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COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

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Pennsylvania Public Utility Commission : Docket Nos.  
versus Pennsylvania Power & Light Company : R-943271  
 Investigation into a proposed \$261,000,000 : R-943271C0001  
 annual rate increase. : through  
 : R-943271C0130  
 :  
 Public Input Hearing :  
 :  
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Pages 388 through 428

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80 North Washington Street  
Wilkes-Barre, Pennsylvania

Tuesday, April 4, 1995

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Net, pursuant to notice, at 7:30 p.m.

BEFORE:

ROBERT CHRISTIANSON, Administrative Law Judge

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APPEARANCES: (Continued)

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FORM 2

C O N T E N T S

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FORM 2

1 ADMINISTRATIVE LAW JUDGE CHRISTIANSON: Good  
2 evening. I am Administrative Law Judge Robert Christianson.

3 We are here in Wilkes-Barre for our seventh public  
4 input hearing concerning the PP&L general increase. We  
5 have, perhaps, 35 people here this evening. We are here  
6 this evening to gather some information from the public  
7 concerning this rate filing.

8 We have a couple of people up here who I would like  
9 to mention, but the reason we are here is to get your  
10 comments and input on the proposed rate increase.

11 There are a couple comments I have. When I went to  
12 Lancaster, one person there spoke in favor of the rate  
13 increase. He apparently is a business man who felt that  
14 the increase was proper, but it is unusual when we get  
15 comments of that nature at these hearings.

16 At these sessions we often get service complaints.  
17 If you have service complaints, there are PP&L  
18 representatives here who you can speak to about the details  
19 of your problems.

20 One thing I want to note is that we are requesting  
21 you to sign the information sheet, and you will have to take  
22 the oath if you want your statement on the record to be  
23 evidence in the case. If you take the oath, then your  
24 statement becomes evidence. If you simply make a statement,  
25 or if anyone up here makes a statement, it is a statement of

1 record, but it is not evidence in the case which the  
2 Commission will consider in making its decision; but if you  
3 testify under oath, that will be evidence just as it would  
4 be evidence if you came and testified in Harrisburg.

5 I will say very briefly that the attorney for PP&L  
6 is here, their in-house counsel. Also, the Trial Staff,  
7 which is a separate arm of the Public Utility Commission, is  
8 represented here tonight by Stephen Gorka and Charles  
9 Hoffman. They have three lawyers working on the case, and  
10 they are also working on other cases as well, for Trial  
11 Staff.

12 I spoke with the company's attorney, who is Mr.  
13 Russell, and we spoke about the issues involved. Two of the  
14 issues involved in the overall increase is how you spread  
15 out the increase, and how the residential rates will be  
16 structured, and there is a lot of controversy about the  
17 customer charge and the decision the company made based upon  
18 how the increase will be structured, and I expect to hear  
19 some testimony along that line today.

20 You can speak to the issues, and if we have time,  
21 we will try to respond. We have people here from the PUC to  
22 help you out if you have any questions. Verna Edmonds,  
23 who is our Consumer Outreach Specialist, is seated in the  
24 front to my left. She has literature and handouts which  
25 might be helpful.

1 To my right is Karen Moury from the Office of Small  
2 Business Advocate, who has been attending the public  
3 hearings.

4 MS. MOURY: Thank you, Your Honor.

5 Good evening. I am here on behalf of the Office of  
6 Small Business Advocate. I am anxious to hear from anyone  
7 who is here today for a small business. If you are, I would  
8 ask you to testify and, if you can, tell us something about  
9 the nature of your business, the size, your consumption, and  
10 the rate schedule that you are being served under, because  
11 the more information we have, the better we can represent  
12 you at the hearing. We are here to represent you.

13 JUDGE CHRISTIANSON: Thank you.

14 On the other side of me is Paul Russell. He has  
15 taken on the task of representing PP&L, and he is also here.

16 MR. RUSSELL: Thank you, Your Honor.

17 I would like to add my welcome and my thanks to you  
18 for coming tonight. PP&L recognizes that the public input  
19 hearings are an important part of the rate-making process,  
20 and we value very much your input tonight.

21 I would like to quickly introduce two other people  
22 who are here with us tonight. Over on this side we have  
23 John McKinney, who is our Vice President of Customer  
24 Services, and with him is one of our service  
25 representatives.

1 We will be available to answer any questions you  
2 might have about the rate case, about your own bill, or any  
3 service issue you might have; and you can talk to any one  
4 of us during the evening, during breaks, or at the end of  
5 the formal proceedings. Again, thank you.

6 JUDGE CHRISTIANSON: Thank you.

7 The first person I have on the list is Ambrose  
8 Melesky.

9 I will swear you in for the record.

10 Whereupon,

11 AMBROSE J. MELESKY

12 having been duly sworn, testified as follows:

13 MR. MELESKY: My name is Ambrose Melesky. I live  
14 at 223 Brown Street, Wilkes-Barre, Pennsylvania. I  
15 am the Vice President of the Wilkes-Barre Taxpayers'  
16 Association, and for a good many years I have been  
17 affiliated with many senior citizen organizations.

18 The first statement that I would like to make is I am  
19 also an overburdened taxpayer and ratepayer. I want to  
20 emphasize that point for you. What brings me here this  
21 evening, gentlemen, is, I have been a senior citizen for  
22 quite awhile, and I happen to be a residential ratepayer.  
23 The first 200 kilowatt hours at the present time is 3.30  
24 cents, and the next hundred is 6.36 cents per kilowatt hour.  
25 It seems the more we conserve, the more we residential

1 customers get discriminated against; and I make the  
2 statement that I consider this discrimination against the  
3 residential ratepayer.

