

ORIGINALS

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COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

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 :  
Pennsylvania Public Utility Commission :  
versus Pennsylvania Power and Light :  
Company. : Docket No.  
 Investigation into a proposed \$261,000,000 : R-00943271  
 rate increase. : R-00943271C0001-  
 : R-00943271C0130  
 Public Input Hearing :  
 :  
 -----X

Pages 1 through 57 Auditorium  
 Pennsylvania State Museum  
 3rd and North Streets  
 Harrisburg, Pennsylvania

Thursday, March 30, 1995

Met, pursuant to notice, at 1:41 p.m.

BEFORE:

ROBERT CHRISTIANSON, Administrative Law Judge

APPEARANCES:

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 CHARLES F. HOFFMAN, Esquire  
 Post Office Box 3265  
 Harrisburg, Pennsylvania  
 (For Office of Trial Staff)

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 (For Office of Small Business Advocate)

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C O N T E N T S

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Arthur Taylor	13	--	--	--
Dick Gallina (By Mr. Hoffman)	21 --	-- 23	-- --	-- --
Robert M. Herr	25	--	--	--
Dominick Srignoli	29	--	--	--
Leonard Morris, Jr.	37	--	--	--
Edward A. Essl, Jr.	43	--	--	--
Michael Donmoyer	48	--	--	--

E X H I B I T S

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
(None.)		

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P R O C E E D I N G S

1  
2 ADMINISTRATIVE LAW JUDGE ROBERT CHRISTIANSON: I  
3 am Administrative Law Judge Robert Christianson. I am  
4 the Judge assigned to preside in this case. We will be  
5 fairly brief on our introductions, but I would like to  
6 say just a few words about the case and where we are  
7 going on it. This case follows the general pattern  
8 established by the Legislature, but we have seven months  
9 to handle the matter. There is an automatic suspension,  
10 and then the rates will go in effect subject to refund  
11 unless action is taken, but the Commission almost always  
12 takes action within the seven months.

13 We have been at hearings just this morning,  
14 about 12:15. The Company essentially closed out its  
15 main case after presenting several witnesses and a lot  
16 of paper. Now the time is for public input hearings,  
17 and the other parties are beginning to prepare their  
18 testimony, mainly the parties represented by Counsel up  
19 here with me, and they will have their round of the  
20 case. I can get into more detail later, if people would  
21 like, about how we go with this thing.

22 There are basically three stages; the Company  
23 case and cross-examination, the cases by the other  
24 parties with cross-examination, and then what we sort of  
25 call rebuttal week, where we all get together and keep

1 talking until we all get tired. It is more orderly than  
2 that, but that is the basic pattern. I have been doing  
3 this for a good ten years now, large cases and small,  
4 and we basically handle them all in the same format,  
5 because we do get into matters such as settlement, and  
6 various other methods.

7 We are developing an alternative management  
8 scheme for cases more in the mode of arbitration or  
9 agreement. We are setting up systems to get agreement  
10 of the parties outside the formal context of the  
11 proceeding, but that is really another topic, and it is  
12 a mode that probably will not be employed in this case.  
13 But again, we have the litigation scheduled out, and we  
14 can get into that in more detail.

15 I have the folks up here who represent the main  
16 parties in the case. In this case, one of the areas  
17 which will be probably very important is what we call  
18 rate design or rate structure, or both. There are two  
19 elements to a case. There is the overall increase,  
20 which itself is more complex than the numbers would  
21 indicate; but much more complex than the overall  
22 increase is the question of how the increase is  
23 distributed among the classes and within the classes.

24 I had one handout, which I didn't bring up with  
25 me, so I will only paraphrase it. And again, we can get

1 into that later. But one point was important as the  
2 hearings progressed, and it happens it is in the record  
3 as a Trial Staff exhibit, or part of a Trial Staff  
4 exhibit, was a PP&L bill stuffer, I believe, or a  
5 handout, about the residential increase, and I stand to  
6 be corrected by the Company or any other party, but  
7 there are a couple of numbers there I want to mention.

8 The Commission requires the increase to be  
9 stated in terms of 500 kwh residential customer, and  
10 this number is 20.7 percent. Now, that number is a  
11 little bit misleading, and I use it only as an example  
12 of one of the lesser complexities involved in a case  
13 like this. Now, I can't quote the exact numbers because  
14 the papers are in my brief case, but we can get them.  
15 But the average residential increase, instead of 20  
16 percent, is something like 15 percent as I recall. I  
17 can get the numbers, as I said, in a moment. The  
18 average heating customer increase is something like 10  
19 percent. So you can see, depending on the usage, a 500  
20 kwh customer is a relatively small customer in the  
21 residential area, or any area; but this is what is  
22 required by our regulations. But a higher user, because  
23 of the declining block rate structure, actually, the way  
24 things are restructured a bit, sees a different  
25 increase. Now, this gets into industrial customers and

1 such, with interruptible rates; and these folks with me  
2 understand that aspect of the case better than I do at  
3 this point, and they will proceed to educate me in their  
4 briefs to some degree. I could mention that I did the  
5 last PP&L general rate increase case about ten years  
6 ago, so I am somewhat familiar with the situation.

7 But, in any case, I would like to introduce very  
8 briefly the folks up here, who will have just a few  
9 words, and then we will get into the actual  
10 participation by the folks who want to speak for the  
11 record, and I will get into that just a little bit very  
12 shortly about the various modes.

13 But first, to my right, is Johnnie Simms, who is  
14 counsel for -- one of the three lawyers working the case  
15 for the Office of Trial Staff. And Mr. Simms just has a  
16 few words.

17 MR. SIMMS: Thank you, Judge Christianson. I am  
18 Johnnie Simms. I am a Senior Prosecutor with the Office  
19 of Trial Staff. To my right is Charles F. Hoffman, the  
20 Chief Prosecutor for the Office of Trial Staff.

21 As Judge Christianson has indicated to you, we  
22 have just concluded the cross-examination of  
23 approximately 14 Company witnesses today. At this stage  
24 of the proceeding, you, the rate payers, are afforded an  
25 opportunity to give your views and opinions regarding

1 the Company's request for a rate increase. I will take  
2 this opportunity to encourage you to give testimony,  
3 sworn testimony so that it can be used on the record.  
4 Also, if you have any questions regarding the rate case,  
5 I am prepared to remain after this proceeding to have  
6 discussion with you.

7 Thank you very much.

8 JUDGE CHRISTIANSON: Thank you. I will mention  
9 there is another sign-up sheet in back for people who  
10 want to speak, and there is a lot of literature and  
11 there is another name and address sign-up sheet if you  
12 want literature back there. My sign-up sheet is green,  
13 following a color code that we don't have to go into;  
14 and the other sign-up sheet is white. This is a new  
15 procedure. I think this is the first case we are using  
16 this exact system, and there should be a Commission  
17 representative back there to help you out.

18 To my immediate left is Karen Oill Moury, who is  
19 representing the Office of Small Business Advocate.

20 MS. MOURY: Thank you, Your Honor. My name is  
21 Karen Oill Moury, and I am here today on behalf of the  
22 Small Business Advocate, Bernard Ryan. We are  
23 participating in this case to represent the interests of  
24 small businesses who receive electric service from PP&L,  
25 and certainly if any of you are here today representing

1 a small business, I would encourage you to testify and  
2 let us know something about your business.

3 Thank you.

4 JUDGE CHRISTIANSON: Next, to her immediate left  
5 is Mary Kenney, one of the several lawyers for the  
6 Consumer Advocate's office. They also participate very  
7 actively in the case; and again, she will have a few  
8 words, and then I will have one more statement, and we  
9 will get on with it.

10 MS. KENNEY: Thank you, Your Honor.

11 Good afternoon. I am here today enjoined by the  
12 Consumer Advocate, Sonny Popowsky, who is here, along  
13 with the OCA's consumer liaison, Susan Henry, and Gicine  
14 Brignola, who is working with me on this case. I  
15 appreciate your all coming out here today. The Office  
16 of Consumer Advocate is representing the interests of  
17 utility customers in this proceeding, so we are very  
18 interested in hearing your statements. If you would  
19 like more information about our office, there is a  
20 brochure at the front desk that will tell you about the  
21 Office of Consumer advocate, and I will be happy to stay  
22 after these hearings to discuss any questions you may  
23 have.

