

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

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 :
Pennsylvania Public Utility Commission : Docket No.
versus Pennsylvania Power and Light : R-00943271
Company. : R-00943271C0001-
 Investigation into a proposed \$261,000,000: R-00943271C0130
 rate increase. :
 :
 Public Input Hearing :
 :
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Pages 735 through 847 First Floor Council Chambers
 City Hall
 Allentown, Pennsylvania

Thursday, April 6, 1995

Met, pursuant to adjournment, at 7:05 p.m.

BEFORE:

ROBERT CHRISTIANSON, Administrative Law Judge
 COMMISSIONER JOHN HANGER
 COMMISSIONER LISA CRUTCHFIELD

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P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE ROBERT CHRISTIANSON: We
3 will go on the record. I am Administrative Law Judge Robert
4 Christianson.

5 I am the Judge that the Commission assigned to
6 preside at this PP&L rate increase proceeding. The Judges
7 preside and make records and recommended decisions.

8 In cases like this though, the case must go to the
9 Commissioners at public meeting. It cannot go final as a
10 result of the Commission without the Commissioners equitably
11 acting.

12 The Legislature requires this because of the
13 importance of these cases. These cases -- there are various
14 kinds of rate cases.

15 This general rate increase proceeding fundamentally
16 takes seven months, again by statute. We have hearings to
17 cross-examine the company. These have occurred already.

18 Now, the other parties are preparing their testimony
19 and their experts will be cross-examined and then we have
20 what we call a rebuttal period, when there are responses
21 back and forth.

22 In this case, there is a lot of elements in the
23 overall increase, a lot of expenses and various other
24 adjustments we make.

25 A lot of the action is going to be in rate design.

1 Again, there is a lot of parties in the case, a lot of
2 active parties, as well as inactive parties. We are hearing
3 from many people in these several input hearings we are
4 holding.

5 This one will be the last. It is one of the better
6 attended public input hearings. I have been doing a few
7 things -- perhaps Mr. Russell, or one of the people, can
8 check the numbers here.

9 We had about 50, I guess, at Bethlehem. I think we
10 have about that number here. This is a little more than the
11 average we have had in the general turnout in our itinerary.

12 Again, the rate case -- you know many of the numbers
13 yourselves. I write a decision and exceptions are filed
14 which brings my decision before the Commission.

15 Exceptions are a lot like briefs. They are very
16 detailed. Each party states what that party doesn't like
17 about my decision basically, and they have a lot to say.

18 One very quick aside -- and it won't take long -- in
19 the last case it happened by the luck of the draw, I
20 presided at the last general rate increase proceeding for
21 PP&L ten years ago.

22 The consumer advocate was somewhat criticized because
23 their brief was 330 pages long. It was rather a lengthy
24 document. That is one of several briefs in the case.

25 I didn't mind it too much. I don't recall who, but I

1 think I had the idea originally. The rate increase filing
2 was for \$330 million a year.

3 When you think of the Consumer Advocate brief, as
4 long as it was, it was a million dollars a page related to
5 the rate increase requested.

6 When you think of it that way, maybe a 330-page brief
7 is not all that long, considering the many issues again in
8 the case. There are several issues in this case, as well.

9 I have had my basic sell. I will introduce first the
10 commissioners and they may want to speak very briefly. To
11 my right, the far right, Commissioner Hanger.

12 COMMISSIONER HANGER: I am glad to be here. I am
13 here to listen. I won't take anymore time tonight. I am
14 glad to see a big crowd and certainly look forward to your
15 testimony.

16 JUDGE CHRISTIANSON: Next is Commissioner
17 Crutchfield.

18 COMMISSIONER CRUTCHFIELD: Good evening. I too am
19 pleased to see all of you out here. This is a very
20 important issue concerning all of you and I look forward to
21 hearing about your interests and concerns regarding PP&L's
22 rate increase. Thank you.

23 JUDGE CHRISTIANSON: Deputy Chairman McQuain.

24 CHAIRMAN MCQUAIN: Thank you, Judge. I, too, am here
25 to listen and would just like to add that we appreciate the

1 invitation from Senator Afflerbach to be here this evening.
2 We look forward to hearing your testimony. Thank you.

3 JUDGE CHRISTIANSON: Next to my left -- I will let
4 him speak briefly. I didn't let him speak at the last
5 public hearing. We have Sonny Popowsky, who is the Consumer
6 Advocate.

7 MR. POPOSKY: Thank you, Judge Christianson. I also
8 want to thank you all for being here. I do want to
9 encourage you to testify and to testify under oath.

10 If you testify under oath, then we can utilize what
11 you say in the records of this case and use it to support
12 our arguments.

13 We will be presenting technical arguments on behalf
14 of the consumers, but it is important that we hear from the
15 actual ratepayers of the company, and this is your
16 opportunity. Thanks for being here.

17 JUDGE CHRISTIANSON: Next, our youngest group active
18 here is statutory parties. The Legislature thought there
19 was a void about small business and we have Bernie Ryan, who
20 is the Small Business Advocate.

21 MR. RYAN: I am certainly not the youngest on the
22 panel, but the office is the youngest. We represent the
23 small business customers.

24 We have rate experts who are testifying, too. I
25 encourage you all to testify, and particularly if you are

1 involved with a business of your own, I would appreciate it
2 if you would identify that when you come up and testify,
3 because this rate increase applies to all the customers of
4 this utility, including the small business customers. Thank
5 you.

6 JUDGE CHRISTIANSON: We learned also at Bethlehem, or
7 reinforced itself, the various commercial and industrial
8 customers are also seeing various rate increases, depending
9 on exactly where they are on the tariff. There is a
10 tremendous variation.

11 This case might have a little more than is typical,
12 but it is not unusual to have these significant variations
13 and the increase in various rates.

14 Next we have Johnnie Simms representing OTS.

15 MR. SIMMS: Thank you, Your Honor. Good evening. I
16 just want to echo the comments of my fellow members of the
17 parties in this proceedings and take the opportunity to
18 speak out about this rate increase.

19 This is your opportunity. We are here to hear your
20 comments. I encourage you to do so. Thank you.

21 JUDGE CHRISTIANSON: If I could mention, Johnnie
22 Simms has a boss, Chuck Hoffman, who attends a lot of these
23 public input hearings. As it happens, his two opposite
24 members are here, but Mr. Hoffman, who was at other public
25 input hearings in this PP&L case, may be back minding the st

1 These folks are preparing testimony in this case,
2 these various statutory parties to the case.

3 One other person to introduce here, and then we will
4 introduce some other folks, is Paul Russell, who is Counsel
5 for PP&L.

6 MR. RUSSELL: Thank you, Your Honor. I would like to
7 add my thanks to you for coming out this evening. We
8 believe that public input hearings are a very important part
9 of the rate making process at the Commission and we
10 encourage you to put your views on the record this evening.

11 We have several PP&L people in the audience tonight
12 that I want to introduce. The reason we bring people out to
13 these public input hearings, number one, to hear your
14 comments, but secondly, if you have specific questions about
15 the rate case, questions about your bills, or questions
16 about your service, you can meet those people and talk to
17 them during the course of the evening.

18 We will all be here for the entire evening. Quickly,
19 we have Ray Suhocki, who is Vice President of Marketing and
20 Economic Development, to my left.

21 JUDGE CHRISTIANSON: In the back there.

22 MR. RUSSELL: Evelyn Soto, from customer service, who
23 is over to the right in the back. Jim Burns, who is our
24 community development director for Allentown and Bethlehem.
25 Thank you very much.

1 JUDGE CHRISTIANSON: We also have more Commission
2 people here. I won't introduce them all. Kevin Cadden, who
3 is Bureau Director and a couple other Commissioners,
4 assistants and such.

