



## APPEARANCES (Continued):

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## P R O C E E D I N G S

1  
2 ADMINISTRATIVE LAW JUDGE GEORGE M. KASHI: I'd like  
3 to call this proceeding to order. Ladies and gentlemen, I  
4 am Judge Kashi. I am the Administrative Law Judge who has  
5 been assigned to handle this case, this restructuring  
6 application of PP&L, to hold the hearings, to marshal the  
7 evidence, and to make a recommended decision to the  
8 Commission. My decision will be due to the Commission  
9 sometime on or about November 13.

10 In April we had an initial round of public input  
11 hearings. We then held two weeks of cross-examination of  
12 the testimony that was presented by some 35 parties to the  
13 case. At the conclusion of that, we determined that perhaps  
14 the public had not yet had sufficient information about the  
15 restructuring, and I determined that we would hold a second  
16 round of public input hearings to give the public an  
17 opportunity to put their information in; and so that's why  
18 we're back here again tonight.

19 You'll have an opportunity this evening to put your  
20 testimony or whatever it is you want to say in either in  
21 sworn or unsworn testimony, and I encourage you to have it  
22 sworn merely because when it becomes sworn, it becomes part  
23 of the record. As part of the record, I can consider it  
24 when I make my recommended decision; the parties can  
25 consider it when they argue it in their briefs to me; and

1 the Commission can consider it in its final decision.

2 If, however, you choose just to get something off  
3 your chest, we'll listen to that also, but I want you to  
4 understand that does not become part of the record. I  
5 cannot base any findings upon anything that is not part of  
6 the record.

7 With me tonight are a number of statutory parties.  
8 Obviously, not all 35 parties are here tonight. The parties  
9 run the gamut from a number of alternate suppliers through  
10 large industrial customers, through public interest groups  
11 representing environmentalists, AARP, on and on and on. My  
12 estimation is in doing this case, that the number of  
13 interests that are represented is a fair representation of  
14 the constituency of the Commonwealth and of the ratepayers  
15 of PP&L, that all interests in this matter are in fact  
16 fairly represented.

17 The parties here tonight are statutorily obligated.  
18 They are creatures of statute and have specific interests  
19 that they are supposed to represent. I will introduce those  
20 people to you and give them an opportunity to tell you what  
21 it is that they do in this particular matter.

22 To my extreme right is Mr. Mullins. Mr. Mullins is  
23 with the Office of Consumer Advocate. Next to me on my  
24 right is Mr. Bernard Ryan. Mr. Ryan is the Office of Small  
25 Business Advocate. To my left is Mr. Johnnie Simms, who is

1 with the Office of Trial Staff with the Public Utility  
2 Commission. To his left is Mr. Paul Russell. Mr. Russell  
3 is counsel for PP&L.

4 With that, we're here tonight to hear what you have  
5 to say about the restructuring. We're at a delicate  
6 situation in the case right now as far as I've heard most of  
7 the evidence. In that two-week period we were doing 12-hour  
8 days. We heard 57 witnesses cross-examined. Their  
9 testimony had all been prefiled written testimony. So for  
10 two weeks we had cross-examination on that testimony is what  
11 took place.

12 Tonight it's your night. It would be difficult to  
13 answer questions from me, because with all the other parties  
14 not being present, it would put me in somewhat of a bind.  
15 But that's not what we're here for. We're here to hear what  
16 you think about the restructuring, the deregulation  
17 regarding competition in generation of electricity.

18 Mr. Mullins.

19 MR. MULLINS: Thank you, Your Honor. Good evening.  
20 My name is James A. Mullins, and I represent the  
21 Pennsylvania Office of Consumer Advocate. The Office of  
22 Consumer Advocate was created by statute to represent the  
23 residential interests of the customers within the  
24 Commonwealth. The current Consumer Advocate is Irwin A.  
25 Popowsky, and he has served in that capacity since 1990.

1           As the Judge indicated, we have just concluded two  
2 weeks of administrative hearings. Throughout those  
3 hearings, the OCA presented the expert testimony of six  
4 witnesses, and those witnesses addressed some of the issues  
5 that resulted from PP&L's filing.

6           As the Judge indicated, this is a public input  
7 hearing, which means we are here to hear from you, so we  
8 invite you to take the stand and please testify under oath.  
9 If you testify under oath, your statement is considered  
10 sworn, which means the Judge, the parties and the Commission  
11 can consider your statements as they arrive at their  
12 determinations.

13           Once again, I'd like to thank you for coming out, and  
14 I look forward to hearing from you.

15           JUDGE KASHI: Thank you, Mr. Mullins.

16           Mr. Ryan.

17           MR. RYAN: Thank you, Judge Kashi. I am Bernard  
18 Ryan. I am the state's Small Business Advocate. The office  
19 that I head represents the small business customers of PP&L  
20 and indeed all the public utilities in the Commonwealth of  
21 Pennsylvania. Our office is an active participant in this  
22 case. One of the 57 witnesses that the Judge mentioned  
23 testified on behalf of the Small Business Advocate's office  
24 and was cross-examined on his testimony.

25           The only one thing that I would point out is that

1 while the Judge is subject to severe restrictions on what he  
2 can say and not being able to answer your questions, et  
3 cetera, because of his position in the case, that doesn't  
4 apply to us as long as we're out of earshot of the Judge.  
5 So that when the hearing ends, if any of you have any  
6 questions, I'm sure the rest of us, with the exception of  
7 Judge Kashi, would be willing to talk to you and try to  
8 answer those questions, but this is actually a hearing for  
9 us to hear you talk, not us. Therefore, I'm finished.  
10 Thank you.

11 JUDGE KASHI: Thank you, Mr. Ryan.

12 Mr. Simms, sir.

13 MR. SIMMS: Thank you, Your Honor. Good evening. My  
14 name is Johnnie Simms. I'm an attorney in the Commission's  
15 Office of Trial Staff. Our office by statute is required to  
16 represent the public interests in proceedings such as PP&L.  
17 We had about three witnesses who testified in this case  
18 regarding the restructuring plan that PP&L filed.

19 At this time I would like to encourage you to testify  
20 tonight, do so under oath, and I look forward to your  
21 comments.

22 Now, to your right on the table in the back is some  
23 information and pamphlets regarding electric competition and  
24 the Choice Act. I would ask that you partake of the  
25 information and look at it. Also, there is a sign-up sheet

1 if you want additional information from the Commission.

2           Once again, I want to thank you for your attendance  
3 tonight. I look forward to your comments. And like Mr.  
4 Ryan said, if you have any questions after this public  
5 input, I will be here and will attempt to answer your  
6 questions.

7           Thank you very much.

8           JUDGE KASHI: Thank you, Mr. Simms.

9           Mr. Russell.

10           MR. RUSSELL: Thank you, Your Honor. My name is Paul  
11 Russell. I'm a lawyer in PP&L's legal department, and I'm  
12 one of the lawyers representing the company in this case.

13           PP&L was an early advocate of retail competition. We  
14 were strong supporters of the Customer Choice Act that  
15 Governor Ridge signed in December of last year. One  
16 provision of that Act requires each electric utility to file  
17 with the Commission a plan for moving to competition. PP&L  
18 asked for permission to file its plan early. That request  
19 was granted, and we filed the plan on April 1 of this year,  
20 and that restructuring plan is the purpose of tonight's  
21 public input hearing.

22           PP&L strongly supports public input hearings. We  
23 view these hearings as an important component of the  
24 Commission's decision-making process, because it gives you  
25 an opportunity to provide input to the Judge and to the

1 Commissioners before they make their decision. I want to  
2 join the other parties in thanking you for attending today  
3 and also join the other parties in encouraging you to  
4 testify under oath.

5 In closing, I would like to introduce one other  
6 person from PP&L. Rich Beasley, who has been delayed, will  
7 be here a little later this evening. Rich and I will stay  
8 throughout the evening and after the hearing is concluded to  
9 answer any questions you might have about your own bill or  
10 your own service.

11 Again, thank you.

12 JUDGE KASHI: Ladies and gentlemen, before we  
13 started, we had placed a sign-up sheet, if you wish to  
14 testify, on the podium. I've noticed that some people have  
15 drifted in since that was done. If in fact you haven't  
16 signed up and wish to speak, would you please come forward  
17 and put your name on it so we can call you.

18 (Pause.)

19 JUDGE KASHI: Irv Behle. Mr. Behle, could you come  
20 forward, please? Do you wish your testimony to be sworn or  
21 unsworn, sir?

22 MR. BEHLE: Sworn.

23 JUDGE KASHI: Would you raise your right hand and be  
24 sworn?  
25

1 Whereupon,

2 IRV BEHLE

3 having been duly sworn, testified as follows:

4 JUDGE KASHI: Please state your name and address for  
5 the record.

6 DIRECT TESTIMONY

7 THE WITNESS: Irv Behle, 108 Naphin Hill Drive,  
8 Dunmore.

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

10 THE WITNESS: I'm retired.

11 JUDGE KASHI: What brings you here tonight?

12 THE WITNESS: In question of what is happening on  
13 this agenda tonight. What I'd like to know is: how many  
14 companies are involved in this situation that we're talking  
15 about tonight?

16 JUDGE KASHI: At the present time, what I can tell  
17 you is that the last that I've seen is there are  
18 approximately 21 applications that have been filed with the  
19 Commission by alternate suppliers to provide generation of  
20 power in Pennsylvania.

21 THE WITNESS: Now, if somebody decides to get in the  
22 lower rate, do they have to sign a contract for a year or  
23 what is the situation there?

24 JUDGE KASHI: I can't get into that with you, sir.

25 THE WITNESS: Well, that's one of the questions that

1 I think some of us would like to know. If we find "A"  
2 company is cheaper than "B" company and we want to sign up  
3 with them, do we have to sign up for a year, or is it a  
4 monthly contract, or what is the story on that? That seems  
5 to be one of the things that maybe people might be  
6 interested in.

7 JUDGE KASHI: I understand.

8 THE WITNESS: Another thing is if "A" company is  
9 cheaper than PP&L, what stops PP&L from raising the prices  
10 of delivering the power? And so therefore, would it be  
11 competitive? That seems to be a concern right there.

12 We're all interested in getting a cheaper power rate,  
13 but if PP&L for some reason or another decides to raise the  
14 service fees, then where do we stand? We're right back to  
15 square one again.

16 That's about what I have that my concern is tonight.  
17 Thank you.

18 JUDGE KASHI: One second, Mr. Behle.

19 Mr. Ryan, do you have something you wanted to say?

20 MR. RYAN: A question, but it's really more of a  
21 comment.

22 Do you understand that the law we're talking about  
23 that brings us here tonight only deregulated the sale of  
24 electricity? The part you're talking about there at the end  
25 about the delivery service, that will still be regulated by

1 the PUC, and that's what would stop them from increasing --  
2 I mean, they'd have to go through a conventional rate case,  
3 plus the fact is they are capped for 4-1/2 years.

4 THE WITNESS: We still don't know what the rate case  
5 would be on delivery, do we not?

6 MR. RYAN: That would happen in the future. If after  
7 4-1/2 years from now, if -- I guess it's 4-1/2 years from  
8 the first of the year -- if PP&L wanted to increase its  
9 distribution charges, delivery charge, it would have to file  
10 a rate case at the PUC, and you go through the whole process  
11 that we did for 100 years in setting electric rates.

