looked  
10 at U.S. Census data for our service territory. We've also  
11 considered collections results and data that come from our  
12 revenue collection department.

13 We also have a very extensive working relationship  
14 with community based organizations. I think we have one of  
15 the strongest relationships of any utility in the state.  
16 We work closely with these organizations in a close  
17 partnership.

18 We also participate in a lot of coalitions, social  
19 agency networks; we have people in our regional offices that  
20 work very closely and carefully with these folks, who get  
21 together periodically to discuss consumer needs issues and  
22 problems.

23 We have done in the past some assessments of needs of  
24 senior citizens and Hispanic customers. We're also big in  
25 and do a lot of LIHEAP advocacy involved with the Bureau of

1 Consumer Services at the PUC, the Department of Aging,  
2 Department of Public Welfare activities. We participate in  
3 numerous workshops sponsored by various elected officials,  
4 Public Utility Commission.

5 A number of our employees serve on boards of  
6 directors of various social service agencies, community  
7 organizations and groups. We have extensive United Way  
8 involvement with a number of our employees.

9 We've done a survey of community leaders in the past  
10 to get their perspective on what needs and concerns and  
11 issues there are. We've worked with consumer advisory  
12 panels in the past.

13 We felt, given this large body of knowledge and  
14 experience we've had over the years, that it gave us, we  
15 think, a very strong handle on consumer issues and needs  
16 relative to PP&L's existing programs, and we felt that with  
17 that the level of funding we suggest was appropriate.

18 Q. Could you tell me when the last time PP&L did a  
19 needs assessment, an actual survey of the customers?

20 A. What kind of survey do you mean?

21 Q. Well, specifically requesting from customers  
22 income information and people that are involved in the  
23 ON TRACK program.

24 A. We've had two surveys -- or, not two surveys, but  
25 two evaluations done of our ON TRACK program. Our final

1 program evaluation is being worked on now and will probably  
2 be available in September.

3 We also have groups that do evaluation of customer  
4 satisfaction and customer issues on a daily basis which we  
5 use to track for internal measures on customer satisfaction  
6 related to PP&L, and problems of that nature. That is an  
7 ongoing activity.

8 Q. In your rebuttal testimony, you agreed with CEO's  
9 witness, Craig Kuennen, regarding the number of below-  
10 poverty level individuals in the PP&L service area, 177,000;  
11 is that correct?

12 A. Yes, based on the 1990 census, a study that we  
13 had done based on the 29 counties that PP&L serves. That  
14 was the number that we had developed.

15 Q. And also in your rebuttal testimony, you  
16 testified that of the hundred percent of the people involved  
17 in PP&L's programs that are low-income, that 70 percent of  
18 those individuals pay their bills on time, and 30 percent of  
19 the individuals do not pay their bills on time; is that  
20 correct?

21 A. No, that's not correct. What I said, of the  
22 177,454 customers that are at or below the poverty level,  
23 the roughly 70 percent of those people are paying their  
24 bills. We've determined through analysis that around 58,000  
25 customers are payment-troubled. That is, they would have a

1 payment plan with PP&L, or at one point had been behind in  
2 their electric bills.

3 Q. So, through your analysis you found 58,000  
4 customers are payment-troubled?

5 A. Estimated 58,000 at one point or another had had  
6 a payment problem with PP&L.

7 JUDGE KASHI: Could we define payment problem for the  
8 record?

9 THE WITNESS: It would be, they're behind on an  
10 electric bill, they've called in to PP&L and have asked to  
11 set up a payment plan. And the payment plan may be for a  
12 short duration or a long duration. But that's what we would  
13 determine as payment-troubled; that they had missed a  
14 payment, had called us, and we negotiated a payment plan.

15 JUDGE KASHI: What about the customer who goes out of  
16 town, and came back, and didn't realize that his bill was  
17 due, and wants to get it mailed, and wants them to know that  
18 it's coming, and calls them, saying, the checks not in the  
19 mail, I missed it, and I'm sending it today? Are those  
20 people in that category?

21 THE WITNESS: No, we wouldn't put that person on a  
22 payment plan, we would allow for that, and we would send him  
23 a program that we'd ask him to sign up for that's called  
24 Automatic Bill Payment that automatically deducts from his  
25 checking account, so that if he or she were traveling out of

1 town they would avoid that problem in the future.

2 JUDGE KASHI: I'll look into that.

3 (Laughter.)

4 THE WITNESS: I happen to have a card right here with  
5 me.

6 JUDGE KASHI: But they would not go into that  
7 category?

8 THE WITNESS: No, they would not.

9 JUDGE KASHI: Go ahead, sir.

10 MR. VOUGH: Thank you.

11 BY MR. VOUGH:

12 Q. Of these 58,000 individuals that you classify as  
13 payment-troubled, would those individuals qualify for the  
14 PP&L ON TRACK program?

15 A. I think that most of them probably that are at or  
16 below 150 of poverty and have a payment plan of some kind.  
17 So in a real sense, they probably meet the eligibility  
18 criteria. But we look at a little closer on a needs  
19 assessment how great an overdue balance, how low of income,  
20 those kinds of issues.

21 Q. And this needs assessment that you just  
22 mentioned, is that a needs assessment of each individual  
23 customer that applies for ON TRACK?

24 A. Yes, a customer would call in -- it might be  
25 easier if I explain the process. When we were promoting the

1 program for the pilot, customers would call in, or we would  
2 look at records, we would get a hold of the customer and say  
3 we have a program that we think might meet your needs; we'd  
4 have some discussion to find out how many payments have they  
5 made or not made, what's the total of their overdue balance;  
6 explain how the program works, the requirements; and then  
7 make a referral because we think the customer may have  
8 success in the program. Not every customer, we believe,  
9 would be successful in an ON TRACK program.

10 Q. And it would be PP&L's decision who gets in the  
11 ON TRACK program; correct?

12 A. That is correct. They would -- we'd send out a  
13 notice, a letter would go to the customer reaffirming that  
14 we had this discussion about the ON TRACK program, how it  
15 works. The letter would have the name of the agency they  
16 would call to be interviewed.

17 A simultaneous letter would be sent to that agency so  
18 they'd know this customer had been referred, so they could  
19 call that customer and remind them to come in for the  
20 interview.

21 The customer then goes to the social service agency.  
22 The social service agency really does the intake and makes  
23 the final determination on whether or not the customer  
24 should be in the program; do they qualify for the program,  
25 do they understand the program.

1           The social service agency actually establishes the  
2 payment plan. They're connected to PP&L's computer, and  
3 it's done automatically. We get an electronic message back  
4 to PP&L that these customers have been suggested to be in  
5 the program, we would approve those, and then the next month  
6 their ON TRACK bill would go out.

7           It's really the social service agency, community-  
8 based organization, plays the key role in doing the final  
9 evaluation whether the customer fits or not.

10           Q. But the final yes or no is from PP&L?

11           A. Yes, we do make that approval.

12           Q. In your direct testimony and your rebuttal  
13 testimony for this proceeding, you testified that PP&L plans  
14 increasing the ON TRACK program up to 10,000 customers.

15           A. That's correct.

16           Q. Could you explain to me what PP&L's reasoning was  
17 when you have 58,000 eligible customers for the ON TRACK  
18 program, why you're only going to 10,000?

19           A. Well, I think there's several reasons. The one  
20 is concerned about the rate cap which we're all working  
21 under. A second issue would be the quality of the program.

22           Being sort of a nuts-and-bolts person, there's a lot  
23 of concern we have with actually physically moving 10,000  
24 people into the program over a three-year period.

25           We did fine with our pilot program. It took us a

1 year and a half of hard work to enroll 2,000 people. We  
2 think it's going to be a very challenging assignment to get  
3 people in there.

4 And also it's our feeling that just because you're  
5 low-income and payment-troubled doesn't mean that you're  
6 going to be successful, or ON TRACK makes sense for you.  
7 Because sometimes you may be payment-troubled for a short  
8 period, and as something to just get over the hump of this  
9 payment problem. And there we have other programs that  
10 could assist them.

11 For example, we have our CARES program, which would  
12 allow the customer to be exempt from termination of service  
13 for a temporary period while they get over a particular  
14 hardship or so forth.

15 I think we're really targeting ON TRACK for people  
16 who have more systemic, long-term payment problems rather  
17 than someone who has a shorter-term payment problem.

18 Q. Have you ever done any studies of the 58,000  
19 payment-troubled individuals, how many of those people are  
20 long-term payment problems?

21 A. No, I have not.

22 Q. How many individuals, if you know, are involved  
23 in the CARES program?

24 A. We have six individuals at PP&L, they're our  
25 customer program directors, and they are responsible in our

1 field offices for the ON TRACK program, for Operation Help,  
2 our fuel fund, for the Winter Relief Assistance program,  
3 which is our weatherization program. And they also  
4 administer the CARES program. Another primary  
5 responsibility is liaison activities with community-based  
6 organizations.

7 Q. Do you know how many customers are involved in  
8 the CARES program?

9 A. Currently around 400 customers.

10 Q. There was some testimony in your rebuttal  
11 testimony regarding the write-off money and the collection  
12 money that PP&L now spends to collect some of their bad  
13 debt. And there was testimony from CEO Witness Kuennen  
14 regarding transferring some of that money that's used to  
15 collect bad debt and putting it into the universal service  
16 program. And you seem to say that you don't understand how  
17 that can be done.

18 A. Well, we had some clarification and other  
19 surrebuttal testimony from a witness that we think made it  
20 clearer for us to understand the concept of what they were  
21 explaining.

22 Q. Do you understand the concept?

23 A. We understand that concept.

24 Q. Is that something that PP&L would be interested  
25 in doing?

1           A. Well, I think in theory we would agree with that  
2 concept if it was decided or assumed that all of those low-  
3 income customers wouldn't pay you anything. Then it would  
4 be better to put them in an ON TRACK program where you may  
5 have the opportunity to get some money.

6           But our experience has shown that low-income  
7 customers, even those that are payment-troubled, do pay  
8 something toward their bills. So we are getting some  
9 payments from them.

10           We have done a short study of about 1,000 LIHEAP  
11 accounts. And that's the Low Income Home Energy Assistance  
12 Program. Those are very low-income customers, at or below  
13 110 percent of poverty.

14           We did an evaluation of various income levels to find  
15 out how many times a year they pay us and in what amounts.  
16 And these very low-income customers are paying us six or  
17 seven times a year, around \$650 to \$700. So even very low-  
18 income customers, as defined by LIHEAP, are giving some  
19 payments.

20           So, we believe it's inappropriate, really, to  
21 automatically assume because you're low-income, you're  
22 automatically payment-troubled, means you can't make any  
23 payments.

24           Q. Do you have any data that shows of 58,000  
25 payment-troubled customers, how many make no payments at

1 all?

2 A. We haven't run that study; no, we haven't.

3 Q. Based upon your direct and rebuttal testimony, it  
4 seems to me that PP&L does not plan on instituting a base  
5 load program.

6 JUDGE KASHI: I'm sorry, I didn't catch that.

7 BY MR. VOUGH:

8 Q. PP&L has not planned on instituting a base load  
9 program for universal service?

10 A. Well, we offer some limited base load services,  
11 as you're aware. I had in my testimony that we've done,  
12 over the course of the program, about 1,700 base load  
13 customers. And base load would be customers who don't have  
14 electric heat or electric water heating.

15 We are looking at a couple of pilots. In fact, we're  
16 going to look at refrigerator replacement, that some  
17 utilities have used, to see would that be something that  
18 could be done, in a pilot basis at least, to determine the  
19 effectiveness for low-income customers.

20 We also are offering waterbed heater replacement.  
21 We've been doing it in one of our regions, we're going to  
22 make that available in all the regions, that if a customer  
23 has a waterbed, that the waterbed heater could be removed,  
24 the bed drained, and a foam mattress put in its place, to  
25 help reduce energy usage; that that is being offered, and

1 the pilot on refrigerators is going to be implemented as  
2 well.

3 Q. Thank you.

4 MR. VOUGH: That's all I have, Your Honor.

5 JUDGE KASHI: Thank you very much.

6 Mr. Mullins?

7 MR. MULLINS: Thank you, Your Honor.

8 **CROSS EXAMINATION**

9 BY MR. MULLINS:

10 Q. Good morning, my name is James Mullins, and I  
11 represent the Office of Consumer Advocate.

12 A. Good morning.

13 Q. Mr. Dahl, if you would, please turn to the  
14 company's response to OCA Set XII, question 19.

15 A. Yes.

16 Q. On the company's response, your response, on  
17 attachment 1, I guess it's the third page; it's captioned  
18 Universal Service Funding, Tim Dahl supplied statistics for  
19 the ON TRACK program. Do you have that?

20 A. Yes, I did.

21 Q. Now, under analysis, you state that there would  
22 be a \$50.50 shortfall for revenue associated with the  
23 ON TRACK program; is that correct?

24 A. Yes. And I want to correct. This analysis was  
25 done by another individual, another analyst in our company,

1 it wasn't done by me. But what he states was a result of  
2 his analysis, and that is correct.

3 Q. On your direct testimony -- I'll locate the page;  
4 page 18. Do you have that page before you?

5 A. Yes, I do.

6 Q. Now, there you state that the funding for the  
7 ON TRACK program would be \$9.1 million per year?

8 A. That's correct.

9 Q. And the company is shooting for a 10,000-customer  
10 enrollment in that program?

11 A. That is correct.

12 Q. Now, I did a calculation earlier at the office,  
13 and I want to walk you through that, I want to sort of  
14 reconcile that number with the number that was set forth in  
15 the response you just alluded to.

16 A. Sure.

17 Q. Now, the \$9.1 million in funding per year divided  
18 by 10,000 equals \$910. Now, that divided by twelve, twelve  
19 months in a year, gives you \$75.83 per month, roughly \$76  
20 per customer.

21 A. Right.

22 Q. Is there a relationship between that \$76 figure  
23 and the \$50 figure set forth in OCA Set XII, question 19?

24 A. Yes, there is. There's several components to the  
25 \$9.1 million. There's what we call the evidence shortfall.

1 That would be the difference between the actual bill and the  
2 ON TRACK payment, which PP&L is about \$50, or \$600 a year.

3 Then the average ON TRACK customer in the pilot came  
4 into the program with an average overdue balance of \$1,000.  
5 So that has to be calculated in. And there's also the  
6 administrative cost of running a program.

7 So, on page 18 of my direct testimony, that would  
8 include the evidence shortfall, it would include the  
9 component for the arrearage forgiveness, and it also would  
10 include the cost to administer the programs, payments that  
11 we would make to community-based organizations.

12 Therefore that number would be higher than the number  
13 alluded to in my other attachment to your interrogatory,  
14 which is really only the revenue shortfall portion of the  
15 bill.

16 Q. Now, in response to one of the questions by  
17 counsel from CEO, you stated that customers will not be  
18 admitted to the ON TRACK program if it's determined that  
19 they may or may not be successful; is that correct?

20 A. Well, we're going to evaluate each customer when  
21 they come in. We'll make the referral, if the customer  
22 meets the basic criteria, at or below 150 of poverty,  
23 they're payment-troubled, they're having a collection  
24 problem with PP&L; we're going to refer that customer to the  
25 social service agency, they'll do an assessment to look at,

1 should this customer be admitted to the program would they a  
2 good candidate.

3 Q. I'm sorry. The initial determination will be  
4 made by the program administrator?

5 A. What happens is, we use our representatives at  
6 our customer contact center. They get phone calls from  
7 people that have overdue balances, they go through their  
8 normal collection activities, we'll review records, and then  
9 they'll contact customers, either by phone, or they'll  
10 receive a call or outgoing call. And they'll talk about, we  
11 have a program called ON TRACK, and just based on our  
12 conversation it seems like you might qualify for this  
13 program, or it might be beneficial for you in this program.  
14 Would you be interested in having a referral to this  
15 program? It's administered by social service agencies;  
16 you'd have to go for an interview.

17 And if they say yes, then we would send out a letter  
18 to that customer reminding them that, here's the agency for  
19 you to call, and where to go. And then the agency also gets  
20 a letter so they can call the customer if they don't come  
21 in. And the customer then must go in to the agency for a  
22 personal interview to determine eligibility for the program.

23 Not everyone who shows up is eligible. We've also  
24 found that it takes about four referrals to get one customer  
25 enrolled in the program. For a lot of reasons. People

1 aren't motivated to go or don't show up.

2 Q. Now, in determining the potential success of a  
3 customer in the ON TRACK program, am I correct in assuming  
4 that that customer's ability to pay his or her bill portion  
5 in a timely fashion is one of the overriding factors in that  
6 determination?

7 A. Yes. They'll look at the customer's, what have  
8 they been paying PP&L, what is their energy usage, have they  
9 gotten other types of assistance. Sometimes they find out  
10 that they're not income-qualified, and so they would be  
11 ineligible for the program.

12 So they look at all those factors, explain how the  
13 program works, and then they would take and do a calculation  
14 to try to determine the appropriate payment plan for that  
15 customer based on his or her ability to pay.

16 Q. What if a customer doesn't qualify for the  
17 ON TRACK program, what steps would PP&L take to ensure that  
18 that customer's electric service wasn't interrupted?

19 A. One of the things that we try to do when the  
20 customer -- and this is, I think, the strong point of  
21 working with community-based organizations is they have  
22 multiple services. When a customer like that would come in,  
23 and perhaps they don't qualify for the ON TRACK program,  
24 they're slightly over income, or it's not going to work for  
25 them, the agency can make referrals to other programs.

1 Perhaps they would qualify for our weatherization program,  
2 perhaps the Fuel Assistance program could help them,  
3 Pennsylvania Power & Light 's Operation Help. They may be  
4 eligible for the Low Income Home Energy Assistance Program.  
5 Or it might be a CARES situation. We have a close working  
6 relationship. They may -- in fact, they can send e-mail to  
7 one of our customer program directors saying, I think I have  
8 a customer here who's not really going to qualify for  
9 ON TRACK, but as a temporary situation they may need some  
10 assistance. And then we can have that link to make sure  
11 that customer would be protected.

