

APPEARANCES (Continued):

BERNARD A. RYAN, Esquire
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101
(For Office of Small Business Advocate)

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Commonwealth Reporting Company, Inc.

700 Lisburn Road
Camp Hill, Pennsylvania 17011

(717) 761-7150

1-800-334-1063

P R O C E E D I N G S

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2 ADMINISTRATIVE LAW JUDGE GEORGE M. KASHI: I'm going
3 to call this proceeding to order. Ladies and gentlemen, I
4 am Judge Kashi. I am an Administrative Law Judge for the
5 Public Utility Commission who has been assigned the
6 responsibility of handling this case through the trial
7 phase.

8 The application that had been filed by PP&L was filed
9 on April 1st, and since that time, there have been a number
10 of parties who have intervened in the case.

11 We have just concluded, after all the testimony had
12 been filed by those parties, we concluded two weeks of
13 cross-examination here in Harrisburg where 57 witnesses
14 testified.

15 Prior to the testimony being submitted, we held
16 public input hearings to hear from the public as to what it
17 is they feel about the restructuring in nine different
18 cities.

19 At the close of the public input sessions that were
20 held at the end of April and May, I was somewhat concerned
21 that there was not sufficient information being transmitted
22 to the public for them to have a total grasp of everything
23 that was taking place in this particular proceeding. I
24 therefore decided to have additional public input hearings
25 after the testimony was filed and cross-examined.

1 It was my hope that during that two-week period, that
2 there would have been sufficient media and press in
3 attendance that, through the cross-examination and through
4 interviewing counsel for the various parties that were
5 present, that that information would get out to the public
6 and that the public would be better capable of making a
7 presentation during the second set of public input hearings.

8 Unfortunately, that did not happen. We had the icon
9 of competition, Alfred Kahn, in to testify last week, and
10 even as a personality piece he was not picked up.

11 So, I don't know what to say about that other than
12 the information was put out. We had 57 witnesses testify as
13 to the hard core information that belongs in this case, and
14 I don't know that that information has gotten out to the
15 public.

16 Anyway, there has been a request for this hearing
17 here in Harrisburg, and we acceded to that. The purpose
18 today is for us to hear what you have to say about the
19 restructuring program.

20 We are not here for a question-and-answer period
21 because one of the problems is, at the delicate stage of the
22 hearings right now, given that the record isn't quite closed
23 and given that the 36-odd parties who are participating
24 aren't here to enter into a dialogue with you about the
25 evidence that has presently been placed on the record, it

1 would be disservice if not an illegal contact with the
2 public. So we're here to hear from you what you understand
3 about restructuring, what it is that you want to say.

4 There are a number of statutory parties here today,
5 and I'm going to give them an opportunity to speak to you
6 for a few moments to let you know what it is that their
7 offices are doing.

8 With me today, seated on my right is Commissioner
9 John Hanger. Commissioner Hanger has participated in a
10 number of the public input hearings through the first round
11 and now in the second round.

12 In front of me is Mr. Bernard Ryan, who is the Office
13 of Small Business Advocate. He is the Advocate, and he'll
14 have an opportunity to say something to you.

15 Seated next to him is Mr. Mullins. Mr. Mullins
16 represents the Office of Consumer Advocate, and they have a
17 particular statutory duty to carry out in this proceeding.

18 Next to Mr. Mullins is Mr. Simms. Mr. Simms is with
19 the Public Utility Commission's Office of Trial Staff. The
20 Office of Trial Staff also has a unique statutory function.
21 They are directed to determine what the public interest is
22 as they see it. There are those people who joke that their
23 only connection with the PUC is they take a check from them.

24 Next to Mr. Simms is Mr. Paul Russell, who has filed
25 the petition on behalf of PP&L.

1 At this time, I would like to ask, Mr. Ryan, is there
2 anything you would like to say?

3 MR. RYAN: Thank you, Your Honor. I'm Bernard Ryan,
4 the Small Business Advocate of Pennsylvania. The office
5 that I head represents the small business customers of PP&L
6 and indeed of all utilities within the state.

7 We are very enthusiastic about the opportunities that
8 we believe competition will bring, but we are also concerned
9 that we move into this new era with great caution, to be
10 sure we do it right.

11 And we are obviously, since we represent the small
12 business customers, we are here to be sure that they are
13 treated fairly as we move into this new era of competition
14 for generation.

15 We have an expert witness who was one of those 57
16 witnesses who testified at the hearings that we just
17 concluded, and we will be filing briefs in the case.

18 But we came here to hear you today, and I hope that
19 you will come forward and express your views and I hope you
20 will do it under oath for reasons the Judge will explain
21 later. Thank you.

22 JUDGE KASHI: Mr. Mullins, sir?

23 MR. MULLINS: Thank you, Your Honor.

24 Good afternoon. My name is James A. Mullins and I
25 represent the Pennsylvania Office of Consumer Advocate. The

1 Office of Consumer Advocate was created by statute to
2 represent the interests of the residential customers within
3 the Commonwealth. The current Consumer Advocate is Irwin A.
4 Popowsky, and he has served in that capacity since 1990.

5 As you all are aware, this is an extremely important
6 case that will dictate who you receive your future electric
7 service from and what you ultimately pay for that service.

8 As the Judge indicated, this is a public input
9 hearing. We are here to hear from you. We prefer that you
10 take the stand and testify under oath. If you do that, your
11 testimony becomes an official part of the record in these
12 proceedings and the parties, the Judge and the Commission
13 can take those statements into account as we come to our
14 determinations.

15 The Office of Consumer Advocate has presented four or
16 five witnesses in this proceeding and has set forth
17 testimony in response to some of the issues that were raised
18 in PP&L's filing.

19 I'd like to thank everybody for coming out and I hope
20 to hear from you.

21 JUDGE KASHI: Thank you, Mr. Mullins.

22 Mr. Simms, sir?

23 MR. SIMMS: Thank you, Your Honor.

24 My name is Johnnie Simms. I'm an attorney on the
25 Commission's Office of Trial Staff. To my right is Chief

1 Prosecutor Charles F. Hoffman. As the Judge indicated, the
2 Office of Trial Staff was created by statute to represent
3 the public interest and proceed in such interest PP&L's
4 case.

5 We have just concluded two weeks of cross-
6 examination. There were about 57 witnesses. Three of those
7 witnesses were accountants and engineers from the Office of
8 Trial Staff. Our job in this case, as in all cases, is to
9 present the public interest as we see it.

10 I want to take this opportunity to thank you for your
11 attendance today. I encourage you to utilize this
12 opportunity to express your views and viewpoints regarding
13 this particular case. I encourage you to do so under oath
14 that the Judge, my colleagues and the Commission can use
15 your testimony as we make a recommendation to the Commission
16 about how this case should be decided.

17 Once again, thank you for your attendance. I look
18 forward to your comments.

19 JUDGE KASHI: Thank you, Mr. Simms.

20 Mr. Russell?

21 MR. RUSSELL: Thank you, Your Honor.

22 My name is Paul Russell. I'm an attorney with
23 Pennsylvania Power & Light Company, and one of the attorneys
24 representing the company in this case.