5 You can speak to them as well. They are here to help
6 you and answer your questions as much as possible. We will
7 start in a moment.

8 We have Senator Afflerbach, who was at Bethlehem and
9 is interested in these proceedings. I think he has a couple
10 remarks for us.

11 I don't know if you want to be sworn. You were over
12 in Bethlehem.

13 SENATOR AFFLERBACH: I presented my sworn testimony
14 in Bethlehem.

15 JUDGE CHRISTIANSON: That is sufficient.

16 SENATOR AFFLERBACH: That is fine. I will not take
17 time away from my constituents who have their own statements
18 to make.

19 You have all received my sworn testimony. For those
20 of the citizens who are here this evening and would like to
21 see that, there are copies back on the table at the rear of
22 the room. They can certainly pick it up and take it with
23 them.

24 Let me just once again welcome you to the Lehigh
25 Valley. Judge Christianson, Chairman McQuain, Commissioner

1 Crutchfield, Commissioner Hanger, Advocate Popowsky,
2 Advocate Ryan and PUC staff, as you know on January the 5th,
3 I wrote to you and asked you specifically to come to Lehigh
4 Valley for a public hearing.

5 I am delighted that you have done so and I am even
6 more delighted that you chose to visit both the City of
7 Bethlehem and the City of Allentown for purposes of
8 eliciting testimony from our citizens.

9 To sum up very briefly, as you call, on my testimony
10 earlier today, I expressed a concern that each of our
11 citizens must feel confident when this case is divided, that
12 they are not being asked to shoulder a disproportionate
13 responsibility and a disproportionate cost of whatever might
14 be approved in this rate filing in order to provide PP&L
15 with an entrance into the competitive arena at the national
16 level.

17 I think if we view this rate filing, as it is needed
18 to provide service today, and the basis upon which it was
19 submitted and not view it in terms of all the conversation
20 at the Federal level or the State level about opening the
21 electric market to competition, then I think we will be
22 doing each of our citizens in Pennsylvania and in the Lehigh
23 Valley a service.

24 If, on the other hand, we attempt to utilize this
25 rate filing as a method to consider the greater issues of

1 competition with the western United States, southwestern
2 United States, or the southern United States, the tremendous
3 generating capacity exists in part because of subsidization
4 by the federal government, then I think we will not be doing
5 our citizens in Pennsylvania the justice they deserve.

6 I reiterate my last comment. Our citizens must feel
7 confident when this case is decided that they will not, in
8 whatever class they may happen to be assigned by the
9 company, be shouldering a disproportionate responsibility or
10 cost for this rate filing.

11 Thank you once again for coming to Lehigh Valley. I
12 am sure you will hear some very propelling testimony this
13 evening.

14 JUDGE CHRISTIANSON: Thank you, Senator.

15 This brings up a very important point. In our work,
16 we are facing deregulation competition in various areas,
17 including electric.

18 We will get into that if it is appropriate tonight.
19 This presents special problems and concerns for rate cases
20 like this, as the Senator mentioned.

21 Again, this is all the more reason we should hear
22 from the public on these cases. There is a lot of important
23 principles involved in regulation.

24 I will start with the list. We start with a
25 representative of LaFarge, who is here, who was at the

1 hearing at Bethlehem.

2 I think he will curtail his remarks here. He
3 presented a statement there. Terry Dengler.

4 Again, you don't have to be sworn. You presented
5 your sworn testimony. Go ahead with your remarks.

6 MR. DENGLER: Rather than edit my remarks, I can go
7 through my written statement in about three minutes.

8 JUDGE CHRISTIANSON: Okay. Fine.

9 MR. DENGLER: I will keep it strictly to my written
10 statement. My name is Terry Dengler. I represent LaFarge
11 Corporation at its Whitehall Cement Plant in Whitehall,
12 Pennsylvania.

13 I have been at the White Hall Plant for 16 years in
14 various capacities. Currently I am responsible for
15 community and environmental affairs.

16 LaFarge is grateful to the Public Utility Commission
17 for the opportunity to comment regarding the base rate
18 change proposed by Pennsylvania Power and Light Company.

19 If implemented, these changes have the potential to
20 increase our electricity costs by 47 percent or \$1.4 million
21 annually.

22 Our plant is located in Lehigh County, however, we
23 also operate shipping terminals in Northampton County. We
24 are very active in both Whitehall Township and Northampton
25 Borough.

1 Our annual payroll is \$4.2 million. We expend about
2 \$10 million in purchases of goods and services locally.
3 LaFarge has invested about \$25 million in improvement to the
4 Whitehall Plant over the past several years.

5 Our employees are children and grandchildren of
6 previous employees. They live in the Lehigh Valley and take
7 pride in their many and various community activities.

8 Our local property and county taxes are about
9 \$266,000 annually. In 1993, our plant received the
10 Governor's Waste Minimization Award for our efforts in
11 reducing emissions for our tires for fuel project.

12 Our plant manufactures Portland cement and employs
13 about 115 people. The Whitehall Plant competes with four
14 other local producers, as well as small imports.

15 Electric power represents 16 percent of the total
16 cost to produce a ton of cement. The plant operates on a
17 highly competitive market.

18 In 1991, we were made aware of the fact that our
19 plant here in Pennsylvania, had the highest power cost per
20 ton of cement produced out of all the LaFarge Plants in
21 North America.

22 To protect our long term viability, our management
23 met with officials of PP&L to discuss ways of reducing these
24 costs.

25 PP&L suggested an interruptable contract as one

1 possible solution. LaFarge accepted and modified its
2 operating procedures to allow us to curtail power usage upon
3 request by the utility.

4 During the winter emergency of January 1994, LaFarge
5 voluntarily reduced its power demand beyond contractual
6 obligations to allow PP&L to supply the needs of residential
7 and other customers.

8 In order to maximize power savings, LaFarge invested
9 \$1.4 million in backup power generators. With these
10 changes, our forecast began to improve, making us only the
11 fourth highest LaFarge Plant in North America in power
12 costs.

13 PP&L now wants to redesign the interruptable
14 agreement, in addition to a rate increase. The net result
15 for our plant, if we continue with our present agreement,
16 would be 47 percent or \$1.4 million increase in power costs.

17 If any supplier of raw materials, equipment or
18 professional services were to increase their prices by 47
19 percent, they would most likely lose our business.

20 To give you some perspective of a 47 percent
21 increase, a homeowner with a monthly power bill of \$150,
22 would see a \$70.50 increase in their monthly bill, or almost
23 \$850 per year.

24 That sort of increase to the general public, would
25 draw headlines from every newspaper. The numbers that have

1 been quoted are somewhat misleading when we read of 20.7
2 percent, 18 percent or 11.7 percent rate increase.

3 The piece of information that is missing is the
4 range. Some customers will experience next to no increase,
5 while others like LaFarge face 47 percent.

6 We do have an option. PP&L has suggested that we
7 could change our designation from LP5I to LP6I. This change
8 would result in additional burdens on our plant.

9 Shutdowns during power interruptions would have to
10 occur more quickly and we would have to contract purchase a
11 fixed amount of power, paying even if it is not used.

12 However, this would still result in a \$1.1 million or
13 36 percent increase. LaFarge recognizes PP&L's long history
14 of commitment to the area.

15 We understand the restructuring and reorganization
16 activities currently being implemented by PP&L to meet the
17 challenges that lie before them.

18 These efforts can be burdensome on any organization.
19 However, we strongly recommend the PUC closely examine
20 PP&L's proposal and consider the following.

21 One, examine PP&L's proposed revenue issues and grant
22 them only the amount necessary to insure their financial
23 position.

24 Two, encourage PP&L to fulfill its commitment to
25 industrial customers, which are the most knowledgeable and

1 mobile ratepayers.