12 And we've also asked to have some flexibility with  
13 ON TRACK to look at customers who might be slightly above  
14 the income guidelines, but have a compelling need that the  
15 program may assist them.

16 We have similar kinds of flexibility with our  
17 Operation Help fuel fund, as well as the LIURP program,  
18 which is our wrapped weatherization program.

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1 Q. Just one more question, maybe two, Mr. Dahl.

2 A. Sure.

3 Q. If it's determined that a customer cannot make  
4 the minimum payments as set forth in the ON TRACK Program,  
5 how would that customer continue to receive electric service  
6 from the company?

7 A. I think, if they cannot meet the minimum payment  
8 standard, we would refer them to our CARES Program for  
9 special handling, and our Cares Program, through the  
10 customer program directors, would look at that, because the  
11 CARES Program is available to customers of all income  
12 levels, not just low income.

13 Q. And that's an acronym for what again, CARES?

14 A. Customer Assistance and Referral Evaluation  
15 Service.

16 MR. MULLINS: Can I have a moment, Your Honor?

17 JUDGE KASHI: Surely.

18 (Pause.)

19 MR. MULLINS: Thank you, Your Honor.

20 BY MR. MULLINS:

21 Q. Mr. Dahl, we're trying to get at a specific  
22 issue here, so I'm going to try to reword this question for  
23 you again.

24 A. Sure.

25 Q. Can a customer be denied participation in the ON

1 TRACK Program if it's determined that that customer's income  
2 is so low that that customer wouldn't have any chance of  
3 making the minimum required payment?

4 A. I guess theoretically that could happen, but I'm  
5 not aware of any situation that we've had in the pilot to  
6 date where a customer's situation was so low they couldn't  
7 make the payment. I'm not aware of that situation, if that  
8 would happen, but --

9 Q. It's a possibility?

10 A. That would be possible, and if their income was  
11 so low that they couldn't make the minimum payment, I think,  
12 again, the answer for us would be to put them on the CARES  
13 Program, because the CARES Program, an indicator is put on  
14 the system that stops all termination of service activities.  
15 The CARES representative could go out and do a home visit to  
16 try to determine what's the problem, what is it that's going  
17 on. That CARES person really acts as a broker: what are  
18 the available resources from PP&L that could help? What are  
19 the available resources in the community that could help?  
20 How can we tie those in together?

21 Q. What if the representative makes that on-site  
22 visit via the CARES Program and just determines that it  
23 isn't anything that this particular household is doing right  
24 or wrong, it's just that they just don't have the income on  
25 a monthly basis to qualify for the ON TRACK Program, how

1 would you go about reconciling that situation when there  
2 isn't any factor that can be remedied that would somehow  
3 boost that household's income?

4 A. We would put them on the CARES Program for  
5 almost a semi-permanent basis. We do have some customers  
6 right now that have been long-term CARES because they have a  
7 situation, for example, a low income senior citizen with  
8 extremely low income, as you pointed out, who lives in a  
9 large home, doesn't want to move out of that home, can't  
10 really afford to live there, so what are we to do? We're  
11 going to shut off her service or boot her out in the street?  
12 I don't think so. That is not the way we do business at  
13 PP&L. We're going to put that customer on the CARES  
14 Program, and then see if anything can be done over time.  
15 Some customers' circumstances, as you know, change and  
16 things improve, but there are some very difficult  
17 situations, particularly with seniors, where things may not  
18 improve and they're by themselves, and so we think the CARES  
19 Program, not the perfect solution, is a good solution to  
20 address that customer's need and provide protection for that  
21 customer.

22 We also have, through the Operation Help Program,  
23 each of the customer program directors has a budget where  
24 if, for example, the customer has reached the bottom of the  
25 rope and there is no other alternative, they don't qualify

1 for an assistance program of any type, maybe PP&L can't do  
2 much to help them, we have some funds available that we will  
3 go out and we'll pay their electric bill.

4 Q. I think you referred to the CARES Program in a  
5 specific instance as semi-permanent for a customer who  
6 wouldn't qualify for ON TRACK?

7 A. We have some of those customers who have been on  
8 the CARES Program for several years. We're in the position,  
9 there is no -- we don't know what the alternative course is.  
10 There's no regulatory solution for that customer, there's no  
11 social solution. What can we do for that customer? We feel  
12 that CARES is a good alternative for right now.

13 Q. For the customers who have been serviced by the  
14 CARES Program on that semi-permanent basis, is that an  
15 unofficial permanent service for those particular customers,  
16 even though you may not specifically classify it as such?

17 A. The customer program directors review  
18 periodically all their CARES cases to see how are they  
19 doing. Sometimes they set up payment plans, you know, flat  
20 payment plans for these people. Are the payment plans being  
21 met? Are they going to apply for assistance programs as has  
22 been suggested? So all the accounts are reviewed to see how  
23 the situation is: have things changed? Have things gotten  
24 better? Has that customer had other kinds of circumstances?  
25 So we do continuously look at the situation of each of the

1 clients to see: have things changed? What else could be  
2 done?

3 MR. MULLINS: Thank you for your testimony.

4 We don't have anything further, Your Honor.

5 JUDGE KASHI: Thank you very much.

6 Mr. Dahl, I have a couple questions.

7 THE WITNESS: Sure.

8 JUDGE KASHI: As usual, they're probably off the  
9 wall.

10 In your estimation from having dealt with the various  
11 programs that the company utilizes to help low income,  
12 payment troubled type of persons, has there ever been any  
13 consideration on behalf of the company to go to the  
14 legislature and attempt to have an entitlement program  
15 started in the nature of the Food Stamp Program, such as  
16 energy stamps?

17 THE WITNESS: We haven't specifically, that I'm aware  
18 of, looked at an energy stamps kind of thing. There was a  
19 pilot program done years ago in the Lehigh Valley Community  
20 Action Committee that tested this energy stamp process. I  
21 received a copy of that study years ago when I started with  
22 PP&L. The issue they found in the evaluation of that is  
23 that energy usage seemed to increase for those people who  
24 got the stamps, and that was one of their concerns.

25 With our ON TRACK Program, we haven't seen increases

1 in energy usage. Our evaluators found that basically energy  
2 usage has stayed flat, which has been an important point of  
3 the program.

4 We have lobbied the legislature and federal  
5 government to have adequate funding for the Low Income Home  
6 Energy Assistance Program. In fact, last Friday I was here  
7 doing that on behalf of PP&L in front of DPW for the state  
8 plan.

9 JUDGE KASHI: That's the LIHEAP Program.

10 THE WITNESS: Yes, sir.

11 JUDGE KASHI: And those programs, in your experience,  
12 have been cut, virtually, every year; is that correct, sir?

13 THE WITNESS: Yes. Pennsylvania's allocation has  
14 fallen from, fiscal year '85-'86, from \$141 million to, this  
15 fiscal year, I think around \$79 million, so Pennsylvania has  
16 experienced about a 50 percent cut in LIHEAP funding, and  
17 PP&L and other utilities, other energy vendors, have seen a  
18 corresponding drop in numbers of customers assisted and  
19 funds available for that.

20 JUDGE KASHI: The drop in Pennsylvania in the funds  
21 available, is that similar to drops in the rest of the  
22 states, several states, or --

23 THE WITNESS: You have to understand, with LIHEAP,  
24 which is a nationally-funded program, roughly \$1 billion,  
25 New York State is the largest recipient of LIHEAP funds,

1 Pennsylvania is the second largest recipient of LIHEAP funds  
2 nationally, so when there's a big drop for us,  
3 proportionately, it, I think, really impacts us more than  
4 other states.

5 JUDGE KASHI: In your estimation and expertise, with  
6 all of the various programs that are administered by PP&L,  
7 by the Commission, would it be a fair statement to make that  
8 payment troubled people may or may not get into the system,  
9 depending a great deal as to their awareness of the  
10 available programs?

11 THE WITNESS: I think awareness is an issue, and we  
12 battle constantly with the Department of Public Welfare and  
13 others to make known like the availability of LIHEAP. PP&L,  
14 as other utilities, we do a very extensive communications  
15 program to inform our customers about various services:  
16 LIHEAP, the earned income tax credit, the availability of  
17 our Wrap Program. The availability of programs is an  
18 important issue.

19 JUDGE KASHI: From what I see, this somewhat "catch  
20 as catch can," as far as people getting into the programs,  
21 in your estimation, does that not produce a discriminatory  
22 effect as to those people who in fact are low income,  
23 payment troubled, unaware of programs, paying their bills,  
24 while the awareness factor to the other people is being in  
25 fact subsidized by other low income payments?

1 THE WITNESS: I think that is an impact, that people  
2 are not aware of programs and, therefore, cannot take  
3 participation in those.

4 JUDGE KASHI: But are they not also being subsidized  
5 by the people who are in the same position trying to pay  
6 their bills?

7 THE WITNESS: I guess, maybe. Perhaps. I'm not  
8 really sure that I could answer that.

9 JUDGE KASHI: Again, in your estimation, sir, would  
10 the level of competition, the ability to compete, that we  
11 are striving for under generation choice, be enhanced if, in  
12 fact, the low income, problem payment people throughout the  
13 Commonwealth were, in fact, part of an entitlement program  
14 so that we didn't have to worry about these programs from  
15 company to company?

16 THE WITNESS: I think that would be of benefit to  
17 PP&L and others. We have argued that state government  
18 should play a greater role. In fact, in Pennsylvania they  
19 provide no assistance for energy funding of any type, and we  
20 are a large, cold weather state.

21 JUDGE KASHI: Would you agree with my estimation that  
22 there would be no way, in this cold weather state, to ever  
23 convince our legislature of another entitlement program or  
24 the necessity of an entitlement program?

25 THE WITNESS: I would bow to Your Honor's wisdom on

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that.

(Laughter.)

JUDGE KASHI: Ms. Helpert, redirect?

MS. HELPERT: May we have a moment, Your Honor?

JUDGE KASHI: Surely.

(Pause.)

MS. HELPERT: Your Honor, we have no redirect.

JUDGE KASHI: Thank you very much.

You're excused, sir.

THE WITNESS: Thank you.

(Witness excused.)

JUDGE KASHI: That which has been previously marked and identified as PP&L Statement 16 and 16-R are received into the evidentiary record, without objection?

(No response.)

JUDGE KASHI: Without objection.

(Whereupon, the documents marked as PP&L Statements Nos. 16 and 16-R were received in evidence.)

JUDGE KASHI: Do you wish to call your next witness?

MR. RUSSELL: Your Honor, Pennsylvania Power and Light Company calls Dawn G. Lennon.

JUDGE KASHI: Would you raise your right hand and be sworn, please?

FORM 2

1 Whereupon,

2 DAWN G. LENNON

3 having been duly sworn, testified as follows:

4 JUDGE KASHI: Please be seated.

5 MR. RUSSELL: Your Honor, under our agreed-upon  
6 procedures, I would like to identify Ms. Lennon's testimony  
7 and exhibits as follows: PP&L Statement No. 17 is the  
8 direct testimony of Dawn G. Lennon; PP&L Statement No. 17-R  
9 is the rebuttal testimony of Dawn G. Lennon, and  
10 accompanying that rebuttal are Exhibits DGL-1 through DGL-3.

11 DIRECT EXAMINATION

12 BY MR. RUSSELL:

13 Q. Ms. Lennon, do you have any corrections to your  
14 testimony or exhibits?

15 A. No, I do not.

16 MR. RUSSELL: Your Honor, with the foundation laid by  
17 agreement, PP&L moves into the record Statement No. 17,  
18 Statement No. 17-R and Exhibits DGL-1 through DGL-3.

19 JUDGE KASHI: They will be so marked for purpose of  
20 identification, and pending any timely motions and/or  
21 objections made on cross-examination, they will be received  
22 into the evidentiary record.

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(Whereupon, the documents were marked as PP&L Statements Nos. 17 and 17-R and PP&L Exhibits Nos. DGL-1 through DGL-3 for identification.)

MR. RUSSELL: Thank you. Ms. Lennon is available for cross, Your Honor.

JUDGE KASHI: Thank you, sir.

Mr. Caplan, let's start with you today.

MR. CAPLAN: Thank you, Your Honor.

JUDGE KASHI: Consistency is the sign of a small mind.

(Laughter.)

CROSS-EXAMINATION

BY MR. CAPLAN:

Q. Good morning, Ms. Lennon. My name is Richard Caplan and I represent some independent power producers who have intervened in this proceeding.

I want to ask you some policy questions first. You have emphasized in your testimony that the goal of consumer education efforts is to provide a competitively neutral indication of what the opportunity to shop for generation providers represents. Is that a fair statement?

A. That is correct; yes.

Q. Would you admit that it's conceivable for the provider of that information to either consciously or

FORM 2

1 inadvertently advance that provider's interests in the  
2 competitive marketplace without expressly marketing goods or  
3 services?

4 A. No, I would not, not on the basis of the  
5 approach that we've taken to our consumer education program.

6 Q. In other words, you don't concede that perhaps  
7 an inauspicious choice of words in a brochure or an  
8 inauspicious choice of words in a speech given to a  
9 community group by an educator could, in fact, advance the  
10 interests of PP&L as a competitive marketer?

11 A. No, I guess I don't, because I think if you look  
12 at my testimony, on a number of instances I refer to the  
13 Customer Choice Advisory Council as really the body of  
14 individuals who are neutral, they're independent, they  
15 represent people from the communities who have a variety of  
16 interests in competition and in serving their own  
17 constituents. These are going to be the people who are  
18 involved in the development, the overseeing, in many  
19 instances even the implementation of these materials. These  
20 things that go out under the banner of education will have  
21 just incredible amounts of scrutiny, and I guess for me to  
22 presume that as a result of all that, there would still be  
23 leaks, if you will, of points of view that are specific to  
24 PP&L's interests is really beyond my ability to conceive.

25 Q. Let me ask you something that goes even more to

1 the root of the concerns that the independent producer or  
2 marketer might have. Would it be fair to say that,  
3 forgetting about corporate culture and ethics and all those  
4 other issues which might be overriding, that the self-  
5 interest of a monopoly provider of services that virtually  
6 has 100 percent of the market is for no corporate customer  
7 education at all; in other words, would that not in fact be  
8 the best of all possible worlds for PP&L, no education at  
9 all?

10 A. No, I don't believe that at all.

11 Q. Would it not in fact, without education, leave  
12 the customers more inclined to stay where they are than to  
13 venture forth without guidance into the uncertainties and  
14 unknowns of a competitive world?

15 A. I think I said several times in my testimony  
16 that PP&L holds our customers' needs very highly, and I  
17 think Mr. Dahl has made several statements in his testimony  
18 about our commitments to the customers. In this instance we  
19 believe that our commitment to their fundamental knowledge  
20 and understanding of competition is essential. We need to  
21 be able to be in a position to provide that to them through  
22 the collaborative efforts of outside organizations,  
23 including the PUC.

24 Q. Does PP&L believe that competition will offer  
25 lower prices to the customer for energy?

1           A.    I believe PP&L believes that there is the  
2 opportunity for that; yes.

3           Q.    That's not the answer to my question.  I didn't  
4 ask you about opportunity.  I asked you for reality.  Does  
5 PP&L believe that the advent of competition for generation  
6 services will lower customer energy costs?

7           MR. RUSSELL:  Your Honor, I object.  I think this is  
8 beyond Ms. Lennon's testimony.

9           JUDGE KASHI:  It's not.  That's overruled.

10          MR. CAPLAN:  Thank you, Your Honor.

11          THE WITNESS:  Do we believe that the customer is  
12 going to save money?

13          BY MR. CAPLAN:

14          Q.    Yes.

15          A.    Yes.

16          Q.    All right.  If you believe that customers are  
17 going to save money, isn't it incumbent upon you, in  
18 furtherance of the philosophy that you espoused in answer to  
19 my last question, to try to educate all of the customers as  
20 aggressively as possible in your service territory of the  
21 opportunity to save money?

22          A.    Yes.  It's in everybody's best interest that  
23 customers are educated.

24          Q.    Would that not in fact be accomplished most  
25 expeditiously and most dynamically, and with the greatest

1 amount of coverage, by the use of the mass media to  
2 accomplish that?

3 A. No, I don't believe so. May I discuss a little  
4 bit about my views on the mass media? I am an educator by  
5 training. I spent ten years teaching public school.  
6 Thirteen of my 18 years at PP&L I've been involved in either  
7 consumer ed or management development and training. Use of  
8 the media is not the way to educate people, use of the media  
9 is a way to get attention to issues, to a topic. In order  
10 to get people educated, you must provide them with factual  
11 information, knowledge, concepts, through reinforcement,  
12 through a variety of tools, and not to simply trivialize  
13 complex issues by giving them 30-second spots here and  
14 there. Education is work, and you need a network of people  
15 who are committed to providing balanced and unbiased  
16 information to get that done.

17 Q. Let's look together critically at what you're  
18 proposing with regard to this education program. You are  
19 proposing a program in which the emphasis will be on  
20 education to be provided by certain community groups or  
21 community leaders; is that true?

22 A. Through those individuals; yes.

23 Q. And you have no way of assuring that the  
24 coverage of that effort will reach 95 to 100 percent of your  
25 current ratepayers, do you?

1           A.    I have greater assurance that through that  
2 vehicle people are going to get the reinforcement, the tools  
3 and the knowledge that they need rather than 30-second  
4 spots.

5           Q.    Have you done a study to determine the likely  
6 coverage of that type of community-based education effort  
7 and the time that it would take to achieve that coverage?

8           A.    Not in the specific terms that you just defined,  
9 however, I think you know from my testimony that in addition  
10 to focus groups, we've also done a telephone survey of our  
11 customers to find out exactly the degree of awareness, what  
12 they know, and the vehicles that they find the most  
13 effective, and the sources of those vehicles.