12 THE WITNESS: Well, getting back to my original  
13 question, as I said before, if you decide on "A" company  
14 instead of PP&L, and then all of a sudden it is raised above  
15 PP&L now, can you change and go back to PP&L again?

16 MR. RYAN: We'll talk to you about that afterwards.

17 THE WITNESS: Okay; thank you.

18 (Witness excused.)

19 MS. DeHOFF: Can you give us the 21 applications, the  
20 companies? Where are they from? Maine, Nebraska? Who has  
21 submitted these applications, what companies? You have 21.

22 JUDGE KASHI: I don't have the list in front of me.

23 MS. DeHOFF: But where are they from?

24 JUDGE KASHI: They're from all over.

25 MS. DeHOFF: All over the country?

1 JUDGE KASHI: From California to New Hampshire.

2 MS. DeHOFF: Can you get that published in the paper  
3 so that the public gets informed?

4 JUDGE KASHI: There are also a number of Pennsylvania  
5 utilities that have filed to be able to sell generation in  
6 other companies' territories.

7 MS. DeHOFF: I had no idea that anybody from out of  
8 the state had made application up until this point in time.

9 JUDGE KASHI: Those applications have not yet been  
10 heard.

11 MS. DeHOFF: But they're from all over the country?

12 JUDGE KASHI: They are from various parts of the  
13 country. But you also have to realize that all of the  
14 utilities in the Commonwealth themselves have also filed so  
15 that they can participate in other utilities' territories,  
16 like Allegheny Power, PECO, those types of companies.

17 MS. DeHOFF: Well, I've read that PECO is trying to  
18 buy nuclear power plants in Maine and --

19 JUDGE KASHI: Could you just let me follow the  
20 procedure here and we'll get to your inquiry later?

21 MS. DeHOFF: Okay. I mean, that's sort of a concern.

22 JUDGE KASHI: Sue Fracke. Do you wish your testimony  
23 to be sworn or unsworn?

24 MS. FRACKE: Yes, I do.

25 JUDGE KASHI: Would you raise your right hand and be

1 sworn?

2 Whereupon,

3 SUE FRACKE

4 having been duly sworn, testified as follows:

5 JUDGE KASHI: Please state your name and address for  
6 the record.

7 DIRECT TESTIMONY

8 THE WITNESS: My name is Sue Fracke. I live at R.R.  
9 2, Box 579, Sugarloaf, Pennsylvania.

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

11 THE WITNESS: My husband and I sell and build log  
12 homes and modular homes.

13 JUDGE KASHI: What brings you here tonight?

14 THE WITNESS: The concern about the restructuring and  
15 my feelings about it.

16 JUDGE KASHI: And what are your concerns and feelings  
17 about it?

18 THE WITNESS: Well, I'd like to read them to you.

19 JUDGE KASHI: Sure.

20 THE WITNESS: Is that okay?

21 JUDGE KASHI: That's fine.

22 THE WITNESS: I live within the 10-mile dead zone of  
23 the Berwick Nukes, just to let you know the perimeter in  
24 which I live. I hate to be an "I told you so," but the  
25 Environmental Coalition on nuclear power and the Susquehanna

1 Alliance along with many other environmental groups and  
2 ratepayers told the PUC, PP&L and anyone else who would  
3 listen that, "No, nuclear power is not too cheap to meter."

4 Jim Perkins and Dave Mann of the Susquehanna Alliance  
5 in 1981 did an "Economic impact of Susquehanna, a Nuclear  
6 Power Plant." This is a study of the assessment of the  
7 impact upon ratepayers. I believe the PUC has a copy of it  
8 back in their files. On page S.3, it states, "Depending on  
9 how well the reactors operate, the inflation-adjusted  
10 increases over 1983 levels will begin to decline. By the  
11 fifth year, the additional cost to ratepayers will have  
12 declined to a real inflation-adjusted figure 15 to 25  
13 percent higher than it would have been without the plant."  
14 Depending on assumptions, the study indicates that "it will  
15 take 8 to 15 years before the annual benefits outweigh the  
16 annual costs."

17 Well, here we are 14 years after Unit 1 opened, and  
18 PP&L and PECO are screaming for bailouts. Obviously, things  
19 are far worse than we even predicted. Or are they? How  
20 many of us who have our own business are guaranteed an area  
21 with little or no competition, guaranteed wages and  
22 benefits, and a guaranteed profit? Costs go up; get another  
23 rate hike by one name or another. They have so much profits  
24 that they could invest overseas, enough profits that they  
25 can give CAN DO, the economic development organization in

1 Hazleton, a \$2 million interest-free loan for ten years.  
2 And PP&L is going to tell us that they are so poor that they  
3 can't pay for their own bad investment? I don't think so.  
4 I think this whole restructuring or choose your own electric  
5 company for cheaper rates was rigged up by the nuclear  
6 utilities to fool the public of their real intentions.

7 My husband and I went to a meeting in Philadelphia  
8 almost a year ago where we were promised if we signed up,  
9 that they would give us some kind of a machine, generator,  
10 or whatever, that would give us free electricity. We think  
11 it must be something that would generate more electricity  
12 than we would need and would go on the grid and the company  
13 would collect money from PP&L for its excess power.

14 Now, if this was on the up and up, which we had our  
15 doubts, this option would no longer be viable if PP&L gets  
16 its restructured bailout, which brings us back to no choice  
17 as long as we stay hooked up to the power lines. So, in  
18 essence, PP&L is saying: choose your own electric company,  
19 but you can only choose us. In my book, this is no choice.  
20 Your average scam artist seems like a saint compared to the  
21 nuclear utilities.

22 Let's go back in history a little bit. In the 1950s,  
23 the U.S. Government wanted us to use the "peaceable atom,"  
24 which was another sham. The government prodded the  
25 utilities to go with nuclear power plants to generate

1 electricity. When the utilities started to look into this  
2 plan, they found the insurance industry said, in effect, "No  
3 dice." How come? Because they knew back then that nuclear  
4 power was neither stable nor safe. Check your homeowner's  
5 insurance and car insurance. You'll find a nuclear  
6 exclusion clause. Yep, you're not insured for nuclear  
7 accidents anyway you get them.

8 Our compassionate government then passed the Price-  
9 Anderson Act in 1957 making the utilities liable for about  
10 7 cents on the dollar. But don't feel bad for the  
11 utilities. The Nuclear Regulatory Commission has passed  
12 some kind of vague resolution that they could wait possibly  
13 20 years or so before they have to assess the damages, and  
14 it better be a really bad accident. Of course, probably  
15 everybody would be old or dead by then, but what the hell.  
16 Don't you feel better for the nuclear utilities now? They  
17 got an insurance bailout.

18 What about all the money they pour into research and  
19 development? Still feeling sorry for the nuclear, we'll  
20 give you cancer, utilities? Not to worry. Our  
21 compassionate government, who won't give us health care,  
22 waived their magic wand, taxpayers, and blessed the  
23 utilities with subsidized research and development, another  
24 bailout.

25 Then a few years ago Congress passed the National

1 Energy Strategy Bill and basically took away our First  
2 Amendment rights of free speech, which means our democracy,  
3 too. In order to make it easier to allow more nuclear power  
4 plants to come on line, the public can only have hearings if  
5 you can show your concern is a new concern. Forget that  
6 they still haven't solved the waste problem. That's old  
7 news. Can't talk about it.

8 Will the new plants stop emitting radiation under  
9 normal operating conditions that may contribute to cancer  
10 deaths? Betcha they won't. Old news. Don't worry. The  
11 doctors love it.

12 What about the high level waste that the utilities  
13 are accumulating in their spent fuel pools and dry casks on  
14 site? Yep, the U.S. Government has promised to find a good  
15 or a bad place to put it and take possession of it at the  
16 taxpayers' expense.

17 Low level radioactive waste? Are you really still  
18 worried about the utilities? Don't worry, be happy.  
19 Chem/Nuclear is still looking for a volunteer community that  
20 wants a higher cancer risk. Now, if they just don't run out  
21 of money again. And if they do find a site and should  
22 happen to go bankrupt or run out their 30 years, well, the  
23 state, taxpayers, will take over.

24 High level and low level bailouts. So if PP&L gets a  
25 bailout for the rest of their nuclear power plant costs,

1 what is left for them to put out money for? An insurance  
2 bailout? Research and development bailout? Free speech and  
3 democracy bailout? High level waste bailout? Low level  
4 waste bailout? Decommissioning bailout? Bad investment,  
5 stranded costs, bailout? Wow. Might as well build another  
6 nuclear power plant for the hell of it.

7 And now for the hooker. Back in the Northeast  
8 Pennsylvania Business Journal, January 1990, on page 14,  
9 according to PP&L's now deceased, then Chief Executive  
10 Officer, Robert Campbell, PP&L is already laying the  
11 groundwork for its next generating plant. "Depending upon  
12 the national support for nuclear power, we could build a  
13 nuclear plant," Campbell said in a recent interview. "I  
14 would think within ten years we will have made a decision as  
15 to what kind of plant we will build."

16 So if PP&L gets their final bailout, what do you  
17 think will be the cheapest plant for them to build? Does  
18 energy conservation or solar energy or any other alternative  
19 energies have a chance? Do we have a choice?

20 The ratepayers and taxpayers for the last 14 years  
21 have been paying for two nuclear power plants that we never  
22 needed. Two winters ago when we were up to our -- past our  
23 knees with snow, both nuclear power plants were shut down at  
24 the same time and nobody's lights even blinked; and PP&L is  
25 a winter peaking utility. If nobody buys all the excess

1 power and it just floats around on the grid, I guess we have  
2 to pay for it anyway.

3 Judge Kashi, I hope you will recommend absolutely no  
4 bailout for PP&L nor any other utilities, and I hope the PUC  
5 would follow that recommendation. It would be a start to  
6 welcome PP&L's stockholders to the world that the rest of us  
7 live in.

8 Besides, when I turn on my lights, someday I would  
9 like to know that I'm not contributing to the one out of  
10 three people that can expect to get cancer in their  
11 lifetime.

12 Thank you.

13 JUDGE KASHI: Thank you very much, ma'am.

14 Questions from counsel? Mr. Mullins?

15 MR. MULLINS: No, Your Honor.

16 JUDGE KASHI: Mr. Ryan?

17 MR. RYAN: No questions, Your Honor.

18 JUDGE KASHI: Mr. Simms?

19 MR. SIMMS: No questions, Your Honor.

20 JUDGE KASHI: Mr. Russell?

21 MR. RUSSELL: No questions, Your Honor.

22 JUDGE KASHI: Thank you very much, ma'am. You are  
23 excused. We appreciate you coming.

24 (Witness excused.)

25 JUDGE KASHI: Mr. Joseph Pinto, Sr. Sir, do you wish

1 your testimony to be sworn or unsworn?

2 MR. PINTO: I do.

3 JUDGE KASHI: Would you raise your right hand and be  
4 sworn, sir?

5 Whereupon,

6 JOSEPH J. PINTO, SR.

7 having been duly sworn, testified as follows:

8 JUDGE KASHI: Please state your name and address for  
9 the record, sir.

10 DIRECT TESTIMONY

11 THE WITNESS: Joseph J. Pinto, Sr., R.R. 4, Box 390,  
12 Lake Ariel, Wayne County, Pennsylvania.

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

14 THE WITNESS: I'm a retired federal employee.

15 JUDGE KASHI: What brings you here tonight?

16 THE WITNESS: I have several concerns. The lady just  
17 addressed quite a few of them. However, she doesn't have  
18 the experience. I do. I am also an atomic vet. I belong  
19 to two organizations, the National Association of Retired  
20 Survivors and National Association of Atomic Vets.