2 Three, recognize that the availability of affordable
3 electric power is crucial to our economy, and that all
4 segments of our society benefit from economic viability, and
5 therefore each category of ratepayer should share the burden
6 if an increase is granted.

7 We believe that upon close examination and reflection
8 on these three points, the PUC will see that the PP&L filing
9 is excessive and not in the best interest of the public.

10 We thank you for the opportunity to make these
11 comments.

12 JUDGE CHRISTIANSON: Thank you, sir. At Bethlehem
13 there was some followup, some questions and such, but we
14 don't have to go through that here. There was some inquiry
15 about details.

16 We appreciate your comments and your brevity, as
17 well.

18 Alfred A. Siess, Jr.

19 Whereupon,

20 ALFRED A. SIESS, JR.
21 having been duly sworn, testified as follows:

22 JUDGE CHRISTIANSON: Proceed. Mention your name and
23 organization. Go ahead.

24 DIRECT TESTIMONY

25 THE WITNESS: My name is Alfred A. Siess, Jr. I am

1 here representing myself as a consultant, and also an
2 organization called S.A.V.E., which is a 25-year old
3 environmental group in the valley.

4 I would like to mention my qualifications briefly. I
5 have forty years experience as a civil engineer. I have an
6 MBA. I have taught at graduate school level at Drexel
7 University for 18 years in civil engineering and in
8 engineering management as an adjunct.

9 I was one of the founders and first president of
10 Sauken Association for a Viable Environment. I am a member
11 of the American Society of Civil Engineers. I served the
12 local section for 13 years as chairman of their
13 environmental technical group.

14 I have a long-standing familiarity with PP&L, going
15 back to 25 years ago when I purchased a home in Upper Sauken
16 Township.

17 There are many good people working for PP&L, many who
18 serve as municipal officials and do a good job of it, many
19 associates of mine are in the ASCE.

20 To be sure PP&L has done some good in their being
21 here in the valley, they do largely for public relations
22 purposes, they do try to promote civic activities and they
23 do make their offices and facilities available for civic
24 undertakings.

25 However, my reason for being here tonight is to

1 strongly protest PP&L getting any sort of rate increase if
2 it is based on things that they have caused themselves,
3 because of the fact that they have chosen to employ poor
4 public policy decisions in everything that they do.

5 I am going to give you some examples of that. Back
6 in the early 1970's, I was one of the people who was
7 privileged to meet with, then president of PP&L, Jack Busby.

8 Our message to him at that time was, do not proceed
9 with Berwick, do not proceed with the other plants that were
10 planned of the nuclear power variety, because they were not
11 environmentally safe and they were not economically or
12 financially sound.

13 Our major message was that PP&L should stop promoting
14 consumption of energy and start promoting conservation. Mr.
15 Busby was appreciative of our comments. He showed that he
16 had a greater understanding of the perils of nuclear power
17 than we thought he did.

18 He in fact agreed that the people who were employed
19 at PP&L to promote consumption and promote reckless economic
20 development that had, as an end, promoting consumption, he
21 would change their titles and he would make them now in
22 charge of dealing with the public on mapping conservation
23 measures.

24 That was very heartening to us. Unfortunately that
25 proposal was very short lived. You can tell by the titles

1 of the folks that you introduced from the audience tonight
2 who are PP&L employees.

3 I believe we had an economic development manager and
4 we had a community development person, et cetera. Nowhere
5 do we see any effort to come up with public policies that
6 will result in preserving the environment, coming up with
7 the best economy that we can have and also make profits for
8 PP&L.

9 We now know categorically that the most cost
10 effective way of providing for our electric energy needs, is
11 to substitute energy efficiency for new plant construction.

12 The time when adding capacity could be done and
13 result in reducing the average cost per kilowatt hour, is
14 long gone.

15 The need to add capacity now has a tremendous price
16 tag, both in economics and also environmental destruction.
17 PP&L did not abandon nuclear power. In fact, they have
18 promoted it assiduously.

19 They had a very good record for safety at Berwick,
20 but now even that is being called to question. There have
21 been a number of inspectors at the plant who have cited very
22 serious problems and the company apparently is choosing to
23 argue against those inspectors and try to cover up.

24 I want to give you just a few examples of what I call
25 misguided policies on the part of PP&L. In January of 1973,

1 Vice President Carl Mayo, wrote a letter to the Federal
2 District Judge Fullum in Philadelphia, wherein he promoted
3 the southern route of I-78 and he supported it on the
4 grounds that was put forth by the development interest at
5 that time, that a southern I-78 was necessary, based on
6 relieving traffic on existing Route 22.

7 Everyone knew, including PP&L, that the southern
8 route would not do that. It was not possible for traffic
9 using Route 22 to get to the southern route of I-78.

10 In fact, the average daily traffic on Route 22 is now
11 double what it was when I-78 was designed. The congestion
12 is much worse.

13 Development interests are now pushing to build an
14 extension to Route 33 to connect the two highways at an
15 estimated cost in excess of \$100 million.

16 This time around, they are not hiding behind the idea
17 that they are trying to relieve traffic on Route 22. Now,
18 they are blatantly saying that we need Route 33 so that we
19 can develop the Route 33 corridor.

20 Interestingly, Mr. Mayo added in his letter that the
21 southern route will increase development pressures and a
22 "proper commitment from government industry and the general
23 public," was necessary to support strong local zoning.

24 Well, how did PP&L support strong local zoning? We
25 had, coming to the Lehigh Valley, a development known as the

1 Stabler Development in upper Sauken Township, where New
2 Jersey Zinc was relinquishing some 1,700 or 1,800 acres of
3 land that was particularly environmentally sensitive.

4 The local zoning for Upper Sauken Township called for
5 environmentally sensitive five acres, only because of the
6 sink holes and other wet lands and problems on the tract.

7 The Stabler tract was feasible for development
8 precisely because I-78 was directed to go right across its
9 northern boundary from 378 to Route I-78 at Route 309.

10 JUDGE CHRISTIANSON: May I interrupt for just a
11 moment.

12 THE WITNESS: Yes.

13 JUDGE CHRISTIANSON: We are trying to focus on PP&L.

14 THE WITNESS: PP&L's Bert Dady was quite frank in
15 stating that PP&L supported the Stabler development and
16 weakening of zoning in Upper Sauken Township because New
17 Jersey Zinc had been a large consumer of power and they did
18 not want to lose that business.

19 I am going to just tick off a few other areas and
20 then get to my final recommendations. Mass burn
21 incinerators have been probably the biggest boondoggle since
22 nuclear power.

23 We know that we cannot safely burn anything in mass
24 burn incinerators, particularly the mix of garbage,
25 unrecycled in front, that is being put into them.

1 The bottom line on mass burn incinerators is that
2 they were promoted mainly by the same people who had been in
3 the nuclear power business, because nuclear plants were not
4 being built and they were looking for a replacement for
5 revenues.

6 The mass burn incinerators have capitalized on the
7 PERPA legislation, which you are all familiar with, which
8 was designed not to encourage burning of hazardous materials
9 and creating a pollution and health risk, but it was
10 designed to promote nonpolluting alternatives to existing
11 power plant emissions and designs.

12 The environmental community supported PERPA because
13 we wanted solar energy and we wanted wind power and we
14 wanted direct conversion and other nonpolluting sources.

15 PP&L, along with other utilities, supported PERPA and
16 now they are trying to get out of the cost that it is
17 causing electric utilities.

18 PERPA legislation, by being subsidized by subsidizing
19 mass burn incinerators and cement kilns that burn hazardous
20 waste, et cetera, is very damaging to the electric utilities
21 bottom line right now.