14          Q.    And that study actually looked as well at  
15 market-oriented strategies for PP&L, did it not?

16          A.    I don't understand your question.  You mean the  
17 focus group information?

18          Q.    They didn't just ask competitively neutral --  
19 excuse me; let me rephrase the question.

20                Isn't it correct, ma'am, that they did not merely  
21 solicit, during those focus groups, information with regard  
22 to competitively neutral matters, but, in fact, solicited  
23 information suggesting the allegiance of customers to PP&L?

24          A.    There were questions in the focus group that  
25 asked about their satisfaction with PP&L and their desire to

1 switch, primarily to establish whether or not there were  
2 areas of questioning that we had to address when we went out  
3 to a statistically valid sample of people system-wide; that  
4 is correct.

5 Q. And you don't consider questions about your  
6 propensity to switch as a PP&L customer relating to the  
7 competitive interests of PP&L as opposed to its market  
8 education function?

9 A. I think it told us, from the basis of that  
10 population in the focus groups, that we had people that were  
11 more pro-PP&L than perhaps the customers at large are.

12 Q. Isn't it correct that if the goal of PP&L is to  
13 tell the public within its service territory that they will  
14 save money if they shop for energy providers, isn't it  
15 antithetic to that goal to not distribute the customer  
16 choice handbook to all of PP&L's ratepayers rather than, as  
17 you propose, to require them to request access to this  
18 material?

19 A. The customer choice handbook that you have in my  
20 testimony was designed for the pilot. That causes some  
21 problems, I think, when individuals look at education as an  
22 issue, because the pilot requires educational information to  
23 be specific to the pilot. If that did not exist, if that  
24 strategy did not exist in the total plan, the handbook would  
25 be totally generic, it would deal with issues of

1 competition, it wouldn't matter whether a PP&L customer read  
2 it or anybody else, if you understand what I'm saying.

3 Q. Yes, I do. But everyone in PP&L's service  
4 territory that presently takes service is eligible to apply  
5 for participation in the pilot; isn't that true?

6 A. That is correct; yes.

7 Q. And, therefore, everyone should be advised  
8 equally of that opportunity and of the conditions and  
9 obligations imposed within that process in order to make an  
10 informed judgment as to whether they want to seek to  
11 participate; isn't that true?

12 A. Recognizing that the pilot is the learning  
13 vehicle for all of us on education, what is effective with  
14 educational materials, we have chosen to provide those  
15 materials to individuals with an interest in shopping  
16 initially so that we can determine, by going back to those  
17 people, to find out was the handbook useful and effective,  
18 what are the areas that could be improved in that handbook,  
19 rather than putting it in the hands of all kinds of people,  
20 and, in addition, raising expectations about participation  
21 when perhaps they can't.

22 Q. Let's leave the pilot and let's move to the  
23 beginning of broad-based competition in 1999. Is it PP&L's  
24 expectation and plan to in fact distribute something  
25 equivalent to the customer choice handbook to all ratepayers

1 at that time?

2 A. At that time, when we start moving forward --  
3 actually, it will be as early as October of this year -- we  
4 will have in place the Customer Choice Education Advisory  
5 Council. We will present to them all the research findings  
6 that PP&L has had, as I've described in my testimony, in  
7 addition to other research done by other states. They will  
8 be oriented to all of the issues and topics related to  
9 competition, any other information that they need, and they  
10 will revisit the content, the design, and the delivery  
11 approach of the handbook, and they will advise us of the  
12 most effective way to go about using that tool.

13 Q. In other words, the answer is you don't know  
14 because you're waiting for some group that has not been  
15 assembled to give you advice that has not yet been received;  
16 is that a fair statement?

17 A. That is correct; yes.

18 Q. Now, is that group that's going to advise you  
19 going to include any competitive suppliers, in other words,  
20 representatives from the competitive marketplace?

21 A. At this point there are no plans for that  
22 representation.

23 Q. Is that in fact not a defect in that the  
24 interests of the competitive marketplace are paramount in  
25 determining the neutrality of the educational materials?

1           A.    If that's perceived to be a problem for the  
2 Advisory Council itself, we will ask them whether or not  
3 they believe that additional membership is needed in that  
4 area or any other area, and we will resolve that at that  
5 time.

6           Q.    Well, why has PP&L -- explain to me, why has  
7 PP&L, at the outset, not recognized that participation by  
8 the marketer, the competitive marketplace, is essential to  
9 ensuring the neutrality of educational materials and  
10 strategies?

11           A.    Part of PP&L's entire education program is  
12 linked to the initiatives by the PUC as well. The Consumer  
13 Education Working Group, as you know, is sponsored by the  
14 PUC. I believe that the competitive suppliers are also  
15 represented there. There is a sub-team of that group as  
16 well where the competitive suppliers are represented, and  
17 I'm on that group. We believe that those points of view  
18 will be reflected in the Commission's work, and we have  
19 already committed to work cooperatively with the Commission  
20 in our initiatives as well.

21           Q.    That really doesn't answer my question, does it?

22           A.    I'm sorry; would you rephrase the question? I'm  
23 not trying to avoid your question, honestly.

24           Q.    I understand.

25           A.    I'm trying to give you the best information I

1 can.

2 Q. My question is: when you propose to assemble a  
3 group that will advise PP&L as to the content and strategy  
4 of materials and methods for educating the public with  
5 regard to competition in a competitively neutral fashion,  
6 why have you categorically, going into the process, excluded  
7 representatives from the competitive suppliers?

8 A. The issue never came up.

9 JUDGE KASHI: Mr. Caplan, could you do a favor for  
10 me, for the record?

11 MR. CAPLAN: Sure.

12 JUDGE KASHI: Define "competitively neutral." Isn't  
13 that an oxymoron, sir?

14 MR. CAPLAN: I don't think so. What I mean by that  
15 is it is information which as well as humanly possible is  
16 sanitized such that it provides the public with the  
17 structure, the opportunities, the implications of a  
18 competitive marketplace without emphasizing either the  
19 goodwill, the reputation for truth and veracity, the product  
20 reliability, the economic strength or any of the other  
21 characteristics of any particular marketer. In other  
22 words, that's what I believe is competitively neutral. It  
23 is information that is so sanitized and accurate and without  
24 attribution to any particular vendor of services or goods  
25 that there can be no argument that it, in fact, reinforces

1 or bolsters a competitive position of any player in the  
2 market.

3 That's the best I can do for you, Your Honor.

4 JUDGE KASHI: All right.

5 BY MR. CAPLAN:

6 Q. I want to look at some of the materials that you  
7 submitted, because I want to see if you agree that certain  
8 things inadvertently depart from this concept that I've been  
9 interested in of competitive neutrality.

10 In other words, you've provided in response to  
11 document requests or interrogatories a number of proposed or  
12 actual communications with customers that were supposed to  
13 educate as opposed to motivate to purchase. Would you agree  
14 with that?

15 A. I submitted an early draft of the PP&L pilot  
16 customer choice handbook, yes, sir.

17 Q. That was the customer choice handbook drafted  
18 April 10, is that correct, in response to interrogatories of  
19 the Office of Consumer Advocate Set VI dated Thursday, May  
20 15, 1997? Is that correct? It was Question 2, and you  
21 provided an answer, and you have Attachment 1 to Question 2,  
22 which appears to be a photographic copy of that.

23 A. Yes, sir.

24 Q. I just wanted you to look at page 2 of that  
25 attachment, and I want to ask you some questions. Do you

1 see the dark box with bulleted items in white?

2 A. Yes.

3 Q. And do you see the third of those bulleted  
4 items, it says, "How to volunteer for the pilot"?

5 A. Yes.

6 Q. Now, would you admit, ma'am, that the term  
7 "volunteer" is really not apt in describing what is  
8 involved, that one would apply for participation, and that  
9 the word "volunteer" somehow has to a substantial number of  
10 the public a negative connotation?

11 A. No, I would not.

12 Q. You wouldn't?

13 A. No.

14 Q. What is it about being in the pilot that is  
15 volunteering as far as you are concerned?

16 A. Customers are stepping forward, contacting the  
17 company, and saying, "I would like to participate in the  
18 pilot."

19 Q. Well, doesn't that suggest to you that they are  
20 like volunteering for some kind of experiment that might  
21 have substantial downside risk for them?

22 A. No, sir.

23 Q. You read the word "volunteer" to not have any  
24 negative connotations at all?

25 A. That's correct. I view it as a positive term

1 and also a plain language term, by the way.

2 Q. Let's go to the next page, page 3. I want you  
3 to take a look at the drawings here that were used. You  
4 notice the drawings, that you are trying to make schematics  
5 to show how the system will change; in other words, the  
6 concept of alternate suppliers. I want you to look at the  
7 drawing to the right. There are two drawings, one that  
8 shows the current modality of supply with PP&L as the only  
9 vendor of energy showing distribution through PP&L's high  
10 tension lines, and then the customer, a little house off on  
11 the right side; and then you go to the new structure and it  
12 shows alternate suppliers.

13 You will admit, will you not, that the picture that  
14 depicts PP&L as a vendor appears to have more power plants  
15 than the other suppliers. Is that true?

16 (No response.)

17 Q. Look at the picture. Do you notice that there  
18 are more apparent power plants depicting PP&L than the other  
19 suppliers as shown on this particular illustration?

20 (No response.)

21 Q. Yes? Will you admit that?

22 A. I have to admit that -- I mean, is there  
23 slightly more space --

24 Q. Doesn't it appear that there are more resources  
25 within the --

1 A. I think they are about comparable.

2 Q. Oh, you do?

3 A. In my view, but I mean, that's --

4 Q. All right. I suppose reasonable people could  
5 differ.

6 A. I -- I'm sorry.

7 Q. Now, look at page 5. I want to direct your  
8 attention to the middle column, last full paragraph. Do you  
9 see what it says? "When your supplier's total charge for  
10 electricity in a given period is lower than PP&L's credit to  
11 you, you can save money."

12 Now, isn't it true that really it should say you will  
13 save money; not can, but will?

14 A. Yes. Good edit. I'll do that.

15 Q. Well, what I'm pointing out, ma'am, and I assume  
16 that you get the drift of my cross-examination ---

17 A. Yes.

18 Q. -- that one word, the word "can" instead of  
19 "will" biases the impact of this material in favor of the  
20 vendor, PP&L. Isn't that true?

21 A. If I were to look at one line in this book and  
22 if that was the only message that I was trying to  
23 communicate, I would answer yes to your question. By  
24 looking at this entire piece, which, by the way, has been  
25 reviewed by the Bureau of Public Liaison in addition to

1 people from the outside. This was a very early draft.  
2 These things go through lots and lots of reviews and  
3 iterations and get picked up. It's the total attempt here,  
4 which I think overall is not intended to be biased and is  
5 intended to be balanced.

6 Q. Well, there is a problem in that the entire  
7 document fails to emphasize in every place at which  
8 alternate suppliers are mentioned that PP&L is going to  
9 compete as an alternate supplier in its own marketplace.  
10 Isn't that true?

11 A. Could you repeat the question?

12 Q. In other words, isn't it correct that this  
13 document fails to identify every time it references other  
14 electricity suppliers that PP&L is going to be one of them?

15 A. It does not mention it, that is correct.

16 Q. And that is misleading, is it not, because the  
17 comments here about other electric suppliers seem to suggest  
18 that the choice is between PP&L, the regulated utility, and  
19 the rest of us, when, in reality, PP&L is going to be part  
20 of the rest of us. Isn't that so?

21 A. When the customer gets a copy of this handbook,  
22 they get a list of all the suppliers along with it.

23 Q. Ma'am, isn't it important for the public to  
24 understand that PP&L is prepared to compete against itself?

25 A. Yes.

1 Q. And isn't it correct that this draft, as well as  
2 the new draft from May, does not make that crystal clear?

3 A. That is correct.

4 Q. And don't you think that if the public knew that  
5 PP&L was going to be a competitive supplier, they might be  
6 more inclined to shop than if they didn't know that PP&L was  
7 going to be a competitive supplier?

8 A. That I don't know.

9 Q. Did you do any research to find out?

10 A. We have done some research, but did not ask that  
11 specific question in that specific way.

12 Q. This is what I love. Turn to page 6. This has  
13 been corrected, but I want to point out how extraordinary  
14 this is and how the propensity for this kind of choice of  
15 words can be so critical. Look at page 6. Look at the last  
16 full paragraph on the page. In bold, it says, "Where should  
17 I call when my power goes out?" "When," not "if."

18 In the new version, somebody said, "Oh, we better  
19 change that to "if," but that wasn't a competitive supplier  
20 saying, "Doesn't that suggest that if you participate in the  
21 pilot, the likelihood that you're going to have a power  
22 failure increases because it doesn't say 'if;' it says  
23 when.'"

24 Does that not trouble you?

25 A. No, because initially when we used "when," we

FORM 2

1 felt that perhaps it suggested that if you're a PP&L  
2 customer, your power doesn't go out, and this is a PP&L  
3 pilot program.

4 Q. Exactly. In other words, what it suggests is  
5 that if you stay with PP&L, your power is sacrosanct, but if  
6 you switch and shop for power, it's not a question of  
7 whether it will happen; it's a question of when you will  
8 lose service. Isn't that what this language suggests?

9 A. Well, you're only shopping for generation. The  
10 service, the T&D stays with the company.

11 JUDGE KASHI: Mr. Caplan, just a point of personal  
12 curiosity. Has there ever been a time in your life when it  
13 hasn't ever gone out?

14 MR. CAPLAN: In all probability, no.

15 JUDGE KASHI: I don't understand why "if" would ever  
16 be a question. It only is when it goes out.

17 MR. CAPLAN: I understand, Your Honor, but the  
18 problem is the context of this document.

19 JUDGE KASHI: I understand what you're trying to do,  
20 but --

21 MR. CAPLAN: In the abstract sense, that is  
22 absolutely true; and as a matter of probability, I don't  
23 think anyone in this room would argue with that. The  
24 problem is in the context of these points -- in other words,  
25 this was one of a series of points in questions and answers

1 --

2 JUDGE KASHI: Some of your other points were better  
3 taken, sir.

4 BY MR. CAPLAN:

5 Q. Let me switch gears here. I want to direct your  
6 attention now to a more recent version of this same document  
7 and ask you a few questions about that, if I may. That is  
8 attached to your rebuttal testimony, Statement 17-R, as  
9 Exhibit EGL-3. I understand that this document will be  
10 affected by the order that is to be released from the  
11 Commission today.

12 Let me ask you how this revision came to be. Was  
13 this done with some kind of focus group input? Was this  
14 submitted to community groups? How did you go from the  
15 April version to the May version?

16 A. We mailed the April version to about 30  
17 individuals outside of the company, everything from people  
18 in municipalities to chambers, low-income groups, and they  
19 had a form, like a little evaluation form. They could write  
20 all kinds of notes and comments and edit right on the draft  
21 material. Then we took all that under advisement as well as  
22 the feedback that we got from the Bureau of Public Liaison  
23 and made these changes.

24 Q. And would it be fair to say that you did not  
25 submit the April document to comment by any of the

1 intervenors in this proceeding who would be competitive  
2 marketers of power?

3 A. That is correct.

4 Q. Now, I want to just look at the veracity of some  
5 of these statements that are contained here. Would you turn  
6 to page 6, please? These are questions and answers about  
7 PP&L's pilot program. Do you see the first question, which  
8 is, "Why would I want to participate"? And do you see the  
9 last sentence, "If you participate, we will offer you first  
10 choice when full-scale customer choice begins, as early as  
11 1999"?

12 First of all, can you tell me whether anybody would  
13 understand what that means? First of choice of what?

14 A. Is that rhetorical or are you asking me?

15 Q. I'm asking you.

16 A. First choice in the phase-in starting with the  
17 first transition year.

18 Q. Well, do you think anyone reading this who  
19 doesn't know about the phase-in concept will understand what  
20 first choice means?

21 A. Well, we would have to find that out with the  
22 next level of scrutiny.

23 Q. It's not you that would be offering that. It is  
24 the law itself, the PUC; isn't that correct?

25 A. That's correct.

1 Q. You are not offering them anything.

2 A. That's correct.

3 Q. PP&L is not making this decision at all.

4 A. That's correct.

5 Q. And that's misleading, isn't it, because it  
6 suggests that PP&L is doing the customer a favor when in  
7 fact it is the law that requires that to occur?

8 A. It is more accurate to state it as the law,  
9 that's correct.

10 Q. So there is an inaccuracy. Let's turn to the  
11 next page. Now, do you see the question on the left-hand  
12 side of the page, "How will electricity suppliers be  
13 licensed to operate in Pennsylvania;" and then it says, "The  
14 Public Utility Commission has established licensing  
15 requirements for electricity suppliers"?

16 A. I'm sorry, sir. What page are you on?

17 Q. I'm on the next page, I guess, of the exhibit,  
18 which is page 7, I hope. It's hard to see.

19 A. And where are you reading; what column?

20 Q. Right in the first column, the middle question.

21 A. Oh, I'm sorry. Yes, I've got it.

22 Q. "How will electricity suppliers be licensed to  
23 operate in Pennsylvania?" And it says, "The Public Utility  
24 Commission has established licensing requirements."

25 Wouldn't it be more important to tell the public not

1 how the licensing procedure works, but rather that the  
2 licensing insures that the PUC has determined that all  
3 competitive suppliers are qualified to sell power in  
4 Pennsylvania? Isn't it more important to tell them what the  
5 licensing means rather than how it is accomplished?

6 A. This is really designed on a real consumer  
7 basis. I mean, I think it is important that the consumer  
8 know that other suppliers are licensed, period.

9 Q. Without telling them what the significance of  
10 licensure means?

11 A. Well, I think that what we've tried to do in  
12 this handbook is to try to put together something that is  
13 very consumer friendly and is very useful, and it is going  
14 to give them the information that they need. The other  
15 information comes out of the newspapers and other documents  
16 that PP&L sends out.

17 Q. But the most important piece of information on  
18 this page, in my judgment, would be the fact that if you are  
19 in fact licensed to provide power, someone other than PP&L  
20 has determined that you are qualified to do that as a  
21 vendor; and isn't that important for the public to know?