24 Thank you for coming.

25 JUDGE CHRISTIANSON: I told her to give the mike

1 to Paul Russell, but I should say one more thing. One  
2 thing I will say by preface. I expect some  
3 Commissioners here, but I don't want to name names  
4 because they are so local here. They had a public  
5 meeting themselves this morning, so I am not quite sure  
6 who got over. Usually I am given names, but here in  
7 Harrisburg, they can just wander over. I know there are  
8 a couple of Commissioner's Assistants here who will be  
9 as helpful as they possibly can. They are very helpful  
10 to us as Judges in these cases. If you need information  
11 or coordination, they are here as well.

12 One person, perhaps who has stood up -- one  
13 person who should be perhaps up front is Sonny Popowsky.  
14 Just stand up the whole way so they can see you. He is  
15 in charge of Mary Kenney's office basically. But he is  
16 a factor to be heard from, just as Mr. Hoffman is up  
17 here. They have sort of similar roles, but in important  
18 ways, they are very different as well.

19 And then, one other person up front here is Paul  
20 Russell, who is one of the lawyers for PP&L on the case.

21 MR. RUSSELL: Thank you, Your Honor. My name is  
22 Paul Russell. I am an Associate General Counsel with  
23 PP&L, and I am representing the Company in this  
24 proceeding. I would like to take just two minutes to  
25 introduce two people who are in the audience: John

1 Menichini; he is our Vice President of Customer  
2 Services. He is sitting to my right, and Angela Tracy,  
3 who is our Consumer Affairs Director in the Harrisburg  
4 area. She is in sort of the middle of the room. We  
5 will all be here for the duration of the discussion, and  
6 we will be happy to stay after the discussion is  
7 concluded to answer any questions you might have about  
8 the case, and also to respond to any concerns you might  
9 have about your individual bill, or your individual  
10 service. It really is very important to the Company to  
11 respond to your concerns, and I would encourage anybody  
12 who has specific issues to bring them to one of us.

13 I would like to echo Mr. Simms' comments. We  
14 also believe that the public input hearings are a very  
15 important part of the rate making process of the PUC,  
16 and we would encourage that everyone who has an opinion  
17 that they would like to put on the record do that today  
18 so that it can be part of the record that the Commission  
19 considers as they review the case.

20 Thank you.

21 JUDGE CHRISTIANSON: Thank you.

22 And again, we would have curtailed our remarks  
23 if there had been more people here, but it is just as  
24 well to speak a little more when we have the time.

25 One thing I will say again, since I have time,

1 very briefly. We just had a pow wow here before we  
2 started, and we resolved one matter, which may be of  
3 interest to people here. There is always a question  
4 about somebody who can't show up for one of these  
5 sessions, and we sort of worked up a system whereby they  
6 can come in with written comments, which would be  
7 perhaps distributed at the public input hearing  
8 appropriate, or just made for the record. I have  
9 checked with Mr. Hoffman and the other representatives  
10 up here -- Mr. Russell, too, since the Company is  
11 important in these things -- because there is a question  
12 of hearsay and cross-examination and authentication of  
13 his statement.

14 Which leads me into what we are here for. There  
15 are three basic modes for the public here: to testify,  
16 to merely make a statement, or just talk informally. I  
17 strongly encourage you to testify, to actually take the  
18 oath or affirmation so that your statement can be  
19 accepted as evidence in the case, just like the evidence  
20 we receive from the expert witnesses in the North Office  
21 Building.

22 The Commission has acted to make these public  
23 input hearings part of the record, in a sense, just like  
24 the OJ Simpson trial. Many of you know what the record  
25 is and what is not of record. When you actually take

1 the oath, then you are of record; it is testimony; it is  
2 evidence in the case. We can use the statement you made  
3 for or against you, for or against the utility. The  
4 Commissioners do use these statements in their  
5 deliberations, and have fairly explicitly made decisions  
6 based, at least in part, on public input testimony. So  
7 it is fairly important, and it really is part of the  
8 record; very clearly, it is. So I would encourage you  
9 to take the oath and actually make it testimony.

10 And again, considering the scope of the session,  
11 we may get into dialogue as we go along, or at the end.  
12 But the first on my list -- we have about six names at  
13 this point -- is Arthur Taylor, representing basically  
14 colleges and universities. He has a prepared statement,  
15 but he also wants to make his oral statement obviously.  
16 He happens to be associated with an active party in this  
17 case. There are about a dozen active parties, and about  
18 130 total parties in the case, formal parties actually,  
19 technically, participating; but there are only about a  
20 dozen. He has his lawyer here, but his lawyer has  
21 promised not to speak up too much. The lawyer has had  
22 his chance at our hearings over in the North Office  
23 Building.

24 Then again, Mr. Taylor, could you please take  
25 the oath?

1 Whereupon,

2 ARTHUR TAYLOR,

3 having been duly sworn, testified as follows:

4 JUDGE CHRISTIANSON: Fine; proceed. Perhaps we  
5 could pause. We sort of pulled the switch out on the  
6 reporter here down to the other mike; so if you are  
7 okay, we will go ahead with it.

8 Mr. Taylor, go ahead.

9 DIRECT TESTIMONY

10 THE WITNESS: Thank you. Well, the reporter can  
11 always speak to my lawyer, Your Honor.

12 JUDGE CHRISTIANSON: Yes; that is what lawyers  
13 are for.

14 THE WITNESS: Mr. Presiding Officer, members of  
15 the Public Utility Commission and attendees of this  
16 public hearing. Although His Honor had said that the  
17 attendees are sparse, I must tell you that the quality  
18 of the attendees looks very good to me today. So thank  
19 you for coming.

20 I am Arthur Taylor. I am President of  
21 Muhlenberg College, located in Allentown, Pennsylvania,  
22 former President and Chief Executive Officer of CPS,  
23 Incorporated, and founder of the Arts and Entertainment  
24 Channel. I am grateful for this opportunity to describe  
25 to the Presiding Officer and the Commissioners present

1 the impact of the proposed PP&L rate increase on my  
2 institution, and our 1,600 students and their families,  
3 a number of whom reside in the PP&L service area, as  
4 well as similarly situated independent colleges who are  
5 a part of the University College Coalition in this  
6 proceeding and which I represent today. These are  
7 little colleges, ladies and gentlemen, but there are  
8 those of us who love them.

9 Presently before the Commission is the Company's  
10 Supplement No. 50 to its Tariff Electric Pennsylvania  
11 PUC No. 200. This Supplement requests an increase in  
12 total annual operating revenues in excess of  
13 \$260,000,000, or approximately 11.7 percent over the  
14 present level of revenues.

15 As part of this filing, PP&L is requesting a  
16 minimum rate of return on its common equity of 13  
17 percent. The return of the 13 percent has been stated  
18 by the Company to be necessary to position it more  
19 favorably in financial markets. A financial expert  
20 representing our coalition will offer further testimony  
21 as to the fairness and unfairness of that 13 percent and  
22 the need for it. I will not do that today.

23 We are aware that the Commission will be  
24 considering the appropriateness of this request during  
25 the period of suspension of the increase until September

1 1995. We are also aware that there have been  
2 approximately 103 formal complaints filed against a  
3 proposed increase, and that the Company's justification  
4 and statement of reasons for the proposed rate increase  
5 will be tested during these proceedings. The purpose of  
6 this statement is to advise the presiding officer and  
7 the Commission of the impact of this proposed increase  
8 upon Muhlenberg College and the similar independent  
9 universities and colleges which comprise our coalition.