22 The Clean Air Act, industries wanted to exempt the
23 ash from mass burn incinerators from the Clean Air Act.
24 Now, here is a switch. Hazardous ash coming out of a mass
25 burn incinerator is supposed to be exempted from being

1 hazardous under the Clean Air Act, which was designed to
2 clean up the air.

3 Instead we have somebody promoting mass burn
4 incinerators by making them feasible, by getting rid of the
5 hazardous nature of their ash by --

6 JUDGE CHRISTIANSON: If I could interrupt again. We
7 would really like to focus on PP&L.

8 THE WITNESS: Under the Clean Air Act, sir, PP&L
9 spoke at Allentown College a number of years ago and they
10 bragged about the fact that they had written into the Clean
11 Air Act exemptions that allowed them to trade off pollution.

12 The bottom line on that means that PP&L, if they have
13 an old plant that costs, let's say \$200 a ton to clean up
14 and they have a new plant that costs \$50 a ton to clean up,
15 can do nothing with the really bad pollution of the old
16 plant.

17 They can put their entire effort in cleaning up the
18 \$50 a ton and then they can claim that they have met their
19 average tradeoff requirement.

20 This is a foolhardy policy, particularly because it
21 does not cost PP&L one cent. If the technology exists to do
22 100 percent cleanup of their plants, old and new, and it
23 does, that cost can be passed onto the ratepayer and the
24 ratepayer will have no problem with picking up that cost
25 because it will be a lot less to put that small amount onto

1 the bill, the ratepayer's bill, than to clean up the
2 pollution that PP&L is getting away with by subverting the
3 Clean Air Act intent and other intents.

4 Finally, PP&L is the head of a group called RCRA
5 Reauthorization Committee, which has lobbied -- I am going
6 to send all of this material to you.

7 William Hecht, the president and CEO of PP&L, is the
8 head of a group called National RCRA Reauthorization
9 Coalition.

10 This is a coalition of businessmen who have tried to
11 subvert the federal RCRA Resource Conservation Recovery Act
12 legislation by working -- lobbying our State and Federal
13 representatives.

14 One of the things that they wanted to do is now
15 exempt municipal incinerator ash from being hazardous under
16 RCRA, under the federal legislation.

17 They also want to make it possible for PP&L and other
18 industrial boiler users to burn used motor oil and used oils
19 in their utility boilers, extremely hazardous materials,
20 which they acknowledge in their letters are extremely
21 hazardous.

22 Their argument is that, well, we can't control it
23 with other laws and we don't have to have it in RCRA
24 legislation.

25 JUDGE CHRISTIANSON: Again, could I perhaps

1 interrupt.

2 THE WITNESS: I am going to finish, because I don't
3 want to take more time. I am sure you have a lot of people
4 here.

5 JUDGE CHRISTIANSON: Yes, we do.

6 THE WITNESS: What I wanted to say in closing, and I
7 will send you all the documentation to show that PP&L's
8 policies are detrimental to the economy, detrimental to the
9 environment, and they do not justify rate increases.

10 Particularly as a taxpayer, as a citizen and a
11 ratepayer, I am aghast at the thought that PP&L is paying
12 the salaries of people to go out and promote things like I-
13 78, the Stabler tract, mass burn incinerators, weakening
14 zoning laws, weakening the Clean Air Act, weakening RCRA.

15 I will also throw in President Hecht's comments at a
16 recent development meeting that was held with Representative
17 Paul McHale in Bethlehem, where he is now endorsing all
18 sorts of other environmentally weakening legislation.

19 Thank you for the time. I am sorry I took so much
20 time.

21 JUDGE CHRISTIANSON: Thank you.

22 (Witness excused.)

23 (Applause.)

24 JUDGE CHRISTIANSON: Next is Dale Sattar from
25 Coopersburg. Could you take the oath, sir?

1 Whereupon,

2 DALE SATTAR

3 having been duly sworn, testified as follows:

4 JUDGE CHRISTIANSON: Proceed.

5 DIRECT TESTIMONY

6 THE WITNESS: Before I proceed, my name is Dale
7 Sattar, and I am here representing myself. I have a house
8 that is heated by electricity.

9 I have a residential thermal storage. Very briefly,
10 for those of you who are not familiar with residential
11 thermal storage, that is a very large tank that I store the
12 heat in at night.

13 I pay for the electricity in two ways. One is by the
14 kilowatt hours that I consume or use, and also by the
15 demand, by the kilowatt demand.

16 Between 7:00 in the morning and 5:00 in the
17 afternoon, if I have too much demand, I pay separately for
18 the demand that I am going to have to use.

19 In other words, I cannot use my washer and dryer
20 during daytime. If I do that, I may end up paying \$60 for
21 using the dryer because my demand has gone up.

22 I did not have the residential thermal storage. I
23 will get into that in a minute. I installed that for the
24 reason I am going to explain.

25 Before I go any further, can I ask PP&L a simple

1 question. They have an energy charge. Do I understand it
2 correctly that the energy charge is really the increase in
3 the energy and rather than going to PUC for getting the
4 money, the increase in the energy, they can just go ahead
5 and give the customers --

6 JUDGE CHRISTIANSON: Let me address those two points.
7 They have been raised by many people in the various sessions
8 we have had. I will be brief.

9 Let me first check with the audience. We checked in
10 Bethlehem. How many here are RTS customers, residential
11 heating with the special rate?

12 There are several. There were many in Bethlehem as
13 well, and in other sessions. Perhaps we could speak to this
14 generally and it might be helpful for everybody here.

15 I cannot speak to all the details. On your other
16 point, the so-called ECR, the energy charge, again, we spoke
17 to this in other sessions, including Bethlehem. I will
18 address that very briefly.

19 The energy charge has been around for several years.
20 It was set up, I think, about 20 years ago or more, to try
21 to handle the rather volatile nature of energy costs.

22 They go up and down and we try to stabilize them to
23 some degree. Now, there is an energy charge and there is a
24 corresponding charge to the gas companies, which tends to be
25 reviewed annually under Commission standards.

1 We have a Bureau of Audits largely responsible for
2 this work and it works through the trial staff as well,
3 represented here by Mr. Simms.

4 There is an annual hearing about the energy charge.
5 Basically it is a pass through with no profit or loss for
6 PP&L or other utilities employing it.

7 If the utility overcharges one year, that money is
8 refunded during the next year. If the utility undercharges,
9 it gets -- recoups the underage, essentially.

10 This is under Commission review and control, but it
11 is a separate clause. It interacts importantly also at the
12 base rates, and it is particularly important for the RTS
13 customer, because you tend to be -- more of your bill is an
14 energy bill than demand or customer bill.

15 As the energy amount changes, you change more than
16 the regular residential customer. You are aware of this, I
17 am sure. Many of you are.

18 On the RTS rate, PP&L can address that. Now, there
19 was a somewhat, I'd go so far as to say, misleading handout
20 about the RTS rate.

21 PP&L is aware of that. Many people have gotten the
22 impression that their increase under this rate is more than
23 it even is. It is a substantial increase, but it is not as
24 big as some would think it is because of the interaction
25 within the energy clause and the base rates.

1 We can discuss this further, because there is so many
2 people in the room interested in this matter. I think we
3 will discuss it before the break. We will take a break
4 shortly.

5 Perhaps at the break, PP&L can discuss it
6 individually or collectively. RTS is very important. I
7 would like to check with PP&L, perhaps as a matter of
8 discovery in this case, on the record data request for me
9 perhaps, just how your customers are situated.

10 Are there a lot of customers on RTS in this area? It
11 would seem from the public input hearings that there are.
12 You might check on that, if your records can ascertain that.

13 MR. RUSSELL: We can check on that, Your Honor.

14 JUDGE CHRISTIANSON: Okay. Thank you. And go ahead
15 with your presentation, just as the leading candidate, you
16 will be the person to break trail for this RTS issue, but go
17 ahead.