21 Way back in '57 and '58, I was involved in the actual  
22 testing of nuclear devices at Eniwetok in the Marshall  
23 Islands. I was under the jurisdiction of the U.S. Army, the  
24 Department of Defense, and the Atomic Energy Commission, so  
25 I feel quite qualified as to what nuclear testing and

1 devices can and will do. I am not an expert. I will not  
2 testify as such. However, I have been suffering with many,  
3 many ailments, as has several hundred thousands of veterans,  
4 who have been complaining to the government, and like the  
5 Agent Orange, we just get shoved off. Some day they'll die.  
6 They won't bother us.

7 I can personally testify that I personally have over  
8 two dozen lumps on my upper torso because of atomic energy.  
9 Believe me; it is no toy. Atomic energy is very, very,  
10 very, very, very dangerous, and I hope I emphasize that  
11 enough. I've seen the direct results of atomic energy, but  
12 it is even more dangerous as far as the long-lasting  
13 effects, the fallout, et cetera, et cetera.

14 My main concern is this \$4 billion bailout, as these  
15 people are calling it. I feel that it should not be granted  
16 for several reasons. Basically, I believe in free  
17 enterprise. I'd like to give you an example. If I were a  
18 commercial baker servicing, say, 100 customers, stores,  
19 delis, et cetera, and all of a sudden my oven broke, now, I  
20 cannot go to these hundred customers and say, "Hey, Jake,  
21 Joe, Mike, Pete, my oven is broke. I need \$10,000 to  
22 replace this." Do you think they're going to give me a  
23 share to replace this? I doubt it. And I don't feel PP&L  
24 through the PUC should be granted this bailout.

25 I wasn't quite prepared. I hope you'll bear with me.

1 JUDGE KASHI: Take your time.

2 THE WITNESS: I'll try to collect my thoughts. Based  
3 on that fact, there is still a monopoly no matter which way  
4 we go, and it should be broken.

5 Now, I'm not sure. Maybe these people can explain it  
6 to me. Under this new construction, reconstruction,  
7 whatever you want to call it, we're going to have several  
8 bids, several companies supposedly giving us cheaper, more  
9 economical, whatever term you want to use, electricity.  
10 PP&L is going to use their lines. Now, in my simple  
11 education of electric lines, et cetera, you start with a  
12 generation plant. You go through a line. The line delivers  
13 through another separate line to a residence, building,  
14 whatever you want to call it.

15 Now, I have a question, basically. My  
16 misunderstanding or whatever you want to call it is: how  
17 will -- let me give you an example. Maybe it will be  
18 better. We have three residences, yours, theirs and mine.  
19 Yours is going to pick Company A. Theirs is going to pick  
20 Company B. I decide to stay with Company PP&L. Now, this  
21 electricity is all coming over the same line. Now, I don't  
22 think people here are that stupid or anybody, for that  
23 matter. Now, how are they, besides using a meter, going to  
24 identify what company is servicing each and every one of  
25 these companies when it's coming over the same line?

1           Now, getting back to the generation of the plant  
2 where it's all starting, how are these companies going to  
3 generate? I just don't understand. You have one generator,  
4 but yet many companies. It doesn't seem logical.

5           JUDGE KASHI: Well, there is going to be more than  
6 one generator, sir.

7           THE WITNESS: Well, we're still having the one main  
8 line delivering this electricity.

9           JUDGE KASHI: The people who are generating and  
10 sending it are paying for the use of the lines.

11          THE WITNESS: Okay. That was the point that I was  
12 going to make that I forgot before.

13          Going back to nuclear, PP&L some 20 years ago came  
14 out and said, "We are going to build a nuclear plant. We  
15 are going to save you people money." Well, I haven't seen  
16 any savings, and I'm 63 years old. I have two properties,  
17 and I've been paying electric bills for many, many years.  
18 And it doesn't go down; it goes up.

19          Now, I don't feel that we should bail out the company  
20 because of their mistakes. The reasons they increase, as I  
21 understand it and everybody else possibly understands, is  
22 because of these burnouts, the rods melting, et cetera, et  
23 cetera. That costs money. I don't feel that we, the  
24 consumers, should pay for free enterprise, an entity such as  
25 PP&L, for their mistakes, for their cost of operation.

1 I always laugh when I get my bill and I see a  
2 separate cost for fuel. I mean, if I go to buy a car, I  
3 want to buy a car with a motor, tires, et cetera. I don't  
4 feel that I should pay for the car, I should pay extra for  
5 the tires, I should pay extra for the radio, et cetera.  
6 Some things, yes, I understand, but when I see a bill with  
7 PP&L charges for kilowatts, et cetera, and then another  
8 charge for fuel, that's just outrageous. It should be  
9 included in the cost of their commercial vending of  
10 electricity.

11 I won't take too much more time, but I oppose 100  
12 percent the bailout. I oppose any type of -- I'm trying to  
13 think of the word -- of this type of -- well, I just don't  
14 believe that it's going to work out with all these people  
15 coming in and saying, "We're going to give you this. We're  
16 going to give you that." I don't see how it's going to be  
17 done on one generation line without a problem.

18 Thank you.

19 JUDGE KASHI: Thank you very much, sir.

20 Any questions of the gentleman? Mr. Mullins?

21 MR. MULLINS: No questions.

22 JUDGE KASHI: Mr. Ryan?

23 MR. RYAN: No questions.

24 JUDGE KASHI: Mr. Simms?

25 MR. SIMMS: No questions.

1 JUDGE KASHI: Mr. Russell?

2 MR. RUSSELL: No questions.

3 JUDGE KASHI: I'd like to say something, and I have  
4 to be very careful about it, because there are decisions  
5 that have to be made about it. The term that I keep  
6 hearing, "bailout," what I'm referring that to in my mind is  
7 the concept of what is being called the stranded costs. I'm  
8 sure that's what you all hear, about stranded costs; all  
9 right?

10 THE WITNESS: Yes.

11 JUDGE KASHI: Now, what I want you to understand is  
12 that when your legislature passed the bill, when it passed  
13 Generation Choice, it built into that legislation a  
14 definition of stranded costs. The simplest way that I can  
15 give you to understand what stranded costs are, the  
16 philosophy developed out of the savings and loan situation  
17 years ago that says that where a monopolistic type of  
18 utility was forced or encouraged by federal government or  
19 state government to enter into certain endeavors which they  
20 would then under that regulatory monopoly be able to recover  
21 over a number of years, and now, for whatever reason, the  
22 regulatory obligation has now been broken and they are no  
23 longer going to be able to collect that in a monopolistic  
24 type of fashion, and the question is whether or not they  
25 would have built that to begin with, certain of those type

1 of costs are going to be defined as stranded costs by virtue  
2 of the fact that they were required.

3 Now, the questions that are in front of me are: how  
4 much of it was required? Secondly, the questions are: what  
5 is the value of those costs? And thirdly: how much should  
6 the ratepayer bear of those particular costs?

7 There are a number of issues in here, but what I want  
8 you to understand, and the only thing that I want you to  
9 understand out of this, is that what we're talking about is  
10 something that has already been defined by your legislature.  
11 They are the ones that passed the Act. They are the ones  
12 who said stranded costs are recoverable; and they turned  
13 around and sent it to the PUC to be implemented. I want you  
14 to understand that.

15 So when you're talking about bailout, remember what  
16 you're talking about. You're talking about something that  
17 has been legislatively defined as stranded costs.

18 (Witness excused.)

19 JUDGE KASHI: Going on, Margaret Mansell. Ma'am, do  
20 you wish your testimony to be sworn or unsworn?

21 MS. MANSELL: Sworn.

22 JUDGE KASHI: Would you raise your right hand and be  
23 sworn?  
24  
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1 Whereupon,

2 MARGARET MANSELL

3 having been duly sworn, testified as follows:

4 JUDGE KASHI: Please state your name and address for  
5 the record, ma'am.

6 DIRECT TESTIMONY

7 THE WITNESS: Margaret Mansell, 317 South Mill  
8 Street, St. Clair, Pennsylvania.

9 JUDGE KASHI: Good town. What is that you do, ma'am?

10 THE WITNESS: I'm retired, naturally, but I had been  
11 -- I'm an auditor, a borough auditor, and I had been a  
12 reporter before.

13 JUDGE KASHI: What brings you here tonight?

14 THE WITNESS: Trying to get some understanding of the  
15 bill and of the structure. We don't read it in the paper.  
16 Our papers have shown very little of it, and I was trying to  
17 get some understanding and the consequences that we will  
18 have to pay for.

19 It is remarkable that Act 138 of 1996 can deregulate  
20 a monopoly, put undefined stranded costs on ratepayers, and  
21 still use the word "just" so infrequently. In a quick  
22 reading of the bill -- I only had it for a day -- only once  
23 did I read the word "just." Only once do I recall reading  
24 that the Commission should allow prudently incurred costs or  
25 consider efforts to mitigate stranded costs; and then,

1 sadly, the word "just" or the phrases were not related to  
2 ratepayers' stranded costs.

3           Probably if the bill were more direct and definitive,  
4 this litigation would have been precluded. However, since  
5 the Act is so vital to ratepayers and Pennsylvania's  
6 economic and environmental survival is vague and  
7 controversial, it is imperative that I, as a ratepayer and  
8 Pennsylvania resident, try to learn the full consequences of  
9 the Act and attempt to ease the financial burden of  
10 deregulation.

11           In Chapter 28, "Restructuring of Public Utility  
12 Industry," it is stated that this chapter may be cited as  
13 the Electricity Generation Customer Choice and Competition  
14 Act. Some of the following truths were established and  
15 cited in this section. Rates for electricity in this  
16 Commonwealth are on the average higher than the national  
17 average, and significant differences exist among rates of  
18 Pennsylvania electric utilities.

19           The cost of electricity is an important factor in  
20 decisions made by business concerning locating, expanding  
21 and retaining facilities in this Commonwealth. This  
22 Commonwealth must begin the transition from regulation to  
23 greater competition in the electricity generation market to  
24 benefit all classes of customers and to protect this  
25 Commonwealth's ability to compete in the national and

1 international market for jobs and industry. What I read of  
2 the bill certainly doesn't conclude that.

3           These truths put a different perspective on PP&L's  
4 application for \$4.6 billion in stranded costs. Rates in  
5 Pennsylvania have been higher than the national average.  
6 Therefore, it was not a regulated rate that caused the  
7 stranded costs. Bad business practices or decisions were  
8 not mentioned in this bill as a measurement for establishing  
9 stranded costs, but, in fairness, bad business decisions  
10 should be a deduction when establishing stranded costs.

11           The building of the Berwick Nuclear Plant was  
12 objected to and fought by many individuals and groups. My  
13 son, an environmental resource management student, and I did  
14 a critique of the environmental impact statement from a  
15 technical and ratepayer viewpoint. It was clear that the  
16 cost of the plant was underestimated, that their projection  
17 for the increase in power demand was overestimated, as was  
18 the estimated decrease in electricity costs.