22 MR. RUSSELL: Your Honor, the question has been asked  
23 and answered at least twice.

24 JUDGE KASHI: I agree. Mr. Caplan, I guess the point  
25 that I miss here is that I'm trying to figure out who would

1 think that if they got a licensed plumber or a licensed  
2 electrician or a licensed anybody, that some regulatory or  
3 governmental body had in fact put some kind of stamp of  
4 approval on them as that particular functionary.

5 MR. CAPLAN: Your Honor, without a focus group to  
6 determine whether in fact those implications would be shared  
7 by the mass of the public, I have some question about that.  
8 In other words, it seems to me that if I am trying to  
9 produce information that will educate the public, I want the  
10 public to know that the licensing process includes a bonding  
11 requirement, includes whatever. In other words, I want the  
12 public to understand that these vendors are not fly-by-  
13 nights coming to sell window replacement services, that  
14 these are companies that have had to post a bond, that have  
15 had to go through various hoops in order to be approved as a  
16 vendor of electricity. This is a brand new concept and it's  
17 not the same as somebody who says he's a licensed plumber or  
18 a licensed electrician as far as the public is concerned, in  
19 my humble opinion.

20 I think that the obligation to educate really extends  
21 beyond saying the PUC has licensed people. I think it is  
22 very important to explain what the significance of that  
23 license means, if anything. It may mean nothing; but if  
24 that's the case, then the public should know that, too. So  
25 all I'm suggesting and the whole tenor of this cross-

1 examination is to expose what I believe to be substantial  
2 problems in something as apparently neutral as a booklet  
3 that is supposed to tell the public what competition is all  
4 about.

5 JUDGE KASHI: A booklet that can only be read by the  
6 literate portion of PP&L's customers.

7 MR. CAPLAN: That, too; and that's why I was  
8 interested in television and radio and other media which  
9 don't involve reading.

10 BY MR. CAPLAN:

11 Q. Look at the last -- and I'm going to stop this  
12 line, because I think it is fairly clear what I'm driving at  
13 -- look at page 9 of the document and the question at the  
14 bottom right-hand column: "What happens if my electricity  
15 supplier stops serving me?" Do you see that question?

16 A. Yes, sir.

17 Q. And then there is an answer: "That would not  
18 affect the flow of power to your home or business. You will  
19 return to PP&L's service and rates unless you select another  
20 electricity supplier."

21 Now, isn't that misleading, ma'am, because isn't it  
22 correct that during the pilot, you're already receiving PP&L  
23 transmission and distribution service? So you're not  
24 returning to service. You're returning to PP&L generation  
25 supply. Isn't that true?

1 A. I guess, yes.

2 Q. All right. And would you not concede that it is  
3 more likely that these subtleties, some of which are  
4 dictated by law, some of which are dictated by PUC policy,  
5 some of which are dictated by knowledge of the electricity  
6 industry, that these subtleties, these subtle differences or  
7 inaccuracies in the document, would be more likely to be  
8 found by somebody like an alternative supplier than they  
9 would by members of the general public that you relied upon  
10 for editorial information?

11 MR. RUSSELL: Your Honor, I object. There is no  
12 foundation for the statements that were in that question.  
13 It is Mr. Caplan's opinion that some of the statements are  
14 inaccurate. We may disagree on that. There has been no  
15 foundation laid that some of the statements are driven by  
16 law or driven by Commission policy. In my view, what we've  
17 seen is an editing job on the customer handbook. And for  
18 those reasons, I would object to the question.

19 JUDGE KASHI: I'm going to sustain it. We know what  
20 the point is, Mr. Caplan. She has already admitted that in  
21 fact there wasn't anybody from any competitor that had  
22 anything to do with that booklet. We understand your  
23 sanitized version of neutralized competition, which to me  
24 still is -- I mean, if we're going to compete, we're going  
25 to compete, and the idea of the sanitized/neutralized is

1 somewhat difficult to approach, I think.

2 MR. CAPLAN: Your Honor, with all due respect --

3 JUDGE KASHI: Put it in the brief.

4 MR. CAPLAN: It's sanitized and neutralized if it  
5 comes from an impartial source like the PUC, and it's not  
6 sanitized and neutralized if it comes from PP&L or if it  
7 came from Enron or anyone else.

8 JUDGE KASHI: But if PP&L puts it together and has it  
9 stamped by the PUC, what difference does it make?

10 MR. CAPLAN: Well, that's fine. If it is going to be  
11 stamped by the PUC, I have no problem with it.

12 JUDGE KASHI: In the same version.

13 MR. CAPLAN: Then I have a problem.

14 JUDGE KASHI: Well, how do you think it happens?  
15 (Laughter.)

16 BY MR. CAPLAN:

17 Q. Ma'am, one last question. Do you not agree that  
18 it is important that educational materials be compatible  
19 across the Commonwealth; in other words, that the same  
20 booklet be given to somebody who is in PECO's service  
21 territory or West Penn's service territory as given to  
22 somebody in PP&L's service territory?

23 MR. RUSSELL: Your Honor, I would just like to rise  
24 to clarify. There are two questions there. The first part  
25 was compatible. The second part was the same book. I worry

1 that if Ms. Lennon answers one half, the record is going to  
2 look as if she is agreeing to another half.

3 MR. CAPLAN: I'll correct it.

4 BY MR. CAPLAN:

5 Q. What I meant to ask was: don't you believe that  
6 any handout that purports to describe the circumstances,  
7 benefits, et cetera, of retail competition for energy, that  
8 that handout should be the same in all the service  
9 territories within Pennsylvania?

10 A. Not necessarily.

11 Q. Why not?

12 A. Well, I think so long as there are messages and  
13 terminology that are used consistently, that these other  
14 initiatives can be supportive of the work, for instance,  
15 that the PUC is going to offer for a statewide application.  
16 So it just adds to the family of educational materials and  
17 information that is available to customers.

18 Q. Well, why would PP&L have any problem if in fact  
19 one document were defined by the PUC for use by all?

20 A. Oh. PP&L has already spoken with the PUC and  
21 has agreed that if there are documents that the PUC issues,  
22 that we would be very supportive of promoting them and  
23 supporting them and making them available.

24 Q. In addition to the one --

25 A. In addition, yes.

1 Q. Well, then what is the incentive within PP&L for  
2 having its own book, which will obviously cost it more  
3 money, as opposed to having one unified document that is  
4 distributed to everyone within the Commonwealth?

5 A. Well, there are needs that are different even  
6 among our regions. We have different regions in our service  
7 area where the customer needs are different. We can do work  
8 to customize it to the needs of those people, depending upon  
9 where they are and what their needs are.

10 Quite frankly, good education really comes from a lot  
11 of different sources, and some things have an appeal to some  
12 individuals for learning and others don't. So it's just a  
13 matter of the more that is out there, the more we can help  
14 people.

15 Q. So it's your belief that somehow there are some  
16 ratepayers within PP&L that differ from ratepayers in PECO's  
17 service territory in some material way?

18 A. I can't address that. I don't know.

19 MR. CAPLAN: I have no further questions.

20 JUDGE KASHI: Thank you very much. We're going to  
21 take our 15-minute recess at this particular point and be  
22 back to finish the cross-examination of Ms. Lennon.

23 (Recess.)  
24  
25

1 JUDGE KASHI: Going back on the record.

2 Cross, Mr. Kohler.

3 MR. KOHLER: One moment, Your Honor.

4 (Pause.)

5 **CROSS EXAMINATION**

6 BY MR. KOHLER:

7 Q. Good morning.

8 A. Good morning.

9 Q. My name is Alan Kohler, I represent Enron in this  
10 proceeding. I'll be brief.

11 I don't think I have any questions on the consumer  
12 handbook.

13 (Laughter.)

14 Q. In your testimony you talk a great deal about  
15 PP&L's consumer education efforts now and as intended in the  
16 future.

17 In addition to educational materials that PP&L  
18 intends to prepare and disseminate on its own, is it likely  
19 that PP&L will also endorse and/or disseminate electric  
20 competition educational materials through membership and  
21 participation in associations or coalitions?

22 A. At this point the other alliance, I guess you  
23 would say, that we have for distributing materials is with  
24 the Public Utility Commission. That is the only one at this  
25 point.

1 Q. Is it possible, for example, that you might  
2 disseminate materials through the Pennsylvania Electric  
3 Association in the future?

4 A. That we, PP&L, would do that, or as a member?

5 Q. As a member.

6 A. As a member. That's not been discussed. I  
7 suppose that it could be discussed in the future. I'm not  
8 aware of anything at this point.

9 Q. And PP&L is a member of other associations and  
10 coalitions that might be engaged in such activities; is that  
11 a fair statement?

12 A. We may be. I'm not that familiar with that.

13 Q. Okay. Have you ever heard of a coalition called  
14 the Americans for Affordable Electricity?

15 A. Vaguely I've heard of them. I've heard the name.

16 Q. Are you aware of whether PP&L is a member of that  
17 organization?

18 A. Not definitively by that name, but we may be.

19 JUDGE KASHI: Are these the guys that want to get rid  
20 of the meters because it's going to go down to five cents?

21 MR. KOHLER: I'm not familiar with all their  
22 positions, Your Honor.

23 (Laughter.)

24 MR. KOHLER: Your Honor, I'd like to mark as Enron  
25 Cross Exhibit 3, a pamphlet.

1 JUDGE KASHI: So marked for purposes of  
2 identification.

3 (Whereupon, the document was marked as  
4 Enron Cross Examination Exhibit No. 3 for  
5 identification.)

6 (Document handed to witness.)

7 THE WITNESS: Thank you.

8 (Pause.)

9 BY MR. KOHLER:

10 Q. Can you review the brochure?

11 A. Yes, sir.

12 Q. Would you consider this a customer education  
13 brochure?

14 A. Not without really reading it.

15 Q. Well, you can read it.

16 MR. RUSSELL: Could you give her a little time?

17 MR. KOHLER: Sure, absolutely.

18 (Witness perusing document.)

19 THE WITNESS: I would more be inclined to label this  
20 is an information brochure than an education brochure, only  
21 because usually when you think of things as education, you  
22 think of some way that it's more interactive, that there is  
23 some way that a person can basically demonstrate that  
24 they've grasped a factor, a concept or an issue. But I  
25 think that certainly as an information tool, without going

1 over every detail of it, it certainly would reinforce some  
2 education.

3 Q. Well, it's not a marketing tool; is it?

4 A. It doesn't seem to be, not on the surface, no.

5 Q. Now, do you see the list of members on this  
6 brochure?

7 A. Yes, I looked.

8 Q. Can you verify whether PP&L is included?

9 A. Yes, PP&L is listed here as a member, yes, sir.

10 Q. And I'm interested in actually just specific  
11 parts of the brochure. The first one is on -- I guess it's  
12 tough to identify a page, but the back of the cover, no. 2.

13 A. This?

14 Q. I'm sorry, it would be the back. This would be  
15 the cover, so --

16 A. Oh, I see, I'm sorry. Okay.

17 MR. KOHLER: And for those that don't have it, it's  
18 entitled at the top, the benefits of electric competition.

19 BY MR. KOHLER:

20 Q. And could you just briefly read no. 2 into the  
21 record?

22 A. I'm reading this panel into the record?

23 Q. Yes.

24 A. It's headlined, "Americans for Affordable  
25 Electricity"?

1 Q. I'm sorry.

2 A. I'm sorry.

3 Q. Maybe it's easiest just to show you. On the  
4 page, "Benefits of Electric Competition," no. 2.

5 A. Okay. "Consumers will enjoy new services"?

6 Q. Yes

7 A. "Today it's one meter, one price. With  
8 competition, consumers will benefit from new, easy to read  
9 meters that will allow them to adjust their electrical needs  
10 to use more power when costs are lower and to use less when  
11 costs are higher. Electric providers also will offer new  
12 billing options such as a monthly fixed rate which can be  
13 incorporated into your mortgage or rent to simplify bill  
14 paying."

15 Q. Okay. And then going over to the next page,  
16 "Keys to Making Competition Work."

17 A. Okay, next panel.

18 Q. And the no. 1, "Do it by 2000."

19 A. Uh-huh.

20 Q. Can you read no. 1, please?

21 A. "Do it by 2000. Electric customers in selected  
22 markets around the nation now enjoy the benefits of  
23 competition. Everyone in California will get to choose  
24 their electricity provider beginning January 1, 1998. Why  
25 shouldn't you? There's no reason for anyone to wait longer

1 than the year 2000. That's why a national deadline of the  
2 year 2000 is needed."

3 Q. Thank you.

4 MR. KOHLER: That's all. I have nothing further,  
5 Your Honor.

6 JUDGE KASHI: Thank you very much.

7 MR. KOHLER: I would move the admission of Enron  
8 Cross Exhibit 3.

9 JUDGE KASHI: It is received into the evidentiary  
10 record. Without objection?

11 (No response.)

12 JUDGE KASHI: Without objection.

13 (Whereupon, the document marked as  
14 Enron Cross Examination Exhibit No. 3  
15 was received in evidence.)

16 JUDGE KASHI: Mr. Kleppinger?

17 MR. KLEPPINGER: No questions, Your Honor.

18 MS. MOURY: Thank you, Your Honor.

19 **CROSS EXAMINATION**

20 BY MS. MOURY:

21 Q. Good morning, Ms. Lennon.

22 A. Good morning.

23 Q. My name is Karen Moury, and I represent the  
24 Office of Small Business Advocate.

25 Are you familiar, generally, with the phase-in

1 procedure proposed by PP&L for its small business customers?

2 A. Beyond the one third, one third, one third?

3 Q. Yes. Do you understand, for instance, that if  
4 the GS-1 and GS-3 classes are over-subscribed for the first  
5 one third, that there will be a random selection?

6 A. In very general terms.

7 Q. Are you aware that PP&L has indicated a  
8 willingness to consider individual requests by small  
9 business customers who believe they are competitively  
10 disadvantaged by having their competitors obtain direct  
11 access before they do?

12 A. I was not aware of that.

13 Q. If such a proposal would be adopted by the  
14 Commission, would you agree that it would be important to  
15 convey the message to small business customers that a  
16 vehicle exists for submitting such individual requests?

17 A. It would appear to be appropriate, yes.

18 Q. Are you familiar with the customize rate design  
19 that PP&L has proposed to be mandatory for all commercial  
20 and industrial customers?

21 A. No, I'm not.

22 Q. Would you agree that small business customers and  
23 residential customers generally have similar levels of  
24 understanding of competition and choice?

25 A. Yes, I would.

1 Q. Going back to the customized rate design which I  
2 mentioned being proposed as mandatory for commercial and  
3 industrial classes, there is also an alternative  
4 recommendation that Mr. Krall explained which would make the  
5 customized rate design optional for the commercial and  
6 industrial classes.

7 And what I wanted to ask you is if you would agree  
8 that it would be important, if that rate design is optional  
9 for commercial and industrial customers, that some of the  
10 information or educational materials that are going out to  
11 those customer would explain the pros and cons of this  
12 customized versus a more traditional rate design.

13 A. It would appear to be appropriate, yes.

14 Q. Page 11 of your rebuttal testimony. I think it's  
15 around the middle of the page, I'm not sure.

16 No, that doesn't seem -- page 11. Did I tell you  
17 page --

18 A. Eleven.

19 Q. Oh, I did, okay. I'm on page 17.

20 (Laughter.)

21 Q. Okay, page 11. Here you were discussing the  
22 May 7th draft of the customer choice handbook, and you  
23 indicate that the Social Research Corporation, in evaluating  
24 the handbook, found that commercial customers -- this is  
25 around line 12; the commercial group felt that the handbook

1 was directed more at residential customer as opposed to  
2 business customers.

3 I wonder if you had made any revisions to that  
4 handbook based on that finding.

5 A. Yes, that finding was a result of the analysis of  
6 the focus group information. One of the focus groups was  
7 completely small commercial. And that was one of the  
8 findings.

9 This handbook has been through like a lot of  
10 iterations, as you can well imagine, and it's still  
11 undergoing iterations.

12 I don't believe, though, specifically for small  
13 business that we did address the issue of the length and the  
14 focus -- there are references to small business, but they're  
15 not as extensive as residential. But I think for the pilot  
16 we did leave it that way.

17 Now, when we move forward though with the next  
18 version of a handbook, there will be a lot more in there  
19 that will cover the needs of small business, because that  
20 really is a critical area. And you're right, they do have  
21 similar needs, but there are some unique differences that  
22 need to be addressed there. They will cover them.

23 Q. All right.

24 MS. MOURY: That's all I have, Your Honor.

25 THE WITNESS: Thank you.

1 MS. MOURY: Thank you.

2 JUDGE KASHI: Thank you very much, Ms. Moury.

3 Mr. Mullins?

4 MR. MULLINS: Thank you, Your Honor.

5 CROSS EXAMINATION

6 BY MR. MULLINS:

7 Q. Good afternoon, Ms. Lennon.

8 A. Good afternoon.

9 Q. My name is James A. Mullins, and I represent the  
10 Office of Consumer Advocate.

11 Ms. Lennon, in response to a question by Mr. Caplan,  
12 you stated, and I quote this verbatim, "Use of the media is  
13 not to educate people."

14 Do you recall making that statement?

15 A. Yes.

16 Q. What about the anti-drug campaign?

17 A. The anti-drug campaign, and similar campaigns on  
18 the media, draw attention to problems and issues. They  
19 don't give you the factual knowledge and concepts that an  
20 individual needs to go out and make specific, in our case,  
21 in the case of competition, choices, to weigh alternatives,  
22 to analyze needs and requirements.

23 Yes, the media just calls attention to the topic.  
24 It's not enough to equip a person to make bona fide  
25 decisions that affect their life and their lifestyle.

FORM 2

1 Q. How do you discuss issues without discussing  
2 facts and concepts?

3 A. You just present it as an issue. In other words,  
4 if drugs, if drug abuse is an issue, the media calls  
5 attention to drug abuse as an issue, the extent of the  
6 problem. It doesn't tell you all the techniques to address  
7 that issue and to resolve that issue.