18 It is a very important issue for many people. There
19 is a lot of dollars involved and a lot of concern about
20 changing rates and changing conditions. Go ahead.

21 THE WITNESS: PP&L states that the cost of living
22 that is measured by the consumer price index has increased
23 30 percent within the last ten years. Thirty percent, that
24 is 30 percent, in the last ten years.

25 Then they -- for the RTS, they are claiming that they

1 are increasing 16 percent. That is based on an average --
2 on a customer who uses 25,000 kilowatt hours a year and they
3 would expect that the bill would go up by 16 percent.

4 Now, in my particular case, the components that they
5 are increasing, my electric, the kilowatt hours is going to
6 go up 58 and a half percent.

7 That is from 2.84 cents per kilowatt hour to four and
8 a half cents. That is 58.45 percent, or 58 and a half
9 percent increase in the rate of electricity.

10 The monthly increase going from \$10.95 to \$15.00,
11 that is a 57 percent increase and then the demand increase,
12 the demand is going up from \$5.80 a kilowatt to \$6.50 and
13 that is a 12.1 percent increase.

14 Now, for the month of February in 1995 my total bill
15 in round figures came to \$140. If I talk about just these
16 two components, the monthly and the consumption of the
17 kilowatt hours and the billing demand, for the month of
18 February of 1995, it came to \$110.82.

19 Based on the proposed increase, we are talking
20 about -- that would come to \$165.18. That comes to over a
21 49 percent increase in the rate that I have to pay.

22 Now, this 49 percent is offset right now by the
23 reduction in the energy charge. But the problem that I have
24 -- this is my first concern. My first concern is that I
25 have no assurance when the energy charge is going to go up.

1 Just the basic rate is going up by 49 and a half
2 percent, over 49 percent, for the month of February of 1995.
3 Again, this is to be fair to PP&L, this is not taking into
4 consideration the energy charge.

5 If I take the energy charge into consideration, it
6 would reduce it and the rate of increase would be reduced,
7 but I have no way of knowing how long it would be before
8 this energy charge would get back to, you know, to near what
9 it is.

10 JUDGE CHRISTIANSON: You are correct. The energy
11 charge is sort of an open-ended thing. It is largely
12 governed really by the market price for energy.

13 We can't predict that exactly, except we can make
14 general economic predictions. I must say, as I said in
15 other sessions, you have really done your homework, so we
16 don't have to explain to you as much as we have done to
17 people elsewhere, how this interaction works.

18 Go ahead. You are right, the energy charge, we hope,
19 does not vary upward. It can vary upward or down. It was
20 volatile over the years, back in the seventies.

21 We hope it is not going to be very volatile right
22 now. You are correct, you are subject very much to the
23 caprice of the market and the energy cost.

24 Go ahead.

25 THE WITNESS: My second concern is that having RTS, I

1 don't want to be a captive customer of PP&L, that the rates
2 will go up higher, much higher, than the regular residential
3 customer.

4 By regular residential, I mean the non-RTS. Now, I
5 called PP&L and I spoke to a gentleman by the name of Paul
6 Berk, who is a senior customer representative, I believe,
7 and I asked him how much the regular customers are going up
8 and he told me it was six percent.

9 Now, in this document that was provided by PP&L, the
10 Consumer's Guide, they state on page one, the customer with
11 electric home heating who uses 2,500 kilowatt hours would
12 see an increase from \$190 to \$207 a month or a nine percent
13 increase.

14 So you can see that based on PP&L figures, you are
15 asking me to pay 16 percent, that is for an average customer
16 with RTS with a 16 percent increase, but a non-RTS is going
17 to pay nine percent.

18 Now, because I have RTS, I am a captive customer. I
19 am going to say -- get into in a few minutes about the
20 expenditure and the inconveniences that I have to have the
21 RTS.

22 Having the RTS now, it makes me a captive customer
23 and therefore, I really think I am being penalized by paying
24 the rate, than a non-RTS customer whose the rate would go up
25 only nine percent.

1 JUDGE CHRISTIANSON: You have made some investment in
2 order to get on the rate basically. You spent money.

3 THE WITNESS: Yes, sir. That is my next concern. My
4 second concern is the fact that the rate is going up much
5 higher for the RTS customer as opposed to the non-RTS
6 residential customer.

7 JUDGE CHRISTIANSON: Yes.

8 THE WITNESS: My third concern is that I have a heat
9 pump to heat the house. In the wintertime when it gets very
10 cold and the heat pump cannot heat the house, I have to have
11 what is known as back-up heat and it was resistor heat that
12 it was part of the heat when I purchased it, part of the
13 heating system.

14 Now, in order to have the RTS, I have an estimate of
15 \$5,000 that it would cost me to put a 300 gallon tank in my
16 house and I have to disband, disconnect the resistor and
17 have this RTS in place so that I would have the reduced
18 rate.

19 Now, aside from that money, if I want to go back into
20 my original system by installing, reinstalling the
21 resistors, I would estimate that it would -- at least, it is
22 going to cost me somewhere between \$3,000 and \$5,000.

23 Basically I am going to be out of pocket a total of
24 \$10,000, anywhere from \$8,000 to \$10,000 because of having
25 the RTS.

1 What I am asking is, when I installed the -- when I
2 did decide to have the RTS system installed, I was told that
3 it is going to take -- it would not pay off for me because
4 it is going to take seven or eight years in order for the
5 system, for the expenses to pay off.

6 Now, I decided to go ahead and put the RTS in the
7 system, mainly because I consider myself a very responsible
8 person, responsible citizen, as far as using natural
9 resources and delaying the construction of another plant and
10 this is where the RTS comes, by shifting the demand from
11 daytime to nighttime, so that you don't have to construct
12 new plants.

13 JUDGE CHRISTIANSON: Yes.

14 THE WITNESS: Based on that, I went ahead and I did
15 that. I have the RTS. Now, in addition to that, I have to
16 pay a very high price, inconvenience price.

17 Just as an example, many holidays don't fall
18 exactly -- are not celebrated on the day that -- the legal
19 holidays are for.

20 Like for example if Christmas is during the weekend
21 and it is celebrated Friday or Monday, then the RTS system
22 is not -- in other words, I am not going to have off peak.
23 It is going to be on peak.

24 I cannot -- if I use lunch and if I have company and
25 if I want to put the oven on and have the range on to make a

1 meal, it might cost me \$60 for the demand.

2 There are also many days, like the day after
3 Thanksgiving, that I cannot do that, and also during the
4 Christmastime. There is additional vacation taken because
5 of the time of the year.

6 We cannot sit down and have a meal. As a matter of
7 fact, just to have hot water to have tea or coffee, I have
8 to turn the heat down and sit down in overcoats and topcoat
9 to heat up the water and then after that, put the heat back
10 on.

11 Now, all this trouble has come through in order to
12 have savings and be a responsible citizen. But now, not
13 only the rate increase that they have asked for -- it is not
14 going to pay off the system.

15 In other words, we have this rate. I was told it was
16 going to take seven or eight years for my expense, that the
17 money that I put into the RTS, to pay off, and now it is not
18 going to pay off with the rate increase that they are
19 asking.

20 This is on top of the inconvenience that I mentioned
21 to you that I will have to go through. You can see that,
22 you know, this is additional unfairness for having the rate
23 of increase that the are asking.

24 My fourth concern is that I ask you to not approve
25 the rate increase requested for the RTS. I don't have any

1 problem with PP&L requesting an increase, but I don't want
2 it to increase for the RTS customer to be higher than for
3 the non-RTS people.

4 (Applause.)

5 THE WITNESS: Now, if PUC is going to approve any
6 rate that is higher than the non-RTS residential people, I
7 ask PUC to have PP&L to refund expenses that are due to me
8 so that I can go back to being a regular customer and not be
9 a captive customer because I have the RTS after the expenses
10 come through and then ending up paying a much higher rate.