25 PP&L was an early advocate of retail competition. We

1 supported passage of the Customer Choice Act, and under that
2 Act is a requirement that each utility file a restructuring
3 plan with the Commission.

4 PP&L asked the PUC to allow us to file our plan
5 early. That request was granted, and we filed our plan on
6 April 1st of this year. And that plan is the subject of
7 today's public input hearing.

8 PP&L strongly supports public input hearings. It is
9 an essential part of the Commission process because it gives
10 consumers an opportunity to provide input to the Judge and
11 to the Commissioners.

12 I want to join the other parties in thanking you for
13 attending today, and join the other parties in encouraging
14 you to testify under oath today.

15 In closing, let me introduce two other people from
16 PP&L. Off to my left is Nick Dininni and Kathy Wildauer.
17 Kathy, Nick and I will be available all day to answer any
18 questions you might have about your specific rates or your
19 specific services. Again, thank you for attending.

20 JUDGE KASHI: Thank you, Mr. Russell.

21 Commissioner Hanger?

22 COMMISSIONER HANGER: Thank you, Judge. Again, I
23 want to welcome all of the witnesses and other people
24 attending this session to the Commission.

25 I hope that we have the opportunity to hear from many

1 of you. I look forward to listening to you. I too am here
2 to listen. This obviously is a very important case to all
3 involved. It's very important to Pennsylvania Power &
4 Light. It's also very important to each customer class,
5 commercial, industrial and residential class.

6 And the Commission of course has to insure that the
7 public interest is served. We are interested in other
8 issues, other effects of electric competition that the
9 audience may want to bring to our attention.

10 So again, I look forward to hearing from you.

11 JUDGE KASHI: Thank you, Commissioner.

12 There is one detail that I want to take care of.
13 When it comes time for you to take the microphone, if you
14 have signed up to testify, you can do this in one of two
15 ways.

16 You can give it as a sworn statement. As a sworn
17 statement, it becomes part of the record which I can
18 consider in rendering my recommended decision to the
19 Commission, which the parties can consider and use in their
20 briefs to present to me, and which the Commission can rely
21 on in making their decision.

22 However, if you're here and you want to just get
23 something off your chest and don't want to swear to the
24 testimony, we will listen to that, also.

25 I encourage everyone, however, to present their

1 statement, their testimony, whatever, in a sworn fashion so
2 that we can make it part of the record.

3 At this time, I would ask the court reporter to
4 please get me the sign-up sheet.

5 (Pause.)

6 JUDGE KASHI: I would ask, are there any local
7 representatives here who wanted to appear on behalf of their
8 constituency and make a statement?

9 (No response.)

10 JUDGE KASHI: No one comes forward, all right. We
11 will begin with those people who have signed up.

12 Mr. Jeb Stuart. Mr. Stuart, do you wish your
13 testimony to be sworn or unsworn, sir?

14 MR. STUART: Sworn, sir.

15 Whereupon,

16 JEB STUART

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

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

21 THE WITNESS: My name is Jeb Stuart. Would you like
22 my home or my business address?

23 JUDGE KASHI: Whichever.

24 THE WITNESS: 112 Market Street, Harrisburg, 17101.

25 JUDGE KASHI: And what is it you do, sir?

1 THE WITNESS: I am director of the Dauphin County
2 Office of Economic Development.

3 JUDGE KASHI: What brings you here today, Mr. Stuart?

4 THE WITNESS: I would like to speak in support of
5 PP&L's Community Partnership Program.

6 JUDGE KASHI: All right.

7 THE WITNESS: Good afternoon, gentlemen. My name is
8 Jeb Stuart and I am director of the Dauphin County Office of
9 Economic Development.

10 I am also a customer of PP&L through both my personal
11 residence and through two apartment buildings containing 38
12 units of which I am an owner in Harrisburg.

13 I would like to comment on the restructuring plan
14 filing with the hope that this matter will be resolved to
15 allow PP&L the flexibility in the future to continue to
16 financially support community and economic development
17 projects in our county.

18 More specifically, I would like to speak in favor of
19 PP&L's Community Partnership Program with which I have been
20 personally involved both through my position in county
21 government and also as a community volunteer.

22 In particular, the program provided financial
23 assistance to help close the funding gaps for both the
24 reconstruction of the Millersburg Ferry in Millersburg and
25 the reconstruction and beautification of the Borough of

1 Hummelstown's downtown square.

2 Our office assisted in the application process to
3 PP&L for both of these projects, which should spin off
4 positive economic benefits to their respective communities.

5 In addition, PP&L funds will help in energy
6 conservation projects including roof improvements to the
7 historic Broad Street Farmers Market and to the historic
8 Harrisburg Resource Center, both buildings considered key
9 properties to further the revitalization efforts in the
10 Midtown Market Historic District on North Third Street in
11 Harrisburg. I serve on the boards of both the Broad Street
12 Market Corporation and the Historic Harrisburg Association.

13 PP&L has also assisted financially in the preparation
14 of marketing materials which we have undertaken in our
15 economic development office to enhance Dauphin County's
16 tourism and destination oriented assets.

17 These are just several examples of the types of
18 assistance which PP&L has offered to help make possible
19 worthy community and economic development projects.

20 Thank you for the opportunity to make these comments
21 in support of PP&L's Community Partnership Program.

22 JUDGE KASHI: Are there any questions from you,
23 Commissioner Hanger?

24 COMMISSIONER HANGER: No, no questions.

25 JUDGE KASHI: Mr. Ryan?

1 MR. RYAN: No, Your Honor.

2 JUDGE KASHI: Mr. Mullins?

3 MR. MULLINS: No questions, Your Honor.

4 JUDGE KASHI: Mr. Simms?

5 MR. SIMMS: No questions.

6 JUDGE KASHI: Mr. Russell?

7 MR. RUSSELL: No questions, Your Honor.

8 JUDGE KASHI: Thank you very much for coming. We
9 appreciate your testimony.

10 (Witness excused.)

11 JUDGE KASHI: Frank D. Davis. Mr. Davis, do you wish
12 your testimony to be sworn or unsworn?

13 MR. DAVIS: I wish to affirm my testimony.

14 Whereupon,

15 FRANK D. DAVIS

16 having duly affirmed, testified as follows:

17 DIRECT TESTIMONY

18 JUDGE KASHI: Could you state your name and address
19 for the record, sir?

20 THE WITNESS: My name is Frank Davis. I live at 200
21 Gettysburg Pike, Mechanicsburg, 17055, and I am a customer
22 of PP&L.

23 JUDGE KASHI: How long have you been a customer, sir?

24 THE WITNESS: I believe since 1957.

25 JUDGE KASHI: And what brings you here today?

1 THE WITNESS: I wish to make a few comments
2 concerning my understanding of this process. Perhaps some
3 of my concerns go back to the legislation that you're
4 attempting to carry out.

5 But my basic point is that it's my feeling that in
6 order to achieve a level playing field for competition in
7 the electric industry, that the consumers are being stuck
8 with a lot of bad debts and bad decisions and very costly
9 nuclear investments and nuclear costs for operation,
10 construction, the storage of nuclear waste for many years,
11 and that these bad decisions should be borne by the company
12 and its stockholders, and the customers should not have to
13 bail out a utility by taking care of all of these bad debts
14 and poor investments before the company can reach a point
15 where it supposedly can compete with other utility companies
16 on a level playing field.