8 Like in our case, with competition, the media  
9 certainly is going to call attention to the fact that people  
10 can make choices, they can shop. There will be certain  
11 advantages to that, but it doesn't get them focused in on  
12 understanding that in order to be a good shopper you have to  
13 understand your usage patterns, the amount of your use, your  
14 kilowatt hour cost, your total bill. Other issues and value  
15 that you may want to weigh when you're selecting a supplier.

16 That's when we get down to education. That's where  
17 people get the materials and the tools that they need in  
18 order to make those decisions, things they can come back to,  
19 things that they can hold onto that are sort of ongoing  
20 references for them as they make multiple choices, in some  
21 instances, over time.

22 Q. What's the purpose of the anti-drug campaign?

23 A. I don't know what the purpose is as stated by the  
24 people that run those ads. As a citizen myself, my sense is  
25 that the purpose of it is to prevent people from using and

1 abusing drugs.

2 Q. And don't you have to provide a certain amount of  
3 facts in such a campaign?

4 A. I don't get that in the media.

5 Q. Well, what do you get from the ads then?

6 A. Just that the problem -- the fact that there is a  
7 problem, the nature of the problem, the contributing factors  
8 to the problem. It doesn't tell me how to solve the  
9 problem.

10 Q. Would PP&L seek to solve the problem if it were  
11 to use a mass media campaign in educating customers about  
12 electric choice?

13 A. I think the marketplace is going to educate  
14 people through the media about electric choice, because the  
15 suppliers are going to be communicating through the market  
16 about the advantages of shopping and selecting them.

17 I think that the Public Utility Commission and PP&L's  
18 education program are really designed to try to provide  
19 people with balanced and unbiased information that they can  
20 use as a tool out into time.

21 Q. What's the primary purpose of the media, in your  
22 opinion?

23 MR. RUSSELL: Your Honor, could I just ask that that  
24 be clarified? In what context, drugs or competition or --

25 JUDGE KASHI: Well, you just cut me out here. I was

1 going to point out all the media that have been here for the  
2 past two weeks to inform the public; you know?

3 (Laughter.)

4 MR. MULLINS: Do you want me to clarify, Your Honor?

5 JUDGE KASHI: Yes, clarify your question.

6 BY MR. MULLINS:

7 Q. You say, once again, use of the media is not to  
8 educate people. If the use of the media is not to educate  
9 people, what is the primary use of the media?

10 A. To make people aware --

11 Q. Of course, entertainment, but --

12 A. Inform. Inform and make people aware.

13 Q. And doesn't PP&L seek to inform to make its  
14 customers aware of electric choice?

15 A. We have a corporate communications department  
16 that focuses on informing people what the news are and the  
17 issues.

18 On the education side, we're talking about consumers  
19 that don't know how to do this. They don't know what  
20 education is, they don't know how to get in the game; when  
21 they get in, they don't know what to watch out for. They  
22 don't really know where else they can go for information.  
23 And the purpose of education is to give them the more  
24 holistic body of information and data that they can use  
25 every day to make their choices.

1 Q. And you can't do that with a media presentation?

2 A. I don't believe so.

3 Q. How come?

4 A. Because you don't have more than whatever the  
5 length of your spot is in order to communicate whatever your  
6 point is. I would be hard-pressed to communicate some of  
7 the things in our handbook, for instance, in a 30-second  
8 media spot. I don't know how you do that.

9 Q. So you think PP&L's handbook is exhaustive then?

10 A. No, I don't want to say that, no.

11 Q. So there is room for improvement?

12 A. There's obvious area for expansion, which is what  
13 will be done for the version of the handbook that will  
14 really cover full restructuring.

15 Remember, this handbook here is only designed for the  
16 pilot. It's written for the six- to eighth-grade level  
17 reader. That's why we try to have it in as plain a language  
18 as possible, so that a wide variety of people can find it as  
19 a useful tool, whether you're in business or whether you're  
20 a residential customer.

21 Q. What about the healthy baby campaign that's  
22 currently running? Are you familiar with that?

23 A. No, I'm not.

24 Q. Would you accept, subject to check, that there is  
25 a campaign which has been running for maybe a year or so

1 which alerts impoverished mothers of the ability to obtain a  
2 free checkup for their yet-to-be-born baby if they can't  
3 afford such a checkup?

4 A. Uh-huh.

5 MR. RUSSELL: Your Honor, I'd like to object. Number  
6 one, Ms. Lennon said she's not aware of the campaign; number  
7 two, this is well outside her scope of testimony on  
8 competition; and number three, I think the point was made  
9 with the drug-free example.

10 JUDGE KASHI: Well, exactly. And I think the point  
11 has to be argued, because quite frankly, Mr. Mullins, the  
12 idea of the media, in what you're giving as examples, as  
13 being educated, I don't accept that.

14 MR. MULLINS: Fine, Your Honor.

15 JUDGE KASHI: It alerts people, it makes people aware  
16 of issues. But as far as educating them as to what the  
17 problem is, you can't do that in a 30-second sound bite.

18 If you want to get an infomercial, maybe, for a  
19 psychic out there and bring the audience in, and stuff like  
20 that, you're going to get some information out. But you're  
21 not going to get it out there in a spot.

22 MR. MULLINS: Okay.

23 JUDGE KASHI: You might be able to get information  
24 out to them as to whether to go for the information. But as  
25 to what the issues that are involved in what people are

1 going to have to do here, being brought across by the media?  
2 Maybe I'm just a pessimist, but, huh-uh.

3 BY MR. MULLINS:

4 Q. Ms. Lennon, is your primary concern with the use  
5 of the media in educating customers the fact that you  
6 wouldn't be able to relay the information that you think  
7 needs to be relayed in that 30-second or one-minute spot?

8 A. I don't think the media -- I think in the way  
9 we're talking about it, which is bites, is able to educate.  
10 You just can't give enough information.

11 Q. If you have an infomercial, not saying that PP&L  
12 would, would you be able to provide that information then?

13 A. I suppose you could certainly do a lot better  
14 job; no question.

15 Q. So, is that your main concern, that PP&L would  
16 not be able to relay that information in a 30-second or one-  
17 minute spot that PP&L would have to buy in order to --

18 A. No. No. My view is that, based upon, really,  
19 years of experience in education in the company, that the  
20 best way to do it is to mobilize and to equip people in the  
21 community, use our community-based organizations -- several  
22 of us have testified about the community-based  
23 organizations; providing key leaders in the community with a  
24 full range of knowledge. Because we're talking about giving  
25 the equivalent of like an army of people out there who are

1 neutral parties, who understand all of this complicated  
2 stuff, that have constituents that they can reach, and help  
3 them engage in competition and in choice.

4 Education is work. It's not some flash in the pan.  
5 You have to be committed to it for a long time; and we are.

6 Q. Okay, we'll move on. Let's turn to page 2 of  
7 your direct. Are you there?

8 A. Almost.

9 (Pause.)

10 A. Yes, sir.

11 Q. Now, lines 17 through, well, continuing on to  
12 page 3, line 3, you discuss your background. And I think  
13 you also alluded to your background in response to some of  
14 the questions by Mr. Caplan.

15 A. That is correct.

16 Q. Now, have you had any experience in the design  
17 and implementation of a public education campaign?

18 A. I have as part of the PP&L's school energy  
19 education program. That began in 1978. I was the original  
20 designer.

21 Q. What about the development of multimedia  
22 communication tools?

23 A. What about them?

24 Q. Have you engaged in that area of expertise, or  
25 have you undertaken any of the activities associated with

1 that?

2 A. As far as that school energy education program,  
3 we included such multimedia tools as slide presentations,  
4 audiotapes that were used in classroom settings.

5 I believe that program is still alive today, and  
6 going strong. I believe there is even some interactive PC  
7 kinds of tools, as well.

8 Q. Have you taken any marketing or communications  
9 courses?

10 A. No, I have not. Communications courses, but not  
11 marketing communications. I'm not a marketer.

12 Q. How many customers are in PP&L service territory?

13 A. About 1.2 million.

14 Q. And has the company estimated how many of those  
15 customers will read the handbook?

16 A. No, we have not.

17 Q. What about the bill inserts?

18 A. Have we estimated how many will read?

19 Q. Yes.

20 A. There have been a number of studies over the  
21 years about the degree to which customers read bill inserts.  
22 I'm not aware of some of those numbers. They kind of range  
23 all over the place. But I don't have that information  
24 available.

25 Q. What about the number of customers who will

1 attend speeches and community forums regarding electric  
2 choice?

3 A. Our experience has been that to the extent that  
4 those forums and public meetings basically are the product  
5 of initiatives of the organizations themselves, the  
6 community-based organizations, or other organizations, they  
7 kind of know whether or not they're going to get people to  
8 turn out for any kind of topic when they want a topic done.  
9 So it's pretty much on the basis of the community.

10 Q. Are there any stated goals by PP&L as to the  
11 level of awareness of the customers?

12 A. State goals?

13 Q. Yes.

14 A. Not that I'm aware of, no.

15 Q. Pardon me?

16 A. I'm not aware of any. I'm not sure I exactly  
17 know what you mean by stated goals about awareness.

18 Q. Well, are there any awareness goals that the  
19 company has set as to at this level we feel that we have  
20 sufficiently provided consumers with adequate information,  
21 at this level we feel that we have not. Are there any goals  
22 that the company has set that would determine whether or not  
23 the awareness goals have been met as to the customer base?

24 MR. RUSSELL: Your Honor, could I just ask for a  
25 clarification?

1 Mr. Mullins, do you mean numerical goals?

2 MR. MULLINS: Yes, I guess they could be numerical,  
3 percentage.

4 THE WITNESS: Well, we really don't think of it that  
5 way. I guess, to try to answer your question, we have  
6 instituted survey research to find out the degree to which  
7 our customers are aware of the law, of the act. And to the  
8 degree to which they say, "yes, we're aware," is what they  
9 know correct. That telephone survey was completed late July  
10 and early August, as I said in my testimony, but the  
11 findings have not yet been returned to us. We expect them  
12 later on in September. And all of that survey research will  
13 be shared with the Public Utility Commission.

14 Q. If the company had been made aware that 50  
15 percent of the customer base had been made aware of electric  
16 competition, would the company be satisfied with that  
17 percentage?

18 A. I wouldn't be satisfied.

19 Q. 60 percent?

20 A. I'm not satisfied until we have --

21 Q. 100 percent?

22 A. -- the whole -- yes, I'd like the people to be  
23 aware and know how to do it, yes.

24 Q. So that would be your awareness goal, wouldn't  
25 it; 100 percent awareness?

1 A. Yes.

2 Q. Ms. Lennon, in your rebuttal testimony, on page  
3 1, line 21, you discuss learning objectives for the customer  
4 education program. And on page 15, still in your rebuttal,  
5 line 1 -- well, the answer starts on line 4, you discuss  
6 evaluation.

7 A. Uh-huh.

8 Q. What are the objective goals of the education  
9 plan?

10 A. What are the goals of the education plan?

11 Q. What are the objective goals of the education  
12 plan?

13 A. The goals that we have right now are  
14 fundamentally to provide a true education program for our  
15 customers by working collaboratively with the education  
16 advisory council, the Customer Choice Education Advisory  
17 Council, and the Public Utility Commission.

18 The specific goals that are specific to the needs of  
19 customers will be a byproduct of the work of the Customer  
20 Choice Advisory Council. They will look at all the data  
21 research that we gathered, they will be part of all the  
22 lessons learned from the pilot, they will be given data from  
23 the other states that have done work, and they will  
24 formulate, based upon where we believe we are as a service  
25 area, and work with us to state specifically what are the

1 goals and what are the proper initiatives in order to meet  
2 those goals. We won't be so presumptuous as to assume what  
3 they are. Because they represent the constituent groups  
4 anyway.

5 Q. Now, when you evaluate whatever it is, whatever  
6 entity or whatever person evaluates the consumer education  
7 plan, how is that entity to make a determination as to  
8 whether or not the plan is successful or not?

9 A. How are they?

10 Q. Yes.

11 A. At this point, we will have to sit down with  
12 them, along with the advisory council, and put together the  
13 scope of the evaluation that will be done, and some of the  
14 criteria that should be looked at.

15 Now, this will be a collaborative effort again.  
16 We're not going to sit down and say, okay, go off and do  
17 some research, without the input of that body, as well.

18 So, we have to rely on the expertise of the vendor  
19 that is selected to do that work, and the guidance of the  
20 advisory council.

21  
22  
23  
24  
25

1 Q. On pages 7 and 8 of your rebuttal, you discuss  
2 the advisory committee, Customer Choice Education Advisory  
3 Committee?

4 A. Yes.

5 Q. To convene in October of 1997; is that correct?

6 A. Are you on page 7?

7 Q. I'm sorry, page 8. I think the discussion  
8 starts on page 7. Page 8, line 13.

9 Bear with me for a minute. In Exhibit DGL-2, your  
10 response to Question 25, Set VI of the OCA, are you there?

11 A. Yes, I am, sir.

12 Q. And that's the budget that PP&L has set forth.

13 Now, is there an allocation of funds for programs or  
14 plans which may be devised by the advisory committee?

15 A. This whole family of events, of key activities  
16 will be outgrowth of the work of that team. Actually, this  
17 represents the funding for the work of that body.

18 Q. In October of 1997, what if the committee makes  
19 additional recommendations? Obviously, PP&L would need  
20 additional funding if PP&L sought to implement some of those  
21 recommendations, correct?

22 A. Correct.

23 Q. Anywhere in this budget, is there a category for  
24 such as yet to be determined --

25 A. Well, it's designed to be a budget, and

1 obviously there's a lot of experiences we still need to have  
2 with things. Needless to say, if there is work that comes  
3 out of the Commission that means that we can simply support  
4 that rather than developing things from ground zero, then  
5 that's money that's saved out of this budget.

6 So there is a certain degree of flexibility in this  
7 budget to address any new initiatives, yes.

8 Q. If the advisory committee recommends a  
9 multi-media approach to educating consumers, would PP&L  
10 abide by their recommendation?

11 A. We discuss that with them and determine what is  
12 the appropriate way to go.

13 Q. You'll discuss that with the advisory committee,  
14 and I assume you'll put forth your position which you  
15 steadfastly --

16 A. We'll do a business case.

17 Q. Pardon me?

18 A. We will involve the advisory council in a  
19 business case to see whether or not it makes appropriate  
20 sense to meet needs through media versus something else.

21 Q. What if it's determined that the media is the  
22 best vehicle?

23 A. We'll address that at that time.

24 Q. Say PP&L and the advisory committee can't come  
25 to an agreement on an issue, can't come to an agreement,

1 you're here and they're there. What happens then?

2 A. I've never been in that situation before. I've  
3 worked with advisory committees for 20 years and have always  
4 managed to come to a resolution.

5 Q. If the advisory committee recommends that an  
6 outside consultant be brought into the equation to further  
7 PP&L's customer education goals, would PP&L fund such a  
8 consultant?

9 A. In the past with the school energy education  
10 program, we did use some consultants from the outside to  
11 provide assistance, and that was perfectly acceptable.

12 Q. On page 9 of your direct testimony, lines 16  
13 through 19, read that to yourself, please.

14 (Witness perusing document.)

15 Q. Have you read that?

16 A. Yes.

17 Q. Now, does that division between the customer  
18 service department, the corporate communications department  
19 and the delivery services and economic development  
20 department still exist?

21 A. Yes, it does.

22 Q. At present, has the company sought local or  
23 regional input from CBOs on its overall education plan for  
24 restructuring?

25 A. Not beyond the fact that when we did kind of a

1 field test for the first draft of the handbook, we mailed  
2 that out to 30 people from the community. We have not yet  
3 assembled our advisory council.

4 Q. Do you have copies of OCA Witness Alexander's  
5 testimony?

6 A. Not her direct testimony.

7 Q. Actually, I think you'll just need the  
8 surrebuttal.

9 A. I have the surrebuttal.

10 Q. If you would, please turn to Appendix A of that  
11 testimony.

12 A. Yes.

13 Q. And in that report, information disclosure for  
14 electricity sales, please turn to page 3, the bottom of the  
15 page, paragraph G entitled, "Conclusions."

16 A. Wait, I'm not in the --

17 Q. You're not there?

18 A. I thought you said page 3.

19 MR. MULLINS: May I approach, Your Honor?

20 JUDGE KASHI: Surely.

21 (Pause.)

22 MR. MULLINS: We are ready, Your Honor.

23 JUDGE KASHI: Go ahead.

24 MR. MULLINS: Thank you for your indulgence.  
25

1 BY MR. MULLINS:

2 Q. If you would, Ms. Lennon, please read the first  
3 sentence under the "Conclusions" section.

4 A. "Participants primarily wanted standardized  
5 information about prices so they could compare products  
6 directly and they wanted price stated as a cost per  
7 kilowatt-hour."

8 Q. And there we're talking about participants in  
9 the New Hampshire and Massachusetts focus groups; is that  
10 correct?

11 A. That is correct.

12 Q. Ms. Lennon, do have handy the company's response  
13 to OCA Set VI, Question 17?

14 A. Handy? Set VI.

15 (Pause.)

16 Q. What question was that, sir?

17 A. That was Question 17.

18 (Document handed to the witness.)

19 A. Now I do.

20 Q. Skip down towards the end of that response, and  
21 there we're still talking about the focus group research in  
22 New Hampshire and Massachusetts. And there you state that  
23 customers wanted standardized information so they could  
24 compare. You got that from the report I just showed you,  
25 correct?

1 A. That's correct.

2 MR. MULLINS: May I approach, Your Honor?

3 JUDGE KASHI: Yes.

4 BY MR. BURGRAFF:

5 Q. Now, Ms. Lennon, on page 8 of this document  
6 which sets forth the results of the focus group research in  
7 New Hampshire and Massachusetts, towards the bottom of that  
8 page was a brief summary of everything that consumers would  
9 look for in electric competition.

10 Now, if you would read for me the first bullet, first  
11 sentence in that bullet?

12 A. "Standardized information displays so they can  
13 easily compare offers. 'If they're all the same, you can  
14 compare them,' said one person. 'That would be the answer,'  
15 chimed in another person in that group. 'Very good idea,'  
16 said another."