4 Secondly, I looked at the notice that was in the  
5 Citizens Voice announcing this meeting today, and I said, we  
6 have three different classes of ratepayers, according to  
7 PP&L, and we have three different percentages. Again  
8 discrimination comes into the picture. For the residential  
9 ratepayer, PP&L wants an increase of 20.7 percent. Then,  
10 for the person that heats their house, they would want 2.4  
11 percent. Then for the industrial customer, that is a 9.1  
12 percent; but when I look at these three categories, there is  
13 one customer left out of the equation - electric  
14 companies that they sell electric to in the grid. What  
15 increase are they asking for that customer? Do we have  
16 preferential treatment for the customers in the grid? If  
17 they are buying through the grid, don't you think they are  
18 responsible for the costs of closing the power plants?  
19 Why are we being asked, the ratepayers, of the three  
20 categories listed, to pay the costs to decommission plants?

21 I just asked a question and I don't hear a  
22 response. Does anyone understand?

23 JUDGE CHRISTIANSON: I understand your question, but  
24 this is an input hearing. Perhaps the company will respond.  
25 The electricity on the grid has been sold at wholesale. I

1 cannot respond to the company's sales on the grid. You  
2 probably want to speak to the utility, but right now you are  
3 to speak on the issues.

4 MR. MELESKY: We do have representatives of PP&L  
5 here.

6 JUDGE CHRISTIANSON: Okay. Perhaps they can respond  
7 now or later.

8 MR. MELESKY: Gentlemen, just because the wholesale  
9 of electric has been going on for years, you mean that PUC  
10 cannot instruct all the new utilities to include that cost  
11 in their sale to grid users? Do you mean to tell me that we  
12 cannot change it here on rate increases, that we cannot  
13 include it for the grid customers?

14 I do not care what they charge each other on the  
15 grid, but a third of the electric that is generated goes out  
16 on the grid, gentlemen. Why should they not be included?

17 JUDGE CHRISTIANSON: That is based on Federal  
18 regulations--

19 MR. MELESKY: Oh, here we go, Federal regulations.  
20 In other words, I am a senior citizen, and my medicare, and  
21 my deductibles that are passed on me because of  
22 these legislators, they also voted to make those changes?  
23 You are giving me a ridiculous answer - Federal regulations.  
24 It is state legislation.

25 JUDGE CHRISTIANSON: That is the law, sir.

1 MR. MELESKY: Why can't it be changed, gentlemen?  
2 Why can't the Advocate's Office recommend that that be  
3 changed?

4 JUDGE CHRISTIANSON: We cannot change that in this  
5 proceeding.

6 THE WITNESS: Here we go.

7 JUDGE CHRISTIANSON: I suggest you give a statement,  
8 sir.

9 MR. MELESKY: I want to emphasize again that 80  
10 percent of the electric that is generated from the  
11 Salem nuclear plant goes into the grid, and they are not  
12 obligated to pick up the cost of decommissioning the Salem  
13 Nuclear Plant.

14 I think that is an injustice and it has to be  
15 corrected, and that is all I am saying here today. If I  
16 ruffled your feathers, I am sorry, but that is the way I  
17 feel, gentlemen.

18 Thank you for the time to make my presentation.

19 JUDGE CHRISTIANSON: It is a very complex question.

20 MR. RUSSELL: Let me try to respond to the issues you  
21 raised. I will try to respond without a microphone.

22 Can you hear me?

23 MR. MELESKY: Yes.

24 MR. RUSSELL: I will try to do it in a couple of  
25 steps.

1 First, Judge Christianson is right. The rates we  
2 charge for sales to customers other than retail customers is  
3 controlled by the Federal Energy Regulatory  
4 Commission. That could be changed by legislation, but the  
5 current law is that agency controls those rates.

6 We have two types of sales, primarily, that go  
7 other than to our customers in Pennsylvania. One is  
8 contracts that we have with other utilities; and under those  
9 contracts, the purchasing utility would pay a portion of the  
10 costs to decommission Susquehanna. The two I am thinking  
11 of are Jersey Central Power & Light and Baltimore Gas  
12 & Electric.

13 There is another type of sale we make on the  
14 Pennsylvania, New Jersey, Maryland interconnection called  
15 economy energy transactions. Those are only energy, and  
16 they do not entail any other part of the plant, and the rate  
17 that is charged is an energy only rate; and those rates do  
18 not include any of the fixed costs, like return of our  
19 investment in the plant, a profit, or the cost of  
20 decommission, or wages, for example. It is pure energy.

21 The reason they are priced that way is because the  
22 energy is sold on the grid only when it is available, and if  
23 it is not available, we have no obligation to put energy  
24 on the grid, unlike customers in Pennsylvania, where we have  
25 an obligation to have sufficient energy and capacity

1 available whenever the demand is there.

2 MR. MELESKY: The two utility companies that you  
3 mentioned, you give me specifics, but you do not give me a  
4 percentage. In other words, you are not specific in your  
5 answers. Is it 6 percent; is it 3 percent? What does  
6 it take to decommission that plant, what percentage  
7 rate? Those are the specifics I would like to hear from  
8 you. What is the percentage that they are going to pay to  
9 decommission that plant? Do you know? It is going to cost  
10 what, \$30 million? What is the cost to decommission that  
11 plant?

12 JUDGE CHRISTIANSON: I do not have that number in  
13 my head.

14 MR. RUSSELL: The total cost is about \$720 million,  
15 is our best estimate.

16 MR. MELESKY: How much?

17 MR. RUSSELL: \$720 million.

18 MR. MELESKY: I think your figures are way off.

19 JUDGE CHRISTIANSON: We cannot address him any  
20 further, so I guess he is done.

21 The next person on the list, their address  
22 is 269 Church Street, Kingston.

23 MR. TROY: My name is Wilbur Troy. I am with the  
24 Consumer Advocates Office.

25

1           Whereupon,

2                           WILBUR TROY

3           having been duly sworn, testified as follows:

4  
5           MR. TROY: With the development of nuclear energy, a  
6           new era was formed, or so it seemed. Safety would not be a  
7           problem. The environment would be improved, and certainly  
8           cost containment would be realized. But something happened,  
9           safety became a problem. Look at, for instance, Three Mile  
10          Island, and if I recall, there is an industrial plant that  
11          was in trouble too, I think, that Philadelphia Electric had  
12          some problems. I do not remember all the names of the  
13          various plants, but those problems did come up and became  
14          very serious problems.