17 So that's the general nature of my comments, sir.

18 JUDGE KASHI: I would just like to assure you, sir,
19 that during the two week period, the testimony that has been
20 given, those issues were particularly and at length gone
21 over.

22 It's not something that the Commission is not aware
23 of as to what was caused and what's going on in that
24 connection.

25 THE WITNESS: Thank you.

1 JUDGE KASHI: Are there any questions for the
2 gentleman? Mr. Ryan?

3 MR. RYAN: No, Your Honor.

4 JUDGE KASHI: Mr. Mullins?

5 MR. MULLINS: No questions.

6 JUDGE KASHI: Mr. Simms?

7 MR. SIMMS: No, Your Honor.

8 JUDGE KASHI: Mr. Russell?

9 MR. RUSSELL: No, Your Honor.

10 JUDGE KASHI: Commissioner?

11 COMMISSIONER HANGER: No questions. Thank you.

12 JUDGE KASHI: Thank you very much, sir. Thank you
13 for coming. Thank you for your testimony.

14 (Witness excused.)

15 JUDGE KASHI: Jan Jarrett. Do you wish your
16 testimony to be sworn or unsworn?

17 MS. JARRETT: Sworn.

18 Whereupon,

19 JAN JARRETT

20 having been duly sworn, testified as follows:

21 DIRECT TESTIMONY

22 JUDGE KASHI: Could you please state your name and
23 address for the record?

24 THE WITNESS: My name is Jan Jarrett and I live at
25 1740 Main Street, Lisburn, Mechanicsburg, 17055.

1 JUDGE KASHI: And what is it you do, ma'am?

2 THE WITNESS: I'm project coordinator for the
3 Pennsylvania Campaign for Clean, Affordable Energy.

4 JUDGE KASHI: And are you connected with the
5 environmental groups that have presently testified before
6 us?

7 THE WITNESS: I certainly am.

8 JUDGE KASHI: What brings you here today?

9 THE WITNESS: I just wanted to take this opportunity
10 as both a person who is working on this for the
11 environmentalists who are participating in this case and as
12 a ratepayer who lives in the PP&L district to talk about
13 some of my views on this, to thank Judge Kashi for holding
14 this Harrisburg hearing to allow folks in the Harrisburg
15 area to have this opportunity for input.

16 And basically, my testimony today consists of a plea
17 for the PUC to take a more active role in the public
18 education process.

19 I know that the Judge has expressed his
20 disappointment in how the media have covered this. This is
21 a big and a very complex issue, and the media needs a lot of
22 help to get a handle on this.

23 And I am essentially asking that the Commission think
24 about taking a more proactive role in going after that
25 media, as much as is possible.

1 The haste with which the law was passed prevented the
2 public from having the normal sort of discourse that you
3 might expect for such an important issue that went through
4 the Legislature.

5 This bill affects every single Pennsylvania
6 household, and it kind of got really rushed through the
7 Legislature in a very fast way, so the normal channels for
8 learning about all the big issues in this case were kind of
9 circumvented, given the haste that that happened.

10 It's not the Commission's fault. Now it's in your
11 laps, though, and I believe that the Commission now has
12 inherited a huge responsibility to bring the public up to
13 speed.

14 Right now we're at a point in this case where the
15 only opportunity for public input consists of this sort of
16 intimidating legal process where ordinary folks who might
17 know something about this and might have some genuine and
18 valid concerns are faced with swearing themselves in and
19 maybe even being subject to cross-examination.

20 That might put an ordinary person off who has not had
21 the benefit of wading through 3,000 pages of testimony or
22 sitting through hours of hearings with cross-examinations.

23 You've got to add to that the sort of public cynicism
24 that sort of underlies attitudes in government in general
25 and maybe this process in particular which was recently

1 fueled by the Commission's decision to pretty much disregard
2 an Administrative Law Judge's decision in the PECO
3 securitization case. The public also knows a train wreck
4 when it sees it.

5 Restructuring is huge and it's complex and it creates
6 an unprecedented need for the public to have easy access to
7 reliable, non-technical, unbiased information.

8 And so it's an unprecedented challenge for the
9 Commission, and I think it eventually may change the
10 Commission's understanding of its responsibilities vis-a-vis
11 the public and public education.

12 Where else are people supposed to go for this kind of
13 information in what's going to be a confusing marketplace?
14 Are the utilities going to be the source of most of their
15 information? Are the competitors who are after their
16 dollars going to be the best source? Are underfunded,
17 understaffed non-profit organizations going to be the ones
18 that they are going to turn to for their information?

19 I think that the Commission might be the logical
20 place for people to start to look for what they need in
21 order to understand what is happening here.

22 As you know, I was in attendance last night at the
23 Lancaster hearing, and I heard some fairly sophisticated
24 people talk about the difficulty that they have getting
25 specific information.

1 They are folks that know the system pretty well, and
2 they were frustrated with being able to get through on the
3 800 number to be getting adequate and timely information off
4 of the website, to being able to find somebody in the
5 Commission to answer some simple questions for them.

6 So that sort of brings me to some observations. I
7 think that the Commission needs to reevaluate its public
8 education strategy vis-a-vis all these cases, including this
9 particular one.

10 I think you ought to be very strong advocates to the
11 state Legislature to fund that particular kind of an
12 activity that I think is going to take on much more
13 importance in the years to come as this thing heats up.

14 There are good people in the Commission, in the
15 public liaison office. They need to be empowered by the
16 Commission. They need to know that they've got the
17 authority to go and do this great public education that
18 needs to be done and they need the money to be able to do
19 that.

20 I have some suggestions based on work that I've done
21 in the past. I've worked on environmental issues for many
22 years and I'm more familiar with the process as it is
23 handled with the Department of Environmental Protection and
24 the Department of Conservation and Natural Resources, but
25 they've got some models in place which might help you in the

1 future in this whole thing.

2 For these public hearings, the formal public
3 hearings, it might be a really good idea to hold some
4 informational meetings prior to them.

5 And they need to be well publicized. Little box
6 notices in the newspaper of records does not constitute
7 adequate public outreach.

8 There should be lots of advanced notice for where and
9 when the hearings are going to be held. As I've told you,
10 I'm working on public outreach on this for all of the cases.

11 I'm trying to get some hard and fast information
12 about when the GPU hearings might be held. And I get,
13 "They're not set yet."

14 And I've got decisions to make. I need to do
15 mailings with times and dates. I don't have the money to do
16 two separate mailings to say, "Hey, there's hearings," and
17 then, "Oh, here they are." I need to have all of the
18 information out there so I can remain within my own budget.

19 I would like to see the Public Utility Commission
20 include some of its own information in some of the utility
21 bills. I'd like to see something like this pamphlet
22 (indicating) in my bill. I'd like to see my parents get
23 this pamphlet in their bill so that they can sort of start
24 to be up to speed on this kind of thing.