19           According to Chapter 28, PP&L should have taken this  
20 long-term investment only to meet the needs of their  
21 customers. Time has proven that the plant is not a cheap  
22 generator of electricity and reinforced the opinion that  
23 supply was not a factor either.

24           In January of 1995, there was a record-setting demand  
25 for electricity. Berwick not only didn't help, but it

1 contributed to the crisis. Unit 1 was shut down and did not  
2 return to service until four days after the record demand.  
3 The same day Unit 2 shut down.

4 From these facts, it can be deduced that Pennsylvania  
5 and its residents have already paid a high price and lost  
6 money, jobs and lost industries. Paying a higher than  
7 national average electric rate deters efficiency and new  
8 industry. If the theory of free competition is correct,  
9 then the removal of guaranteed higher than national rates  
10 should force all electric companies to become more efficient  
11 and more conservative in using fuel and other non-renewable  
12 sources. However, giving PP&L a great stranded costs deal  
13 and other favorable agreements won't create a competitive  
14 marketplace and the small savings to the customers will be  
15 short lived.

16 Section 15 stresses that the Commission is empowered  
17 under this chapter to determine the level of stranded costs  
18 for each utility. The wording does not guarantee 100  
19 percent of the applied-for stranded costs, and empowerment  
20 gives the ability to determine the level of stranded costs  
21 to the PUC and not PP&L. The PUC is directed to provide a  
22 mechanism for the recovery of the appropriate amount of such  
23 costs. Note, an appropriate amount was stated, not the  
24 total amount. According to standards established in this  
25 chapter, stranded costs should have been incurred to meet

1 the needs of the customer, and not that of the stockholder.

2 PP&L is seeking a massive \$4.6 billion in stranded  
3 costs with more than half of that destined to cover the  
4 Berwick Nuclear Plant debt. The 22 percent rate increases  
5 that PP&L received to pay for the building of Berwick --  
6 incidentally, I protested those increases, also -- should be  
7 considered payment or at least factored in the final  
8 stranded costs.

9 Ratepayers already pay for radioactive waste  
10 management. They also pay 12 or 15 percent for pollution  
11 controls. Decommissioning costs should not be considered  
12 stranded costs, but should have been considered a long-term  
13 retirement expense, just as in the private sector, which  
14 PP&L will soon join. Part will be paid by PP&L and part by  
15 the ratepayer.

16 Many PP&L ratepayers are already saving PP&L hundreds  
17 of thousands of dollars by being a cheap repository for PP&L  
18 waste. Ash from the power plants considered too toxic to be  
19 dumped in the ocean is being dumped on Pennsylvania  
20 groundwater and watersheds, posing potential environmental  
21 problems.

22 The Commission should consider stranded credit for  
23 ratepayers who have endured almost 60 years of monopoly  
24 guaranteed profits, guaranteed customers, rate increases by  
25 request, higher electric rates than the national average,

1 and last, but not least, ash waste on their watersheds and  
2 soil. After enduring all of these, we, the ratepayers, only  
3 ask for an appropriate and fair deregulation transition  
4 package at a reasonable and fair cost.

5 In the bill, the General Assembly finds and declares  
6 that with new advances in electric generation technology, it  
7 is now in the public interest to permit retail customers to  
8 obtain direct access to a competitive generation market.  
9 Therefore, the PUC should realize that technology will  
10 continue to advance and make provisions in this deregulation  
11 program that will not only admit new technology, but  
12 encourage and advance energy conservation and alleviate  
13 environmental concerns.

14 (Pause.)

15 JUDGE KASHI: Do you have anything further to add,  
16 ma'am?

17 THE WITNESS: I think that's enough.

18 JUDGE KASHI: Any questions from counsel?

19 Mr. Mullins?

20 MR. MULLINS: No questions.

21 JUDGE KASHI: Mr. Ryan?

22 MR. RYAN: No questions.

23 JUDGE KASHI: Mr. Simms?

24 MR. SIMMS: No questions.

25 JUDGE KASHI: Mr. Russell?

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MR. RUSSELL: No questions.

JUDGE KASHI: Thank you very much, ma'am. We appreciate your testimony.

(Witness excused.)

JUDGE KASHI: Evelyn Andrews. Do you wish your testimony to be sworn or unsworn?

MS. ANDREWS: Sworn.

JUDGE KASHI: Please raise your hand and be sworn.

Whereupon,

**EVELYN ANDREWS**

having been duly sworn, testified as follows:

JUDGE KASHI: Please state your name and address for the record.

**DIRECT TESTIMONY**

THE WITNESS: My name is Evelyn Andrews. I live at 16 West Spruce Street in Frackville, Pennsylvania.

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

THE WITNESS: I have a list this long (indicating). No; I'm really retired.

JUDGE KASHI: Well, before you retired, give me some of that list.

THE WITNESS: I do everything. I cut grass, and I do everything.

JUDGE KASHI: I ask that question to make sure that you're not a PP&L employee.

FORM 2

1 THE WITNESS: No. My concern here today is, as  
2 everyone else, money, stranded costs, and the environment.  
3 First of all, my husband and I, when he lived, we ran a  
4 small business, and I didn't have to go to a school of  
5 higher learning or economics to know that you sold a product  
6 that was in demand at a competitive price, you paid your  
7 taxes, you paid your employees, you bought new equipment for  
8 your business, and then what was left over you realized as a  
9 profit. But it seems that with PP&L, they give very high  
10 bonuses to their management, high management, and they pay  
11 their dividends before they realize their expenses, so now  
12 they're trying to pass off these stranded costs to the  
13 customer, and they feel that they can just go on business as  
14 usual.

15 The other part that really, honestly concerns me is  
16 that in 1944 when they were getting ready to set off an atom  
17 bomb and get into nuclear technology, at that time the  
18 inventors and the scientists were very hesitant about doing  
19 it for the simple reason they said, and I remember reading  
20 this, "We are really opening a Pandora's box;" and boy, did  
21 they ever.

22 It scares the hell out of me when I hear them talk  
23 about bringing low level nuclear waste to dump in  
24 Pennsylvania. There is no such thing as low level nuclear  
25 waste, only nuclear waste. Now you have thousands of metric

1 tons of this lying in pools in these nuclear plants, and  
2 they really don't know what to do with it. So why do they  
3 continue having nuclear power plants if it is creating this  
4 problem for generations down the line, for people nowadays  
5 who are suffering from cancer; and we in this area of  
6 Pennsylvania are living in a cancer corridor, and we really  
7 don't know why other than the fact that we are being  
8 polluted on all the time.

9 So it just amazes me that they aren't doing something  
10 different and more cost-effective than these nuclear plants,  
11 that they would have to come to the PUC or Mr. and Mrs.  
12 America and ask for the money to help them with their  
13 stranded costs. I was going to say bailout, but I didn't.

14 That is my concern and a lot of the other things that  
15 were mentioned by the other people, which I thought were  
16 very good, before me; and those are the concerns that I  
17 have. Thank you.

18 JUDGE KASHI: Thank you very much.

19 Any questions from counsel?

20 MR. MULLINS: No questions.

21 MR. RYAN: No questions.

22 MR. SIMMS: No questions.

23 MR. RUSSELL: No questions.

24 JUDGE KASHI: You're excused, ma'am. Thank you.

25 (Witness excused.)

1 JUDGE KASHI: Mr. Gene Molino. Sir, do you wish your  
2 testimony to be sworn or unsworn?

3 MR. MOLINO: That's right, sir.

4 JUDGE KASHI: Would you raise your right hand and be  
5 sworn?

6 Whereupon,

7 GENE MOLINO

8 having been duly sworn, testified as follows:

9 JUDGE KASHI: Please state your name and address for  
10 the record.

11 DIRECT TESTIMONY

12 THE WITNESS: Gene Molino, 1613 Farr Street, Chairman  
13 of the Scranton Council of Neighborhoods on Utilities.

14 JUDGE KASHI: What brings you here tonight, sir?

15 THE WITNESS: Well, your advertisement in the paper  
16 on these hearings. Let me say this before we get started.  
17 I don't know if we're putting the cart ahead of the horse or  
18 the horse before the cart simply because we're not able to  
19 determine the advantages among all these utilities that are  
20 competing for this piece of action. We'd need other  
21 electric companies' offers to compare. We can't make a  
22 decision not knowing. In essence, who would be responsible  
23 for power outages and quick restoration of power if we were  
24 to go with another utility, vice versa? These are things  
25 that you have to look at. The PUC should not allow stranded

FORM 2

1 costs to be passed on to consumers. Again, I emphasize that  
2 in spite of what you said.

3 Let me tell you this. In the late 1970s or early  
4 1980s during the PP&L rate case, I was one of the prime  
5 litigants in that case. I pointed out and I proved that  
6 Pennsylvania Power & Light Unit 2 in Berwick was not needed  
7 and useful for the consumers. They were manufacturing 44  
8 percent more power than they actually needed. They were  
9 selling that over the grid. The PUC, the Consumer  
10 Advocate's office and I followed through with this, and it  
11 was proven so. They were denied the cost of the Unit 2 to  
12 be included in the rate case from the consumers.

13 Now here we go, 1997, and we're talking about  
14 stranded costs, where they're going to try and sneak it in  
15 there again for the decommission towards that plant, Unit 2.  
16 I don't know what goes on, but let me say this. I read this  
17 pamphlet and I recommend it to you, sir. We stand behind it  
18 100 percent.

19 (Document handed to Judge Kashi.)

20 THE WITNESS: That's all I'd like to say, sir. That  
21 more or less covers everything that I wanted to say.

22 JUDGE KASHI: Let me show that to counsel.

23 (Pause.)

24 JUDGE KASHI: Mr. Molino, the person that you  
25 received this from, Jan Jarrett --

1 THE WITNESS: I can't hear you too good, sir.

2 JUDGE KASHI: Well, come here closer then.

3 THE WITNESS: I have a hearing deficiency. It's a  
4 sad situation.

5 JUDGE KASHI: The person that you received this from,  
6 this Jan Jarrett --

7 THE WITNESS: No. I picked it up here and I read it.

8 JUDGE KASHI: Okay. This person who put this out has  
9 in fact testified in Harrisburg in great detail concerning  
10 clean, affordable energy. I would like you to know that. I  
11 will in fact have this marked as an exhibit and put it in  
12 the record. All right?

13 THE WITNESS: Okay. Thank you.

14 JUDGE KASHI: Sure. The document will be identified  
15 for purposes of identification as Molino Exhibit No. 1,  
16 although it is apparently a pamphlet from the Pennsylvania  
17 Campaign for Clean Affordable Power with an address of Jan  
18 Jarrett, who in fact testified in Harrisburg yesterday; and  
19 I will move it into the evidentiary record.

20 (Whereupon, the document was marked  
21 as Molino Exhibit No. 1 for  
22 identification, and was received in  
23 evidence.)

24 (Witness excused.)

25 JUDGE KASHI: Teresa Mercavitch. Do you wish your

1 testimony to be sworn or unsworn, ma'am?

2 MS. MERCAVITCH: Sworn.

3 JUDGE KASHI: Would you raise your right hand and be  
4 sworn?

5 Whereupon,

6 TERESA MERCAVITCH

7 having been duly sworn, testified as follows:

8 JUDGE KASHI: Please state your name and address for  
9 the record.

10 DIRECT TESTIMONY

11 THE WITNESS: My name is Teresa Mercavitch, 415  
12 Sussex Street, Old Forge, and I'm with the Scranton  
13 Lackawanna Human Development Agency.