15          How about the environment. Look at the spiraling  
16          columns of smoke billowing from these plants. Cost  
17          containment. It just did not happen. Just as the billowing  
18          smoke goes up, so does the cost. Whether it's fossil fuel  
19          or nuclear fuel, nothing changes. I remember an old axiom,  
20          and I think it is applicable. I think the more things  
21          change, the more they stay the same.

22          Let me just conclude quickly. Mike Johnson, where  
23          are you?

24                   Thank you.

25          JUDGE CHRISTIANSON: Thank you, sir.

1 Next, Claire M. Wert, of Carlisle Street,  
2 Wilkes-Barre.

3 Whereupon,

4 CLAIRE M. WERT

5 having been duly sworn, testified as follows:

6 MS. WERT: I do not want to waste the Commission's  
7 time. I have a couple of questions. I wonder if this is  
8 the proper forum to address the questions.

9 JUDGE CHRISTIANSON: Go ahead and tell us what your  
10 questions are.

11 MS. WERT: I do have questions regarding a letter  
12 that was sent with my March bill, and I have questions from  
13 the statement of reasons for proposed increase.

14 First, I would like to know what percentage of  
15 households in your service area are in each of these  
16 categories listed in the March news letter? I myself fall  
17 below 500 kilowatt hours, so my percent of increase is  
18 going to be in the 20.7 range. I would like to know what  
19 percentages of people are in each of these categories  
20 listed.

21 JUDGE CHRISTIANSON: You are speaking of the handout  
22 that came with your bill.

23 MR. WERT: What?

24 JUDGE CHRISTIANSON: You are speaking of this handout  
25 that was sent with your bill.

1 MS. WERT: No. I got it with my March bill.

2 JUDGE CHRISTIANSON: Some people may be misled by the  
3 increase, but if you are looking for the company numbers on  
4 that. Paul, do you want to speak to that?

5 MR. RUSSELL: The average non-heating residential  
6 user uses about 600 K.W.H. per month. I cannot give you off  
7 the top of my head the numbers for each of the six  
8 categories. I know roughly a bit more than half of our  
9 customers, residential customers, are 500 K.W.H. a month or  
10 less.

11 MS. WERT: My problem with that is that if the  
12 majority of the customers are going to receive the 20.7  
13 percent increase or thereabouts, then obviously  
14 there is misleading information, because you say you were  
15 trying to work an overall percentage increase of 12 percent.  
16 So if more than 50 percent of your customers are going to  
17 receive a 20.7 percent increase, isn't that going to  
18 generate more than 12 percent overall?

19 MR. RUSSELL: No, it would not.

20 JUDGE CHRISTIANSON: The overall increase is in terms  
21 of total dollars. So, the way it would be calculated is,  
22 the smaller customer would count less on the figures. It  
23 takes dozens of residential customers to equal one  
24 industrial customer.

25 Now, one thing that Trial Staff on its

1 cross-examination is focusing on is that Mr. Russell is  
2 wrong, that the overall increase, the average for  
3 residential, is about 15 percent, counting large business  
4 and small business residential rate.

5 Now, the residential increase is going to be slightly  
6 higher than 12 percent. The overall increase is given to  
7 you in terms of all, including residential customers who  
8 heat with electric, other residential users, and industrial  
9 and commercial customers. So, the residential is going to  
10 average 15 percent, which is above the overall average of 12  
11 percent. This is the result of the cost of service and  
12 various management decisions, which can become complicated.

13 There are a lot more classes. One is streetlighting,  
14 which Scranton City spoke to. Their position is  
15 there is going to be a significant increase in  
16 streetlighting.

17 MS. WERT: Is it much more expensive today to send  
18 electric into my home than it was yesterday? Will it be 12  
19 percent, 15 percent, 20.7 percent more expensive in  
20 September, when all of these hearings are over, than the  
21 cost to supply electric to my home today? I have problems  
22 with that, and do you know why? With the increase, they  
23 cannot go gradually over a period of time to let people get  
24 adjusted to this.

25 I read all the literature, and I do not know where

1 these extra costs come from, and I do not understand a lot  
2 of the specific plans. I just do not understand why all of  
3 the sudden there is going to be a jump overall of 12  
4 percent, 14 percent, increase in rates. I have not found  
5 any notification in any of this. Maybe it is because I am  
6 ignorant to all of these, you know, power grid things, and  
7 things like that, the depreciation, and those types of  
8 things. Can you tell me why?

9 JUDGE CHRISTIANSON: I can try to respond to that. As  
10 a matter of fact, I sometimes joke back at work that I do  
11 not know what increase the company is going to get until  
12 after I have done my work. I make these individual  
13 decisions in my writing until my people do the tables and do  
14 the mathematical work to grind out all of these numbers. I  
15 do not even know if an increase is recommended. I can sign  
16 that decision, and until the tables get worked up with the  
17 technical staff, I do not know what increase is recommended  
18 either because all the issues, it is such a complicated  
19 thing, you almost need a computer to understand it.

20 Now, to speak directly to some of your issues, I  
21 cannot speak for PP&L because it is a supposition. PP&L has  
22 made a decision to stay out of it as long as possible. They  
23 had their last increase in 1985.

24 MS. WERT: I have done some comparisons of my own of  
25 two electric companies in the area, one being UGI and the

1 other being Metropolitan Edison, which is in the Reading  
2 area, and I know for a fact that PP&L does business in the  
3 Reading area.