25 Your press strategy needs to be a whole lot more

1 proactive. You've got to go out there and you've got to
2 just sort of grab these reporters by the lapels, get on the
3 talk shows, open yourselves up to the rough-and-tumble of
4 public opinion and the media but get your message out there
5 rather than waiting for enterprising reporters to decide
6 this is absolutely fascinating and seek you out on their
7 own.

8 I would advise you to quickly create an easy
9 interactive way for the public to access information. You
10 might want to have a chat with Dave Hess from the Department
11 of Environmental Protection and talk about the DEP website.

12 It's a really good source of information, and they're
13 having -- I don't know, I think the last update said that in
14 the last month that they counted, they had more than 100,000
15 hits on their website for information.

16 You might want to think about establishing a
17 comprehensive public participation policy again. The
18 Department of Environmental Protection's Citizens Advisory
19 Council has such a policy in place and it's something that
20 certainly isn't completely appropriate for the Commission
21 but there are some elements of it that might really be
22 interesting to you.

23 After all these cases are over and all is said and
24 done, the need for good public information will only be just
25 beginning, and the Commission I believe again is the logical

1 place for people to come for that information.

2 I hope the Commission can learn from this process --
3 this is an unprecedented undertaking that's happening here
4 -- and position itself to truly serve the public in the new
5 competitive environment. Thanks.

6 JUDGE KASHI: Thank you very much. There are just a
7 couple things I'd like to say that I don't know if you've
8 considered or whether that information is available to you.

9 The Commission has endeavored and does presently have
10 an educational task force in place.

11 THE WITNESS: Yes.

12 JUDGE KASHI: The Commission has in fact issued
13 orders as to how the information, beginning with the pilot
14 programs and from then on, is going to be disseminated and
15 how it's going to be worked on.

16 As to this particular case, it's a little difficult
17 because the parties, the 35-some-odd parties are at odds as
18 to who is going to put the information out, how it's going
19 to be put out.

20 We spent two days arguing on consumer education here
21 with witnesses being taken down to a pamphlet where it says,
22 "When your electricity goes out," and there were parties
23 that took offense to that.

24 The alternate suppliers didn't like that because they
25 felt that that indicates that if it's an alternate supplier,

1 the power is going to go out. They wanted to change the
2 language to, "If the electricity goes out."

3 Major decisions in that area -- and like you said,
4 the matter was thrust upon the Commission and the Commission
5 is doing everything in a lot of areas to try and discharge
6 its responsibility.

7 The question that you brought up about the GPU
8 hearings as to, yes, there's going to be GPU hearings, but
9 we don't know the dates, the reason you don't know the dates
10 is because those dates are set in conjunction with the
11 parties.

12 There is a prehearing conference that is held with
13 the Judge and it's on the basis of, how can we marshal this
14 evidence, when can we set it down, when can we get the thing
15 going, that a schedule of hearings is set down at that time
16 to accommodate all the active parties who are going to be
17 participating.

18 THE WITNESS: I understand that, but there is a huge
19 need on the other side, you know, that's outside the whole
20 business of the parties' interest. There's a public
21 interest that is best served by adequate notice and some
22 time for advocates such as myself and others to be able to
23 marshal their troops and get them in there in order to
24 really have some good public input at your public hearings.

25 JUDGE KASHI: Right.

1 THE WITNESS: And I really appreciate the fact that
2 you scheduled a second round, obviously recognizing that the
3 first round happened at a time when folks had not had
4 adequate access to the information.

5 So I think that the Commission is learning through
6 this process, and I understand that this was thrust upon the
7 Commission. I still believe that despite all of those
8 things that swirl around these legalistic cases, the
9 Commission may be able to find a role here in being able to
10 provide some information, some basic information to folks
11 like this (indicating) -- this is pretty good -- get it out
12 there somehow.

13 I mean, it's available here today, but there's other
14 avenues where this sort of stuff might be better
15 distributed. That's my plea.

16 JUDGE KASHI: Questions? Mr. Ryan?

17 MR. RYAN: I don't have a question, but if you're
18 here at the end, I'll talk to you a little bit about the
19 GPU. You may be happy that you didn't go making
20 arrangements.

21 THE WITNESS: Yes.

22 MR. RYAN: I'll talk to you about that.

23 JUDGE KASHI: Mr. Mullins?

24 MR. MULLINS: No questions, Your Honor.

25 JUDGE KASHI: Mr. Simms?

1 MR. SIMMS: No questions, Your Honor.

2 JUDGE KASHI: Mr. Russell?

3 MR. RUSSELL: No questions, Your Honor.

4 JUDGE KASHI: Commissioner Hanger?

5 COMMISSIONER HANGER: No questions. I'd just like to
6 thank you for coming. You've identified one large issue,
7 consumer education, public education, that is critically
8 important.

9 And the Commission certainly has a responsibility,
10 certainly has a role in trying to meet the needs of the
11 public to get information.

12 I just want to take this opportunity to talk about
13 some of the things that we're doing, quickly, and then
14 basically challenge everybody else here, because we could do
15 the job perfectly -- and we probably won't do it perfectly
16 -- but we could do it perfectly, and it would not meet the
17 true public need for information. We need more people
18 involved than simply this Commission.

19 But we are in the process of revamping the website.
20 We've had somebody assigned full-time to do that last week,
21 and we hope to have that website substantially improved
22 within 30 days.

23 We do have a competition hotline. You don't have to
24 call the regular 1-800 hotline, so if people have questions
25 specifically about competition, we have a hotline number and

1 I'd like to provide that for the record at this time. It's
2 888-782-3228. That's 888-782-3228.

3 And that's a new initiative of the Commission. We in
4 fact went to the Legislature in the last budget session and
5 asked for money to do that, and basically got \$300,000 or so
6 to try to do something like that.

7 We have hired people, we have trained people, and
8 we're going to be formally announcing the opening of that
9 hotline very shortly.

10 And I would encourage people who have questions about
11 electric competition to call that number as opposed to the
12 regular Commission 800 numbers because it is specifically
13 staffed for that purpose and it has specifically got
14 employees who have been trained on these issues.

15 In addition to the website and the hotline that we
16 have created, I left upstairs to come to this hearing two
17 meetings that are in progress being led by Commissioner
18 Brownell who is talking about how to provide customer
19 information.

20 They're talking about trying to get either booklets
21 or a telephone system, perhaps also included in our website
22 where all of the offers would be available to customers in
23 one place.

24 We would simply reprint or provide what the various
25 companies are offering without comment, without judgment,

1 but they would be available in one place for a consumer to
2 review. So we're thinking about ideas like that.

3 You said, "Open yourselves up to the rough-and-tumble
4 of public opinion." I'm bruised, so I think I've been doing
5 it. Two Sundays in a row I have been on radio shows, talk
6 shows in Pittsburgh, sitting at home with kids outside the
7 door wondering where Daddy is.

8 I've been on shows in Montgomery County, and I know
9 other Commissioners are doing the same thing. I'm not
10 saying we're perfect, and there's more that we could be
11 doing, and I look forward to receiving suggestions for doing
12 more.

13 But I have to then challenge everybody else. This is
14 such a large, historic undertaking, and I know that many
15 groups have limited budgets, much more limited than the
16 Commission, but you do have budgets and you do have time.