17 Q. Now, if you would, read the sentence in the  
18 second bullet.

19 A. "Price was a major factor in their choice."

20 Q. And if you would, please read the third bullet.

21 A. "The environment and specifically fuel mix was  
22 volunteered unprompted as a second factor by some  
23 participants."

24 Q. And finally the fourth bullet.

25 A. "They want a declaration of all cost components

1 including regulated costs and of electricity supply costs as  
2 a rough percent of the total cost of delivered electricity."

3 Q. Now, according to your response to Question 17,  
4 you state that they desire standardized information so they  
5 can compare. Would you also agree that they desire some of  
6 the information that you just read from these bullets?

7 A. Yes. And in looking at this particular study,  
8 these focus groups -- there were six focus groups done to  
9 cover both the states, both New Hampshire and Massachusetts.

10 And recognizing that even we like focus groups --  
11 focus groups are very, very good things, and they give you  
12 lots of information -- but you can't draw conclusions about  
13 the needs of total populations on the basis of focus groups.  
14 You have to go back and do research. We would do this kind  
15 of research, also.

16 Q. Let me interrupt you for a second. Not placing  
17 any emphasis on the validity or preference of the focus  
18 group, would you agree that according to these participants,  
19 they wanted more information beyond information that would  
20 allow them to compare?

21 A. Absolutely, for this group, yes, these focus  
22 group members.

23 Q. Thank you very much. Ms. Lennon, the response  
24 to OCA Set VI, Question 18 --

25 (Witness perusing documents.)

1 A. Okay, I have it.

2 Q. If you would, please read the first sentence of  
3 the response.

4 A. "The company's approach to customer choice  
5 education is focused on empowering the leaders and  
6 representatives of community based organizations to be able  
7 to explain customer choice to their constituents."

8 Q. And does the company still have an intent to  
9 empower these leaders and representatives of the CBOs?

10 A. Yes, we do.

11 Q. And has the company does any research which  
12 would establish the fact that this is an efficient method to  
13 communicate information to customers?

14 A. We have not done any formal research, but  
15 certainly our 20 years of experience in working with these  
16 organizations has proven that it has been effective.

17 Q. Your prior experience, but no present research;  
18 is that correct?

19 A. That is correct.

20 Q. What percentage of customers or how many  
21 customers does the company plan on reaching with this method  
22 of empowering leaders and hopefully having that information  
23 filter down?

24 A. We don't have a specific number at this time.

25 Q. You don't have a specific number as to how many

1 customers?

2 A. How many will be reached through the network;  
3 that was your question?

4 Q. Yes.

5 A. We don't have a specific number.

6 Q. Percentage?

7 A. No, we don't have that, either.

8 Q. Does PP&L expect all of its customers to be  
9 reached in this manner?

10 A. Well, not all will be reached in this manner,  
11 but a large percentage of them, and hopefully there will be  
12 a multiplier effect that those who we reach through this  
13 network will also be equipped to answer questions for  
14 friends and neighbors and the like.

15 Q. But you don't have a definition for large  
16 percentage, do you?

17 A. No, I do not.

18 Q. What community group leaders has the company  
19 contacted so far?

20 A. We have not made any contacts. We have a list  
21 of those that we intend to contact, but we have not  
22 contacted them at this point.

23 Q. How many leaders on that list?

24 A. The advisory group in the beginning will  
25 probably be about 10 to 12 people, and if they choose to add

1 additional members because of the need for additional  
2 representation -- it should be noted that the Customer  
3 Choice Advisory Council will really be the hub organization.

4           There will then be I guess you'd say sort of  
5 replicated organizations in each of the company's five  
6 regions, so there will be a regional collection of people  
7 from the community that will be there not only to comment on  
8 but assist in the implementation as well as the centralized  
9 group which will really provide the direction. That's a  
10 model that we've used historically, as well.

11           Q.    Your response to Question 19, Set VI, there you  
12 discuss a maximum reading level of the eighth grade--

13           A.    Yes.

14           Q.    -- for those customers who will hopefully read  
15 the handbook. Has the company conducted any field testing  
16 of the handbook in its current form to insure that in fact  
17 everyone, reasonably everyone with an eighth grade education  
18 could read and comprehend the information contained in the  
19 handbook?

20           A.    The edition of the handbook that we were talking  
21 about earlier was rated at a ninth grade level. Since then,  
22 we have scaled it back to make it even more plain language  
23 so that it is now between the sixth and the eighth grade.

24           The handbook was also examined by the Bureau of  
25 Public Liaison as well, and all future documents that go out

1 in the name of education will be reviewed by the Public  
2 Utility Commission.

3 And we obviously are committed to uphold their  
4 standards of plain language. That generally means that they  
5 have to fall between the sixth and the eighth grade.

6 Q. You said at present it is at a sixth to eighth  
7 grade reading level --

8 A. Yes, between sixth and eighth, depending --

9 Q. -- after the revision?

10 A. You run into difficult words like "aggregator."  
11 You kind of can't avoid using some of those words, so that  
12 kind of moves up the scale, even though the rest of your  
13 words may be at a much simpler level.

14 MR. MULLINS: I believe that's it. Thanks for your  
15 testimony.

16 THE WITNESS: You're sure you don't have one more?

17 MR. MULLINS: I can make up one.

18 (Laughter.)

19 JUDGE KASHI: Redirect?

20 MR. RUSSELL: Could I have just one minute, Your  
21 Honor?

22 JUDGE KASHI: Yes.

23 (Pause.)

24 MR. RUSSELL: Your Honor, we have no redirect.

25 JUDGE KASHI: Thank you very much, sir.

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You are excused, ma'am.

(Witness excused.)

JUDGE KASHI: That which has been marked and identified as PP&L Statement 17 and 17-R together with Exhibits DGL-1 through 3 are received into the evidentiary record, without objection?

(No response.)

JUDGE KASHI: Without objection.

(Whereupon, the documents marked as PP&L Statements Nos. 17 and 17-R and PP&L Exhibits Nos. DGL-1 through DGL-3 were received in evidence.)

JUDGE KASHI: For Enron, did you move your cross?

MR. KOHLER: I believe I did, Your Honor. I believe you admitted it.

JUDGE KASHI: The Enron cross-examination exhibit is received into the evidentiary record if I didn't say that already.

MR. CAPLAN: Your Honor, I'd like to move something into the evidentiary record if I may before we break.

JUDGE KASHI: We're not going to break.

MR. CAPLAN: I received this morning a response from Pennsylvania Power & Light Company to an on-the-record data request on behalf of my clients, Schuylkill Energy Resources

FORM 2

1 and Gilberton Power Company.

2 It's dated August 20, 1997. It is marked, two copies  
3 of it, as Schuylkill Energy Resources/Gilberton Power  
4 Exhibit 1 for identification.

5 JUDGE KASHI: So marked for purposes of  
6 identification.

7 MR. CAPLAN: And I would like to offer them -- I have  
8 two copies for the reporter -- offer them into the record at  
9 this time.

10 JUDGE KASHI: What are they, sir?

11 MR. CAPLAN: They relate to --

12 JUDGE KASHI: What are they? Are they just data  
13 requests?

14 MR. CAPLAN: Yes. It's just a calculation of a  
15 percentage difference in the CTC under circumstances --

16 JUDGE KASHI: Are they taken from interrogatories?

17 MR. CAPLAN: No, not at all. They were just a  
18 straight data request. They were done in response to  
19 Witness Kasper's testimony, and in the course of the  
20 testimony I asked him to calculate the percentage difference  
21 in CTC under certain circumstances, and they have done so.

22 JUDGE KASHI: Marked for identification. Are there  
23 any objections to receiving it into the record?

24 (No response.)

25 JUDGE KASHI: It is received into the evidentiary

1 record as Gilberton Exhibit No. 1 -- Cross 1.

2 MR. CAPLAN: That will be fine.

3 (Whereupon, the document was marked  
4 as Schuylkill Energy Resources/  
5 Gilberton Power Cross-Examination  
6 Exhibit No. 1 for identification  
7 and received in evidence.)

8 JUDGE KASHI: OCA is calling Ms. Brockway?

9 MR. MULLINS: Yes, Your Honor. The OCA calls Nancy  
10 Brockway.

11 MR. RUBIN: Your Honor, as the witness is making her  
12 way to the stand, I don't recall if I indicated that I have  
13 cross for this witness or not.

14 JUDGE KASHI: You did not, sir.

15 MR. RUBIN: I did not? I thought I had originally  
16 and then may have changed it, I don't know. If I could have  
17 a few minutes to question the witness, I would appreciate  
18 it.

19 JUDGE KASHI: We'll see if we can accommodate that.

20 MR. RUBIN: Thank you, Your Honor.

21 JUDGE KASHI: Ms. Brockway, if you would stand, raise  
22 your right hand and be sworn, please?

23 Whereupon,

24 NANCY BROCKWAY

25 having duly affirmed, testified as follows:

1 JUDGE KASHI: Go ahead, sir.

2 MR. MULLINS: Thank you, Your Honor.

3 DIRECT EXAMINATION

4 BY MR. MULLINS:

5 Q. Ms. Brockway, do you have in front of you OCA  
6 Statement No. 6, which is the direct testimony?

7 A. Yes.

8 Q. Do you have any additions, deletions or  
9 modifications to that testimony?

10 A. I have what appears to be four minor  
11 corrections.

12 On page 2, line 12, I misstated the docket number of  
13 the PECO restructuring docket. It should read, 00973953.

14 On page 3, line 6, after the colon, there should be  
15 an opening quotation mark.

16 On page 15, line 20 in the numbered item seven, after  
17 the word "offering", the words "and program" should be  
18 deleted.

19 On page 26, line 15, the figure \$23 million should be  
20 \$21.5 million. That's it.

21 Q. Ms. Brockway, do you have before you OCA  
22 Statement 6-S which is your surrebuttal testimony?

23 A. Yes, I do.

24 Q. Do you have any additions, deletions or  
25 modifications to that statement?



1 Your Honor.

2 JUDGE KASHI: Thank you.

3 Mr. Rubin?

4 MR. RUBIN: Thank you, Your Honor.

5 CROSS-EXAMINATION

6 BY MR. RUBIN:

7 Q. Good afternoon, Ms. Brockway.

8 On page 45 of your direct testimony, you recommend  
9 that universal service costs remain the responsibility of  
10 PP&L; is that right?

11 A. Are you referring to my response, lines 1 and 2?

12 Q. Yes, I am.

13 A. Lines 1 and 2 are slightly different, and I  
14 don't know whether it's important for the purposes of your  
15 question, from your statement.

16 JUDGE KASHI: Could you answer the question?

17 THE WITNESS: I'm trying to understand the question,  
18 I guess, Your Honor. The answer is, it depends upon how you  
19 mean the question.

20 JUDGE KASHI: Could you restate the question, please,  
21 sir?

22 MR. RUBIN: Yes, I will, Your Honor.

23 THE WITNESS: I think I can cut through it, Your  
24 Honor. I appreciate it's late. I don't mean to say here  
25 that universal service is solely the responsibility of the

1 company and that no one else has any universal service  
2 obligations. I do mean to say that the company does have  
3 universal service obligations.

4 BY MR. RUBIN:

5 Q. And you consider that part of PP&L's  
6 responsibility as a distribution utility, or as a competitor  
7 out there in the marketplace for generation supply?

8 A. Yes. I think in Pennsylvania, we're calling  
9 them EDCs, so as an EDC under the statute, yes.

10 Q. Why do you consider these programs to be part of  
11 the distribution function of a utility?

12 A. Well, the short answer is the statute says so.  
13 A longer answer is that they have always been  
14 responsibilities that are taken on by the system, the  
15 electric system, and in particular the concept is that  
16 electricity is affected with the public interest, and there  
17 has been a regulatory and to some extent legislative  
18 decision even before the Competition Act that companies who  
19 are engaged in this business ought to be taking care of  
20 making sure that everybody can get electricity, that is to  
21 say it is a function of the industry as a whole and the  
22 industry is set up with the intention that electricity  
23 should be available to all.

24 Q. Would your opinion change if the distribution  
25 utility were not responsible for billing and customer

1 service functions?

2 A. No.

3 Q. So even if PP&L did not have the responsibility  
4 to provide customer service and did not issue bills to its  
5 customers, you believe that it should still be responsible  
6 for these universal service programs?

7 A. Well, now you're asking a different question.  
8 You're saying, "these universal service programs." But I do  
9 want to clarify the earlier answer, and I do take your point  
10 that to some extent these functions are best handled -- the  
11 function of, for example, if you run a discount program,  
12 that function is best handled by whichever company is doing  
13 the billing.

14 There are other ways of doing it, but that's the most  
15 straightforward way of doing it.

16 Q. On page 25 of your direct testimony, you testify  
17 that one of the benefits of PP&L's ON TRACK program is that  
18 it can almost save as much money on billing and collection  
19 costs as PP&L would lose in revenue. Did I summarize that  
20 correctly? I'm at the bottom of page 25.

21 A. Yes, except the "almost" is on a bottom-up basis  
22 for doing the cost/benefit. If you do a top-down, one's  
23 expectation would be that it would more than recover those  
24 costs.

25 Q. And you recommend that PP&L take all of the

1 discount off of the distribution portion of the electric  
2 bill; is that right?

3 A. Yes. I recommended that in my direct testimony.  
4 I think that that came up again in the surrebuttal because  
5 the company was saying that it was not a problem for them.

6 I may get this mixed up with PECO, so give me a  
7 chance to look at my surrebuttal for a second.

8 (Witness perusing document.)

9 A. That must have been PECO or some other company.  
10 Yes, I do recommend that the reduction in bills be handled  
11 in a similar way to the way it is proposed to be handled in  
12 Massachusetts, so that it's entirely off the monopoly  
13 distribution component of the bill.

14 Q. And in your understanding, are the billing and  
15 collection costs also recovered through that distribution  
16 portion of the bill so that if you're saving on billing and  
17 collection on the one hand and giving a discount on the  
18 other hand, it's all happening in the same part of the bill?

19 A. Most of them. But if you have a competitive  
20 supplier, to the extent the competitive supplier has billing  
21 and collection costs, those would not be captured.

22 Q. And that was my next question. Would your  
23 recommendations in this regard change if PP&L were not  
24 providing billing and collection service to the customer who  
25 is receiving the discount?

1           A.    No, they wouldn't. I don't think the entire  
2 justification for doing it this way is that match on the  
3 credit and collections.

4           I tend to look for simple, straightforward solutions  
5 that don't require setting up additional accounting devices  
6 where they're not needed, and so I think the approach of  
7 running everything off of the distribution utility, who is  
8 after all going to be collecting the surcharge, is the most  
9 straightforward.

10          Q.    I'm sorry. I was with you until you said, the  
11 distribution utility would be collecting the surcharge. I  
12 don't know what you mean by that.

13          A.    The funds for universal service will be  
14 collected by the distribution utility.

15          Q.    But you're not actually suggesting a separate  
16 surcharge on the bill for these costs?

17          A.    No.

18          MR. RUBIN: That's all I have, Your Honor. Thank  
19 you.

20          JUDGE KASHI: Thank you very much, sir.

21          Ms. Helpert?  
22  
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## CROSS-EXAMINATION

1  
2 BY MS. HELPERT:

3 Q. Good afternoon, Ms. Brockway. My name is Lisa  
4 Helpert. I'll be examining you on behalf of Pennsylvania  
5 Power and Light Company.

6 Please turn to page 22, lines 6 through 9, of your  
7 direct testimony.

8 A. Yes.

9 Q. Given a fixed pot of money for universal service  
10 programs and a choice between maintaining PP&L's program at  
11 the current enrollment level and current per-customer  
12 benefit level, and expanding the program to include a larger  
13 number of customers at lower per-customer benefit levels, is  
14 it your testimony that you would choose the latter?

15 (Pause.)

16 A. The reason I'm hesitating is because your  
17 question had a premise in it which is not the premise of  
18 this testimony that you've directed my attention to, because  
19 the current level is something like 1,300 or 1,400 or 1,500  
20 customers, and now here we're talking about do we go for  
21 10,000 customers or 20,000 or 30,000 or 40,000 customers.  
22 Also, your question had the premise that -- well, your  
23 question left out something which is in this testimony,  
24 which is that the evaluator has said that these customer  
25 benefit levels are relatively high.

1 Q. Let me rephrase the question. Assume  
2 hypothetically that there is a fixed pot of money, you're  
3 given a fixed pot of money, and the choice between  
4 maintaining PP&L's program at the current enrollment  
5 level --

6 A. You mean 1,500?

7 Q. Whatever it is; the current level.

8 A. Okay. Not the current today, but the  
9 hypothetical current?

10 Q. Right.

11 A. Okay.

12 Q. -- and the current per-customer benefit level  
13 and expanding the program to include a larger number of  
14 customers at lower per-customer benefit levels, is it your  
15 testimony that you would choose the latter?

16 A. I can't answer that based on the information  
17 you've given me because it would depend. There's a whole  
18 raft of things that have to be balanced, and I don't -- for  
19 example, I'm not joking when I say what is the current level  
20 that you're assuming, because I would want to know that; I  
21 would want to know what percent of the total system revenues  
22 we're talking about; I would want to do some iterations and  
23 look at what happened to the customer benefits.

24 JUDGE KASHI: So the answer is that you don't have an  
25 answer to the question; right?

1 THE WITNESS: Yes.

2 JUDGE KASHI: That's the answer. All right. Go on,  
3 please.

4 BY MS. HELPERT:

5 Q. Ms. Brockway, is it your understanding that PP&L  
6 incurs higher credit and collection costs for payment  
7 troubled customers than for non-payment troubled customers?

8 A. I don't know.

9 Q. Would it surprise you if, indeed, I told you  
10 that were the case?

11 A. No.

12 Q. Would you agree that if that were the case, that  
13 there would then be no avoided credit and collection costs  
14 in connection with a non-payment troubled customer who  
15 enrolls in the ON TRACK Program?