11 I believe that this is very unfair.

12 JUDGE CHRISTIANSON: Thank you, sir.

13 (Witness excused)

14 (Applause.)

15 JUDGE CHRISTIANSON: You have done well in making the
16 basic point, which many customers share. Perhaps we can
17 address this.

18 Again, we have perhaps the majority here on the RTS
19 rate and I am sure you are all concerned about it. I think
20 it is perhaps the most efficient use of time if we take this
21 point individually.

22 Perhaps let's just take a minute or two off the
23 record and then PP&L, I will expect, will come back and make
24 some basic explanation of this.

25 We will have your remarks. Those that want to speak

1 about the RTS rate or other things, we will go through the
2 list.

3 Let's just take a very brief recess. I think PP&L
4 can get ready to speak to this issue, particularly and
5 clarify some points and then we go on further and hear from
6 the customers and go through the various people who have
7 signed up.

8 Let's just take a very few minutes. We will try go
9 on again just right after 8:00. We will start with an
10 explanation by PP&L of the RTS rate.

11 (Recess.)

12 JUDGE CHRISTIANSON: Back on the record.

13 Again, we have several people left to speak. I
14 should have said this at the beginning, but considering the
15 number of people, I have to ask if you could curtail the
16 length of your remarks and try to limit yourself to about
17 four or five minutes.

18 We had a couple of rather lengthy remarks. Just
19 because of the number of people here involved, out of mutual
20 courtesy to each other, I would ask that you be sort of
21 brief.

22 Again, if you have a particular problem or it is a
23 particularly difficult subject that you have to get into or
24 try to understand, again, please limit your remarks and I
25 will try to enforce that, again, out of mutual courtesy to

1 the people at the end of the last.

2 Those folks, too, want to speak. At Bethlehem we ran
3 very long. People had to sit there for three and four hours
4 to speak on the record, and some of their remarks were
5 rather interesting, as well.

6 At this point I said -- there is a couple of people I
7 will get to, people handed me letters, people have left who
8 don't want to speak. We will get into that as we go along.
9 I have a statement here, as well.

10 Again, I promised that PP&L would very briefly
11 discuss the RTS matter. I asked them to be brief. Again,
12 we can discuss individual problems or details as they come
13 up.

14 I think Mr. Russell will lead off the discussion,
15 just very briefly, about this rate.

16 MR. RUSSELL: Thank you, Your Honor. I will be
17 brief. I know there is a lot of people who signed up to
18 speak.

19 I just want to address three points very quickly.
20 First, if you try to calculate the percentage increase in
21 your rate under RTS, particularly if you are looking at the
22 March 27th letter we sent, it is important to recognize that
23 part of our proposal in this case is to roll in the ECR,
24 that is to include it in base rates, rather than show it out
25 as a separate ECR at the end of this case.

1 When you add up the components of your bill under
2 current rates, you would include about one cent per KWH for
3 the ECR charge.

4 When you add up the components under proposed rates,
5 you should add in zero for the ECR because that charge has
6 been included in the base rates shown in the letter.

7 The second point I wanted to make, the percent
8 increases that we have proposed for various classes, are
9 based on information that comes out of a study called a Cost
10 of Service Study.

11 Basically what we tried to do with that is figure up
12 how much costs we incur to provide service to different
13 classes and then set the rates so that those costs could be
14 recovered.

15 Now, we didn't follow the cost of service exactly
16 because it would have produced increases to some classes
17 that were too high, but we did follow the signals as best as
18 we could.

19 That is why you get a different result for RS than
20 RTS. The final point I would like to make, if you look at
21 the proposed rates, if we were to get everything we are
22 asking for, what we are proposing at 2,500 KWH per month,
23 for RTS that works out to about \$151 a month and for RS it
24 is \$206 a month.

25 So although the percentage increase we are proposing

1 is greater for RTS, the absolute dollar of your monthly bill
2 is still significantly less under RTS. Thank you.

3 JUDGE CHRISTIANSON: Thank you. And, again, we will
4 get into more detail as we see fit from the audience.

5 I have a couple people with prepared statements. If
6 you like, we can accept those statements into the record.
7 If you would like to make oral comments as well, we can
8 receive the comments.

9 I will go ahead with the list. Again, there is a lot
10 here other than RTS, but I realize that those folks are
11 particularly interested in the filing.

12 Next we have Evelyn Kramer of Allentown.

13 Again, I realize that a few people have gone. I will
14 just call the names, and if somebody doesn't show up, we
15 will just go to the next name.

16 Could you take the oath, ma'am?

17 Whereupon,

18 EVELYN KRAMER

19 having been duly sworn, testified as follows:

20 JUDGE CHRISTIANSON: Just mention your name and
21 address and go ahead.

22 DIRECT TESTIMONY

23 THE WITNESS: My name is Evelyn Kramer and I live at
24 2841 Moravian Avenue, Allentown, Pennsylvania.

25 I am retired. I am a senior citizen. I am on a

1 fixed income and I am a widow. Now, it is bad enough to be
2 retired and it is bad enough to be a senior citizen, but let
3 me tell you, it is doubly tough when you are also a widow.

4 There was an article not too long ago in the
5 newspaper stating that the average widow gets right around
6 \$600 a month Social Security.

7 Now, that same average widow got a 2.7 percent
8 increase in January. If that widow was also 65 or older,
9 she also got a five dollar increase in Medicare.

10 Now, if you live in the City of Allentown, and you
11 have Service Electric Cable, that very nicely went up. With
12 deregulation, they said, well, gee, in Allentown, there is
13 no competition.

14 Well, believe me folks, I live on the south side of
15 Allentown in the Olney (ph.) Park area and there is no
16 competition. If I want to get away from Service Electric,
17 then I have to put up an antennae or I better yet, put up a
18 satellite, because Service Electric is the only thing that
19 services out there.

20 Because we are so-called -- have competition, the
21 federal law doesn't pertain to us, so our rates went up. It
22 went up again this year.

23 On top of that, the newspaper decided it would like
24 an increase and that is fine, but it got a small increase.
25 On top of that, my doctor, who used to charge \$38, yesterday

1 I paid \$43 for the very same service.

2 The garbage fee went up. I expect the Allentown
3 school taxes to go up. Being an accountant by trade for a
4 number of years, I know that I have just so many dollars.

5 Unfortunately I can't go some place and work overtime
6 or whatever to make up for all these extra increases that
7 everybody would like to have.

8 PP&L comes along, gee, they would like a nice fat
9 increase. UGI, they would like a nice fat increase.
10 Everybody wants more money.

11 I haven't heard PP&L say, "Hey, I am going to cut out
12 some of these bonuses. We are not going to give to the new
13 Governor money for his inauguration."

14 (Applause.)

15 THE WITNESS: "We are not going to retire people that
16 are working part-time and give them full-time benefits,
17 because, gee, we want to get rid of them."

18 I worked for the County of Lehigh. I know that
19 Lehigh County just recently did the same thing. They
20 offered a bonus to get rid of some of the older employees.

21 They are talking about how they are going to save
22 money. I was an accountant for Lehigh County. I know that
23 those people that are going to replace the ones that have
24 retired, are going to be making salaries probably very equal
25 to the ones that are leaving.

1 The only savings they are going to get is when they
2 hired the low man on the pole that will eventually replace
3 some of these promotions.

4 But it really irritates me to think that as a widow,
5 I have gone through stress and it is bad enough to lose your
6 spouse, gee, we planned retirement. We planned on doing a
7 lot of things.

8 Yes, it would have been easier with two Social
9 Security incomes coming in. But unfortunately God didn't
10 let my husband live and he died a year ago in February.