10 We will, indeed, feel the impact of the proposed  
11 rate increase. Muhlenberg's electric expense for the  
12 one-year period of March 1994 through February 1995 was  
13 \$675,000. That usage of power places Muhlenberg under  
14 rate schedules LP-4 and GS-3 for our main campus  
15 account, and we have several -- in fact, we have quite a  
16 few residential accounts beyond that. The total  
17 increase to Muhlenberg will be a minimum of \$65,700 in  
18 the first year -- in the first year -- according to the  
19 PP&L representative who services our account, and who,  
20 by chance, visited with me last week. Muhlenberg and  
21 other colleges in our university-college coalition, and  
22 listen to who they are: Elizabethtown, Messiah,  
23 Dickenson, King, Wilkes University, The University of  
24 Scranton -- the good Jesuit brothers of the University  
25 of Scranton -- and Keystone Junior College, find

1 themselves in rate classes where the vast majority of  
2 users are commercial or industrial businesses. These  
3 entities are usually able to pass along -- these  
4 businesses -- cost increases directly to customers who  
5 use their products.

6 With the tremendous resource needs now and in  
7 the future to continue our mission of educating students  
8 not so with us -- not so with us -- Muhlenberg, and its  
9 coalition partners with limited resources, will have to  
10 make major sacrifices, and, in fact, has already made  
11 major sacrifices to sustain quality education in the  
12 face of these increasing costs. We are not in the  
13 business of making profit, ladies and gentlemen and Your  
14 Honor; we are in the business of losing money, the  
15 better we do, the more money we lose. That is our  
16 business. We do not make money the better we do. We  
17 are in the business of educating students, and cost  
18 increases such as these inevitably will impact our  
19 students.

20 Now, let me profile our operations, which are  
21 not dissimilar from those of our fellow coalition  
22 members. At Muhlenberg approximately 90 percent of our  
23 total annual revenues are the result of tuition, room  
24 and board charges to students. Philanthropy and  
25 endowment earnings account for the remaining

1 approximately ten percent, unlike State-supported  
2 universities of which there are many, many fine places  
3 in the State of Pennsylvania, where subsidies might help  
4 to temper the effect of this proposed rate increase, we  
5 receive limited help from federal and State sources, and  
6 that limited help is going to zero. Our independent  
7 colleges are receiving pressure from other directions as  
8 well. In certain communities attacks have been made  
9 upon our tax-exempt status, which in the case of  
10 Muhlenberg, goes back to the original charter of 1848.  
11 That is the legislature of the Commonwealth, 1848.

12 We are further threatened at the national level  
13 with proposed cutbacks in financial aid programs to  
14 students which could affect nearly half of Muhlenberg  
15 college's enrollment under the Republican contract.  
16 Institutional financial aid at colleges such as  
17 Muhlenberg range from 20 to 30 percent of our annual  
18 budgets. Through institutional aid we subsidize 50 to  
19 60 percent of our students, and their needs continue to  
20 increase as families find it more and more difficult to  
21 pay for college educations.

22 Now, if we attempt to absorb these additional  
23 costs for electric power which we believe to be unfair,  
24 valuable education programs would necessarily be  
25 impacted, be reduced, and would be cheapened. It is not

1 my way. If we pass along increases such as these to  
2 students in the form of raised tuition, the college  
3 would not gain ground because it would be required to  
4 provide increased student aid. Remember, 30 percent of  
5 every dollar we increase tuition goes back, goes back to  
6 the students. The fact is that we have little choice.  
7 Our ability to raise additional revenue at this time  
8 through increased tuition and fees or philanthropy is  
9 severely limited or zero, and therefore cost increases,  
10 such as this rate increase, are particularly harsh,  
11 particularly damaging, and could be destroying.

12 Let me say parenthetically that my institution  
13 has taken steps to conserve electricity wherever  
14 possible. We have installed energy efficient systems in  
15 our new buildings and renovation projects. We have  
16 computerized monitoring or controls on a round-the-  
17 clock, seven-day-a-week basis. The most challenging of  
18 all, we are attempting to change the behavior of our  
19 students and staff, and encouraging them to conserve  
20 through environmental classes. We teach them  
21 environment. We want to increase these efforts, and  
22 hopefully we can with the services of our electric  
23 provider.

24 However, these efforts alone will not do it.  
25 Electricity use for our colleges and universities will

1 continue to be a significant expense as we meet student  
2 and faculty needs for computer access from living spaces  
3 and offices to campus networks and libraries.

4 In conclusion, we implore this Commission, we  
5 implore Your Honor, to recognize that independent  
6 colleges and other non-profit institutions in our rate  
7 class cannot react, even if they wanted to, to these  
8 increases just simply by passing along the costs. We  
9 ask that in considering this request for increased  
10 electric rates we be treated in a manner which  
11 recognizes what we do, even if this means establishing a  
12 separate rate class to protect the financial health of  
13 our State's higher educational institutions, the jewels  
14 of the Commonwealth of the State of Pennsylvania.

15 Your Honor, I thank you for the opportunity.

16 JUDGE CHRISTIANSON: Thank you, sir.

17 Again, for the lawyers especially, cross-  
18 examination is a possibility, or examination to bring  
19 out points, which occasionally happens; but unless  
20 people speak up promptly, we will assume there is no  
21 need to cross-examine the witness, and we will go on to  
22 the next.

23 Are there any questions for the witness?

24 MS. MOURY: No, Your Honor.

25 MR. RUSSELL: No.

1 JUDGE CHRISTIANSON: One thing you had  
2 mentioned, to me it sort brings to mind the demand side  
3 management concept of the utilities, and, of course,  
4 rate design questions. You are saying -- are you trying  
5 to cut down total usage, or are you trying to work on  
6 so-called peaks. You are just talking about total  
7 usage, I guess.

8 THE WITNESS: We are talking about both things.  
9 We are talking about individual uses in every room we  
10 have by putting in electrical power-saving devices, but  
11 we are also talking about buying equipment, and we have  
12 a lot of new computers that we have to buy that we will  
13 pay for over a 20 or 30-year period, but buying only  
14 those which are power efficient.

15 JUDGE CHRISTIANSON: And your basic motivation  
16 is to reduce your electric bill?

17 THE WITNESS: My basic motivation is reduce our  
18 electric bill, and also to be a good citizen.

19 JUDGE CHRISTIANSON: Yes, as well. Well, thank  
20 you, sir.

21 THE WITNESS: Well, no; thank you very much,  
22 Your Honor. I am sorry there is no cross-examination.

23 JUDGE CHRISTIANSON: I am sure the witness is  
24 prepared for it.

25 THE WITNESS: Yes, the witness is prepared.

1 (Witness excused.)

2 JUDGE CHRISTIANSON: Then we can check -- Dick  
3 Gallina is the next on the list of Camp Hill.

4 And again, sir, if you could, I would like to  
5 give you the oath so you actually give testimony.

6 Whereupon,

7 DICK GALLINA,

8 having been duly sworn, testified as follows:

9 JUDGE CHRISTIANSON: All right. Just mention  
10 your name and perhaps your address, and proceed.

11 DIRECT TESTIMONY

12 THE WITNESS: Dick Gallina, retired 1980; live  
13 in Hampden Township in the Pinebrook section.

14 I moved here in 1971, was sold a four star  
15 electric home, which had a very much reduced rate over  
16 other residents. During the oil crunch, they eliminated  
17 that rate. In 1981, I used 27,000 kilowatt hours at  
18 \$1,257. 1994, I used 3,000 less hours, 24,000, but I  
19 paid \$1,860. That is a \$613 increase even though I used  
20 3,000 kilowatt hours less.

21 I have been retired; I haven't had an increase  
22 in my pension, and it is getting to the point -- I have  
23 installed six inches of insulation; we have outdoor  
24 storm windows. I made wooden frame double plastic-  
25 covered them, and installed them on the inside of our

1 windows from December through March. I have installed  
2 ceiling fans in all of our bedrooms, and I have  
3 eliminated all the air conditioners that were in the  
4 bedrooms when we originally bought the home; and I  
5 recently -- that was the last thing I did was install it  
6 -- and eliminated air conditioners because the ceiling  
7 fans do just as much cooling in a bedroom as an air  
8 conditioner does.

9 And it is just a case of we are not getting  
10 anywhere; we are going backwards through our pensions  
11 with these increases, and we have done as much as we can  
12 to reduce the consumption of electricity.

13 That is all I have to say. Thank you.

14 JUDGE CHRISTIANSON: And the bottom line is you  
15 are fundamentally opposed to the increase?

16 THE WITNESS: Yes. Well, they originally came  
17 up with 20 percent. Then I understand in my bracket I  
18 probably will only be paying about 11 percent.