14 JUDGE KASHI: What brings you here tonight, ma'am?

15 THE WITNESS: I'd like to express my concerns. I am  
16 very concerned about how low income taxpayers will fare as  
17 we restructure our electric industry. Utilities and large  
18 commercial and industrial ratepayers should do fine because  
19 they have means to ensure that their voices are heard and  
20 interests are protected.

21 As you consider PP&L's restructuring plan, it is up  
22 to the Commission to ensure that low income programs and  
23 protections are in place to ensure that they benefit from  
24 restructuring as well. As the Commission tackles the many  
25 issues surrounding restructuring, I hope that the Commission

1 takes the time to consider the plight of the low income  
2 ratepayer as well.

3 PP&L has a long tradition of working with local  
4 community-based organizations in delivering a variety of low  
5 income fuel assistance, energy conservation, and payment  
6 assistance programs such as CARES, HELP, WRAP, Keep Warm and  
7 ON-TRACK. PP&L should be commended for this work and their  
8 commitment to continue offering these programs through  
9 community-based organizations in the restructured industry.

10 My biggest concern is that PP&L's low income  
11 programs, as good as they are, will be under-funded in the  
12 new competitive environment. Restructuring and increased  
13 competition will bring, at least in the beginning, new  
14 challenges for the low income ratepayers and the need for  
15 new programs and the expansion of existing programs to meet  
16 these challenges. A particular challenge will be the need  
17 to educate our low income neighbors so that they can  
18 participate in the benefits of restructuring that may arise.  
19 New community-based energy education programs would be of  
20 particular help in this regard.

21 JUDGE KASHI: Anything further you'd like to add,  
22 ma'am?

23 THE WITNESS: That's it.

24 JUDGE KASHI: Are there any questions of the witness?  
25 Mr. Mullins?

FORM 2

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MR. MULLINS: No questions.

JUDGE KASHI: Mr. Ryan?

MR. RYAN: No questions.

JUDGE KASHI: Mr. Simms?

MR. SIMMS: No questions.

JUDGE KASHI: Mr. Russell?

MR. RUSSELL: No questions.

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

THE WITNESS: Thank you.

JUDGE KASHI: Thank you for coming.

(Witness excused.)

JUDGE KASHI: Mr. Bill Ballantyne.

Sir, would you like your testimony to be sworn or  
unsworn?

MR. BALLANTYNE: Sworn.

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

Whereupon,

WILLIAM A. BALLANTYNE

having been duly sworn, testified as follows:

JUDGE KASHI: Would you please state your name and  
address for the record?

DIRECT TESTIMONY

THE WITNESS: My name is William A. Ballantyne. I

1 live at One Marina Lane, Lake Winola, Wyoming County.

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

3 THE WITNESS: I'm retired now.

4 JUDGE KASHI: What did you do before?

5 THE WITNESS: I was in the trucking industry.

6 JUDGE KASHI: What brings you here tonight, sir?

7 THE WITNESS: I have an interest in your regulatory  
8 efforts, having gone through it in the trucking industry,  
9 which is quite an experience. I can tell you, there are  
10 going to be winners and there are going to be losers. In my  
11 opinion, and I have some questions to ask on this, and I  
12 just made up my questions as I'm sitting here this evening,  
13 the big loser is going to be the residential consumer and  
14 not commercial activities.

15 I would first like to know, I know the Pennsylvania  
16 General Assembly passed the Act, but I'd like to know what  
17 special interest groups or what groups really formed and  
18 pushed the formation and enactment of the Act, I mean the  
19 people behind the General Assembly.

20 JUDGE KASHI: I imagine you could ask your local  
21 representative about that.

22 THE WITNESS: But it must be known. Somebody must be  
23 really pushing it. Is it PP&L or PECO? Is it large  
24 commercial interests? Is it residential groups?

25 JUDGE KASHI: I saw the Act passed and signed by the

1 Governor, sir.

2 THE WITNESS: You don't know who's behind it?

3 JUDGE KASHI: Prior to that --

4 THE WITNESS: May I ask PP&L or Small Business  
5 Advocate, Consumer Advocate, who's behind it?

6 JUDGE KASHI: I don't think, one, that that's  
7 germane. The simple fact of the matter is that there is a  
8 bill that has been passed by the Legislature that has to be  
9 implemented.

10 THE WITNESS: I think it is -- pardon my saying it,  
11 Judge, but I think it is germane because who is behind the  
12 Act generally is the beneficiary of the Act, and if  
13 residential customers are not in favor of the Act, or didn't  
14 initiate it -- and I really don't know who did it, but I  
15 have an idea who did it, but if they're not behind it, then  
16 the persons who are pushing it expect to be the beneficiary,  
17 and I expect that to be commercial activities.

18 I would like to know if PP&L and PECO are in favor of  
19 the Act.

20 JUDGE KASHI: The utilities, the monopolistic  
21 utilities, in the Commonwealth have different positions as  
22 to a number of the large commercial interests that exist in  
23 the Commonwealth and also the alternative suppliers who want  
24 to get into the business.

25 THE WITNESS: I understand that, but --

1 JUDGE KASHI: I can't answer the question for you,  
2 sir. I believe if you were here for the opening statement  
3 that was made by counsel for PP&L, he said that the company  
4 in fact supported the legislation and Generation Choice.

5 THE WITNESS: As I understand it, the generation part  
6 will be competitive, and the rest, transmission,  
7 distribution, will not be.

8 JUDGE KASHI: That's correct, sir.

9 THE WITNESS: Having some experience in  
10 transportation, when you take three segments like that and  
11 you remove one, the remaining two pieces will definitely be  
12 more than if the party had all three. So if somebody is  
13 just going to generate and not participate in the  
14 transmission and distribution, or just the two and not the  
15 generation, there has to be, I'm sure there must be, when  
16 they file their rates, the rates for PP&L or PECO, whomever  
17 is going to provide the generation and the non-generation,  
18 the prices, no doubt, are going to be different. Therefore,  
19 if someone chose, let's say, PECO in this area instead of  
20 PP&L, and PP&L does the transmission/distribution, no doubt  
21 the transmission/distribution charges are going to be more  
22 to that consumer than a PP&L customer who provides the  
23 generation and the transmission/distribution.

24 It's only common sense that it would work that way.  
25 I could be wrong, but I'm only going by my experience in

1 transportation.

2 JUDGE KASHI: That remains to be seen, sir.

3 THE WITNESS: Does anyone have any comment?

4 JUDGE KASHI: That's part of the case, sir.

5 THE WITNESS: That's part of the case. Okay.

6 But, generally speaking, is it expected that  
7 commercial interests will benefit by the Act?

8 JUDGE KASHI: I assume that we could say that all  
9 interests are going to benefit by the Act.

10 THE WITNESS: So are you saying that the consuming  
11 public, the residential customers, and the commercial  
12 interests will both benefit?

13 JUDGE KASHI: I would see no reason why they  
14 wouldn't.

15 THE WITNESS: Which one or under what cases or what  
16 situations would either one or both lose or be on the losing  
17 side? I mean there has to be a winner and a loser, there is  
18 no even thing; it's going to be one or the other.

19 JUDGE KASHI: You want a comparative analysis as to  
20 who's going to make out better than the other guy. I can't  
21 give you that, sir.

22 THE WITNESS: Now, when this all is done, when PP&L  
23 and all the other parties file their tariffs, will there be  
24 hearings to inform the public as to what the generation  
25 costs are going to be, and what the transmission and

1 distribution will be to determine whether or not they're  
2 really saving or not?

3 JUDGE KASHI: There's going to be much more than  
4 that, sir. As part of the testimony that came in, there  
5 were two days of cross-examination on one of the major  
6 components of the Act in this case, which is consumer  
7 education, as to how the information is going to be passed  
8 to the consumer, what methods are going to be used to inform  
9 the consumer as to what Generation Choice means to them, how  
10 they'll have to go about it, and what types of informance, I  
11 guess is the best word. The argument between the parties is  
12 whether it's the mass media that we want involved, whether  
13 we want local consumer community groups that are going to be  
14 involved, whether we want local schooling groups that are  
15 going to be involved to teach the people; a major issue,  
16 sir. It's a major issue.

17 THE WITNESS: Will that be before it actually goes  
18 into effect?

19 JUDGE KASHI: No. It's going to be after it goes  
20 into effect.

21 THE WITNESS: Assuming there's a very large negative  
22 impact to the public, what can be done to correct it, if  
23 anything?

24 JUDGE KASHI: If there's a decision that a certain  
25 portion of the public feels that, in fact, is detrimental to

1 their positions, I suspect that they would take an appeal to  
2 the upper Courts.

3 THE WITNESS: It's pretty hard for an individual  
4 residential customer to do that.

5 JUDGE KASHI: I disagree with you, sir. I have  
6 individual residential consumers appearing in this case,  
7 testifying in this case, cross-examining witnesses that are  
8 in there. I just genuinely don't accept that.

9 The other thing is, there are a number of interest  
10 groups, public interest groups, that I am sure that you are  
11 connected with in one way or another if you take the time to  
12 look for them. As a residential consumer, you are  
13 represented in this case by the Office of Consumer Advocate,  
14 whose statutory duty is to protect the interest of the  
15 residential consumers.

16 THE WITNESS: I'd like to know what, possibly, the  
17 Consumer Advocate has to say or has said, if it's possible  
18 to get a copy of that.

19 JUDGE KASHI: I think that perhaps at a break you can  
20 have an opportunity to talk to him about that.

21 THE WITNESS: Can I ask the PP&L representative if  
22 PP&L is in favor of the Act? Is that a fair question?

23 MR. RUSSELL: Yes, PP&L is in favor of the Act. To  
24 the best of my knowledge, the Act was supported by a broad  
25 number of interested parties. The Office of Consumer

1 Advocate, the Office of Small Business Advocate, PP&L, a  
2 number of the other electric utilities, alternative  
3 generators like Enron, all supported the Act.

4 THE WITNESS: Would you agree that if you don't  
5 supply the generation and only supply the final two, that  
6 those charges would be greater than if you handled all  
7 three?

8 MR. RUSSELL: No, I don't agree with that.

9 THE WITNESS: You don't agree with that. Okay. Fair  
10 enough.

11 (Pause.)

12 THE WITNESS: By the way, I have nothing against  
13 commercial activities, believe me. All I'm interested in,  
14 really, as a residential consumer, is fairness, and if  
15 business is treated fairly and the residential consumer is  
16 treated fairly, of which I'm one, then I have no objection  
17 to it. But I have seen enough of deregulatory acts of  
18 various activities, the Telecommunications Act, dealing with  
19 the motor carrier industry, and, believe me, there's a  
20 winner and there is a big loser.

21 JUDGE KASHI: We're all aware of them, sir.

22 THE WITNESS: I am, too. I appreciate it.

23 JUDGE KASHI: Is there anything further you'd like to  
24 add?

25 THE WITNESS: I just want to look through my notes.

1 (Pause.)