11 Last year many of the hot months, I didn't turn the
12 air conditioning on because I needed to keep my electric
13 bill low.

14 Well, I used less kilowatts, but my bill wasn't any
15 lower. Same thing this year, they show I have used less
16 kilowatts than I used last year, because I sacrifice, I
17 save, I do everything I can to keep that bill down, and we
18 had a lot less cold weather, so my heating wasn't as
19 expensive, but my bills didn't go down.

20 Once again, somehow or another, they have managed to
21 find a way to keep it very close, whether it is -- I am not
22 going to get into a lot figures and things that some people
23 are.

24 I am just looking for the compassion for the widows,
25 the widowers, single people that have children that can't go

1 out and get extra jobs to pay these extra costs.

2 I would just like to see some of these utility
3 companies tighten their belts and not just think that, hey,
4 every time we want to do something, we will just go to the
5 consumer and say, "Hey, come on folks, cough up more."

6 Pretty soon there is not anything more there that you
7 can cough up. We don't have it. I would greatly urge you
8 to deny this increase. Thank you.

9 (Applause.)

10 JUDGE CHRISTIANSON: Thank you, ma'am.

11 (Witness excused.)

12 JUDGE CHRISTIANSON: Sarah V. Munifone of West
13 Juniata Street, Allentown.

14 UNIDENTIFIED PERSON: She doesn't want to speak.

15 JUDGE CHRISTIANSON: Sometimes people think it is an
16 attendance sheet, I realize that, and they don't want to
17 speak. Thank you.

18 David Lockhardt. Can you take the oath, sir? Can
19 you raise your right hand?

20 Whereupon,

21 DAVID LOCKHARDT

22 having been duly sworn, testified as follows:

23 JUDGE CHRISTIANSON: Proceed, sir.

24 DIRECT TESTIMONY

25 THE WITNESS: My name is David Lockhardt. I live at

1 1930 Hanover Avenue. I am going to try to keep it very
2 simple instead of going through my diary tonight.

3 I am here speaking in behalf of our elderly,
4 residential ratepayers and our working family ratepayers. I
5 am the state president of Pennsylvania State Council of
6 Senior Citizens and we have 120,000 members in the PP&L
7 region.

8 We are all on long-term fixed incomes. Our working
9 families have been down sized, their wages have been down
10 sized.

11 We oppose the proposed increases that PP&L wants.
12 The reasons we are opposing it, we feel there is no fairness
13 and we are seeking fairness.

14 We cannot find fairness when they are asking for rate
15 increases of 20 percent versus nine and three percent. I
16 did not know that they have separate generators that produce
17 kilowatts at different cost factors.

18 Since our people are on long-term fixed incomes, when
19 you talk a 20 percent increase or 11 percent increase, and
20 the incomes are at the poverty level of \$6,000 a year, it is
21 not a ten percent increase to them, it is actually a 30
22 percent increase.

23 I am sure PP&L is not living at poverty level.

24 (Applause.)

25 THE WITNESS: All we are asking, the residential

1 ratepayers, we are asking for fair treatment because as
2 somebody earlier mentioned, we are a captive consumer of
3 PP&L.

4 I believe one of the things that the PUC and Judge
5 will have to make a decision on, do we have a choice? Will
6 we have a choice or do we continue being a captive consumer
7 and then they make that decision?

8 I believe the information that has been given to us
9 tonight, and we didn't have time to study it completely, I
10 seem to see an awful lot of fancy statistics, very creative
11 statistics.

12 We would pose a few questions of PP&L. What is your
13 total revenue from all sources, including your outside
14 investments, your outside sales? What is your total net
15 income? What is the total dollars that you have been paying
16 out each year to the stockholders?

17 Maybe you can tell us, residential ratepayers, why
18 PP&L needs that increase five years down the pike. What we
19 are saying, again, we would like the PUC to decide that the
20 residential ratepayers have a choice.

21 Thank you.

22 (Applause.)

23 JUDGE CHRISTIANSON: Thank you, sir.

24 (Witness excused.)

25 JUDGE CHRISTIANSON: Next is Doris M. Fenner of

1 Breinigsville.

2 Whereupon,

3 DORIS M. FENNER

4 having been duly sworn, testified as follows:

5 JUDGE CHRISTIANSON: Proceed, ma'am.

6 DIRECT TESTIMONY

7 THE WITNESS: Why, I would just like to mention that
8 I was a loan executive for the postal service for the United
9 Way.

10 I do know how very well PP&L has helped contribute to
11 the United Way and also encouraged their employees to do so,
12 too.

13 That is one good thing on their part. However, the
14 way things are going, we may all need their help through
15 United Way.

16 (Applause.)

17 THE WITNESS: I brought all my papers that I received
18 from the PUC and from PP&L. This is the whole packet. I
19 figured just averaging, it cost them between the PUC and
20 PP&L, \$44 just to send me this packet.

21 I looked at the list very quickly and there was about
22 30 people or so. Now, if there was more they sent to, I am
23 not aware of it. That would have cost \$1,320.

24 JUDGE CHRISTIANSON: I could mention there are 130
25 formal complainants in this case. Many of them got

1 mailings.

2 THE TIWNESS: Okay.

3 JUDGE CHRISTIANSON: We tried to curtail the list of
4 active parties for purposes of expense. The active parties
5 have gotten much more paper than that, of course.

6 THE WITNESS: So the point I am trying to make is
7 that it took secretarial work. A lot of it was duplication,
8 which was unnecessary, I feel.

9 You could have cut back there. If my grandmother
10 would be here today, she would say, "I can come in your
11 company and I can run it more efficiently than what you are.

12 (Applause.)

13 THE WITNESS: Another point I would like to make,
14 wouldn't it be easier for everybody concerned if instead of
15 slapping 20.7 percent on a residential customer, if you
16 would have thought or looked ahead from 20 years back up
17 until now, maybe increased a little bit, a small part of a
18 percentage, perhaps each year.

19 We would have been able to compensate with that much
20 better. This is just too much for everybody. I recommend
21 that you deny it.

22 I think that PP&L can go back to their board and see
23 where they can cut. I am sure that they can cut. That is
24 all I have to say. Thank you.

25 JUDGE CHRISTIANSON: Thank you, ma'am.

1 (Applause.)

2 (Witness excused.)

3 JUDGE CHRISTIANSON: Helen Loper. Can you take the
4 oath, ma'am?

5 Whereupon,

6 HELEN LOPER

7 having been duly sworn, testified as follows:

8 JUDGE CHRISTIANSON: Just mention your name and
9 address and go ahead.

10 DIRECT TESTIMONY

11 THE WITNESS: My name is Helen Loper. I live at 422
12 North Second Street in Allentown.

13 JUDGE CHRISTIANSON: Thank you. Go ahead.

14 THE WITNESS: My husband is on Social Security. He
15 only received a three percent increase this year. I don't
16 make that much, either and I only received a three percent
17 increase this year.

18 Our combined income puts us in the lower middle
19 income bracket. Anyway, we have a lot of medical expenses
20 since we got older.

21 We had to give up our second vehicle, because we
22 couldn't afford the insurance and the extra expenses on the
23 car.

24 Now, I wish PP&L would keep their increases in line
25 with the increases that other people are getting. You know,

1 brief.

2 I don't have lengthy things to tell you about and I
3 am not going to reiterate a lot of what the third gentleman
4 said who I believe isn't here presently.

5 He mentioned about the increased money to put the
6 system in and that you use your bulk of electricity off
7 peak, which can be very inconvenient.

8 One point which he didn't bring up, when you are an
9 RTS customer -- I am sure people who have the system know
10 this -- you use more electricity in the winter than a
11 regular RS customer, because you are charging up your
12 storage tank at night to use during the day.