19 JUDGE CHRISTIANSON: Yes. As I mentioned in the  
20 remarks I had -- I found my piece of paper -- again, the  
21 increase for the small customer residential is quoted,  
22 as I believe, it is 20.7. The average is about a 15  
23 percent increase, and the literature I have here says  
24 for an electric heating customer, the increase would be  
25 about 12 percent; but again, that depends on the

1 customer and the exact nature of your drawing power.

2 THE WITNESS: That still will amount to about  
3 \$186 a year more I would have to pay.

4 JUDGE CHRISTIANSON: And the obvious impact on  
5 your limited income.

6 THE WITNESS: Yes, it would.

7 JUDGE CHRISTIANSON: Thank you, sir.

8 Are there any questions?

9 MR. HOFFMAN: Yes, Your Honor.

10 JUDGE CHRISTIANSON: Mr. Hoffman.

11 MR. HOFFMAN: Thank you, Your Honor.

12 CROSS-EXAMINATION

13 BY MR. HOFFMAN:

14 Q Mr. Gallina, are you on rate RTS?

15 A What do you mean by rate RTS?

16 Q Do you have thermal storage capability?

17 A No, I don't. I can't; because a friend of mind  
18 did install that, and that really cut it down.

19 Q But that is not the kind of heating plant you  
20 have?

21 A No; we just have baseboard heating, individual  
22 thermostats in every room; and right now, our  
23 thermostats are set at 65 degrees, so we are not  
24 overheating the house.

25 Q Thank you very much.

1 A You are welcome.

2 JUDGE CHRISTIANSON: Thank you, sir.

3 (Witness excused.)

4 JUDGE CHRISTIANSON: I will just explain. Mr.  
5 Hoffman is alluding to a rate schedule which was subject  
6 to some litigation this week. Perhaps it is best I  
7 don't go into it in detail; but I believe there are a  
8 few thousand customers on it. It is more or less  
9 experimental, but it saves money by pushing your power  
10 usage off the high usage periods. A lot more can be  
11 said about it, but I am sure PP&L can describe it for  
12 you if you would like the details. It was the subject  
13 to some litigation here this week, some cross-  
14 examination and development. It is one of many  
15 schedules PP&L has. Probably electric is the most  
16 complex tariff, with the exception of telephone. That  
17 goes into other reasons why telephone is so complicated.

18 But rather than speak further, we have the next  
19 person to speak, Robert Herr.

20 JUDGE CHRISTIANSON: Again, sir, could you take  
21 the oath?

22 Whereupon,

23 ROBERT M. HERR,

24 having been duly sworn, testified as follows:

25 THE WITNESS: My name is Robert M. Herr.

1 JUDGE CHRISTIANSON: Fine; proceed, sir.

2 DIRECT TESTIMONY

3 THE WITNESS: My main reason I came -- I came  
4 here at 12:00 -- this may be the reason your attendance  
5 is short -- because I was afraid of parking. When you  
6 get up in years, and you have the seniors, it scares  
7 you. I came at 12:00.

8 JUDGE CHRISTIANSON: Just to make sure, yes. Go  
9 ahead.

10 THE WITNESS: I bought electric heat because I  
11 thought it was reasonable. I fixed my house up. I have  
12 been retired since 1979; and they come along and they  
13 take this rate away from you here a few years ago.  
14 Well, I thought: Well, it is necessary for the Company  
15 to try to make everybody safe, making everybody do this,  
16 and I wanted to be patriotic also. I served in the  
17 service; and I went along with it.

18 Then they come along with what made me mad --  
19 they came along and offered us a new rate if you go and  
20 put this electric heat in. I think it is a ceramic tile  
21 or something; but then, if you have your house wall-to-  
22 wall carpet to save on your heat, so you have it warm,  
23 and you replace baseboard heat, you would have to cut  
24 your carpet up and buy all this. I would be willing to  
25 do all our washing -- we are senior citizens; we can do

1 all our electricity at nighttime, if they could give us  
2 back our rates.

3 I think they ought to do a little something  
4 where people have just altered their lifestyle in order  
5 to get the rate down. I think it is unfair that they  
6 would come around -- now they want to put another rate  
7 increase, and I am total electric, so I am going to pay  
8 more than the average person with just electricity in  
9 the house, and I think it is very unfair to people that  
10 have total electric to look for the future to have  
11 electricity at a savings.

12 Thank you.

13 JUDGE CHRISTIANSON: Thank you, sir. Again,  
14 there are probably not questions.

15 Does anybody have questions to ask?

16 We can speak later about the various heating  
17 options, but you have mentioned --

18 THE WITNESS: It is not feasible.

19 JUDGE CHRISTIANSON: I realize that. It doesn't  
20 work in all cases.

21 THE WITNESS: I don't want to tear my carpet up.  
22 I put it all in so that I would have it nice and tight  
23 and everything. Now, these big heaters that you are  
24 putting in the others look like the old oil registers,  
25 you know, like you have in a house that come up.

1 JUDGE CHRISTIANSON: It blows it out.

2 THE WITNESS: No, they put them in, and you end  
3 up where you take your baseboard out, and you are going  
4 to have a space there with no carpet in it; and it will  
5 look like everything in your house. So I think they are  
6 very unfair when they come around, and they go and give  
7 electric decrease to people who put electric in the  
8 house, which they try to tell us to serve; and then they  
9 came around and they took it away from us. I think they  
10 ought to have to give that back to us now, since they  
11 gave these others with electric heat, because we went  
12 along with everything. I even put ten inches or more --  
13 eight or ten of it -- insulation on the attic to try to  
14 save. I did everything I can to try to save. I think  
15 they are very unfair to the person that has a older, you  
16 know, not the last modern house, but you have to put in  
17 very feasible. When you have the older house, it costs  
18 a lot to change everything around.

19 JUDGE CHRISTIANSON: Yes; again, this has been  
20 touched on in our litigation. And PP&L, perhaps at this  
21 time, can go into some of their programs. The  
22 Commission is encouraging various programs to try to  
23 deal with, at least to some degree, these problems. But  
24 we understand the frustration of people. Years ago,  
25 electric was much less expensive in many senses than it

1 is now, and it is a problem.

2 Thank you for your contribution, sir.

3 THE WITNESS: Thank you, sir.

4 (Witness excused.)

5 JUDGE CHRISTIANSON: One thing I will check with  
6 later from Mr. Hoffman. You brought up a thing about  
7 notice and such. We will get into that in a little bit.  
8 We can discuss that, perhaps, further for the people  
9 here.

10 The next on the list is Dominick Srignoli.

11 Again, I have to say, I was not taught phonetics  
12 very well in elementary school, so I am not good at  
13 names, but go ahead. My own name is long, but simple.

14 MR. SRIGNOLI: Pardon?

15 JUDGE CHRISTIANSON: My own name is long, but  
16 simple, but I have trouble with names more complex than  
17 my own.

18 MR. SRIGNOLI: I am not much of a public  
19 speaker, but I will try my best here.

20 JUDGE CHRISTIANSON: Could you take the oath,  
21 sir?

22 MR. SRIGNOLI: Okay.

23 Whereupon,

24 DOMINICK SRIGNOLI,

25 having been duly sworn, testified as follows:

1 JUDGE CHRISTIANSON: Then just mention your  
2 name, perhaps, and go ahead.

3 DIRECT TESTIMONY

4 THE WITNESS: Dominick Sgrignoli from Harrisburg.

5 JUDGE CHRISTIANSON: Go ahead, sir.

6 THE WITNESS: I have compiled some figures here  
7 based on the flyer I got from PP&L in the last billing,  
8 you have alluded to on the rate increases. While PP&L  
9 is not in the habit of lying when they talk about their  
10 rate increases, but I am here to dispute on how they are  
11 distributing it, and how the percentage facts are not  
12 according to my facts.

13 JUDGE CHRISTIANSON: Let me just interrupt you  
14 for a second. Can people in the back hear the  
15 witnesses? You can hear okay? Okay; good. Speak up if  
16 you have trouble.