4 My electric bill, which I pay \$42.42 for, under the  
5 UGI current rate, not counting the one percent increase,  
6 that will cost me \$44.38 under the Metropolitan Edison  
7 current rates. To my knowledge, if I am correct, they have  
8 a requested rate which would be currently \$41.83. With your  
9 proposed rate increase, if it were to come through at 20.7  
10 percent, I would be paying \$9.37 more on both of these  
11 bills, roughly \$9 more than both these electric companies  
12 are currently charging today. I do not understand how UGI  
13 and Metropolitan Edison can do business in our region, which  
14 I consider that much closer. Berks County is where  
15 Metropolitan Edison does a lot of their business. Those two  
16 companies do business in our region, which I consider more  
17 so than Delaware, Maryland, and York, to be in our region.  
18 I don't understand how those companies can do business and  
19 make money and PP&L can't do it. Why can't they do the same  
20 thing? That's all I have to say. Thank you for your time.

21 JUDGE CHRISTIANSON: Thank you.

22 Ann Marie O'Malley is next on the list.

23 Whereupon,

24 ANN MARIE O'MALLEY

25 having been duly sworn, testified as follows:

1 MS. O'MALLEY: Your Honor, ladies and gentlemen, my  
2 name is Ann Marie O'Malley, Council President of Dupont  
3 Borough. I am from a small borough of less than 3,000  
4 people, and living in our borough, 60 percent of these  
5 people are senior citizens. What will happen to those  
6 people who live under a fixed income if these rates become a  
7 reality?

8 Our fear is that possibly they will come down to the  
9 point where it will be detrimental to their health, causing  
10 so many problems that it may even cause their death. We  
11 would hope that you would consider this in making your  
12 decision.

13 Another problem we have, presently 3 mils of our  
14 taxes is dedicated to paying just our streetlights. This  
15 is only half. The other half is taken from another fund,  
16 which will mean, when we are preparing our new budget, there  
17 will probably be a tax increase.

18 So, we are asking you to please consider this class,  
19 if no one else, when you are making your decision on the  
20 rate you have to get.

21 I do thank you for your time, and thanks again.

22 JUDGE CHRISTIANSON: We had a representative from  
23 the city of Scranton in Scranton this afternoon who  
24 spoke on the same issue of streetlighting and taxes, and I  
25 mentioned a very similar phenomenon on water rates where

1 the question is on public water. There has been an  
2 attempt to hold down the rate increase on fire  
3 hydrant services on the various water companies, and there  
4 has even been legislation introduced on that subject.

5 One of the complaints that we get from  
6 municipalities is that they make their budget at the  
7 start of the year and the rate case comes in and breaks  
8 their budget.

9 The increase in streetlighting, it did not mention  
10 any numbers because they are rather significant in the  
11 overall average. This is why the boroughs and the  
12 cities, local government, are concerned about it. There is  
13 an examination already by several expert hearings down in  
14 Harrisburg, and I cannot predict what the numbers will be,  
15 but your concern is shared by all government officials and  
16 the Commission as well.

17 Your concern is obvious, and there is one reason  
18 why we come to these sessions, then that goes to 409,  
19 line 4.

20 Also from Dupont, we have Mayor George Legezdh.  
21 Whereupon,

22 GEORGE LEGEZDH  
23 having been duly sworn, testified as follows:

24 MR. LEGEZDH: My name is Mayor George Legezdh.  
25 Miss O'Malley spoke about our operations. We have a

1 population of 3,000 people. Miss O'Malley spoke to you  
2 about our streetlighting and the other part.

3           What I would like to bring up is this. Let's go back  
4 a few years. We had a place called the Harding Plant here.  
5 I am sure PP&L is familiar with it. They closed that plant  
6 down and put up the Susquehanna nuclear plant. This was  
7 supposed to save us a lot of money, but at that time PP&L  
8 did not even tell us that they were going to sell the power  
9 to New Jersey. They kept that a big secret, and the first  
10 thing you know, they are selling it over here, and in order  
11 to supply it here, they had to apply to raise their rates  
12 for the Jersey Central. I believe that is wrong there.

13           So in a few years, they close the Pittston Plant, and  
14 they move to Scranton. What did they do with that? They  
15 waste more money than they want to make. They do some  
16 advertising on television, they send out a lot of pamphlets,  
17 put them with their bills in the mail, but they are not  
18 telling you what the Pennsylvania power rate is.

19           What happens when somebody is on a fixed income? PP&L  
20 does not give us anything. We have what we have in town.  
21 What happened to breakdowns of costs when PP&L expands its  
22 plants? I never see them. I never see them in the  
23 newspapers. This they do not show. All they say is  
24 percentages - we need this, we need that, and we need this.

25           They showed us some on early retired. Some of my

1 friends are from PP&L and they are retired under the early  
2 retirement plan. There is a big savings there. Where do  
3 they spend this money? Where do they use it?

4 They seem to be operating. I never see PP&L go  
5 bankrupt, and they never will. Their shareholders get their  
6 benefits out of it, but yet, the ones who are consumers  
7 and residents who pay for it, get increased rates, \$10 per  
8 residential unit.

9 Tell me somebody that is retired and gets \$300 a  
10 month, and if you want to come to the Borough of Dupont, I  
11 will show you 50 people that get \$300 a month. If there is  
12 a raise in their Social Security, what do they get? 3  
13 percent, 5 percent? They want \$10 a month. That is quite a  
14 bit.

15 So, I am objecting to the rate hike, and I want to  
16 thank you.

17 JUDGE CHRISTIANSON: Thank you, sir.

18 Let's take a 10 minute break, and then we will  
19 return.

20 (Recess.)