17 And I would urge everybody to use what resources you
18 do have as well as possible to make this effort to inform
19 the public about this change as comprehensive as possible.

20 Last point is that I think the pilots in and of
21 themselves are an educational opportunity. Some have
22 criticized the pilots and said, why is it necessary, why not
23 just open it up immediately to competition, and I understand
24 that point of view, sometimes.

25 But to me, one of the primary reasons of doing the

1 pilots is in a somewhat artificial environment with only 5
2 percent of the customers while the Commission is still very
3 heavily involved in monitoring the market and reviewing the
4 market, giving all customers, residential, commercial and
5 industrial customers an opportunity to in a sense get their
6 feet wet in a sort of a safer environment.

7 And I'm hopeful that those pilots will trigger a lot
8 more media curiosity, a lot more public curiosity, that word
9 of mouth will start working, that when friends go over and
10 have dinner on a Friday night with neighbors, that maybe one
11 of the things they talk about is electric competition, "Are
12 you participating in a pilot?" or, "I'm participating in a
13 pilot and this is my experience, it was lousy," or, "It was
14 great," or, "They could do it better, and here's how they
15 could do it better."

16 So I think we have a substantial challenge. I think
17 we're doing a number of things, and I would encourage
18 everybody else to also pitch in. Thanks.

19 JUDGE KASHI: Thank you very much, ma'am. You're
20 excused.

21 THE WITNESS: Thank you again for having the hearings
22 in Harrisburg.

23 (Witness excused.)

24 JUDGE KASHI: Mr. Eric Epstein.

25 Mr. Epstein, do you wish your testimony to be sworn

1 or unsworn, sir?

2 MR. EPSTEIN: Yes, sir, sworn.

3 Whereupon,

4 ERIC EPSTEIN

5 having been duly sworn, testified as follows:

6 DIRECT TESTIMONY

7 JUDGE KASHI: I would like to identify for the
8 parties that Mr. Epstein is a formal participant and
9 intervenor in the process and has had opportunities to
10 cross-examine various witnesses throughout this proceeding.

11 Mr. Epstein, what brings you here today, sir?

12 THE WITNESS: I'm speaking on behalf of Three Mile
13 Island Alert. I'm chairman of that organization.

14 I'd like your direction on this. I have formal
15 material from Three Mile Island Alert that I'd like to enter
16 on the record. Should I do it prior to my comments or after
17 my comments have been made?

18 JUDGE KASHI: Why don't we have it identified for the
19 purposes of the record as TMI Alert Exhibit 1. The reporter
20 will mark it and then we'll get it in.

21 THE WITNESS: Would you like me to also hand a copy
22 to all the parties that are here?

23 JUDGE KASHI: Yes, sir.

24 (Pause.)

25 JUDGE KASHI: The court reporter will mark it as TMI

1 Alert Exhibit No. 1 for purposes of identification.

2 (Whereupon, the document was marked
3 as TMI Alert Exhibit No. 1 for
4 identification.)

5 JUDGE KASHI: Go ahead, Mr. Epstein.

6 THE WITNESS: Commissioner Hanger, Judge Kashi,
7 counsel -- by the way, Commissioner Hanger, I wanted to
8 acknowledge, I saw your article on Sunday, the expose on
9 you. I thought it was pretty good, so I guess you've
10 already exposed yourself to the rough-and-tumble, if we see
11 the editorial feedback on it.

12 COMMISSIONER HANGER: Thank the reporter sitting at
13 the desk. It's his article.

14 THE WITNESS: I know it was his article, but I'm not
15 paid on my subscription to The Patriot.

16 I'm here today on behalf of Three Mile Island Alert.
17 I'm the chairman of that organization. We have 400 dues
18 paying members.

19 I'll give you a brief background on the organization.
20 We're a non-profit citizens group formed in 1977 after the
21 construction and licensing of TMI-1 and after the
22 construction of TMI-2.

23 We have enjoyed widespread political and public
24 support over the last 20 years. In the spring of 1987, we
25 were recognized by the Pennsylvania House of Representatives

1 for community service and just last year, on our 20th
2 anniversary, the House along with the City of Harrisburg
3 formally applauded our efforts on behalf of the community.

4 Although our efforts primarily focus on Three Mile
5 Island Unit 1 and Unit 2, we also serve as a clearinghouse
6 for the Susquehanna nuclear power plant, Stations 1 and 2,
7 Peach Bottom 2 and 3, and the low level nuclear waste site
8 proposed for Pennsylvania.

9 Our basic thrust -- and our position has been
10 consistent since the Susquehanna Electric Steam Station was
11 planned, and we've been active as an organization in
12 opposing increased rates for the construction of Susquehanna
13 Electric Steam Station 1 and 2 -- we feel that \$4.6 billion
14 in stranded costs is a reflection of poor managerial
15 decisions.

16 Just to put it into layman's terms, a residential
17 customer using 500 kilowatt-hours would experience an
18 average monthly expense of \$16.59.

19 What's different in this proceeding as in the past
20 is, we always used to say, it's a rate hike. Now we're not
21 saying it's a rate hike, because your bills won't go up, so
22 I don't know if you want to call it a revenue enhancement, a
23 tariff or a tax, but that's an average of \$16.59 that we as
24 residential customers would not receive. And that is from
25 the Office of Consumer Advocate, May 14, 1997.

1 All ready, Pennsylvania electric rates are 15 percent
2 above the national average. We already have one of the
3 highest electric rates in the country, and that is primarily
4 due to the fact that most electric utilities in Pennsylvania
5 are dependent on nuclear power as a source of energy.

6 In fact, if you look at the PUC's report, roughly 65
7 percent of our electric comes from coal and 35 percent from
8 nuclear power.

9 The nuclear component in this particular formula is
10 approximately 62 percent or \$2.85 billion. I'll be honest
11 with you, that's a lot of money. I wonder why I was
12 involved with base rate proceedings in the past where it
13 seemed like small amounts, \$100 million, \$200 million,
14 \$300 million. It's difficult for me to fathom \$4.6 billion.
15 I'd like to give it a try.

16 Essentially, I think, at least the planning council
17 at Three Mile Island Alert thinks that ratepayers are being
18 asked to pay an outrageous burial cost for a facility that
19 we feel will never operate for its planned lifetime. In
20 essence, we feel that Susquehanna Electric Steam Station is
21 a nuclear Pinto waiting to happen.

22 This request is an enormous subsidy for corporate
23 mismanagement. Unlike other industries, Pennsylvania's
24 electric utilities continue to embrace corporate socialism.

25 And what I mean by that is, when things go well, the

1 rewards do not trickle down to the ratepayer. The rewards
2 go to the shareholder. But when things go bad, everybody,
3 including PP&L, comes with their hand out asking for a
4 bail-out.

5 I believe we live in America. Three Mile Island
6 Alert believes we live in America. That's where our mailing
7 address is. And in America, we think the principles of free
8 enterprise should reign supreme. You profit when things go
9 well, you have to pay your dues when things do not go well.

10 The other problem as an organization that really
11 hasn't been touched on during the proceedings that we
12 perceive is that of intergenerational inequity.