17 Go ahead, sir.

18 THE WITNESS: I developed my theory from the  
19 flyer that they made on the old rates and the new rates,  
20 and basically, it is all about the same as my figures  
21 are, a slight difference of about 18/100ths of a cent,  
22 because PP&L has in their billings, they have a rate  
23 adjustment of about two-and-a-half percent, which will  
24 reduce the rate. So while PP&L in the new billings are  
25 coming out now, and the last two times, shows that how

1 they bill for the first 200 kilowatts, and what they  
2 bill from thereafter, and it works out in their figures  
3 all the way through. So those two rates for the first  
4 200 kw is 8.3 cents a kilowatt.

5 JUDGE CHRISTIANSON: Let me interrupt for a  
6 second. It would be helpful if the people in back --  
7 Mr. Popowsky, stand up again for a minute -- talk to  
8 him. Don't try to talk to me, that way you will project  
9 out nicely.

10 THE WITNESS: And for the rest of the kilowatts,  
11 all the way through up to the 3,500, it works out to 6.3  
12 cents a kilowatt. So my figures come out just a slight  
13 bit different from that. And I took an average for the  
14 first 500 kilowatts, and it came out on the old rate at  
15 6.934 cents a kilowatt, and thereafter it is 6.2 cents a  
16 kilowatt, which makes up for that two-and-a-half percent  
17 adjustment. So my saying here is that the energy charge  
18 after 1,000 kilowatts, there is virtually no increase in  
19 kilowatts. It comes out to .018602 cents a kilowatt,  
20 which is -- I have that wrong. The increase for all the  
21 kilowatts over 1,000 watts is .001902, which virtually  
22 is less than 2/10ths of a cent.

23 So all the rate increase is going on the first  
24 500 kw, which comes out to .018602 a kilowatt. And for  
25 the next 500, it is .008382. So for the difference, for

1 the first 500 kilowatts, and for all over 1,000, the  
2 difference in the kilowatt cost is 9.78 times more than  
3 what it cost for anything over 1,000 kilowatts.

4 No, all through the rate in the last ten years  
5 when PP&L said it hadn't had a rate increase in the last  
6 ten years, there was a rate energy charge that comes out  
7 to -- like I said, I am not a good speaker and I am a  
8 little nervous here.

9 JUDGE CHRISTIANSON: Go ahead; but I agree with  
10 you. The energy charge does vary up and down over the  
11 years.

12 THE WITNESS: And the energy charge right now is  
13 1.0698 cents a kilowatt, which brings it up to the  
14 average cost per kilowatt over 1,000 is about 7.227  
15 cents a kilowatt for everybody in the high brackets that  
16 is usually for heating. And under the new system, with  
17 the rate increase and all that, all kilowatts over 1,000  
18 will only be 7.46, which will be an increase of what I  
19 originally stated of less than 2/10th of a cent, which  
20 is what I consider grossly unfair.

21 I am not here to say whether PP&L deserves an  
22 increase in rates. I am not discussing that. What I am  
23 here for is to discuss how they are distributing the  
24 cost amongst the rate payers. They are putting the  
25 biggest burden on the 0 to 500 kw, and that comes out,

1 not to 20.7 percent, but a little over 23 percent  
2 increase.

3 And besides, I want to make another point, I  
4 used to be in a total electric home up until last year,  
5 and I waited a long time before I decided what system to  
6 put in. I had to have central air conditioning. I have  
7 had resistance heating in my house from 1965 when it was  
8 built. I was lured into the deal that the gentleman  
9 here said that was special rates at one cent a kilowatt  
10 for heating, that all your heating costs will come in at  
11 one cent a kilowatt; and last year I was paying 7.27  
12 cents a kilowatt for heat which, over the 24-year  
13 period, is a 727 percent increase over the same period  
14 of time.

15 I have worked in the electric business all my  
16 life, and resistance heating pays for every bit of  
17 electric that they demand through wattage. I weighed  
18 the difference if I bought a heat pump, an electric heat  
19 pump, pros and cons, and I didn't do this right off the  
20 bat. I decided against the heat pump, for one personal  
21 reason that I won't elaborate here, but I will discuss  
22 on the terms of electric procedures. It is my belief,  
23 and I will use a three-and-a-half ton heat pump as an  
24 example -- it is my belief that heat pumps don't pay  
25 their fair price in electric due to the fact with them

1 running, a three-and-a-half ton air compressor running,  
2 or air conditioner, or heat pump running, they will  
3 demand about five kilowatts of electric, but it will  
4 only pay for about 2.6 kilowatts in price.

5 To describe what I am saying is they will demand  
6 -- I will put it in terms of money -- like ten cents a  
7 kilowatt. They will demand 50 cents worth of electric,  
8 but only pays somewhere around 26 cents worth, and that  
9 is due to the inefficiency of electric motors.

10 Those are the points that I wanted to make, and  
11 why PP&L uses these different ways of distributing the  
12 cost of this new rate increase would be like me asking  
13 them to sell me electric generated by nuclear power, and  
14 I wouldn't want one of their coal generators, nuclear  
15 power, because that costs almost one-and-a half cents;  
16 the nuclear power only costs a half-cent in fuel. That  
17 makes lots of sense, this rate increase, if we ask them  
18 for that privilege.

19 And then, too, when PP&L comes in with their  
20 off-peak heating, and all their other devices to try to  
21 hold down costs, I can remember when they first  
22 introduced off-peak heating at the Sheraton East here in  
23 Harrisburg. It was in March, and it might have been 15  
24 years ago, somewhere in there, and we were talking about  
25 ceramic heaters then. The night that they were

1 introducing that, I looked over at the person sitting  
2 next to me, and I said: Tonight, if you were using that,  
3 you would waste electric energy. And as I recall, the  
4 temperature was going down to 32 degrees and we will  
5 store heat for tomorrow that you won't need because you  
6 are getting into 60 or 70 degrees.

7 Those are my complaints about the distribution  
8 of the costs, of how they want to distribute the  
9 increase in the rates. I believe that they were going  
10 to be somewhere around \$210 million, \$212 million  
11 increase, and now I found it is \$261 million. On the  
12 \$210 million, I figured out with the amount of electric  
13 that they bill, that would only come to about a half-a-  
14 cent a kilowatt increase. I cannot speak for industry  
15 or anything else, but I am not saying whether they need  
16 a raise or not; that would be for you people to decide,  
17 because I am also a stockholder. I do know that the  
18 bottom line is going down, and I expect they are going  
19 to need an increase, but I am objecting to the way we  
20 want to distribute it.

21 And I believe that about sums it up for me.

22 JUDGE CHRISTIANSON: No, that is fine. Thank  
23 you. You brought up the question about rate design,  
24 which I mentioned before, which will be litigated in the  
25 case. The question about small users --

1 THE WITNESS: Again, I want to state that what  
2 they are proposing here under the new system, new rates,  
3 there is virtually no increase per kilowatt above 1,000.  
4 It comes to less than 2/10ths of a cent, then, by the  
5 way they talk about they are able to generate electric  
6 cheaper off-peak, and all this; it is difficult for me  
7 understand because in their annual report, they tell me  
8 the cost of generating electric as far as fuel is  
9 concerned, comes to 1.24 cents per kilowatt. That  
10 covers all costs; a half-a-cent for nuclear power, 1.48  
11 for coal fire, and other costs and all that, but all of  
12 it averages out to 1.24 cents a kilowatt, and that tells  
13 me that they can't distinguish that it is cheaper to  
14 generate electric at one time or another, because the  
15 fuel doesn't change.

16 JUDGE CHRISTIANSON: Okay. Thank you. I can  
17 speak to that very briefly, but thank you, sir.

18 Any questions for this witness?

19 I'll speak very briefly to the question.  
20 Basically, the costs are what we call capacity costs and  
21 energy costs. There are also customer costs; but the  
22 off-peak concept is that you don't have to build a new  
23 plant. Now, some plants are more expensive than others.  
24 Nuclear tends to be very expensive in the up-front  
25 capital costs; a coal is less expensive; and perhaps a

1 gas turbine is less expensive again. So you would use  
2 one for your plant to run as much as you possibly can,  
3 like a nuclear. The gas turbine you use when need to  
4 hit a peak. You keep that in reserve perhaps.