2 THE WITNESS: I think that takes care of it. I  
3 appreciate it very much.

4 JUDGE KASHI: Thank you.

5 Are there any questions for the gentleman?

6 MR. MULLINS: Just a comment, Your Honor.

7 Sir, in this proceeding we do have the AARP as an  
8 active participant, which, as you know, represents the  
9 senior citizens of the country, and we also have the Council  
10 on Economic Opportunity, which represents the low income  
11 customers in that particular area, in addition to the  
12 Consumer Advocate, which, as you know, represents the  
13 residential customers within the Commonwealth. So you do  
14 have a broad range of parties that are looking after the  
15 residential class broken down into varying distinctions and  
16 groups. We are confident that the residential class, as the  
17 commercial class and the industrial class, will have their  
18 interests looked into and at least have this resolved in a  
19 fashion that is beneficial to everybody involved in the  
20 proceeding.

21 THE WITNESS: I appreciate that. Just one last  
22 comment. I would suggest that there be a Sunshine provision  
23 placed in the Act so that it's reviewed, say, in five years,  
24 or whatever the time frame is, to see, really, that this has  
25 proven to be in the best interest of all parties.

1 JUDGE KASHI: I don't write the law, sir. You have a  
2 representative --

3 THE WITNESS: I just want to go on record in case  
4 someone reads it that it should be in it.

5 JUDGE KASHI: You've got a representative. I'm sure  
6 you can find his telephone number in the telephone book.

7 THE WITNESS: But the Act is already going into  
8 effect January 1.

9 JUDGE KASHI: It's called an amendment, sir.

10 THE WITNESS: Pardon?

11 JUDGE KASHI: It's called an amendment.

12 THE WITNESS: I think that should be in there. Thank  
13 you.

14 JUDGE KASHI: Thank you very much.

15 (Witness excused.)

16 JUDGE KASHI: Nancy Kay Holmes?

17 MS. HOLMES: Good evening. Yes, I do want my  
18 testimony sworn.

19 **Whereupon,**

20 **NANCY KAY HOLMES**

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

22 JUDGE KASHI: Please state your name and address for  
23 the record.

24 **DIRECT TESTIMONY**

25 THE WITNESS: Nancy Kay Holmes, 1107 Woodlawn Street,

1 Scranton, and I'm a teacher at Scranton High School.

2 JUDGE KASHI: Thank you. What brings you here  
3 tonight?

4 THE WITNESS: Concerns regarding deregulation. I  
5 would like to start off by thanking you, ladies and  
6 gentlemen, for coming to Scranton, for accepting comments on  
7 electrical utility deregulation.

8 When I spoke at your hearing on June 3, I raised  
9 concerns regarding the transition or stranded cost recovery  
10 estimated by PP&L to stand at \$4.6 billion. I have since  
11 been able to do research on the matter at the Scranton  
12 Public Library, and again, I thank you for making the  
13 material available there.

14 According to the Glossary of Electric Terms for the  
15 Future included in the packet supplied at the public  
16 library, stranded costs are defined there as utility  
17 investments, such as facility and equipment, that is left  
18 without customers to support its operation.

19 In the PUC Staff Report dated August 4, 1995, also  
20 included, the Executive Summary discussing recovery of  
21 stranded costs states that a key distinction is whether the  
22 stranding was due to the "risks of business, or was due to  
23 some governmental action which was completely  
24 unforeseeable." I am hopeful that a determination is made  
25 before the \$4 billion which PP&L seeks to recover from

1 taxpayers is approved.

2 Pennsylvania's Consumer Advocate, Irwin Popowsky, in  
3 testimony to the Pennsylvania House of Representatives on  
4 July 9, 1994, stated that in 1970 the range of residential  
5 rates for electric power was less than one-half of 1  
6 percent. By 1990 the range was 7.5 cents per kilowatt-hour.  
7 Mr. Popowsky cited a number of reasons for the rate  
8 disparities, one being the nuclear construction programs.  
9 This, I would assume, would include the Susquehanna nuclear  
10 power plants at Berwick. He states that not only did the  
11 nuclear power plants cause a large part of the rate  
12 differential, but that they are also the largest cause of  
13 stranded investments. Mr. Popowsky would have the stranded  
14 investments funded by the utilities' shareholders and by  
15 those customers who are leaving the system to participate in  
16 retail wheeling.

17 Further on in the document, on page 211, under  
18 residential class, it is stated that it would appear that  
19 residential customers are the ones most likely to incur the  
20 lowest net benefit from a change to retail  
21 competition/wheeling. Residential customers lack the  
22 expertise necessary to negotiate and finalize an agreement  
23 for electric service with a local or an out-of-state  
24 supplier.

25 As a residential customer of PP&L, I am hopeful that

1 the PUC gives serious consideration to the ratepayer, who,  
2 unlike the stockholders or management, did not make the  
3 decisions which have created the \$4.6 billion of transition  
4 or stranded costs. As a citizen of the City of Scranton, I  
5 hope that you will give serious consideration to the large  
6 number of under-employed and retired members of our  
7 community for whom a 10 percent reduction in rates, as  
8 recently agreed to by PECO Energy, would be a godsend, and  
9 we are hoping that PP&L will certainly give that  
10 consideration.

11 As a former member of Scranton City Council, I am  
12 hopeful that municipal bills, now budgeted for 1997 for the  
13 City of Scranton at \$860,374 for street lighting, and  
14 \$274,076 for buildings, or a total of over \$1,100,000, a  
15 huge sum for a city which is officially financially  
16 distressed, could be substantially reduced. As a parent,  
17 grandparent, health educator and environmental activist, I  
18 am hopeful that choices that stress conservation, such as  
19 power generated by wind or solar generating facilities, are  
20 encouraged, as recommended in an August 31, 1997 editorial  
21 in The Scranton Times, and that, as the paper also proposes,  
22 there be a labeling provision that be included in consumer  
23 solicitation information.

24 Thank you again for coming to Scranton, for listening  
25 to the people, and hopefully decisions that you will be

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1 making in the near future will be based on what you have  
2 heard.

3 Thank you very much.

4 JUDGE KASHI: Thank you for coming.

5 Are there any questions for the witness?

6 MR. MULLINS: No questions.

7 MR. RUSSELL: No questions.

8 MR. SIMMS: No questions.

9 MR. RYAN: No questions.

10 JUDGE KASHI: You're excused, ma'am.

11 (Witness excused.)

12 JUDGE KASHI: Jennifer Lavery?

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

14 MS. LAVERY: Sure.

15 JUDGE KASHI: Would you raise your right hand and be  
16 sworn?

17 Whereupon,

18 JENNIFER LAVERY

19 having been duly sworn, testified as follows:

20 JUDGE KASHI: Will you please state your name and  
21 address for the record, ma'am?

22 DIRECT TESTIMONY

23 THE WITNESS: My name is Jennifer Lavery, and I live  
24 at 320 Warren Street in West Pittston.

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

1 THE WITNESS: I work as a textile designer.

2 JUDGE KASHI: What brings you here tonight?

3 THE WITNESS: I'm concerned about various energy  
4 issues, basically, about, particularly, nuclear power,  
5 unsustainable production of energy. One thing that actually  
6 just struck me -- I didn't write anything really out to say.  
7 I'm just kind of doing this to say that I don't think that  
8 people should be paying for the stranded costs; I don't  
9 think the ratepayers should be paying.

10 Something that did strike me, though, in looking at  
11 PP&L's flyer and what you said in the very beginning, that  
12 there is a cap on the payment, the rate payment, for four-  
13 and-a-half years, and PP&L, their transition cost recovery,  
14 number 2 in their flyer says that the rates of consumers  
15 would be essentially the same in 1999 to 1986, comparably  
16 they'd be the same rate. My question in a sense is that  
17 they are saying that there's not going to be an increase in  
18 the rates, and there's a cap on the rates so there can't be  
19 an increase in rates, so that just seemed a little bit  
20 strange that they are also saying that if the  
21 \$4 billion is paid by the ratepayers, it will be paid off by  
22 2005. So I'm wondering how \$4 billion worth of money built  
23 up is stranded costs, and couldn't -- I'm saying I think  
24 that basically you have eight years, they're expecting  
25 \$4 billion to be paid off in eight years by the ratepayers,

1 and why wasn't that money somehow figured in over the last  
2 however long that money accrued? They're saying it's like  
3 transition costs. Is this like a dumb question? This is  
4 money -- I'm guessing it's money that they owe for  
5 something, building a nuclear power plant, something that  
6 they didn't pay off, and now they're saying, "Oh, we have to  
7 get rid of this money so that we'll be able to be  
8 competitive with the new people coming in," but it seems  
9 like they could have paid that money off a long time ago, or  
10 did all the extra money they got go right to their  
11 stockholders, you know? Why couldn't they have paid this  
12 money off before? Is it wrong to ask that?

13 JUDGE KASHI: No. In part, it's part of the case  
14 about the mitigation of those particular costs, and I really  
15 just can't get into it on the record. I think if you talk  
16 to Mr. Ryan when we take a break, that he will be able to  
17 discuss the issue of stranded costs, as to how they are  
18 affecting you at the current level and have been affecting  
19 you for years.

20 THE WITNESS: Well, I believe there is something to  
21 do with the real cost of energy and that many people do not  
22 want to pay a lot of money for their electricity, but there  
23 are costs associated with having to produce it and dispose  
24 of wastes and Super Fund eventually, things like that, and  
25 that type of money hasn't really been paid in, in a sense,

1 over the years to take care of the costs of clean-up. If  
2 the real cost of producing your electricity, of using coal  
3 power plants and things where we're getting acid rain and  
4 nasty things like that that ruin Pennsylvania's lovely  
5 environment, why is it that now all of a sudden we're having  
6 deregulation and all of a sudden everybody's got to pay  
7 costs now? It's kind of like we should have been thinking  
8 about this for many, many years, you know, about paying off  
9 this money, it seems like.

10 JUDGE KASHI: Well, for many, many years there  
11 weren't other people that were involved in it.

12 THE WITNESS: Well, it was regulated by Pennsylvania.

13 JUDGE KASHI: That's correct.

14 THE WITNESS: So you're involved, Pennsylvania is  
15 involved.

16 JUDGE KASHI: It was a monopolistic concern. Now  
17 that it's being opened up to competition where it will no  
18 longer be a monopolistic concern, the question amounts to  
19 how do we make it available for fair competition, level  
20 playing field competition.

21 THE WITNESS: But level playing field still entails  
22 we're going to have to pay PP&L, in a sense, to use their  
23 power lines, which I'm assuming were somehow paid for by the  
24 government.

25 JUDGE KASHI: The government never paid for anything.

1 THE WITNESS: They're all privately owned even though  
2 they go along roads and all that?

3 JUDGE KASHI: Yes. They're a public utility.

4 THE WITNESS: It's a public utility, but they didn't  
5 have any funding at all to put power lines up?

6 JUDGE KASHI: It's not paid for by the government.

7 THE WITNESS: It hasn't been subsidized at all?

8 MR. RYAN: It's paid for by you. As a ratepayer,  
9 you're paying for it.

10 THE WITNESS: One other thing is, does this bill -- I  
11 guess it's now considered a law because it was signed by the  
12 Governor. Does it have anything in it about environmental  
13 -- encouraging the use of environmentally produced, like  
14 low-impact produced energy?

15 JUDGE KASHI: One of the major components of the  
16 legislation and of this case is the environmental issues, a  
17 wide range of issues from how it's to be used, where it's to  
18 come from, how it's supposed to be labeled, whether or not  
19 everybody has to advertise what the mix of their generation  
20 is, what does the mix have to be to call it green power,  
21 what does the mix have to be to call it clean power. I  
22 assure you, it's all there.