16 A. No.

17 Q. Can you give me an example of an avoided  
18 collection cost in that case?

19 A. I'm being cute with you, but the answer is it  
20 would be smaller than in the other case.

21 Q. Would you agree that the only way the company  
22 would avoid significant or larger than minor credit and  
23 collection costs by expanding enrollment in the ON TRACK  
24 Program is if the added customers were payment troubled?

25 A. No, and also, mindful of the hour and to cut

1 down to the basics here, clearly the more credit and  
2 collection costs that you spend on a customer, the more you  
3 will avoid by putting that customer in a position to pay the  
4 bills. I can't agree right now with your characterization  
5 of "significant" or "a lot." I would want to look at the  
6 numbers.

7 Q. Have you performed any statistical analysis or  
8 study of the payment records or payment history of low  
9 income customers to determine what percentage or number of  
10 those low income, payment troubled customers, as we've  
11 defined this morning or as defined by the Pennsylvania  
12 legislature, ultimately make timely bill payments or become  
13 non-payment troubled?

14 A. No.

15 Q. Please turn to page 33 of your direct testimony.  
16 You note on lines 13 and 14 that Duquesne has successfully  
17 targeted base load usage in its energy conservation program.  
18 Do you see that reference?

19 A. Yes.

20 Q. Would you agree that usage reduction is a  
21 primary goal of an energy conservation program?

22 A. Yes.

23 Q. Would you agree that electric heat low income  
24 customers generally use more electricity than do base load  
25 low income customers?

1 A. Yes.

2 MS. HELPERT: Your Honor, I'd like to identify PP&L  
3 Cross-Examination Exhibit 12, PP&L's response to OCA  
4 Interrogatory Set XII, Question 6.

5 JUDGE KASHI: So marked for purpose of  
6 identification.

7 (Whereupon, the document was marked  
8 as PP&L Cross-Examination Exhibit  
9 No. 12 for identification.)

10 BY MS. HELPERT:

11 Q. Ms. Brockway, I'd like to direct your attention  
12 to page 3 of the attachment to that interrogatory response,  
13 which contains a table prepared by the Pennsylvania Electric  
14 Association that lists the percent saturation of electric  
15 heat installations.

16 A. Yes.

17 Q. Have you had a chance to take a look at that?

18 A. Yes.

19 Q. Would you agree that the table reflects a 5  
20 percent electric heat saturation for Duquesne Light Company?

21 A. Yes.

22 Q. Would you agree that the table reflects a 31  
23 percent electric heat saturation for PP&L?

24 A. Yes.

25 Q. Would you agree that of the eight utilities

1 listed in that table, that Duquesne has the lowest percent  
2 electric heat saturation rate?

3 A. Yes.

4 Q. Would you agree that each utility should tailor  
5 its energy conservation programs to address the conditions  
6 existing in its own service territory?

7 A. Yes.

8 MS. HELPERT: Your Honor, --

9 THE WITNESS: Excuse me. I have to qualify that just  
10 to this extent. Assuming you're not going to do a statewide  
11 program, but even if you did a statewide program or a  
12 regional program, you would definitely want to tailor the  
13 program to conditions such as the penetration of electric  
14 space heat and so forth.

15 MS. HELPERT: Your Honor, I request to move into the  
16 record PP&L Cross-Examination Exhibit No. 12.

17 JUDGE KASHI: It is received into the evidentiary  
18 record, without objection?

19 (No response.)

20 JUDGE KASHI: Without objection.

21 (Whereupon, the document marked as  
22 PP&L Cross-Examination Exhibit No.  
23 12 was received in evidence.)

24 BY MS. HELPERT:

25 Q. Ms. Brockway, I'd like to clarify a point in

1 your surrebuttal testimony. On page 4 of your surrebuttal,  
2 you state that your proposed participation level covers only  
3 low income customers who are behind on their bills, yet you  
4 recommend in your direct testimony on page 23 that lack of  
5 payment delinquency alone should not be a limit on program  
6 eligibility.

7 A. Yes. Do you want me to clarify that?

8 Q. My question is: does the universal service and  
9 energy conservation proposal you present in this case  
10 include non-payment troubled customers or not?

11 A. Does it include them? The number that I propose  
12 doesn't include them, but the eligibility criteria that I  
13 propose does include them. I am making a simplifying  
14 assumption that there will be very few customers who are  
15 non-payment troubled, under the company's existing  
16 definition of that, that would actually become part of the  
17 program simply because the targeting and the outreach would  
18 be done towards the payment troubled customers, as it has  
19 been in the past. But my testimony is that there should not  
20 be an automatic bar to company participation if you do not  
21 meet that what I consider to be a fairly narrow or limiting  
22 criterion. So that as a practical matter, it would be  
23 likely that the vast majority of participants would be  
24 payment troubled.

25 Q. But your proposal does not include those

1 customers?

2 A. It's not that it doesn't include them, it's that  
3 the numbers don't reflect them. I think that they will not  
4 be a very large portion of the mix.

5 Q. Have you read the Commission's tentative and  
6 final orders establishing universal service guidelines?

7 A. Yes.

8 Q. Is it your understanding that in the final order  
9 the Commission decided not to fix an expenditure amount for  
10 universal service in energy conservation programs?

11 A. Not as a matter of the order. They stated that  
12 it would be done -- the amounts would be done on a case-by-  
13 case basis.

14 Q. Ms. Brockway, on page 38 of your direct  
15 testimony, you describe your recommendations for special co-  
16 payment provisions with respect to low income usage  
17 reduction programs.

18 A. Not all programs, just the Keep Warm Program.

19 Q. Pardon me?

20 A. Not all programs, just the Keep Warm Program.

21 Q. Okay, Keep Warm. Are you aware that PP&L  
22 currently provides its Keep Warm Program benefits to  
23 eligible customers free of charge?

24 A. Yes.

25 Q. Is it your testimony that a customer would be

1 more likely to participate in PP&L's Keep Warm Program if  
2 the customer had to pay to participate rather than receiving  
3 program services free of charge?

4 A. If you define participate as meaning taking any  
5 services, no. It would affect the quality of participation.

6 Q. Would it affect the numbers of customers  
7 participating?

8 A. It's probably likely to be a disincentive for  
9 some customers to participate. It has to be structured  
10 extremely carefully to minimize the disincentive.

11 Q. Would you agree that PP&L currently allocates  
12 universal service costs on a per-customer basis?

13 A. Yes.

14 Q. Turning to page 47 of your direct testimony,  
15 would you agree that it may be appropriate to require  
16 generation suppliers to contribute to the costs of the  
17 universal service programs if, under your proposal, the ON  
18 TRACK bill reduction is high enough so that the distribution  
19 service balance is zero?

20 A. That would certainly be one solution to the  
21 problem that I talk about on lines 13 to 18 of that page.

22 MS. HELPERT: Thank you.

23 Your Honor, I have no further questions.

24 JUDGE KASHI: Thank you very much.

25 Redirect, counsel?

1 MR. MULLINS: Yes, if I could have a minute, Your  
2 Honor.

3 JUDGE KASHI: Yes; please.

4 Mr. Vough, while he's doing that, do you want to move  
5 your stipulations?

6 MR. VOUGH: Yes, Your Honor. For identification  
7 purposes, Your Honor, I'd like to identify CEO Statement No.  
8 1, the direct testimony of Craig Kuennen, pages 1 through  
9 33, and Exhibit CRK-2 through CRK-23.

10 JUDGE KASHI: So marked for purpose of  
11 identification.

12 (Whereupon, the documents were marked  
13 as CEO Statement No. 1 and CEO  
14 Exhibits Nos. CRK-2 through CRK-23  
15 for identification.)

16 MR. VOUGH: Your Honor, I'd also like to mark for  
17 purposes of identification Craig Kuennen's surrebuttal  
18 testimony, CEO 1-SR, pages 1 through 18.

19 JUDGE KASHI: So marked for purpose of  
20 identification.

21 (Whereupon, the document was marked  
22 as CEO Statement No. 1-SR for  
23 identification.)

24 MR. VOUGH: I would also like to mark as CEO No. 2  
25 Michael Karp's direct testimony, pages 1 through 24, and

1 Exhibits MK-2 through MK-13.

2 JUDGE KASHI: So marked for purpose of  
3 identification.

4 (Whereupon, the documents were marked  
5 as CEO Statement No. 2 and CEO  
6 Exhibits Nos. MK-2 through MK-13.  
7 for identification.)

8 MR. VOUGH: I would also like to mark Michael Karp's  
9 surrebuttal testimony as CEO No. 2-SR, pages 1 through 3.

10 JUDGE KASHI: So marked for purpose of  
11 identification.

12 (Whereupon, the document was marked  
13 as CEO Statement No. 2-SR for  
14 identification.)

15 MR. VOUGH: I'd like to mark CEO No. 3, the direct  
16 testimony of Geoffrey Crandall, pages 1 through 9, and  
17 Exhibits GCC-2 through 4.

18 JUDGE KASHI: So marked for purpose of  
19 identification.

20 (Whereupon, the documents were marked  
21 as CEO Statement No. 3 and CEO  
22 Exhibits Nos. GCC-2 through GCC-4  
23 for identification.)

24 MR. VOUGH: And CEO's final to be marked, Your Honor,  
25 would be CEO No. 3-SR, the surrebuttal testimony of Geoffrey

1 Crandall, pages 1 through 4.

2 JUDGE KASHI: So marked for purpose of  
3 identification.

4 (Whereupon, the document was marked  
5 as CEO Statement No. 3-SR for  
6 identification.)

7 MR. VOUGH: Your Honor, at this time, with the  
8 foundation laid previously, we would ask that Statements CEO  
9 No. 1, CEO No. 1-SR, CEO No. 2, CEO No. 2-SR, CEO No. 3 and  
10 CEO No. 3-SR be moved into the record.

11 JUDGE KASHI: They will all be received into the  
12 record as stipulated by counsel.

13 (Whereupon, the documents marked as  
14 CEO Statements Nos. 1, 1-SR, 2,  
15 2-SR, 3, 3-SR and CEO Exhibits Nos.  
16 CRK-2 through CRK-23, MK-2 through  
17 MK-13, and GCC-2 through GCC-4 were  
18 received in evidence.)

19 JUDGE KASHI: Thank you very much.

20 MR. VOUGH: Thank you, Your Honor.

21 JUDGE KASHI: Redirect, Mr. Mullins?

22 MR. MULLINS: Very briefly, Your Honor.

23 **REDIRECT EXAMINATION**

24 BY MR. MULLINS:

25 Q. Ms. Brockway, do you recall Ms. Helpert's line

1 of questioning regarding Duquesne Light Company?

2 A. Yes.

3 Q. And the 5 percent saturation rate of that  
4 company?

5 A. Yes.

6 Q. Would you like to supplement your response in  
7 any fashion regarding the importance of that percentage as  
8 it relates to that company?

9 A. Yes. Ms. Helpert asked me whether or not the  
10 numbers were correct, and it's certainly true that Duquesne  
11 has the lowest electric space heat saturation, and I'm sure  
12 or I assume that that's why they started paying a lot of  
13 attention to base load, because they didn't have a lot of  
14 electric space heat to pay attention to. But I think I  
15 would draw the following conclusion from that, which is that  
16 Duquesne is one of the companies that I would look to for  
17 experience and information about how you do a base load  
18 program and what you can get in the way of energy savings  
19 and consequent bill reductions from doing a base load  
20 program.

21 I have been doing work in the field of low income  
22 energy efficiency and energy efficiency generally since the  
23 early 1980s, and Duquesne has been a national leader on the  
24 concept of base load usage reduction. The purpose of my  
25 testimony in mentioning Duquesne was to say people can take

1 advantage of their experience, and precisely because they  
2 have low electric space heat penetration, they have been  
3 forced to become experimenters with various important base  
4 load usage reduction options.

5 MR. MULLINS: Thank you, Ms. Brockway.

6 We don't have anything further, Your Honor.

7 JUDGE KASHI: Thank you very much.

8 You're excused.

9 (Witness excused.)

10 JUDGE KASHI: That which has been marked as OCA  
11 Statement No. 6, the attendant exhibit, and 6-S are received  
12 into the evidentiary record, without objection?

13 (No response.)

14 JUDGE KASHI: Without objection.

15 (Whereupon, the documents marked as  
16 OCA Statements Nos. 6 and 6-S were  
17 received in evidence.)

18 JUDGE KASHI: Off the record.

19 (Discussion off the record.)

20 JUDGE KASHI: Back on the record.

21 Do you wish to call your witness?

22 MS. SMITH: Thank you, Your Honor. I'd like to call  
23 Dr. Mark Cooper.

24 Your Honor, for the record, I would like to mark Dr.  
25 Cooper's written testimony as AARP Statement No. 1, along

1 with its Attachments 1 through 6, and Appendix A.

2 Your Honor, with the waiving of the foundation  
3 questions, Dr. Cooper is available for cross-examination.

4 JUDGE KASHI: How about if we swear him in first?

5 Dr. Cooper, would you raise your right hand and be  
6 sworn, sir?

7 Whereupon,

8 MARK N. COOPER

9 having been duly sworn, testified as follows:

10 JUDGE KASHI: Please be seated.

11 That which has been identified by counsel will be so  
12 marked for purpose of identification.

13 (Whereupon, the document was marked  
14 as AARP Statement No. 1 for  
15 identification.)

16 JUDGE KASHI: Is he now available for cross-  
17 examination?

18 MS. SMITH: Yes, Your Honor.

19 JUDGE KASHI: Mr. Rubin, sir.

20 MR. RUBIN: Thank you, Your Honor.

21 CROSS-EXAMINATION

22 BY MR. RUBIN:

23 Q. Good afternoon, Dr. Cooper.

24 A. Good afternoon.

25 Q. My name is Scott Rubin. I represent IBEW Local

FORM 2

1 1600 in this case.

2 I would like to start on I guess it's roughly pages  
3 11 through 14 of your testimony. As I understand it, here  
4 you discuss the potential for consumers to become confused  
5 or be taken advantage of under a restructured market for  
6 electricity, and I would like to start by this issue of  
7 customer confusion. On the bottom of page 12 you discuss  
8 the possibility that in order to buy electric service, you  
9 might be confronted with many options or packages for  
10 service. Why would that be a problem for consumers?

11 A. Well, traditionally consumers haven't been  
12 forced to think much about buying electricity service; it's  
13 a monopoly, it's been regulated. They may encounter  
14 situations in which they are about to be offered bundles of  
15 things. The first example might be some conservation  
16 measures along with their utility bills, pricing packages  
17 about their generation costs, and ultimately they may be  
18 offered cable TV service, telephone service, bundled  
19 together with their electricity bills. Separating out what  
20 they're paying for each component is not something they've  
21 done before, and it is a problem. The clearest example  
22 we've seen is in telecommunications, a similar service  
23 recently deregulated and subject to a great deal of  
24 confusion about what they're paying for and what they're  
25 getting.

1 Q. In your opinion, does it help or harm  
2 competition if the product being offered to the consumer is  
3 complex and difficult to understand?

4 A. Well, I'm not sure what it does to competition,  
5 but as the product gets complex, with an uneducated  
6 consumer, people get away with things, consumers end up  
7 paying for things they didn't think they were buying, paying  
8 more than they would have if they had been given a set of  
9 clear and concise choices.

10 Q. In your opinion, does it help or harm  
11 competition if it is easy for a customer to change the  
12 electric generation supplier serving that customer?

13 A. Well, clearly the ease of changing is critical  
14 if you're going to get competition.

15 Q. I'd like to give you two hypothetical markets  
16 for electricity. In market one, billing, metering and meter  
17 reading services are all provided by the local distribution  
18 utility. Consumers can change suppliers in this market by  
19 calling their local utility or by calling the supplier and  
20 giving an authorization to switch. Their monthly bill would  
21 look the same and be paid in the same way regardless of who  
22 supplies them with electricity.

23 Now, in market two, again, my other hypothetical  
24 market, billing, metering and meter reading services can be  
25 provided by anyone. Some suppliers require that their own

1 meters be installed, while others require that the local  
2 utility have a meter in place. Whenever a consumer changes  
3 suppliers in this market, arrangements have to be made for  
4 the proper type of meter to be installed, often requiring  
5 the customer to be at home for a service call. In addition,  
6 changing suppliers may result in the bill looking different  
7 or being paid in a different way than before.

8 Now, first, do you understand my two hypothetical  
9 markets here?

10 A. I understand your hypothetical markets.

11 MR. KOHLER: Your Honor, this is getting pretty close  
12 to friendly cross, I think.

13 JUDGE KASHI: Well, we'll see how friendly it gets.

14 It is, though, Mr. Rubin.

15 MR. RUBIN: Is it? I didn't think it was, but I  
16 apologize if it is.

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25

1 BY MR. RUBIN:

2 Q. Dr. Cooper, in your opinion, which of these two  
3 hypothetical markets is likely to be less confusing for  
4 consumers?

5 A. Well, the market where you're facing choices  
6 about more aspects of the bill requires more effort, energy  
7 and a better educated consumer. Ultimately, consumers may  
8 be able to deal with that to know that they are buying  
9 billing services separately from generation services. In  
10 the long run, we hope that will happen.

11 The example I use, and it's actually some that the  
12 evidence was here in Pennsylvania, at least in part, 10, 12  
13 years after the break-up of the phone company, a substantial  
14 percentage of people didn't know which long distance company  
15 they were getting calls from and which local company they  
16 were getting calls from, and they remained confused after a  
17 great deal of advertising, education and so forth.

18 So it's a problem. Is it surmountable? Certainly,  
19 but it takes a great deal of effort; and the point of my  
20 testimony here is that we need vigorous efforts of consumer  
21 protection, especially in the early stage of the transition.

22 MR. RUBIN: Your Honor, I would ask to have marked  
23 for identification as IBEW Cross Exhibit 3 Dr. Cooper's  
24 response to PP&L Interrogatory Set I, No. 4.

25 JUDGE KASHI: So marked for purposes of

1 identification.