5 But the two main costs are the energy costs,  
6 which the witness has mentioned, and the so-called  
7 capacity cost. It gets complicated after that, but  
8 there is reason to try to shift off-peak so that you use  
9 your plant more of the time. But he is correct, the  
10 energy still has to get paid for; the fuel has to get  
11 paid for, the coal or nuclear refueling or whatever it  
12 might be, the gas or water.

13 But we could get into that further, and it is a  
14 difficult problem designing rates to take these various  
15 costs into account. I expect there will be litigation  
16 in the expert phase of this proceeding about the  
17 residential rate structure, or rate design, and we have  
18 had expert testimony and cross-examination by one or  
19 more of the PP&L witnesses on this subject, and we are  
20 going to get into that further off the record in  
21 discussion.

22 We have two more folks who signed up, and I  
23 would like to get to them. Leonard Morris, Jr., who  
24 lists his address of Elizabethtown, and representing, he  
25 has put in retired PP&L employee. Whether you are for

1 or against the increase we will have to see as you  
2 speak, or perhaps have mixed feelings about it.

3 Would you like to take the oath, sir?

4 MR. MORRIS: Pardon me?

5 JUDGE CHRISTIANSON: Could you take the oath?

6 MR. MORRIS: Yes, sir.

7 Whereupon,

8 LEONARD MORRIS, JR.,

9 having been duly sworn, testified as follows:

10 JUDGE CHRISTIANSON: Fine; then proceed, just  
11 mention your name and perhaps your home address, and go  
12 ahead.

13 DIRECT TESTIMONY

14 THE WITNESS: Leonard Morris, 137 Hillcrest  
15 Lane, Elizabethtown, Pennsylvania; a former Pennsylvania  
16 Power and Light employee, 46 years, and retired Safety  
17 and Health consultant out of the Lancaster Division.

18 JUDGE CHRISTIANSON: And again, perhaps speak to  
19 Mr. Popowsky; it helps the mikes a little bit.

20 THE WITNESS: Thank you, Your Honor, for giving  
21 me the privilege to speak here, and good afternoon to  
22 everybody. What I would like to say -- I am  
23 representing family, customers, neighbors that have a  
24 big concern over this upcoming possible increase in  
25 rates; and I believe it to be a severe blow that would

1 be struck against all residential customers of PP&L if  
2 the PUC allows this drastic increase in customer cost to  
3 occur. Sometime back, the PUC allowed PP&L to charge  
4 all customers a cost of energy increase, and a monthly  
5 charge, a basic service charge for reading the meter.  
6 The basic service charge is basically for reading the  
7 meter, the cost of the meter, and the cost of the  
8 computer paperwork related to that meter reading.

9           The basic service charge involves, as you can  
10 see on the back of your PP&L bill, if you are an RTS  
11 customer, a non-RTS customer, and it involves -- the  
12 basic service charge involves the cost of the meter,  
13 which is a meter that belongs to PP&L, is attached to  
14 our homes, and we cannot see why the customers should  
15 have to pay for a PP&L meter over and over, and again  
16 and again above the actual cost. My yearly charge on  
17 this basic service will go from \$132 a year to \$180 a  
18 year, and we will get into that a little bit later.  
19 PP&L wants to raise this monthly charge of the service  
20 for an RTS service, which I have, from \$10.95 a month to  
21 \$15 a month, or an increase of 37 to 38 percent; and I,  
22 and my neighbors, and other customers feel that PP&L is  
23 reaping in multiple millions of dollars each year for  
24 this basic charge. If you would divide that or multiply  
25 that by customers, RTS being \$10.95, a regular basic

1 customer might be \$4.80, and it is basically a charge  
2 for reading the meter, and I think it takes an average  
3 meter reader about 17 seconds to read a meter. Plus the  
4 other point is, again, saying that why should we have to  
5 pay for a meter that is metering their electricity?

6 So with this increase from \$10.95 to \$15, a 37  
7 percent increase, we are asking the PUC to check into  
8 this multi-millions of dollars that they are taking in  
9 each year with this basic service charge that was put in  
10 effect some years back. I can't recall or know the  
11 exact time, but it seems to me like it was just a gift  
12 for PP&L, and it is basically too much of an increase.  
13 I can see some kind of a basic charge, but a basic  
14 charge like this is just too much, and that much of an  
15 increase will be too much.

16 PP&L wants to raise the billing demand charge  
17 for RTS-type service in excess of two kilowatts, 2,000  
18 watts on peak from \$5.80 per kilowatt, per 1,000 watts,  
19 to \$6.50 per kilowatt, or an increase of 13 or 14  
20 percent, which I feel is strongly too much. Plus, PP&L  
21 wants you, the PUC, to approve an increase in the cost  
22 per kilowatt, a 1,000-watt hour, from .0284 to .045. I  
23 believe this is an unheard-of increase of 58 percent.  
24 This proposed increase would be a burden for all  
25 residential customers.

1           Then, just to make a statement here, in my  
2 opinion, it is no wonder that PP&L did not have to  
3 petition for a rate increase over the past several years  
4 -- I think it is about ten years -- with the multi-  
5 millions of dollars that they have collected from the  
6 cost of energy and the basic services charges you, that  
7 the PUC, have graciously given to PP&L. We think that  
8 there should be some kind of an investigation taken, and  
9 find out exactly how much they are taking in with this,  
10 and what the true costs are, and what the true profits  
11 are. We are wondering: When will it stop? Only you,  
12 the PUC, can control this; that is, if you have the  
13 integrity, and I believe you do, to challenge PP&L to  
14 control the cost to the consumers.

15           Please, we ask you not to be taken in, but stand  
16 up for the public. And if I could just digress a little  
17 bit, if I may continue, to consider certain facts about  
18 PP&L. Each year they have incentives that gives each  
19 employee an incentive, a bonus increase that they  
20 complete or make these, pass these incentives. Last  
21 year, 1994, they had eight incentives, and only two  
22 incentives were met, which meant very little bonus for  
23 the average working person, or the average manager.  
24 But, it just so happened that upper management, gave  
25 themselves, through the Board of Directors which they

1 control, a increase of 32 percent. So that is pretty  
2 hard to take. Other managers within the Company, their  
3 increase averaged to about three percent.

4 So, PP&L, they cut their work force drastically.  
5 We would like to know how much they are saving there,  
6 and what is going to happen with that. The Company that  
7 I worked for for 46 years -- and I loved my Company --  
8 but right now I have some doubts about the Company.

9 Now, we are wondering how did PP&L survive over  
10 the last ten years without a rate increase, and through  
11 these comments that I have just spoken about, I believe  
12 that was the basic way that they could do it. They are  
13 cutting the work force, and they are going to save  
14 millions and millions of dollars, and now they are  
15 asking for a \$261 million increase. I think that PP&L  
16 savings pertaining to their one statement that they made  
17 in their annual report; they have a coal reserve at one  
18 of their coal supplies that they estimated at  
19 approximately \$90 million, then they cannot say that  
20 they made a little mistake; it was only valued at \$8.7  
21 million. Now, that would be pretty tough. How could a  
22 company come up with such an extreme evaluation of a  
23 coal supply? Basically, I would think they probably did  
24 it to maybe save taxes or something like that.

25 At any rate, I am just here just to put my point

1 in, and I am representing my neighbors and relatives,  
2 and other PP&L bill payers. I appreciate that you allow  
3 me to come up here and speak, Judge Christianson. Thank  
4 you very much.

5 JUDGE CHRISTIANSON: Thank you, sir.

6 Again, if there are no questions, we can go to  
7 the next witness. Thank you. He has brought up various  
8 issues which have been litigated by cross-examination of  
9 the Company witnesses. I won't get into detail, but  
10 many of these matters are being addressed -- essentially  
11 all of them are being addressed -- in the expert phase  
12 of this case.

13 We have two more folks, one who signed up  
14 before, and one just signed up, I think. The paper got  
15 passed up to me.