23 THE WITNESS: Is that going to be included in what  
24 we're sort of deciding now, --

25 JUDGE KASHI: Yes.

1 THE WITNESS: -- that energy bills are going to have  
2 what the power, how it's produced and how much it pollutes  
3 and stuff on it?

4 JUDGE KASHI: That's part of the case that we are  
5 trying. That's part of what the 57 witnesses over the past  
6 two weeks have been testifying to. That's what, in fact,  
7 when all the briefs and everything are in, I will make a  
8 recommended decision to the Commission on, and the  
9 Commission will make an ultimate decision sometime in  
10 January. That piece will be part.

11 THE WITNESS: I guess I could just say my  
12 recommendation would be to recommend that that be part of  
13 it.

14 JUDGE KASHI: That's what we're here to hear.

15 THE WITNESS: I guess that's it, unless there's any  
16 questions.

17 JUDGE KASHI: Any questions of the witness?

18 MR. MULLINS: Just a point of clarification, Your  
19 Honor.

20 Was your recommendation that the fuel mix be set  
21 forth on the bill, a customer's bill?

22 THE WITNESS: I think that as much information as  
23 possible should be given to the ratepayers. I think that  
24 things like where the energy comes from, if, say, PP&L makes  
25 50 percent of their power from nuclear and 50 from coal, or

1 whatever, that should be part of what's on your bill. But,  
2 also, what would be -- I don't know if it would be possible  
3 to put particulate matter, information about pollution  
4 that's given off, information about how much nuclear fuel  
5 stuff is in there.

6 JUDGE KASHI: How many pages do you want in your  
7 bill?

8 MR. RYAN: It will be worse than your phone bill.

9 THE WITNESS: It seems like, really, that information  
10 probably could be given once a year to the consumer, saying,  
11 you know, on their bill that this is how much of -- because  
12 I don't think that probably changes all that too much for  
13 PP&L. Maybe it does, maybe I'm totally wrong, but I don't  
14 think they shut down and turn off and on their power plants  
15 often.

16 JUDGE KASHI: So you want as many pages as you can  
17 possibly get?

18 THE WITNESS: Well, I recycle them if I don't need  
19 them.

20 JUDGE KASHI: A lot of the consumers at these public  
21 input hearings --

22 THE WITNESS: I think it probably could be simplified  
23 more than what I'm seeing.

24 JUDGE KASHI: -- object to having a lot of pages in  
25 their bill like they get now with their telephone bill.

1 MS. HAMMERSMITH: You could have like a one-page  
2 chart, though.

3 THE WITNESS: Some people aren't on the Internet,  
4 though.

5 MS. HAMMERSMITH: No, no. Just like a one-page  
6 chart.

7 JUDGE KASHI: Excuse me. It's very difficult for the  
8 court reporter to identify a voice from the audience.

9 THE WITNESS: I thought she said Web page. A one-  
10 page chart. I think that there have been some groups that  
11 have tried to get something like that.

12 JUDGE KASHI: Thank you. Is there anything further?

13 THE WITNESS: I think that my question about why  
14 didn't they pay off this money beforehand is probably the  
15 biggest question, and that's it.

16 JUDGE KASHI: And it's called mitigation of their  
17 stranded costs, and that's part of the case.

18 THE WITNESS: Okay. Thank you.

19 JUDGE KASHI: Thank you very much. You're excused.

20 (Witness excused.)

21 JUDGE KASHI: At this time that concludes the number  
22 of people who have signed up to testify this evening. If  
23 there's anybody who is currently in this hearing room who  
24 has not signed up, who wishes yet to be heard, I'll put up  
25 another sign-up sheet, give you an opportunity to sign up

1 yet, and hear what you have to say.

2 Is there anybody who would like to yet be heard?

3 (Showing of hands.)

4 JUDGE KASHI: We're going to take a ten-minute recess  
5 at this time. I'll put the sign-up sheet out, give you an  
6 opportunity to sign up again for those people who still  
7 would like to be heard.

8 We'll stand in recess for ten minutes.

9 (Recess.)

10 JUDGE KASHI: Back on the record.

11 Janice DeHoff?

12 Do you wish your testimony to be sworn or unsworn,  
13 ma'am?

14 MS. DeHOFF: Sworn.

15 JUDGE KASHI: Would you raise your right hand and be  
16 sworn?

17 **Whereupon,**

18 **JANICE DeHOFF**

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

20 JUDGE KASHI: Please state your name and address for  
21 the record.

22 **DIRECT TESTIMONY**

23 THE WITNESS: Janice DeHoff, 284 Parrish Street,  
24 Wilkes-Barre.

25 JUDGE KASHI: Could I ask you to hold up your voice

1 so that the people in the back can hear you?

2 THE WITNESS: Louder?

3 JUDGE KASHI: Yes.

4 THE WITNESS: I guess basically --

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

6 THE WITNESS: I teach. I was a teacher, and I have  
7 been renovating houses for a while and writing.

8 JUDGE KASHI: What brings you here tonight?

9 THE WITNESS: My concern over the little that I've  
10 been reading in the newspaper regarding deregulation and the  
11 lack of communication between the state Legislature, all of  
12 you, including the electric company, and the general public,  
13 I don't think that we're getting any kind of clear, explicit  
14 information. You gave us 19 companies that are now going to  
15 be vying for electric service in this area, some of whom are  
16 from California. Has this appeared in the local paper?  
17 Have these companies -- you can't even state the names of  
18 these companies. It seems to me that every citizen in a  
19 democracy has both the right and the responsibility to know  
20 the long-term ramifications of deregulation, as well as what  
21 we're going to be spending --

22 JUDGE KASHI: I wish you had been with me the past  
23 three nights, because I have been very critical of the media  
24 for not getting out certain information.

25 THE WITNESS: Well, I think you can forget

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1 television. It's not really a viable --

2 JUDGE KASHI: No, I wasn't talking about television.  
3 I was talking about the local press. I was critical over  
4 the fact that for two weeks' worth of hearings where this  
5 information was readily available, where attorneys for  
6 various parties could have been interviewed, and nothing  
7 like that was done.

8 The 19 companies have filed applications, and they  
9 will have to have hearings to see whether or not they will  
10 be licensed to be able to sell --

11 THE WITNESS: But the fact is that I learned for the  
12 first time here tonight that there's somebody in California,  
13 and I read in the Inquirer a while ago that PECO is trying  
14 to buy all of these power plants that are no longer being  
15 used, including Three Mile Island.

16 JUDGE KASHI: And Yankee Maine.

17 THE WITNESS: The one in Maine, Yankee something-or-  
18 other.

19 JUDGE KASHI: Right.

20 THE WITNESS: It seems to me that this push for  
21 deregulation is occurring all over the east coast now, and  
22 it's occurring --

23 JUDGE KASHI: All over the country.

24 THE WITNESS: But apparently it's corporate flight,  
25 the fear of corporate flight, that is pushing this

1 deregulation, at least according to The New York Times. I  
2 would like just to read a little of what The New York Times  
3 has to say in a news article. Back pages, of course, page  
4 -- continued from 1; sorry,; it was on page 1.

5 "This process is being driven by the large industrial  
6 customers." It's being driven for the purpose of lowering  
7 the price on these large industrial companies because  
8 they're threatening to leave unless the price of their  
9 electricity is lowered, because the consumption is so  
10 enormous. "'It's being driven by the large industrial  
11 customers and large marketers,' said Edwin S. Rothchild, the  
12 Energy Policy Director of Citizen Action, a national  
13 consumer group based in Washington. After the dust settles,  
14 it will be the residential customer who will have less  
15 savings. Despite the concessions they've already won, the  
16 biggest utility customers are pressing for more in New York  
17 and elsewhere, full-scale deregulation, with the promise of  
18 even lower rates from wide-open competition.

19 "Who's going to govern the rates once this ceases to  
20 be a monopoly? The state no longer will govern any kind of  
21 fairness with relation to" --

22 JUDGE KASHI: That hasn't happened. The only thing  
23 that is being deregulated at the present time is the  
24 generation portion.

25 THE WITNESS: Well, according to this there are now

1 trade groups among corporations --

2 JUDGE KASHI: I understand that according to  
3 The New York Times, but according to the Act that was passed  
4 in Pennsylvania, what we're talking about at the current  
5 time is the deregulation of generation.

6 THE WITNESS: Well, Consolidated Ed and the State  
7 Public Service Commission agreed on a sweeping plan under  
8 which big industrial customers in New York would get rate  
9 cuts of 25 percent, while homeowners and smaller businesses  
10 would receive cuts of only 3.3 percent. So it seems to me  
11 that the government in this instance, as in so many others,  
12 is kind of functioning in the dark with regard to the press.  
13 I mean we're not really reading about this process. It's  
14 not really an open process because we're not really being  
15 fully informed. I think the fact that you can't even state  
16 the 19 companies would upset -- I think if people read the  
17 local newspaper and read that these companies are now  
18 competing --

19 JUDGE KASHI: It's not that I can't state them  
20 because I'm not allowed, I can't state them because I can't  
21 recall them to mind, ma'am. The filing that has been made  
22 in this case is over 3,000 pages long.

23 THE WITNESS: Well, I don't want my electric bill  
24 being sent from Nevada.

25 JUDGE KASHI: It won't be.

1 THE WITNESS: I don't want my nuclear plant, and I  
2 don't want the nuclear plant in Berwick, which I foresee  
3 happening, because that's what happens when ownership comes  
4 from another part of the country. Banks, now that they're  
5 deregulated, do not lend to the local customer; they're  
6 paying these mortgage brokers commissions, the large banks.  
7 That's up in the courts now, whether this is fair or whether  
8 this is a form of basic bribery. But it seems to me that  
9 the government has an obligation to notify the press and to  
10 really, seriously encourage the press to write about the  
11 facts, to state the facts as they apply.

12 JUDGE KASHI: Let me ask you a question. When the  
13 government makes all of the documents public, and when the  
14 government gives public notice of public hearings, and when  
15 the mass media and the press fail to attend and decide that  
16 they are not going to give any of that information to the  
17 public, what do we say about the government?

18 I was told by a reporter in a city that I'm not going  
19 to name that they were of the opinion that it was not their  
20 responsibility.

21 THE WITNESS: All right. Well, it seems to me that  
22 you're introducing, with this legislation and with this  
23 process, a byzantine system of ownership, a byzantine system  
24 of buying electricity. I know I'm receiving all kinds of  
25 calls daily from different phone companies and they won't

1 let me off the phone, at dinnertime.

2 JUDGE KASHI: Get ready.

3 THE WITNESS: It's a very complicated process.

4 Apparently, the ownership of the lines, these electric  
5 lines, is going to remain with the local electric company.

6 JUDGE KASHI: As with the telephone lines.

7 THE WITNESS: Meanwhile, PECO is going to be buying  
8 this little place in Maine.

9 JUDGE KASHI: The deal fell through.

10 THE WITNESS: Oh, it fell through? Good. I haven't  
11 kept up with that.

12 So who's going to be responsible? In effect, nobody  
13 is going to be responsible. Certainly not your local  
14 person. I would encourage you to build into your regulation  
15 some kind of new system of responsibility and communication  
16 with the general public, because I think that is my primary  
17 concern.

18 Thank you.

19 JUDGE KASHI: Thank you very much.

20 (Witness excused.)