21 JUDGE CHRISTIANSON: We will go back on the record.

22 Next we have Michael Lenahan, of Mountaintop.  
23 Whereupon,

24 MICHAEL P. LENAHAN

25 having been duly sworn, testified as follows:

1 JUDGE CHRISTIANSON: Would you tell us your name and  
2 who you represent.

3 MR. LENAHAN: My name is Mike Lenahan. I am from  
4 Mountaintop, and I represent myself.

5 Ladies and gentlemen, thank you for giving me the  
6 opportunity to speak. I represent the 50 percent rate user.  
7 My bill last month, I used 174 kilowatt hours. I am a  
8 conservative by nature, and I also am concerned about  
9 people's health, and I would like to address Mr. Russell  
10 personally that, due to my minimal usage not only  
11 of electricity, but other utilities, I feel that you are  
12 penalizing the small ratepayer. It is also a form of  
13 oppression.

14 As other speakers have mentioned, the average median  
15 age is increasing every year in several area communities.  
16 Growth is stagnant and wages have been stagnant, and for you  
17 to ask for such an exorbitant increase is absurd.

18 My wages don't come anywhere near that type of  
19 increase, and due to the increases, other necessary  
20 services, they will not be used. Individuals as-- I would  
21 like to make an example-- due to an increase at a bank where  
22 I do business, I had to drop my subscription to the  
23 local newspaper because the increase from the year was the  
24 same price of the newspaper for a year. So what that means  
25 is that there will be probably many other people who will be

1 forced to take the same route and therefore, in conclusion,  
2 I would just like to say again that this exorbitant increase  
3 is absurd. There is no reason for it. Thank you.

4 JUDGE CHRISTIANSON: Thank you, sir. Thank you for  
5 your time.

6 The next person is Donna Kisielewski.

7 Whereupon,

8 DONNA KISIELEWSKI

9 having been duly sworn, testified as follows:

10 JUDGE CHRISTIANSON: Give us your name and address for  
11 the record.

12 MS. KISIELEWSKI: My name is Donna Kisielewski. I  
13 live at 2002 Westminster Road, Wilkes-Barre.

14 JUDGE CHRISTIANSON: Thank you. Proceed.

15 MS. KISIELEWSKI: I am a residential storage  
16 heat customer, and when we invested in PP&L, we took their  
17 word on the lower rates that we could have by purchasing the  
18 system. When we built our home, we put the system in  
19 because we hoped to get qualified for the lower rate. We  
20 invested in two 700 foot wells for the groundwater heat  
21 source. We invested in storage tanks and heat pumps. I  
22 have a 16 percent rate increase for doing all of that and  
23 changing from an oil customer.

24 According to the grid that they sent me with the  
25 projected rate increases, it is showing approximately 16

1 percent and over \$20 a month. When I actually took my bill  
2 out and checked using PP&L's projected rate, it came out to  
3 be a \$58 a month increase.

4 Now, on the bright side, I spoke with someone from  
5 PP&L, I was speaking to someone because I had a question  
6 about the energy charge. When I called PP&L, they said  
7 there would be a decrease in that. So, they are asking for  
8 a rate increase in kilowatt hours, but they are reducing the  
9 energy charge.

10 Actually, they are shifting the energy charge  
11 from the kilowatt hours, and the representative explained to  
12 me that my energy charge would go down so it would probably  
13 average out for me; but that is not guaranteed every  
14 year, so it is possible that they can still charge a  
15 kilowatt hour rate increase, and in the future, raise the  
16 interest charge.

17 That is all I have to say. Thank you, very much.

18 JUDGE CHRISTIANSON: I understand what you said, but,  
19 again, you might want to talk to a PP&L representative. The  
20 handout was somewhat confusing.

21 Maybe Mr. Russell would like to respond.

22 MR. RUSSELL: Let me try to explain it without a  
23 microphone. What we are doing as part of the case, it is  
24 called rolling in the ECR in the base rates. We are moving  
25 the charge that is in the ECR, the energy cost rate, now

1 into the base rates, and it really will not change your  
2 bill's bottom line, that particular part of the case,  
3 because the energy cost rate is collected right now on a per  
4 K.W.H. basis, and it will be collected on a per K.W.H. basis  
5 when it is in base rates.

6 When we come out of this case near the end of  
7 September, the ECR should be set at about zero, and when  
8 you do bill comparisons, you have to use zero for the ECR  
9 when you are looking at proposed rates.

10 It is true, in the future, the ECR will change April  
11 of every year. It is consistent with our Tariff, and it  
12 is consistent with the way the Commission has established  
13 our energy cost rate. It may go up, it could go down, but  
14 it will change in April of each year after this case is  
15 over.

16 MS. KISIELEWSKI: Thank you.

17 JUDGE CHRISTIANSON: The next name is Gene Brady.  
18 Whereupon,

19 GENE BRADY

20 having been duly sworn, testified as follows:

21 JUDGE CHRISTIANSON: Would you state your name and  
22 who you represent.

23 MR. BRADY: My name is Gene Brady, and I  
24 represent the Commission on Economic Opportunity, and we  
25 have filed a formal complaint as part of the evidentiary

1 proceeding. I am also a member of Borough Council  
2 of Nuangola, Pennsylvania, and at this hearing I just wanted  
3 to briefly go on record in two areas.

4 First, the area of Nuangola Borough, I think to  
5 reiterate what was eloquently said by representatives from  
6 some other municipalities, this increase is going to cause  
7 us some real difficulties in small municipalities' and large  
8 municipalities' budgets. I know in the Borough of Nuangola,  
9 \$9,000 goes towards the cost of streetlighting. It is a  
10 small municipality of 728 residents, so you can see from  
11 that that this type of increase will necessitate other  
12 services being cut or an increase in taxes in order to pick  
13 up this cost.