16 First, Edward Essl. Again, could you take the  
17 oath, sir?

18 MR. ESSL: Yes, I can.

19 Whereupon,

20 EDWARD A. ESSL, JR.,  
21 having been duly sworn, testified as follows:

22 JUDGE CHRISTIANSON: Proceed. Again, mention  
23 your name and organization.

24

25

## DIRECT TESTIMONY

1  
2 THE WITNESS: My name is Edward A. Essl, Jr. I  
3 am a Capital City Task Force Coordinator for the  
4 Pennsylvania State Legislative Committee of the American  
5 Association of Retired Persons.

6 I am indeed pleased to appear here today and  
7 present testimony opposing the Pennsylvania Power and  
8 Light Company proposal to increase residential rates in  
9 24 counties in Pennsylvania.

10 I should like to begin with some personal data.  
11 I am a resident of Cumberland County and a PP&L  
12 customer. I live in an all electric house, a "power  
13 house" which bears an address plate showing the PP&L  
14 logo. I heat, I cool, I cook, I illuminate, and I  
15 entertain electrically.

16 I bought the house in 1976, and at that time my  
17 energy bills averaged \$55 monthly. Since then I have  
18 replaced a drafty front door with a steel airtight door,  
19 fully insulated, replaced all the windows with dual pane  
20 argon gas insulated vinyl, and replaced my aging heat  
21 pump with a more efficient unit, taking my unit from  
22 5.5, I might add, to 12.5. I have also reduced air  
23 leakage through my patio door by building an insulated  
24 sun room, and I installed an insulated draft free garage  
25 door.

1           Additionally, my once 72-degree house is now  
2 kept at 68 degrees during the winter months -- I might  
3 add, 60 degrees at night -- and 75 degrees in the  
4 summer. Temperature changes are automatically made by  
5 my energy saving set back thermostat. Most of my light  
6 bulbs are now 60 watts; those that I use for just  
7 general passage through my room are 25 watts. I have  
8 also installed fluorescent lights wherever possible. I  
9 might also add my wife and I occasionally fight over the  
10 halogen lamp when we want to read.

11           Despite these efforts, I have seen monthly bills  
12 in excess of \$300, and lately I have been averaging \$135  
13 a month. I am now told my rate of increase would be 11  
14 percent, thus raising my cost to \$150 a month. Although  
15 I have greatly improved the efficiency of my energy  
16 usage, I have failed to reduce my costs or even contain  
17 them. I might add that there are also three fewer  
18 persons in my household. I had, I might add, three  
19 young girls living with me with long hair; the hair  
20 dryer and the hair curlers and the long showers. They  
21 are no longer there; it is just the two of us.

22           Unlike many, I cannot say that the requested  
23 increase will cause me any serious problem; however, as  
24 I believe you will see from the following data, there  
25 are those who can ill afford to make the energy saving

1 investments I have made. Worse, there are those who  
2 cannot afford their current utility costs who live in  
3 winter cold, summer heat, and nightly gloom, and must  
4 decide whether it is heat, food or medications. I stand  
5 here today to give some voice to their misery.

6 In Pennsylvania the average low-income energy  
7 expenditure is \$93.55, and using 1992 figures, whereas  
8 the Social Security monthly income for widows and  
9 widowers was \$643.30, and for retired workers, \$671.80,  
10 leaving a mere \$546.75 and \$578.25 respectively for all  
11 expenses other than energy. Doing mathematics, we find  
12 that energy costs are 14.6 and 13.9 percent respectively  
13 for each group.

14 Older Americans consume about 21 percent of all  
15 energy in the residential sector. Fifty-four percent of  
16 all older households heat with natural gas and 14.9  
17 percent use electricity for heating and cooling. Since  
18 we have indicated, older households spend a large  
19 portion, 14.6 and 13.9 percent, of their income on  
20 energy, we are put at serious risk when energy markets  
21 increase rates.

22 In Pennsylvania, the AARP represents 1,900,000  
23 members over age 50. Most of our members are Social  
24 Security recipients, and it is estimated that the  
25 1,925,456 seniors over age 65, and 1,182,276 AARP

1 members residing in the 24 affected counties by this  
2 PP&L rate increase, would be seriously affected by any  
3 rate increase. Additionally, our records indicate that  
4 172,869 persons over age 65 and below the poverty level  
5 reside in the affected counties.

6           Nationally, the average cost per kilowatt hour  
7 has risen annually since 1979 from 4.6 cents to 8 cents  
8 in 1993, a 73.9 percent increase in a mere 14 years.  
9 But averages mask the true increases. For example,  
10 comparing the years of 1980 to 1991, for the same period  
11 the rate of inflation was 77 percent, while energy  
12 prices rose in California by 103 percent, in Georgia by  
13 78 percent, in Kansas by 82 percent, in Louisiana by 86  
14 percent, and in Washington by 80 percent. Aha,  
15 Pennsylvania; you didn't escape. Pennsylvania rose 72  
16 percent, a seemingly conservative rise; however, when  
17 compared to the national average, the increase per  
18 kilowatt hour for the same period was a healthy 1.9  
19 percent ahead of the nation's 73.9 percent.

20           Comparing energy prices today with those of  
21 1979, one sees that energy prices have increased,  
22 although not always at the rate of inflation. Yet,  
23 because of the lack of similar increases in income, the  
24 burden of energy costs on low-income households has not  
25 decreased. It has, in fact, increased. Further,

1 because the income of the poor has not kept pace with  
2 inflation, energy cost increases can only result in  
3 further hardship.

4 Because AARP believes energy rates should be  
5 responsible and affordable -- excuse me, reasonable and  
6 affordable, we oppose any PP&L increase at this time.

7 Thank you, sir.

8 JUDGE CHRISTIANSON: Thank you, and maybe we can  
9 check for any questions from the Counsel up here.

10 MS. MOURY: No.

11 MR. RUSSELL: No questions.

12 JUDGE CHRISTIANSON: I hear none; and thank you,  
13 sir, for your contribution.

14 THE WITNESS: Thank you.

15 (Witness excused.)

16 JUDGE CHRISTIANSON: Again, some of these  
17 numbers are the reason we put a person under oath,  
18 because there is evidence, there is factual content in  
19 many of these presentations.

20 And I have one more person up here -- perhaps  
21 there are more signed up in back -- Michael Donmoyer of  
22 New Cumberland representing himself and an organization.

23 MR. DONMOYER: I am representing myself and the  
24 Pennsylvania Coalition of Citizens with Disabilities,  
25 and the Center for Independent Living, which I am the

1 ADA sub-committee leader. I had some problems getting  
2 here today because, for one, I couldn't find a parking  
3 place, and that is no matter; second, if there wouldn't  
4 have been a vagrant outside to hold the door for me, I  
5 wouldn't be here.

6 JUDGE CHRISTIANSON: Can I just interrupt  
7 briefly? Can I give the oath or affirmation so what you  
8 say can be actual evidence on the record?

9 MR. DONMOYER: What?

10 JUDGE CHRISTIANSON: I would like to give you  
11 the oath so your statement is actual testimony.

12 MR. DONMOYER: All right.

13 Whereupon,

14 MICHAEL DONMOYER,  
15 having been duly sworn, testified as follows:

16 JUDGE CHRISTIANSON: Then proceed again. We  
17 have your identification. Go ahead.

18 One thing you made an allusion to, access by  
19 handicapped. I am aware of this because my wife works  
20 in that area, but if you want to speak to that as well,  
21 or electric power, go ahead.

22 DIRECT TESTIMONY

23 THE WITNESS: All right.

24 JUDGE CHRISTIANSON: One thing, with the  
25 Commission, among other agencies, virtually all of

1 government, is under a mandate to have access to the  
2 handicapped, which is a very broadly structured mandate,  
3 including access to wheelchairs to our public input  
4 hearings, and things like that. We try to be careful  
5 about that. We do mess up sometimes, and we like to  
6 hear feedback when those problems develop; but go ahead.

7 THE WITNESS: If it wouldn't have been for that  
8 ramp -- well, it wasn't a ramp, it was an elevator -- I  
9 wouldn't be here. I don't trust too many people to  
10 carry me down stairs. I need four guys, one on each  
11 corner of my wheelchair, in order to carry me.