13 Why should my daughter, who may be able to get one
14 day of service from the Susquehanna Electric Steam Station,
15 be exposed to the same tariff to pay for the clean-up as
16 somebody like me who has received service for its entire
17 generation.

18 I think at some point we have to make a stand. And I
19 think the stand is, we shouldn't penalize our grandchildren
20 for the mistakes of their grandparents.

21 I mean, look down the road. Twenty or 30 years from
22 now, our children are going to be paying for a lot of the
23 decisions that we made now. So I think fair is fair and
24 enough is enough.

25 Let me just go over some of the problems that we've

1 documented. And I know Paul will be relieved, I'm not going
2 to try and enter in the chronology that we have on
3 Susquehanna Electric Steam Station.

4 But if you're interested, we've developed about a 35
5 page chronology from the NRC, from ENPO, from DER, DEP and
6 other documents documenting problems at the facility.

7 Just a brief history: PP&L increased electric rates
8 to pay for Susquehanna Electric Steam Station. That's a
9 fact. It's a given. We all know that.

10 Unit 1 began operating on June 8, 1983 and Unit 2
11 began in April, '85. PP&L asked the PUC for \$315 million,
12 it was a rate increase for Unit 1, and was granted
13 \$203 million. That was a 16 percent rate increase, so
14 that's something we have already absorbed.

15 The company asked for \$330 million for Unit 2 in
16 addition to what they got for Unit 1, and the PUC allowed
17 for \$121 million. That's another 8 percent increase. And
18 this is 15 years ago.

19 Customers are also charged for the cost, in addition,
20 for radioactive waste management. To give you an idea of
21 the cost, which is mercurial, in 1992, the cost to dispose
22 of a cubic foot of waste, low level radioactive waste in
23 Barnwell was \$165. The next year, the cost was \$280.

24 Right now, there's only one place to take low level
25 radioactive waste and that is Barnwell, so it is likely that

1 the cost will continue to rise.

2 PP&L continues, like most utilities, to use a fire
3 retardant that doesn't work, Thermo-Lag, doesn't work. It's
4 failed all tests.

5 And the problem with that is nuclear power safety
6 reigns supreme in the redundancy. Thermo-Lag doesn't work.
7 It has yet to be replaced at the Susquehanna Station.

8 In addition right now, Susquehanna has about 500
9 metric tons, 500 metric tons of high level radioactive waste
10 in the form of spent fuel on site.

11 By the year 2002, those spent fuel pools will be
12 full, will be full. There will be nowhere for the waste to
13 go. Right now, they're trying to build a new system known
14 as dried cast storage, and that has yet to go through the
15 environmental impact stage.

16 The consumers pay for the decommissioning, and that's
17 a cost that has been discussed during the formal part of
18 this proceeding.

19 Like I mentioned earlier, one of the problems that
20 TMI Alert has had, initially in the Susquehanna plan for
21 decommissioning, they were estimating around \$130 million.
22 Now they're estimating their share to be \$725 million.
23 That's just their share.

24 Right now, their minority partner, AEC, is not even
25 saving 50 percent of that share, so there's a likelihood

1 that when it comes time to bury this facility, there won't
2 be enough money left and they'll have to come back to the
3 ratepayer for more money.

4 PP&L rates have increased 9 percent per unit of
5 electricity since 1985. Let me try that again. The rates
6 have increased 9 percent per unit of electrical energy since
7 '85, and will continue to increase in order to pay for
8 nuclear waste storage, decommissioning, nuclear waste
9 isolation, et cetera.

10 I'd also like to point out, although it has been
11 discussed in my experience I think since 1984, since the
12 rate increases first came forward, that nuclear power was a
13 reliable source of energy, there has been no plant that's
14 operated for 40 years.

15 I can go on and name, which I won't, the number of
16 plants that are littered throughout the country that have
17 been shut down prematurely for economic reasons.

18 I would like to point out, though, that this is not a
19 reliable source of energy. Let me give you one example. In
20 January, 1995, bad weather, if you remember, caused a record
21 setting demand for electricity.

22 The Susquehanna nuclear station contributed to the
23 crisis. Unit 1 was shut down and did not return to service
24 until January 22, 1994, four days after the electric power
25 pool experienced a record surge demand. That same day, Unit

1 2 was forced to shut down.

2 In sum, as an anti-nuclear organization -- and let me
3 say this. When we first started out as an organization, we
4 were on the margins or the periphery of society.

5 At this point, I think we've been accepted fully into
6 the mainstream. Our predictions about the economics and
7 safety problems associated with nuclear power not only at
8 Susquehanna but at Peach Bottom and Three Mile Island have
9 reached fruition.

10 So as an organization, what we're saying is, let the
11 free market reign and let them pay for mistakes that they
12 willingly made.

13 That concludes my testimony. I'm sure Paul and I
14 probably won't be having lunch after this hearing, but if
15 you have any questions, I'd be more than happy to entertain
16 them.

17 JUDGE KASHI: Thank you very much.

18 Mr. Ryan?

19 MR. RYAN: No questions, Your Honor.

20 JUDGE KASHI: Mr. Mullins?

21 MR. MULLINS: No questions, Your Honor.

22 JUDGE KASHI: Mr. Simms?

23 MR. SIMMS: No questions, Your Honor.

24 JUDGE KASHI: Mr. Russell?

25 MR. RUSSELL: No questions, Your Honor.

1 JUDGE KASHI: Commissioner Hanger?

2 COMMISSIONER HANGER: No questions. Thank you.

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

5 (Witness excused.)

6 JUDGE KASHI: That which has been marked and
7 identified as Three Mile Island Alert Exhibit No. 1 will be
8 received into the evidentiary record, without objection?

9 (No response.)

10 JUDGE KASHI: Without objection.

11 (Whereupon, the document marked as
12 TMI Alert Exhibit No. 1 was
13 received in evidence.)

14 JUDGE KASHI: Ed Essel. Sir, do you wish your
15 testimony to be sworn or unsworn?

16 MR. ESSEL: Sworn, sir.

17 Whereupon,

18 EDWARD A. ESSEL, JR.

19 having been duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 JUDGE KASHI: Please state your name and address for
22 the record, sir.

23 THE WITNESS: My name is Edward A. Essel, Jr. I'm at
24 225 Market Street, Harrisburg, Pennsylvania, 17011.

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

FORM 2

1 THE WITNESS: I am the chairman of the state
2 legislative committee, AARP.

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

4 THE WITNESS: Well, first, I would like to reiterate
5 the fact that AARP does have testimony on file and we would
6 remind the Commission that it should be reviewed. We still
7 hold fast on the fact that we support competition, however
8 we don't want competition to run amok.

9 We are very much concerned with consumers,
10 particularly the elderly consumers in Pennsylvania.
11 Pennsylvania has a high number of elderly consumers, and we
12 represent approximately 1.8 million members here in
13 Pennsylvania.

14 I would also like to thank you for holding the
15 hearing in Harrisburg. We feel that by holding the hearing,
16 you not only honor the process which was developed by the
17 PUC but you also honor we, the ratepayers.

18 I would like to say that more than a year ago,
19 Commissioner Hanger invited us into his office and gave us a
20 preliminary briefing as to what competition meant to
21 Pennsylvania.