14 In particular, something that over the years I have  
15 wondered about is that we are a municipality within the  
16 radius of the power plant, and because of that, a lot of  
17 civil defense activities we are required to do in the  
18 municipality are geared around the issue of the power plant  
19 and any potential problems that we have there, like the  
20 evacuation site. Just as a matter of suggestion, those  
21 municipalities within that area perhaps should be considered  
22 for a more favorable rate, in that there is additional  
23 responsibility and, in effect, that burdens the  
24 municipalities. So I would like to go on record to mention  
25 that.

1           In addition, as far as the reasoning and why the  
2 Commission on Economic Opportunity is involved in this rate  
3 case, we have a concern, and I think you are hearing our  
4 concern from the people as they speak here, that there are  
5 going to be some people who are going to be unable to pay  
6 for the increase. In particular, what we are looking at is  
7 those aspects of company's testimony and presentation as  
8 they relate to providing assistance to customers that do not  
9 have the ability to pay. We are looking in this area at  
10 a large percentage of elderly people. There also is a large  
11 percentage of people in this area that are of low income,  
12 and there are several things that we will go over in our  
13 presentation at Harrisburg at the evidentiary hearing. Just  
14 an example of which is the fact that there used to be six  
15 divisions, and the company make a change to five regional  
16 organizations.

17           When that change was made, it resulted in this area,  
18 because of the way the programs are setup, in a tremendous  
19 loss of assistance to the people that are ratepayers. Very  
20 simply put, the way the company filed their money is  
21 one-fifth, every region getting 20 percent.

22           By the change that the company made, I think in 1993,  
23 what has occurred is that this particular region which was  
24 combined with the Scranton area, has 20 percent of those  
25 customers that are within the target population, but as

1 yet, only received 20 percent of the money. I think that  
2 is something that should be looked at, and it is not fair to  
3 people that live in our community.

4 Last year, for example, I think \$250,000 we had  
5 additional, because of the very severe weather. They gave  
6 \$50,000, and we have 27 percent of the people in those  
7 income categories to serve. You don't have to be an expert  
8 to see that that is not right.

9 The amount of paperwork that we received as part  
10 of the record is amazing. To take the time it would take to  
11 study each detail would be certainly beyond our  
12 organization's capacity, and we are involved in protecting  
13 the people on their behalf, and it makes us realize that  
14 on behalf of the ratepayer, that is well beyond their  
15 ability to even approach this. It is also well beyond their  
16 understanding to approach this, and I think, as a result of  
17 that, a lot of the back and forth communications people  
18 cannot relate to. The perspective rise of the rate is of a  
19 substantial nature, and perhaps it would be better to  
20 have a limitation of a 2 year or 3 year reconsideration to  
21 avoid having a sudden and very large rate increase of one  
22 time. I think that the company has not been losing money.  
23 It may not be getting its fair rate of return which the  
24 investors of the company think they should be receiving,  
25 but it is not a situation where the company has been losing

1 money. I think what is going to happen in the short term is  
2 that people are going to have rather dramatic increases  
3 because of the situation that I think is being looked at  
4 prospectively.

5 The last point is, a lot of the designed programs  
6 that PP&L has to assist people, for example, in the area  
7 of the off-peak heating systems, those programs are not  
8 working. They are really a marketing tool. They are  
9 designed to induce additional customers to come in and be  
10 customers of PP&L. What that does is create a situation  
11 where those existing customers, like I think you are seeing  
12 tonight, they are not getting the assistance that they very  
13 warmly need.

14 The second area I want to present is most of the  
15 designed assistance programs for people that are heating  
16 customers are not based on heating customers, but on  
17 customers with electric or electric hot water, and those  
18 people who are most adversely affected are the low users.  
19 That is a situation that really demands special attention to  
20 see what the PUC can do to assist those customers that are  
21 being affected in the most adversarial way.

22 I wanted to take the time to briefly make those  
23 remarks on this proceeding.

24 Thank you.

25 JUDGE CHRISTIANSON: Thank you.

1 MR. RUSSELL: I guess I would make one statement  
2 on the issue of the change from six to five regions. I  
3 remember the cross-examination in Harrisburg, and I remember  
4 the answer from our witness was, it is true we initially  
5 divide the money by operating regions, and then we shift  
6 money among the regions where the greatest need is.

7 MR. BRADY: That may have been the answer, but that  
8 is not specifically what is going on. Basically, your  
9 answer is, if there is extra money, it gets shifted, but it  
10 is not being allocated properly.

11 MR. RUSSELL: Are you planning to present testimony  
12 in Harrisburg during the technical hearings?

13 MR. BRADY: Yes.

14 JUDGE CHRISTIANSON: Thank you for you interest.

15 The next name on the sheets is Alan Rosenbaum, 5E.  
16 Main Street.

17 Whereupon,

18 ALAN ROSENBAUM  
19 having been duly sworn, testified as follows:

20 MR. ROSENBAUM: I heard PP&L is cutting one-third of  
21 its workforce. Is that true?

22 MR. RUSSELL: No, sir. It is not one-third. We have  
23 cut about 18 percent.

24 MR. ROSENBAUM: But it is not one-third. Is it  
25 one-fourth?

1 MR. RUSSELL: We had about 8,000 employees, and the  
2 expectation is by about, I think it is '97 or '98, we will  
3 probably be down to about 6,000.

4 MR. ROSENBAUM: But I think in 1993-- This report  
5 is from 1993 here-- you had 9,000 workers.

6 MR. RUSSELL: No, sir. We were never that high.

7 MR. ROSENBAUM: So it is roughly about a 20 percent  
8 decrease?

9 JUDGE CHRISTIANSON: That seems to be about the  
10 number.

11 MR. ROSENBAUM: Are they planning on still selling  
12 power, or are they decreasing sales to other states? If  
13 they sold a little less power to those states, I remember  
14 that a long time ago when I was in school, that they figured  
15 that if they sold less power, they would not have to  
16 generate so much and the rates would be lower, with the long  
17 lives of the plants, especially.