21 JUDGE KASHI: Gene Brady?

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

24 MR. BRADY: Sworn.

25 JUDGE KASHI: Would you raise your right hand and be

1 sworn?

2 Whereupon,

3 GENE BRADY

4 having been duly sworn, testified as follows:

5 JUDGE KASHI: What do you do, sir?

6 DIRECT TESTIMONY

7 THE WITNESS: I'm the Executive Director of the  
8 Commission on Economic Opportunity.

9 JUDGE KASHI: What brings you here tonight?

10 THE WITNESS: To testify regarding the rate filing in  
11 the PP&L restructuring hearing.

12 The Commission on Economic Opportunity serves Luzerne  
13 and Wyoming Counties in Pennsylvania. I'd like to thank the  
14 Commission and those here for the opportunity to comment on  
15 the Penn Power & Light Electric Generation Customer Choice  
16 and Competition Act filing for restructuring.

17 I would be remiss if I did not start off my comments  
18 by recognizing the positive and productive working  
19 relationship our organization has had over the years with  
20 PP&L and the value that we place on that. PP&L has a very  
21 professional and dedicated staff that should be commended  
22 for their service to the community. We look forward to a  
23 continued cooperative relationship to serve the low income  
24 households in our common service area. It is in that light,  
25 looking forward towards the future, that I make these

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1 comments. I'm sure that both PP&L and our organization want  
2 to be as effective as possible in meeting the needs of those  
3 households and in carrying out the intent of the legislation  
4 and the PUC directives.

5 The main thing to recognize is that we cannot  
6 continue to do business the way we have in the past,  
7 including the scope and design of current programs. The  
8 utility world is changing and will never be the same.  
9 Consequently, we must look at the opportunities and  
10 responsibilities we have in seeing that efficient and  
11 effective programs are delivered to those who are the most  
12 captive of customers and most vulnerable in this sea of  
13 change, the low and fixed income people, and the elderly.

14 As Pennsylvania embarks on a change from a monopoly  
15 system to a competitive environment, PP&L appropriately has  
16 as its primary focus to establish itself in the best  
17 possible marketing position. It is our organization's  
18 primary responsibility to ensure that the vulnerable and the  
19 disadvantaged in our society, those who are ill-equipped to  
20 deal with competition, will be protected. In order to meet  
21 this challenge, I will focus my comments in a few major  
22 areas.

23 First of all, the WRAP program, which is the Low  
24 Income Usage Reduction Program as named by PP&L. PP&L and  
25 CEO agree that there are 177,000 low income customers in the

1 utility service area that PP&L serves. Each and every one  
2 of these households could benefit from the usage reduction  
3 program to enable them to better afford their electric  
4 bills. The efficient use of electricity in the current  
5 capacity-rich market, let alone a demand market, is an  
6 important long-term issue. Our biggest difference with PP&L  
7 in this area is that they wish to provide the WRAP usage  
8 reduction services to the highest users, heating customers,  
9 while we feel that all low income customers, including non-  
10 heating customers, need these services. The majority of low  
11 income customers are not heating customers. We concede that  
12 the highest users should have the first priority, but a  
13 comprehensive baseload program, including energy education,  
14 must be in place serving the majority of PP&L's poor  
15 customers.

16           Aside from recommending that LIURP (WRAP) be open to  
17 all their low income customers, including those who are  
18 baseload electricity users, we recommend the following in  
19 the area of usage reduction: the minimum funding level  
20 should be 0.25 percent of PP&L's gross operating revenues  
21 based on 1996. At the same time PP&L proposes \$4 million  
22 for usage reduction. In order to compromise, we would  
23 propose 0.2 percent or \$6.8 million as a change in the  
24 position that we have taken before the Public Utility  
25 Commission.

1           Baseload customers should be eligible for the  
2 program, as we've stated.

3           All funds should be expended in the year in which  
4 they are budgeted or rolled over to the next year.

5           There should be a utilization of all commercially  
6 available baseload measures which are consistent with PUC-  
7 established payback guidelines, and changes in measures as  
8 technology improvements dictate should be included in the  
9 program. Otherwise, the poor do not benefit from  
10 technological advancements or cost efficiencies.

11           Also, there should be a provision for research and  
12 development and technical training and assistance support so  
13 that energy conservation measures remain state-of-the-art  
14 over time.

15           Further, there should be an establishment of a  
16 steering committee made up of all community-based WRAP  
17 providers and other interested citizens throughout PP&L's  
18 service territory.

19           Concerning the ON TRACK program or the Customer  
20 Assistance Program operated by PP&L. Of the 177,000 low  
21 income customers in PP&L territory, we both agree that  
22 approximately 58,000 are payment troubled. This is the  
23 target group that needs the Customer Assistance Program.  
24 PP&L has recommended ramping up the pilot program from 2,000  
25 customers to 10,000 customers in the year 2001. We have

1 recommended that the full number of 58,000 low income  
2 payment troubled customers would be included.

3 As an intermediate position, we would now like to  
4 state that the increase in customers to 24,000, or half of  
5 the amount, would be a reasonable position. This number  
6 represents only one-half of those who need and could benefit  
7 from the program. The PP&L ON TRACK program is working  
8 well, and it's expansion would mean considerably less  
9 termination and collection costs.

10 The ON TRACK program should be available to all  
11 customers regardless of the generation suppliers.

12 There should be capacity building grants to the  
13 community-based organizations for staffing in order to  
14 implement or to ramp up this program effectively at an  
15 accelerated basis.

16 And also, that a steering committee should be  
17 established for the ON TRACK program made of community  
18 groups, other interested parties, to assist in the advice to  
19 the company and the operation of the program.

20 Finally, that PP&L, as the universal service  
21 administrator, should not utilize its own staff, either  
22 existing staff or temporary hires, in providing either  
23 universal service or education programs. Existing  
24 community-based organizations with a track record in  
25 providing these and other important services to the low

1 income and elderly should be utilized to the fullest extent.  
2 This is the most effective use of community resources.

3 The cost of universal service programs as outlined  
4 can be funded at the levels we suggest and be within the  
5 rate cap as the competitive market forces naturally take  
6 lower prices, as is projected.

7 On behalf of all low income and elderly customers, we  
8 must demand that stranded benefits be recovered as well as  
9 stranded costs, so that there are not stranded citizens when  
10 this work is done.

11 Again, it has been a pleasure working with PP&L in  
12 the past, and we look forward to a continued cooperative  
13 relationship in the future in this new world of competition.  
14 We hope that PP&L, as the locally based electric utility  
15 employing local citizens, is most successful in this new  
16 competitive marketplace.

17 Thank you.

18 JUDGE KASHI: Thank you very much.

19 Are there any questions of the witness?

20 MR. RUSSELL: I have a few questions, Your Honor.

21 JUDGE KASHI: All right, sir. Watch the friendly  
22 cross.

23 MR. RUSSELL: I think we're safe here.

24 Mr. Brady, did the Council on Economic Opportunity  
25 participate as a formal intervenor in this case?

1 THE WITNESS: The Commission on Economic Opportunity  
2 is a formal intervenor in this case.

3 MR. RUSSELL: Was that represented by counsel?

4 THE WITNESS: We are represented by counsel, as  
5 required by the PUC.

6 MR. RUSSELL: Did CEO turn in written testimony in  
7 that part of the proceeding?

8 THE WITNESS: CEO has turned in written testimony in  
9 that part of the proceeding as well as every public hearing  
10 in our general service area. It's my understanding, if I  
11 could continue, that this is today, too, an evidentiary  
12 hearing, giving us an opportunity to supply additional  
13 information; and I think, as you see, what we've done is  
14 modified our position somewhat.

15 MR. RUSSELL: How many witnesses did you present in  
16 the technical hearings?

17 THE WITNESS: In the technical hearings we -- as far  
18 as who submitted evidence, you're saying?

19 MR. RUSSELL: On behalf of CEO.

20 THE WITNESS: We had three individuals submit  
21 evidence, none of which were cross-examined by your company,  
22 despite the fact that we did make them available and they  
23 were in Harrisburg last Thursday and Friday.

24 MR. RUSSELL: Were you one of those witnesses?

25 THE WITNESS: No, I wasn't.

1 MR. RUSSELL: Thank you.

2 That's all I have, Your Honor.

3 JUDGE KASHI: Thank you very much.

4 You're excused, sir.

5 (Witness excused.)

6 JUDGE KASHI: That concludes the list of witnesses  
7 for this evening. I would like to thank all of you on  
8 behalf of myself and on behalf of the Commission for coming  
9 forth and presenting your testimony, specifically presenting  
10 it in sworn fashion that it may be considered. If there's  
11 nothing further, we will adjourn for the evening. Thank you  
12 very much.

13 (Discussion off the record.)

14 JUDGE KASHI: Ladies and gentlemen, could I please  
15 ask you to be quiet? This gentleman came in late and didn't  
16 hear that we were adjourning the hearing. I'm going to  
17 reconvene for the sake of listening to his testimony.

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

20 MR. DONNELLY: Yes.

21 **Whereupon,**

22 **OWEN DONNELLY**

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

24 JUDGE KASHI: Please state your name and address for  
25 the record.

## DIRECT TESTIMONY

1  
2 THE WITNESS: Owen Donnelly, O-w-e-n D-o-n-n-e-l-l-y,  
3 2512 Summit Point, Scranton.

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

5 THE WITNESS: The problem that I have, gentlemen, is  
6 aimed at PP&L. I don't know whether or not you're  
7 entertaining something like this tonight. I don't know, but  
8 I don't have an opportunity of talking to anybody on the  
9 PUC, and I can't get satisfaction from anyone.

10 JUDGE KASHI: Excuse me. Do you have a private  
11 complaint?

12 THE WITNESS: A problem with what, sir?

13 JUDGE KASHI: Do you understand that this proceeding  
14 is talking about the restructuring plan?

15 THE WITNESS: I'm not sure, sir. I'm not sure of  
16 the --

17 JUDGE KASHI: Do you have a problem with a bill or  
18 something like that?

19 THE WITNESS: I'm not sure, sir, that I'm in order,  
20 but I'm here tonight because I cannot get any satisfaction  
21 from anyone connected with this case. It's an over-billing  
22 problem. I don't know whether or not you people entertain  
23 situations of this nature.

24 JUDGE KASHI: Mr. Mullins?

25 MR. MULLINS: Yes, Your Honor.

1 JUDGE KASHI: Will you take care of the gentleman?

2 MR. MULLINS: I'll do my best.

3 JUDGE KASHI: We're going to send you to the Consumer  
4 Advocate's Office, and they'll see what they can do about  
5 assisting you. This proceeding tonight has nothing to do  
6 with individual --

7 THE WITNESS: That's what I wanted to know.

8 JUDGE KASHI: It doesn't have anything to do with  
9 individual billing problems or complaints like that. All  
10 right; sir?

11 THE WITNESS: The consumer agency of --

12 JUDGE KASHI: Office of Consumer Advocate. Mr.  
13 Mullins is going to help you out.

14 THE WITNESS: All right. I wasn't sure. I was given  
15 a little bit of a run-around for the past year. I wanted to  
16 be sure that I attended this hearing tonight.

17 JUDGE KASHI: Thank you. Adjourned.

18 (Whereupon, at 9:04 p.m., the public input hearing  
19 was adjourned.)

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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: Sandra Milus Brown

Sandra Milus Brown

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