2 (Whereupon, the document was marked  
3 as IBEW Cross-Examination Exhibit  
4 No. 3 for identification.)

5 BY MR. RUBIN:

6 Q. Dr. Cooper, do you have a copy of IBEW Cross  
7 Exhibit 3 in front of you?

8 A. Yes, I do.

9 Q. First, am I correct that you were responsible  
10 for preparing this response?

11 A. Yes, I was.

12 Q. In this response, you indicate that additional  
13 services -- and one of the ones you list is -- such as  
14 metering can lead to options that are difficult for the  
15 customer to sort out.

16 Can you explain how the availability of different  
17 metering options can lead to customer confusion?

18 MR. KOHLER: Your Honor, I'm going to object. It's  
19 friendly cross. He's not presenting his own witness. He's  
20 using Mr. Cooper. He's not crossing him. He's using Mr.  
21 Cooper as his own witness.

22 JUDGE KASHI: I'm going to agree with that, Mr.  
23 Rubin. We don't need that.

24 MR. RUBIN: So I'm not allowed to ask the witness to  
25 explain his two-sentence response to an interrogatory

1 answer, Your Honor?

2 JUDGE KASHI: Well, it's not that you're not allowed  
3 to. You're putting in testimony through this witness in  
4 support of your position. You're using him as your own  
5 witness. You're not cross-examining him, sir.

6 MR. RUBIN: I'm sorry, Your Honor. I'm trying to  
7 understand the witness' testimony. In some ways it supports  
8 my position, obviously. In some ways, it doesn't, but I'm  
9 trying to understand it.

10 JUDGE KASHI: What is it you don't understand, Mr.  
11 Rubin?

12 MR. RUBIN: I don't understand how the provision of  
13 additional services such as metering may add to complexity  
14 or how it may confuse a customer. If I'm not allowed to ask  
15 that question, I won't ask the question.

16 JUDGE KASHI: Don't ask the question.

17 MR. RUBIN: All right. Am I allowed to move the  
18 exhibit into evidence?

19 JUDGE KASHI: Sure.

20 MR. RUBIN: Then I have concluded my cross-  
21 examination and I would move IBEW Cross Exhibit 3 into  
22 evidence.

23 JUDGE KASHI: Thank you very much. That which has  
24 been marked as IBEW Cross-Examination Exhibit 3 will be  
25 received into the evidentiary record without objection.

1 (No response.)

2 JUDGE KASHI: Without objection.

3 (Whereupon, the document marked as  
4 IBEW Cross-Examination Exhibit No. 3  
5 was received in evidence.)

6 JUDGE KASHI: Thank you very much, Mr. Rubin. We  
7 will now move on to PP&L.

8 MR. RUSSELL: Thank you, Your Honor.

9 JUDGE KASHI: Mr. Russell.

10 MR. RUSSELL: I have very brief cross-examination.

11 **CROSS-EXAMINATION**

12 BY MR. RUSSELL:

13 Q. Good afternoon, Dr. Cooper.

14 A. Good afternoon.

15 Q. My name is Paul Russell. I'm representing PP&L  
16 in the proceeding.

17 Am I correct you are not a lawyer?

18 A. I am not.

19 Q. And am I correct you are not an economist?

20 A. I am not an economist by training.

21 Q. I'm sorry?

22 A. I'm not an economist by my degree, no.

23 Q. Have you conducted a study of the market price  
24 of energy in the PJM region?

25 A. No, I have not.

1 MR. RUSSELL: That's all the questions I have, Your  
2 Honor.

3 JUDGE KASHI: Thank you very much.  
4 Redirect?

5 MS. SMITH: No redirect, Your Honor.

6 JUDGE KASHI: Thank you very much. You are excused,  
7 sir.

8 (Witness excused.)

9 JUDGE KASHI: That which has been previously marked  
10 will be received into the evidentiary record without  
11 objection.

12 (No response.)

13 JUDGE KASHI: Without objection.

14 (Whereupon, the document marked as  
15 AARP Statement No. 1 was received in  
16 evidence.)

17 JUDGE KASHI: That concludes our witness list. I  
18 don't want to adjourn. We are going to have the negotiation  
19 session yet this afternoon. Do you want to take an hour for  
20 lunch and then go or whatever?

21 MR. KLEPPINGER: That's fine, Your Honor. I was  
22 anticipating the habitual break at 12:30 to run back and get  
23 the printout, but I will do that now, and an hour is fine or  
24 45 minutes. Some people may want to get out of town, so it  
25 can be shorter.

1 JUDGE KASHI: It's going to be in Hearing Room No. 1.  
2 One of the things that I am going to ask the lead counsel to  
3 do is determine with their parties recommendations for the  
4 briefs to be filed; specifically, length of briefs, and  
5 those parties who feel the need, outside the commonality of  
6 issues in their particular affinity groups, how many  
7 individual pages they feel they are going to need, and  
8 report back that information to me so I can then determine  
9 what we are going to do in the way of length of briefs.

10 MR. KOHLER: Your Honor, how should that information  
11 be reported back to you?

12 JUDGE KASHI: In writing, sir. Are you talking about  
13 content or just --

14 MR. KOHLER: Just to clarify, you're expecting a  
15 letter from us in the near future?

16 JUDGE KASHI: Short future, so I can get a letter  
17 out. I'm in a peculiar situation. My secretary, who is  
18 down to working for three Judges, has now had a family  
19 crisis and is off to Florida for a month. I haven't the  
20 vaguest idea what I am going to do. At any rate, that's my  
21 problem, but if I can get that.

22 I will get to the parties yet this afternoon. I've  
23 been expecting it, and it can't be any later than 2:00, I  
24 understand, the PP&L order.

25 MR. KLEHA: It's not ready yet.

1 JUDGE KASHI: It is ready. It's being run. I know  
2 it's being run, all 74,000 pages that they're running. It  
3 will be provided to PP&L first, and then I will make sure  
4 that copies are available to the intervenors for their  
5 discussions; and I expect that to be no later than 2:00; so  
6 if you want to take a break now, you'll be able to do that.

7 Is there anything else?

8 MR. KAPLAN: Yes, Your Honor. We have a few  
9 housekeeping matters.

10 MS. SMITH: Perhaps I can mention mine first, Your  
11 Honor. Do we have an additional appearance sheet for myself  
12 and the other attorney?

13 JUDGE KASHI: We'll get that taken care of.

14 MR. KAPLAN: Your Honor, on August 26, Mr. Falk  
15 testified, and we do not have a page citation or any record  
16 of the admission of his statement, which is No. 20-R, nor  
17 his Exhibit JSF-1, which was his curriculum vitae. To cure  
18 the record, we would ask -- we had moved at the time we  
19 presented him, and we would ask you to rule on that now.

20 JUDGE KASHI: That which had been marked and  
21 identified as PP&L 20 and 20-R will be received into the  
22 evidentiary record without objection.

23 MR. KAPLAN: No; I'm sorry, not 20. It's just 20-R.  
24 He just submitted rebuttal.

25 JUDGE KASHI: All right; just 20-R.

1 MR. KAPLAN: 20-R. It was identified at page 1675 of  
2 the transcript.

3 JUDGE KASHI: Okay.

4 (Whereupon, the document marked as  
5 PP&L Statement No. 20-R was received  
6 in evidence.)

7 MR. KAPLAN: There also was no indication on Exhibit  
8 JSF-2 and JSF-3; and just to make the record clean, we will  
9 withdraw those exhibits.

10 JUDGE KASHI: All right.

11 (Whereupon, the documents marked as  
12 PP&L Exhibits Nos. JSF-2 and 3 were  
13 withdrawn.)

14 MR. KAPLAN: Secondly, Your Honor, PP&L will prepare,  
15 as you requested, a history of the case, a common history,  
16 and we will circulate it. In addition, we will voluntarily  
17 circulate a consolidated exhibit list, which we have been  
18 maintaining throughout the proceedings, and we will invite  
19 parties to indicate any corrections or changes that they  
20 believe are appropriate to that list.

21 JUDGE KASHI: Very good.

22 MR. KAPLAN: Thirdly, Your Honor, we would propose  
23 that transcript corrections be proposed by I think it's  
24 Tuesday, the 8th -- Tuesday, the 9th of September, and that  
25 parties exchange those correction lists, seek to negotiate

1 any controversies, and submit that list to Your Honor one  
2 week later, on Tuesday, the 16th.

3 JUDGE KASHI: That sounds reasonable. Does anybody  
4 object?

5 MR. KOHLER: Your Honor, I think the only problem  
6 with that is PP&L likely, it appears, got more expedited  
7 transcript distribution than some other parties. We don't  
8 have transcripts yet except for the one day. I suspect  
9 other parties are in a similar situation.

10 MR. KAPLAN: We can back it up. I was just thinking,  
11 Your Honor, because of the shortened briefing schedule, the  
12 normal 30-day rule appears to be somewhat silly in this  
13 context.

14 JUDGE KASHI: I'm in agreement with that.

15 MR. KOHLER: We'll get transcript modifications,  
16 absolutely, as soon as possible.

17 JUDGE KASHI: Mr. Kleppinger?

18 MR. KLEPPINGER: It's the same issue, Your Honor.  
19 Those of us who tried to economize are on two-week.

20 JUDGE KASHI: You're on a two-week transcript on  
21 this?

22 MR. KLEPPINGER: Yes, I am.

23 JUDGE KASHI: You're serious?

24 MR. KLEPPINGER: We get them in series, Your Honor.  
25 I'm not going to read a transcript from the first day of the

1 hearing until the hearings are over. So why do I need it  
2 the next day? In any event, we get them on two weeks, and  
3 we will provide transcript corrections as we receive the  
4 transcript, some of which will be in compliance with the  
5 suggested schedule, and some we will not have at that point  
6 in time.

7 MR. KAPLAN: We will do our best to try to  
8 accommodate everyone. We think it is appropriate to propose  
9 transcript corrections to the other parties before we  
10 propose them to Your Honor, and we will do our best to  
11 accommodate the schedule.

12 MR. BARAK: Your Honor, perhaps the company, if it  
13 has a relatively limited number of changes at least from  
14 their point of view, could simply provide a document with  
15 attached pages and marked up, and that eliminates a good  
16 portion of the work. It doesn't solve the problem of the  
17 rest of us having to look for our own.

18 MR. KAPLAN: We will take that under advisement, but  
19 I am mindful of our obligation to the reporting company.

20 JUDGE KASHI: Right.

21 MR. KAPLAN: Next, Your Honor, one last bit of  
22 information. We undertook to evaluate whether or not the  
23 data request which was marked but now withdrawn as JSF-3  
24 that related to the issue of the fixed O&M charge on  
25 combined cycle units and combustion turbine units -- that

1 was I believe the July 28 correction -- whether or not the  
2 model was run with those numbers or run with the numbers  
3 that appeared in the diskette that was circulated as part of  
4 discovery to all parties who signed the confidentiality  
5 certificate.

6 It appears from our investigation that there was a  
7 transposition of the two numbers on that sheet of \$5.28 and  
8 \$9.00. Accordingly, it will be necessary to re-run the  
9 EGEAS program to determine if in fact there was any effect  
10 on our projected energy prices, and if so, what was the  
11 magnitude of that effect, and then, of course, if it had any  
12 effect on the company's claimed stranded costs.

13 Now, I state this with a certain degree of confidence  
14 that the change in the claimed stranded cost number will  
15 probably nowhere approach the amount we are allowed to  
16 collect under the statute. We're talking about a number  
17 somewhere around \$4.6 billion, not somewhere around \$4  
18 billion.

19 However, what we propose to do in light of this,  
20 because we do not want to be in a position of sponsoring  
21 evidence in the record which we believe has to be corrected,  
22 we will propose by Thursday of next week any changes in  
23 information in the record. We will circulate that to all  
24 parties along with work sheets, which will not be part of  
25 the record, but will allow them to evaluate the information

1 that we are presenting.

2 We would propose that if parties have any counter-  
3 information or counter-evidence that they believe must be  
4 put into the record, that they do so by the date Your Honor  
5 set for the opportunity for the company to put in  
6 information in response to the public input hearings, which  
7 was September 9. We would not seek at that time to make any  
8 further filing unless something was so outrageous that we  
9 would request it specially.

10 JUDGE KASHI: I guess the problem that I have is  
11 putting the onus on the other parties to, once they receive  
12 your information, whether or not they are going to have to  
13 re-run their programs to see if it has any effect. Maybe  
14 I'm missing something.

15 MR. KAPLAN: I don't believe -- and the parties will  
16 have to speak for themselves. My understanding is they used  
17 their numbers. We used ours. Unfortunately, we transposed  
18 two of our numbers and we have to correct what we did. It  
19 does not necessarily mean that the other parties need to  
20 correct their numbers.

21 JUDGE KASHI: Was that Falkenberg's testimony? That  
22 didn't make a difference to him, because he didn't really  
23 use those numbers anyway. He used his own numbers.

24 MR. KLEPPINGER: That's correct, Your Honor. I think  
25 the discussion that we had a few days ago was just over what

1 number was in fact used in the EGEAS runs. I think what Mr.  
2 Kaplan is saying is that the runs that were provided to the  
3 parties did include the \$9.00 fixed O&M charge on the CTs,  
4 and that that was a transposition error in the program.  
5 That would not affect PPLICA's direct or rebuttal case in  
6 terms of its own numerical position. It may, however, have  
7 an effect on our commentary on the EGEAS run. And as I  
8 stand here today, I certainly can't tell you whether the  
9 change will be significant on the outcome or not, just like  
10 Mr. Kaplan.

11 I'm not sure what vehicle we have available  
12 procedurally to respond to what would amount to, I guess, a  
13 late-filed exhibit is what you're proposing.

14 MR. KAPLAN: And what I'm proposing is that your  
15 vehicle would be, if you wanted to submit some supplemental  
16 testimony or exhibits, that they would be submitted on  
17 September 9; and that, as I said, absent a relatively  
18 extreme situation, we would stipulate their admission into  
19 the record and not seek to put any further information in  
20 the record and permit the record to be closed on the 9th.

21 MR. KLEPPINGER: When would we be receiving it?

22 MR. KAPLAN: We made a commitment to make it  
23 available on the 4th. We will make every effort to have it  
24 to you on the 4th. That's what we're talking about. I  
25 cannot commit that we can get it to all the parties on that

1 date, but we can certainly get it to the parties that have  
2 raised this issue on that date.

3 MR. KLEPPINGER: Then could I make a request that it  
4 go directly to Mr. Falkenberg at the same time it goes to  
5 me?

6 MR. KAPLAN: We are agreeable to that.

7 MR. KLEPPINGER: Thank you.

8 MR. KAPLAN: I assume, Mr. Burgraff, you'd like it  
9 available to Mr. Smith?

10 MR. BURGRAFF: Yes, I would.

11 JUDGE KASHI: Mr. Caplan?

12 MR. CAPLAN: Yes, I would like it, as well.

13 MR. BARAK: I wonder if the company could make that  
14 available to MSB, as well, in Madison.

15 MR. KAPLAN: In Madison?

16 MR. BARAK: Yes.

17 MR. KAPLAN: Are they on the service list?

18 MR. BARAK: Yes, they are on your list.

19 MR. KAPLAN: We will do so.

20 JUDGE KASHI: All right, the 9th. That will be the  
21 day that anything will come to close the record on.

22 Anything further, Mr. Kaplan?

23 MR. KAPLAN: I think that's quite enough, Your Honor.

24 JUDGE KASHI: Is there anything from any other  
25 counsel?

1 MS. MOURY: Your Honor, I do have one matter. Last  
2 Friday, the OSBA submitted an Interrogatory No. 61 to PP&L  
3 regarding Mr. Krall's oral rejoinder. We just wanted to  
4 clarify the effect of the revenue based true-up mechanism  
5 that he discussed.

6 The company did provide a response this morning.  
7 However, they inadvertently failed to attach the referenced  
8 attachments. I brought it to PP&L's attention, and they  
9 were going to provide the attachments after lunch, but I  
10 don't think we're necessarily coming back after lunch. So I  
11 guess what I wanted to --

12 JUDGE KASHI: You have an opportunity till the 9th to  
13 be able to put it in.

14 MS. MOURY: If I could file it as a late-filed  
15 exhibit once it is provided, I'd appreciate it.

16 JUDGE KASHI: Since the record is not going to close  
17 until the 9th, you'll have an opportunity to get that in.

18 MS. MOURY: Thank you, Your Honor.

19 JUDGE KASHI: Anything further?

20 (No response.)

21 JUDGE KASHI: All right.

22 CHIEF ADMINISTRATIVE LAW JUDGE CHRISTIANSON: I'm  
23 just here to mention on the pilot order, they don't know  
24 where it is being copied, but they promised it to me shortly  
25 after 2:00, a copy to me and a copy to Judge Kashi; and I'll

1 walk it down to Kashi. I was just in to see Elaine  
2 Deichmiller.

3 JUDGE KASHI: We are now going to recess for lunch,  
4 and they're going for an hour, so that will be 2:30 before  
5 they come back.

6 CHIEF ADMINISTRATIVE LAW JUDGE CHRISTIANSON: It  
7 should be in my hands shortly after 2:00.

8 JUDGE KASHI: You heard it from the boss. Off the  
9 record.

10 (Discussion off the record.)

11 JUDGE KASHI: Back on the record.

12 The record in this matter will close on the 9th. The  
13 further proceedings left are the conferences that are taking  
14 place now, and public input hearings will take place on the  
15 2nd in Lancaster at 7:00 p.m., the 3rd at 1:00 p.m. in  
16 Harrisburg and at 7:00 p.m. in Bethlehem, and the 4th at  
17 7:00 p.m. in Scranton. The final hearing or whatever  
18 proceeding we're going to have to decide on would be on the  
19 9th, at which time the record will close.

20 If there is nothing further, we will adjourn. Thank  
21 you very much, counsel. I appreciate all your efforts.

22 (Whereupon, at 1:35 p.m., the hearing was adjourned,  
23 to be reconvened at 7:00 p.m., Tuesday, September 2, 1997,  
24 in Lancaster, 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

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