18 MR. RUSSELL: That is not necessarily true. With  
19 power plants, oftentimes you have to either turn them on or  
20 turn them off. You cannot run them at a third load or half  
21 load, and oftentimes what will happen is we need to start a  
22 plant or run a plant to meet loads for our customer, and  
23 then we have, because that plant needs to be run essentially  
24 at full output, we have additional energy to sell either on  
25 the grid or to other utilities.

1           On the issue of the lives of the plants, we are  
2 continuing to examine that right now very actively. There  
3 is a lot of uncertainty in the electric utility industry  
4 with issues like competition, future environmental  
5 compliance, and lives of plants are in an area that we are  
6 continuing to look at very closely. At this point we have  
7 not changed our plans for the ultimate deactivation dates  
8 of our plants.

9           MR. ROSENBAUM: But you could. I feel that that  
10 plant will last 10 more years.

11          MR. RUSSELL: What plant are you talking about?

12          MR. ROSENBAUM: The Susquehanna Plant.

13           I understand you are going to return the plant to its  
14 original condition.

15          MR. RUSSELL: Yes, sir.

16          MR. ROSENBAUM: Does that mean you are going to tear  
17 that plant down?

18          MR. RUSSELL: Yes, sir.

19          MR. ROSENBAUM: Is that necessary?

20          MR. RUSSELL: Yes, sir.

21          MR. ROSENBAUM: I do not think so. In fact, I read  
22 in the paper this morning what is called the iron fence  
23 theory, and you can cut a \$720 million cost to \$70  
24 million if you put an iron fence around it. It is  
25 fireproof. Nothing would happen to the plant.

1 MR. RUSSELL: Except you would have to guard it  
2 forever.

3 MR. ROSENBAUM: Well, how much would that cost?

4 MR. RUSSELL: We have examined the alternative of  
5 what is called safe store, which is what you are talking  
6 about, and we concluded the more economical approach is  
7 decommissioning it as we proposed in the case.

8 The reason we feel we have to take the structures  
9 down is the removal of the reactor core and the containment  
10 requires so much removal of material from inside the  
11 buildings and cutting to get the core out of the buildings,  
12 that the remaining structures simply would not be safe if  
13 they were left to stand.

14 MR. ROSENBAUM: I feel that PP&L wants to take it  
15 down because it is the most expensive way, and once they  
16 take it down, they can decrease their workforce by 20  
17 percent. If they would increase the life of the plant for a  
18 few years, maybe we would not have an increase. Perhaps we  
19 would get a decrease as of September of this year. But the  
20 power plant was over cost, overbuilt, and that is why it  
21 could last longer. They did put extra controls in.  
22 Therefore, it can last longer.

23 I am only talking about 15 years, but I remember it  
24 was supposed to save money and last longer, and now you are  
25 telling us that everything you said 10, 15 years ago was a

1 lie. I hope PP&L would read this paper.

2 Thank you, very much.

3 JUDGE CHRISTIANSON: Mr. Daniel Smith is the next  
4 person.

5 Whereupon,

6 DANIEL SMITH

7 having been duly sworn, testified as follows:

8 MR. SMITH: I want to basically make a short statement  
9 and ask a couple of questions.

10 JUDGE CHRISTIANSON: Would you give us your name and  
11 address, first.

12 MR. SMITH: Daniel Smith, Lake Ariel.

13 First of all, I would like to say that I came down  
14 here because I could not make it to the one in Scranton this  
15 afternoon because I work during that time.

16 I have been happy. I am a thermal storage customer.  
17 I have been very happy with PP&L's rates. Now that we have  
18 this increase, I am not. I would like to ask, however,  
19 how much effort PP&L has put in alternate sources of  
20 electricity generation such as solar, wind, possibility  
21 hydroelectric in the area.

22 JUDGE CHRISTIANSON: There are various institutes  
23 that research that. Maybe Mr. Russell can respond.

24 MR. RUSSELL: Yes. I can mentioned two things in that  
25 area. We are a member of the Edison Electric Institute, EEI,

1 and their research arm, EPRI, does a lot of research and  
2 development in alternate and renewable resources, and we  
3 contribute to that and participate in that.

4 We are in a little bit of a unique circumstance in  
5 that we do not need new generating facilities until after  
6 the year 2000, and with the changes in the electric  
7 utility industry, particularly a move towards competition in  
8 the power generation part of the industry, we are really not  
9 making any concrete plans and we do not have any concrete  
10 projects to develop additional generating at this point.

11 MR. SMITH: Thank you.

12 JUDGE CHRISTIANSON: Do you have any hydroelectric  
13 plants?

14 MR. RUSSELL: Yes. We have two hydroplants, one in  
15 Hopwood currently.

16 JUDGE CHRISTIANSON: Tom Matiska is next.

17 Whereupon,

18 TOM MATISKA

19 having been duly sworn, testified as follows:

20 JUDGE CHRISTIANSON: Would you just repeat your name  
21 and address for the record.

22 MR. MATISKA: Thomas Matiska, 80 East Linden Street,  
23 Wilkes-Barre.

24 I am presently a residential customer using gas  
25 for heat and hot water, so it is not like I am a large user.

1 I understand that the largest increase will fall on those of  
2 us who are minimal users.

3 I understand that to cut costs you need to raise the  
4 bottom fee, but I want to know why you don't try to reduce  
5 those costs by, like, having the meters read every 3 months  
6 and allowing the customers to report it the other months, or  
7 something, or have, like, the water company, gas company,  
8 and electric company have one meter reader come out to read  
9 the meters for all three companies with just one person,  
10 instead of three separate people traveling around, to reduce  
11 the costs?