22 And he captured us. We were aflame with the concept,
23 and we have supported him and we supported the concept ever
24 since.

25 What we don't support are the utilities coming

1 forward with what we feel are outrageous stranded costs that
2 must be borne principally by the ratepayers.

3 While we seem to hold sacrosanct those investors who
4 supported and invested in the bad management decisions made
5 by companies -- and we think that sooner or later,
6 somebody's got to hold the company's feet to the fire.

7 It was interesting that we heard from Jeb Stuart
8 concerning all the wonderful things that PP&L does for the
9 county.

10 I would like to give you a little anecdote. Many
11 years ago, my mother dated Lucky Luciano. And in
12 discussions with my mother about what kind of guy he was,
13 she said he was a wonderful man, he was generous and he was
14 a perfect gentleman. What my mother never addressed was the
15 shootings, the killings and the murderings.

16 I draw a parallel between the utility companies of
17 today. It's perfectly wonderful that we can support the
18 symphony. It's wonderful we can build parks. It's
19 wonderful that we can channel money into community
20 organizations.

21 But in the meantime, we should not forget that that
22 money comes out of the pockets of the laborers, the workers
23 and the retired people in Pennsylvania. Thank you, sir.

24 JUDGE KASHI: Thank you very much, Mr. Essel.

25 Just for the purposes of the audience, AARP is in

1 fact a party to this proceeding, is in fact represented, has
2 presented testimony and has had the opportunity to cross-
3 examine any and all witnesses that have in fact been
4 presented.

5 THE WITNESS: Thank you, sir. Yes, we did.

6 JUDGE KASHI: Are there any questions for the
7 gentleman?

8 Mr. Ryan?

9 MR. RYAN: No, Your Honor.

10 JUDGE KASHI: Mr. Mullins?

11 MR. MULLINS: No questions, Your Honor.

12 JUDGE KASHI: Mr. Simms?

13 MR. SIMMS: No, Your Honor.

14 JUDGE KASHI: Mr. Russell?

15 MR. RUSSELL: No questions, Your Honor.

16 JUDGE KASHI: Commissioner Hanger?

17 COMMISSIONER HANGER: No questions. I'd just like to
18 thank Mr. Essel and AARP for being an organization that has
19 paid attention to this process from the beginning of the
20 debate, since 1994. And we participated in the Commission's
21 investigation well before legislation was ever considered.

22 And I think that's important to note because this
23 debate has been going on for a long time. I think it's fair
24 to say, it's understandable that many people are just now
25 coming to the debate, but you know personally that many

1 people in the state have been talking about electric
2 competition literally for years.

3 THE WITNESS: Thank you, sir.

4 JUDGE KASHI: Thank you, Mr. Essel. You are excused,
5 sir.

6 Mary Hicks. Do you wish your testimony to be sworn
7 or unsworn?

8 MS. HICKS: Sworn, please.

9 Whereupon,

10 MARY HICKS
11 having been duly sworn, testified as follows:

12 DIRECT TESTIMONY

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

15 THE WITNESS: Mary Hicks, and it's 5-C Pennsylvania
16 Avenue, Camp Hill, 17011.

17 JUDGE KASHI: What is it you do, ma'am?

18 THE WITNESS: I'm a writer.

19 JUDGE KASHI: What brings you here today?

20 THE WITNESS: I want to offer my comments in
21 opposition to PP&L's proposal. I have a real brief
22 statement I'd like to go ahead and read.

23 Ladies and gentlemen, I'll get right to the point. I
24 have a real problem with Pennsylvania Power & Light trying
25 to pass its stranded costs onto ratepayers like me.

FORM 2

1 As I understand it, PP&L is trying to stick an
2 additional fee on my electric bill to help recover its
3 losses from old investments.

4 Yes, I understand a provision of the state's new
5 electric deregulation law permits utilities to apply to the
6 PUC for help in recouping a portion of their stranded costs.

7 But I also understand that another utility company,
8 PECO, was faced with the threat of legal action by
9 ratepayers who were appalled at the stranded costs that PECO
10 planned to pass on to them.

11 I believe that the shareholders of PP&L should be
12 responsible for their debt. I'll use an example closer to
13 home to explain my position.

14 I own a 1965 automobile which was made when gas was
15 cheap, 25 to 30 cents a gallon. Fast forward 32 years to
16 1997. Now gas is anywhere from \$1.25 to \$1.50 a gallon.
17 That car is an albatross around my neck.

18 If I were to go to the car's manufacturer and say,
19 "You know, I made a bad investment when I bought this car.
20 I want you to help me pay for this bad investment," I'd be
21 laughed out of Detroit.

22 Well, what applies to me should apply to PP&L. That
23 car was a bad investment and now I have to live with the
24 consequences. The owners of PP&L, not the ratepayers,
25 should live with the consequences of their investment

1 decisions. Thank you.

2 JUDGE KASHI: Thank you very much. Are there any
3 questions from counsel?

4 Mr. Ryan?

5 MR. RYAN: No, Your Honor.

6 JUDGE KASHI: Mr. Mullins?

7 MR. MULLINS: No questions.

8 JUDGE KASHI: Mr. Simms?

9 MR. SIMMS: No, Your Honor.

10 JUDGE KASHI: Mr. Russell?

11 MR. RUSSELL: No, Your Honor.

12 JUDGE KASHI: Commissioner Hanger?

13 COMMISSIONER HANGER: No questions.

14 I do have to make one comment just in the interest of
15 public education. I think it's important to understand one
16 thing about stranded costs. There are many things that have
17 to be understood about stranded costs, but there is one
18 point that I think it's important to make sure that
19 everybody understands.

20 Stranded costs are basically, if not completely, but
21 basically are included in bills today. So I hope you
22 understand that when you pay your electric bill today, it
23 reflects essentially 100 percent of stranded costs.

24 And what is being fought about in this proceeding in
25 particular is whether you continue to pay 100 percent or

1 some lesser portion, and the parties here have different
2 versions of what's right in terms of that spectrum.

3 THE WITNESS: Okay, thank you.

4 COMMISSIONER HANGER: Thank you.

5 JUDGE KASHI: Thank you very much.

6 (Witness excused.)

7 JUDGE KASHI: Ladies and gentlemen, that concludes
8 the people who have signed up on the list at this particular
9 time. I would ask, is there anyone in the hearing room who
10 has not signed up, who has not been heard, who would at this
11 time yet like to be heard? Yes, sir, would you care to come
12 forward?

13 Do you wish your testimony to be sworn or unsworn?

14 MR. STILP: Sworn, please, Your Honor.

15 Whereupon,

16 EUGENE P. STILP

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE KASHI: Can you state your name and address for
20 the record?

21 THE WITNESS: Yes, Eugene P. Stilp, 1550 Fishing
22 Creek Valley Road, Harrisburg, Pennsylvania, 17112.

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

24 THE WITNESS: Environmental advocate.

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

1 THE WITNESS: Thank you for seeing me again today. I
2 know I was in Lancaster last night and I didn't expect to
3 speak there, but I had to stand up and say one thing last
4 night, so thank you for letting me speak again today.