12 JUDGE CHRISTIANSON: If I could perhaps mention,  
13 slightly off the topic, but one of our Judges at  
14 Pittsburgh is in a wheelchair, and we are guilty of not  
15 having full access to our hearing rooms. The Judge  
16 can't get to the bench in some of our hearing rooms, so  
17 we are taking steps to alleviate that situation as well.

18 THE WITNESS: Thank you; thank you. You should.

19 JUDGE CHRISTIANSON: Yes; I think the law says  
20 that we should, among other things.

21 THE WITNESS: Yes.

22 JUDGE CHRISTIANSON: Go ahead, sir.

23 THE WITNESS: The ADA says you should. Anyway,  
24 there are a few minor things in the bathroom, I noticed,  
25 that could be changed.

1           Anyway, to get to my reason for being here; I  
2 don't have any facts and figures like the other  
3 speakers. I didn't even know what this meeting was  
4 about until I arrived. Anyway, have you considered  
5 building a dam across the river here in Harrisburg, and  
6 draining power from it?

7           JUDGE CHRISTIANSON: I think I can speak briefly  
8 to that being a resident of the area. I think  
9 Harrisburg, as a city, has floated a proposal to build  
10 some sort of collapsible dam which would, I think, in  
11 part generate power; but I believe this is what would be  
12 called an independent power producer, a generation  
13 project. I believe it is not associated with any  
14 utility as such; but we could speak to that later,  
15 perhaps. Harrisburg, I know, has this generalized plan  
16 with some specifics to it, but beyond that, I am just  
17 not knowledgeable.

18           Go ahead.

19           THE WITNESS: Well, I had a vision; I had a  
20 dream about a dam across the Susquehanna River, and I  
21 was walking inside of that dam. You see, I am in a  
22 wheelchair, and I was walking through this dam. It was  
23 bizarre. Anyway, that is all I really have to say.  
24 Just, did you guys ever think of building a dam across  
25 the Susquehanna in order to draw power from it?

1 JUDGE CHRISTIANSON: Again, in further response;  
2 I believe factually that may not correct. I believe  
3 PP&L does have a dam down the river. They have several  
4 production facilities in the Susquehanna Valley.

5 THE WITNESS: All along the Susquehanna for that  
6 matter, in every major city.

7 JUDGE CHRISTIANSON: Yes; I believe there are  
8 questions about fish ladders and stuff associated with  
9 those dams. Again, I am not knowledgeable. I am sure  
10 the record develops that to some degree; but water power  
11 is a relatively minor factor in electric production in  
12 Pennsylvania compared to some other states. But there  
13 are some old projects down the river, and perhaps, as  
14 well, up the river related to hydro-electrical  
15 production.

16 THE WITNESS: That is what I mean.

17 JUDGE CHRISTIANSON: Yes, sir.

18 THE WITNESS: Hydroelectric power.

19 JUDGE CHRISTIANSON: If you want further  
20 response, perhaps Mr. Russell or his people can respond.

21 THE WITNESS: What?

22 JUDGE CHRISTIANSON: If you want further  
23 response, perhaps the PP&L people can respond to that  
24 question.

25 THE WITNESS: Are you PP&L?

1 JUDGE CHRISTIANSON: There are PP&L people here.  
2 The gentleman who just raised his hand is their lawyer,  
3 one of their main lawyers on the case.

4 THE WITNESS: All right. Does he have a  
5 microphone?

6 JUDGE CHRISTIANSON: We can get it to him.

7 THE WITNESS: What is your name, sir?

8 MR. RUSSELL: Paul Russell.

9 THE WITNESS: Glad to meet you.

10 MR. RUSSELL: Good to meet you. As Judge  
11 Christianson indicated, we already have a couple of  
12 hydroelectric projects. We have one in Wallenpaupak,  
13 and we have one in Holtwood. In our present  
14 circumstance, we don't envision a need for new  
15 generation until after the year 2000, and at this point,  
16 we are not actively looking at or considering or  
17 planning new generation of any type. When we get closer  
18 to the time that we will need a power plant, we will  
19 look, I am sure, at all options and alternatives for  
20 meeting that need, but it is just a little early at this  
21 point to begin that process.

22 THE WITNESS: Meanwhile, nuclear power still  
23 exists.

24 MR. RUSSELL: That is right. We have a nuclear  
25 plant, Susquehanna.

1 THE WITNESS: Yes, I know. Why don't we do away  
2 with that? You are fighting the forces of nature. The  
3 Indians had it going on. They knew about electricity  
4 way before it actually existed.

5 MR. RUSSELL: They did?

6 THE WITNESS: Well, they didn't; they envisioned  
7 it.

8 MR. RUSSELL: I can't comment on that. On the  
9 Susquehanna plant we really have had excellent  
10 performance from that plant. We just finished a record  
11 run of both units, and it really has been one of the  
12 best performing nuclear plants in the country, and we  
13 really have no plans to retire it before its license  
14 life at this point.

15 THE WITNESS: Yes; but the problem is people run  
16 that plant. People mess up, and the mess-up at a  
17 nuclear facility, we can't afford that; we can't. Look  
18 what happened at Chernobyl.

19 MR. RUSSELL: And we recognize that concern, and  
20 one of the major programs up there is training of the  
21 staff, and a review of their ability to run the plant  
22 carefully; and in all reviews of our plant, the NRC and  
23 other nuclear utilities have reviewed those training  
24 programs, and the operating record, and it has been very  
25 safe and very effective.

1 THE WITNESS: Well, I envision electric cars,  
2 too, also, and throughout this State, I am talking  
3 about; and I don't know why race car drivers have the  
4 right to gasoline and petroleum products, and we don't  
5 as citizens.

6 MR. RUSSELL: We, also, are interested in  
7 electric cars. We have a special rate in our tariff  
8 that the PUC approved, I think, about a year ago, 18  
9 months ago, maybe, for charging electric cars; and we  
10 have that special rate in place to try to encourage more  
11 use of electric vehicles in our service area.

12 THE WITNESS: I have a Volkswagen right now, a  
13 Eurovan, and I plan on purchasing an electric vehicle,  
14 which is handicapped-accessible. I don't know. It just  
15 seems like a Catch 22, doesn't it to you?

16 MR. RUSSELL: On electric vehicles, I think the  
17 biggest problem right now is the battery technology. If  
18 there can be a break through in that, I think electric  
19 cars can be very competitive with fossil fuels cars.

20 THE WITNESS: Isn't there some kind of gel out  
21 now?

22 MR. RUSSELL: I'm sorry; I don't know.

23 THE WITNESS: I thought there was. I have one  
24 in my electric wheelchair.

25 MR. RUSSELL: A special kind of battery?

1 THE WITNESS: Yes.

2 MR. RUSSELL: I'm sorry; I don't know.

3 JUDGE CHRISTIANSON: We had an infrared  
4 photography expert the other day, but we haven't had  
5 battery yet. Proceed with your comments, sir.

6 THE WITNESS: Are you finished?

7 JUDGE CHRISTIANSON: Yes; he is responding to  
8 you, but proceed with your comments.

9 THE WITNESS: I am done.

10 JUDGE CHRISTIANSON: Thank you.

11 THE WITNESS: Thank you.

12 (Witness excused.)

13 JUDGE CHRISTIANSON: And again, if I can respond  
14 further, informally, we seem to be at the end of our  
15 sign-up. We will take a brief break, and if people want  
16 to speak further, we can hear people further. But  
17 again, if you want to develop it informally, go ahead.  
18 For the moment, at least, we are off the record.

19 (Discussion off the record.)

20 JUDGE CHRISTIANSON: Let's go back on the record  
21 briefly.

22 Let me check with the audience. Does anyone  
23 else care to speak officially for the record? I hear no  
24 immediate -- go ahead with your conversations then.

25 Then we seem to be done with this afternoon's

1 session. We will be back tonight at 7:00 p.m., and then  
2 on with our general schedule as has already been  
3 established. We seem to have no one else to speak for  
4 the record. The conversations are continuing, and we  
5 don't have to return. At this point we are off the  
6 record.

7 (Whereupon, at 3:10 p.m., the hearing was  
8 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 reported 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.

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By: Leigh Anne Feeney (13)

Leigh Anne Feeney

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