12 MR. RUSSELL: We are always looking at ways to reduce  
13 our costs of servicing customers. One of the two things  
14 that I am most familiar with is we supplied most of our  
15 meter readers with hand-held processors, where they can do  
16 with what is essentially a hand-held computer, they can  
17 enter readings and have that reading transferred to a  
18 computer at the company and then processed through the  
19 billing section of the company with a minimum of paperwork  
20 and a minimum of physical moving of paper. It is all  
21 electronic, which has reduced our costs.

22 The other thing, we have encouraged and asked  
23 customers to pay their bills by automatic bill payment at  
24 their bank, which again reduces our cost of processing the  
25 bill and the checks in envelopes, and all that sort of

1 thing.

2 I know a couple of years ago we were exploring the  
3 possibility of piggybacking, that you talked about, where  
4 one utility would go out and read meters for two or  
5 three other utilities and just bring back the data. As I  
6 say, we are continuing to look at those.

7 I think what may go to a point that you were raising  
8 though, as we reduce those costs, they are really reflected  
9 across our residential customer class, and it affects what  
10 we ask for in a rate case for the customer charge. At this  
11 point, we do not have a rate specifically designed for a  
12 customer who has, for example, every other month, a  
13 meter reading, or every 6 months with the meter reading  
14 called in, a reduced customer charge for that customer. We  
15 have not designed a rate that way. The savings are really  
16 spread over the entire class.

17 MR. MATISKA: With the water company, I just call on  
18 the phone and type in what my meter reads, and that saves  
19 money because they do not have to come and read my meter,  
20 and that reduces the cost of my water bill because they save  
21 money.

22 MR. RUSSELL: I am not knowledgeable of the details  
23 of some of the things we may be looking into, but I can give  
24 you the general answer that I gave you a minute ago. Maybe  
25 when we are concluded with the formal part of the hearing,

1 one of our customer representatives could fill you in on the  
2 details of any of those sorts of things we are working on  
3 to reduce costs.

4 MR. MATISKA: Thank you.

5 JUDGE CHRISTIANSON: That covers everyone on the  
6 list.

7 MR. MELESKY: I have more to say.

8 JUDGE CHRISTIANSON: What is your name?

9 MR. MELESKY: Ambrose Melesky.

10 JUDGE CHRISTIANSON: All right.

11 MR. MELESKY: I have been reading the book here from  
12 the Pennsylvania Utility Commission that I got from a  
13 representative in here. You are telling me that you spend  
14 thousands of dollars on service and things like this, am I  
15 right? This is your book.

16 MR. HOFFMAN: I am not sure what book you are  
17 referring to, sir.

18 MR. MELESKY: It says that PP&L is trying to  
19 conserve--

20 MR. HOFFMAN: What book are you reading from?

21 MR. MELESKY: What's that?

22 MR. HOFFMAN: Could you identify what book you are  
23 reading from, please.

24 MR. MELESKY: This is a Public Utility Commission  
25 book. It's a guide to lowering your utility bill.

1 MR. HOFFMAN: Does it say something about the Bureau  
2 of Consumer Services on there?

3 MR. MELESKY: No.

4 MR. HOFFMAN: Bureau of Public liaison?

5 MR. MELESKY: No. All right. What I am talking  
6 about is the fixed minimum rate. If you just spent  
7 thousands of dollars to save energy in your home, and the  
8 PUC is going to allow a fixed minimum rate, what is the use  
9 of doing all of this? If you are going to insulate, or  
10 whatever, and do all of this, if you are going to spend  
11 \$2,000 to save a few dollars, and the PUC is going to grant  
12 a fixed minimum rate, it's just a waste.

13 MR. HOFFMAN: The minimum rate has nothing to  
14 do with your usage.

15 MR. LEGEZDH: But I am just saying, in my house,  
16 I don't use a lot of electric, but I have to start with  
17 that, and since I use so little, they are going to get that  
18 extra money from my base.

19 MR. HOFFMAN: The utility does not save anything on  
20 the customer charge if you conserve.

21 MR. MELESKY: Whether the public utility grants them  
22 permission or not, I am still going to have to pay the  
23 minimum rate, no matter how much electric I use.

24 MR. HOFFMAN: The minimum rate allows them to recover  
25 costs. It has nothing to do with how much utility service

1 you get.

2 MR. MELESKY: I am saying you people have to grant  
3 it. What I am saying is you people don't grant it, the  
4 Public Utility people who sit on the board do. This is what  
5 we are talking about. People are spending thousands of  
6 dollars to cut down on electric. They are sending out  
7 fliers themselves on what you do, how to insulate. If you  
8 are getting electric heat, you can have one of their  
9 engineers come in to look over our home to save electric.  
10 What is the use of saving when you are going to have to  
11 spend the minimum rate?

12 MR. HOFFMAN: That charge covers the service that  
13 the utility provides to you. It does not have anything to  
14 do with the amount of electricity you use.

15 MR. MELESKY: Well, that is your duty, to not grant  
16 the rates or the minimum rate. That is up to the PUC. It  
17 is not up to PP&L. It is up to the PUC whether you are  
18 going to give it or not. Am I right?

19 JUDGE CHRISTIANSON: Yes, it is--

20 MR. HOFFMAN: Our office favors having appropriate  
21 customer charges, the Office of Trial Staff, because we  
22 think it is good, sound business. It assigns the costs  
23 where they belong.

24 MR. MELESKY: What is happening is, I could heat my  
25 whole residence up with solar during the daytime, charging

1 it up for night. Where are they going to go? They are out  
2 of business. Thank you, very much.

3 JUDGE CHRISTIANSON: Thank you, sir.

4 That seems to be the end of the formal session.  
5 There are people here that you can speak with if you  
6 have any questions or problems. We are done with the  
7 record now. Thank you.

8 (Whereupon, at 9:15 p.m. the hearing was  
9 concluded.)

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C E R T I F I C A T E

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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.

19

COMMONWEALTH REPORTING COMPANY, INC.

20

BY: *Tom A. Stewart*  
TOM A. STEWART

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FORM 2