5 As the end of the era of regulation of utility
6 monopolies draws near, the last thing on PP&L's collective
7 mind is the wants, needs and desires of the citizens of
8 Pennsylvania.

9 The key item for PP&L is: where money can be made;
10 how does this company make money; how does the management of
11 this company make money into the next century.

12 As utility case after utility case boringly winds it
13 way through the new PUC process, the last thing on the mind
14 of the Governor, Tom Ridge of Pennsylvania, is the wants,
15 needs and desires of the citizens of Pennsylvania. The only
16 thing on his mind is how the cases affect his chances of
17 being the Governor of Pennsylvania during the next term.

18 He couldn't give a hoot about competition, because
19 the way the Act is structured and being implemented, the
20 current utilities will end up as they are now, monopolies,
21 except that in a few short years, they will be unregulated.

22 In the current case, there is an interesting history,
23 the PP&L case. Most people learned that nuclear plants were
24 totally uneconomical beginning in 1979 or shortly
25 thereafter. No plant planned since 1974 has been built.

1 Some stopped right in the middle of construction.

2 So what does this mean for PP&L? At some point way
3 back in 1979, 1980, 1981, 1982, if only someone had warned
4 the shareholders of PP&L that it wasn't a good idea to sink
5 more of their hard earned money into these stranded assets.

6 If only they had known, if only they had been warned,
7 they would have rose up, corrected the management and got
8 out of the dead end investment that leads to the financial
9 ruin of today. How can they be held responsible now?

10 They should obviously be bailed out to the tune of
11 \$4.6 billion so they can get on with the company in a solid
12 condition and be forgiven for their foolishness. They have
13 no responsibility, the shareholders think. They weren't
14 warned. Management said all would be well.

15 But what if they knew? What if they were warned?
16 What if they consciously voted to continue down the path,
17 voted to continue down the path with full knowledge that it
18 wasn't a wise investment, that their future stranded assets
19 of today wouldn't even be entirely included?

20 They were warned. In the very early eighties, when
21 other companies were making hard decisions that guaranteed
22 their future financial strength, the shareholders of PP&L,
23 at their annual meetings, were presented with shareholders'
24 resolutions in their corporate documents that clearly gave
25 them the option of rejecting or accepting the stranded asset

1 path.

2 It was clear that the Susquehanna-1 and Susquehanna-2
3 were the millstones around the neck of the company, and the
4 decision to build them one day would haunt the financial
5 hallways of PP&L and the shareholders' portfolios.

6 That day is here. The shareholders must stand up and
7 take the responsibility for their mistakes. There will be
8 no bail-out for the \$4.6 billion, for their horrible and
9 preventable mistakes of Susquehanna Unit 1 and Unit 2. They
10 were warned in shareholders' resolutions and economic
11 studies of the late seventies and early eighties.

12 Not one dime of ratepayer money should go to this
13 immoral bail-out, not one dime from one resident homeowner
14 who is struggling daily to pay the mortgage on his home and
15 save for the kids' college education. Not one dime should
16 go to paying off PP&L's mortgage.

17 Not one dime from small businesses that are
18 struggling to pay their own debts should go to the bail-out
19 of PP&L from its self-imposed debt. Not one dime from any
20 major industry in the PP&L service area should go to bail
21 out this badly managed company.

22 Their PR in the state says, "Oh, we're so much better
23 than PECO." That's like saying that manslaughter is nothing
24 because PECO murders. They're both crimes. PP&L cannot be
25 forgiven for its actions in this state.

1 Today, let it be known that there will be no
2 settlement in the PP&L case like is being attempted in the
3 PECO case.

4 Ratepayers will not give PP&L one dime. Ratepayers
5 will not settle for what is happening in the PECO case. No
6 group in this case will roll over like Fumo and CEPA did in
7 the PECO case.

8 No ratepayer will stand for the horrible begging
9 posture that the Consumer Advocate's office displayed before
10 they too rolled over at the beck and call of PECO.

11 If the Consumer Advocate's office is being crushed
12 budgetarily by Senator Tomlinson and the Senate, and is
13 being threatened by the Attorney General, then stand up and
14 say so so the citizens of Pennsylvania can come to your aid.

15 The Consumer Advocate's office would have accepted
16 the Pennsylvania Electric Association settlement in the
17 pilot case and injured the consumer if consumer groups and
18 environmental groups hadn't said, "Damn it, when are you
19 going to stand up for the consumer?"

20 The ratepayers who are small businesses will not
21 accept the rollover that the Small Business Advocate did in
22 the PECO settlement, either.

23 If small businesses have this kind of representation
24 and advocacy from the business advocate in this state, they
25 might as well get ready to go bankrupt as he gives the store

1 away.

2 Those associations who he is working for better take
3 a second look at the positions that are being advocated and
4 the settlements that are being advocated.

5 Therefore, PP&L obviously will not settle and the
6 case will go before Tom Ridge's hand-picked PUC. Earlier
7 this year, we saw that an Administrative Law Judge
8 recommended a very slim amount in the securitization case.
9 Next, we saw Tom Ridge's PUC, including a member who had
10 hardly any knowledge of PUC matters and should have rightly
11 recused herself, voting to give PECO a securitization of
12 \$1.1 billion.

13 But still, after all this, will the ratepayers get a
14 break in the PP&L case? Yes, they'll get a break. The
15 ratepayer will have his business broken, his bank account
16 broken into, and any faith that the ratepayer had in
17 Tom Ridge's fake deregulation scheme will be entirely
18 broken.

19 We are not going away. We have just begun to fight,
20 and we will win. Thank you.

21 JUDGE KASHI: Thank you very much.

22 Are there any questions of the gentleman? Mr. Ryan?

23 MR. RYAN: No, Your Honor.

24 JUDGE KASHI: Mr. Mullins?

25 MR. MULLINS: None at all, Your Honor.

1 JUDGE KASHI: Mr. Simms?

2 MR. SIMMS: No questions, Your Honor.

3 JUDGE KASHI: Mr. Russell?

4 MR. RUSSELL: None, Your Honor.

5 JUDGE KASHI: Commissioner Hanger?

6 COMMISSIONER HANGER: No questions.

7 JUDGE KASHI: Thank you very much, sir. You are
8 excused. Thank you for presenting.

9 That concludes the list of those people who were on
10 the list and those people who I asked whether there was
11 anyone left who had something to say.

12 And I always do this, anyway. One last call: Is
13 there anyone in this hearing room who has not yet been
14 heard, who has not signed up, who would yet still like to be
15 heard?

16 (No response.)

17 JUDGE KASHI: Let the record show that there's no
18 response.

19 I want to thank you on my behalf, on behalf of the
20 Commission and all of those people that we are working so
21 diligently to bring adequate, helpful competition to out of
22 this matter.

23 We will adjourn and reconvene this evening at 7:00 in
24 Bethlehem. Thank you very much. We stand adjourned.

25

(Whereupon, at 2:05 p.m., the hearing was adjourned, to be reconvened at 7:00 p.m., this same day, in Bethlehem, Pennsylvania.)

C E R T I F I C A T E

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

COMMONWEALTH REPORTING COMPANY, INC.

By: John A. Kelly

John A. Kelly,
Certified Verbatim Reporter

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FORM 2

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