13 You are using more kilowatts per hour, or more
14 kilowatts. The largest single component of my bill is the
15 kilowatt per hour charge.

16 As was mentioned, PP&L is proposing a 58 percent
17 increase in the RTS kilowatt charge. Compare that to the
18 increase they are proposing for the RS customer.

19 They are going from two different rates to three for
20 them. If you compare the first 200 kilowatts on the regular
21 RS customers, they are looking for a 31 percent increase.

22 If you compare the 200 to 600 kilowatt range, they
23 are looking at a 36 percent increase. Over 600 kilowatts,
24 they are looking at a 19 percent increase.

25 Compare that 31, 36 and 19 percent to 58 percent for

1 the RTS customers. Again, I am looking at the inequity.
2 When PP&L said about the 16 percent, that number was very
3 confusing.

4 I realize they are basing that on dropping the energy
5 charge. I realize PP&L doesn't have the discretion over
6 this.

7 If and when that charge goes back up, my increase
8 will be a lot more than 16 percent. PP&L sold the RTS
9 systems as a way of adding new customers without bringing on
10 line new generation capacity.

11 I feel they are now singling out these same customers
12 for the largest residential rate increase. A number of
13 years ago, I guess it was back in the seventies, PP&L had an
14 all electric rate.

15 When I mentioned about this RTS rate to a number of
16 people that I know who have all electric homes, they said,
17 "Oh, you will get yours down the road. Look what happened
18 to us."

19 I really, in all fairness, don't feel it was PP&L. I
20 think it was the PUC who made PP&L raise those rates back in
21 the seventies when the energy crisis was.

22 People basically were getting a cheaper rate to have
23 an all electric home and then, I don't know how many years
24 later it was, but the rate really went up a lot and the
25 people were very disconcerted to have the all electric

1 homes.

2 In closing, I just want to say that they are singling
3 us out and I don't feel this is in good faith to all of us
4 who put in the more expensive systems and have adjusted our
5 usage to maybe inconvenient times on PP&L's promise of a
6 power rate.

7 Thank you very much for listening and I appreciate
8 the time.

9 JUDGE CHRISTIANSON: Thank you, sir.

10 (Applause.)

11 (Witness excused.)

12 JUDGE CHRISTIANSON: Next we have S. Edward Corrigan
13 of Bethlehem.

14 Whereupon,

15 S. EDWARD CORRIGAN

16 having been duly sworn, testified as follows:

17 JUDGE CHRISTIANSON: Proceed. Again, mention your
18 name and address. Go ahead.

19 DIRECT TESTIMONY

20 THE WITNESS: My name is Edward Corrigan. I live at
21 1351 Biafore Avenue, Hanover Township, Northampton County.

22 JUDGE CHRISTIANSON: Proceed.

23 THE WITNESS: Your Honor, ladies and gentlemen, I
24 will be brief. I am here as an individual. I am an RS
25 ratepayer, residential.

1 I moved to the home I am in now in 1969. My first
2 bill in December of 1969 was \$43 a month. I was in a home
3 that was promoted by PP&L because it was an all electric
4 home.

5 At the time, PP&L was telling us how great it was to
6 live in an electric home because you were given a special
7 rate, a preferred rate.

8 In the seventies that rate was changed, because no
9 longer was it economical to have electricity throughout your
10 home.

11 I was then told I had to conserve. I did that. I
12 have a four bedroom, two and a half bath colonial home,
13 two-story.

14 I went into the living room and I put doors on the
15 living room and I turned the heat down to off when it wasn't
16 being used.

17 I went into the hallway and I put doors leading into
18 the kitchen and into the dining room. In the hallway, I put
19 a new ceiling going up to the second floor, because it was
20 losing heat.

21 I put a doorway in the dining room and also leading
22 out to the kitchen. In each of these rooms, when they are
23 not being used, the heat is off today as it was in the
24 seventies.

25 We live in the family room. The heat is on in that

1 room. When there is someone, a child, or an adult who needs
2 heat in the living room or in one of the bedrooms, they do
3 that.

4 The heat is off in the majority of our house every
5 day. \$43 in 1969 to over \$200 a month today. So when PP&L
6 puts in the paper words like 20 percent increase, it is not
7 only ludicrous, it is beyond belief, that they would attempt
8 to come to me and say, "I want possibly 20 percent more for
9 you for your heating bill."

10 That would bring me to over \$3,000 a year to heat my
11 home. I am sorry there aren't more people here tonight than
12 there are, because even though there aren't the hundreds
13 that should be here, I can tell you that I speak with them,
14 I see them at work and around the workplace.

15 They are angry and they are upset. Some of them say
16 to me that they believe this whole thing has been settled in
17 advance, that the PUC has made up their mind what they are
18 going to give, if anything, to PP&L, and they feel they are
19 going to get clobbered.

20 I don't believe that. I take my opportunity when it
21 is time to vote. My vote does mean something. I believe my
22 being here tonight can have an influence on any or all of
23 you.

24 I hope at the other hearings more people show up,
25 that the newspapers put it on the first page and not on the

1 second, third or further pages back.

2 I think it is time for PP&L to be creative, as many
3 of us that are in the business world, and not the monopoly
4 world, have to be.

5 I could no more go out and ask my customers for a 20
6 percent or a ten percent or maybe even a five percent
7 increase than the man in the moon.

8 They wouldn't tolerate it. They would buy from
9 someone else. I am sorry, but I can't do that. I am
10 against any rate increase.

11 I would go so far as to say --

12 (Applause.)

13 THE WITNESS: I am not just speaking for the
14 residential customer, whether they be RS or RTS or
15 industrial or commercial, but for any customer.

16 Be competitive. Make believe you do have competition
17 out there before you come to us and ask for a 20 percent
18 increase.

19 On your first page, don't make me look foolish by
20 saying that to the commercial customer who uses 1,500
21 kilowatt hours a month, that you are only going to give him
22 a two percent increase and I use 3,000 kilowatt hours or
23 2,500 kilowatt hours, and you are going to give me a 9.
24 something increase.

25 I saw this and I smiled. I said to my wife, I said,

1 "You know, some day we are all going to get mad enough at
2 the electric company and the telephone company and the
3 utility company, the guy that supplies my cable for me,
4 isn't going to come back and ask for five or ten or 15 or
5 20, I am going to have a surprise when he says we are going
6 to give you a two percent cut this year, or a ten percent
7 cut this year because we have learned to run our business
8 more efficiently, like you guys out in the business world."

9 (Applause.)

10 THE WITNESS: I don't have anything else to say and I
11 don't want to take up anymore time. I appreciate all of you
12 listening. Thank you.

13 (Applause.)

14 JUDGE CHRISTIANSON: Thank you, sir.

15 (Witness excused.)

16 JUDGE CHRISTIANSON: Next on the list are William
17 Lawless and Florence H. Lawless, who had to leave. Mr.
18 Lawless gave me a letter. I will read it quickly. I will
19 be providing the letter for the record.

20 "We, the undersigned PP&L customers, object to the
21 proposed rate hike for the following reasons. The graduated
22 increased proposal is discriminatory against low kilowatt
23 hour usage customers.

24 "The graduated rate increase proposal discourages any
25 energy conservation. Any rate increase proposal should be

1 examined carefully for its necessity.

2 "Any rate increase will be a great burden on low
3 income and fixed rate income customers, all of whom would
4 fall into the proposed 500 KWH 20.7 change increase.
5 Respectfully yours." Their names are signed at the bottom.

6 I bring in this for the official record for the
7 Commission. I would just read it now for this record.

8 Next, Richard S. Coury of Summit Hill.

9 Whereupon,

10 RICHARD S. COURY

11 having been duly sworn, testified as follows:

12 JUDGE CHRISTIANSON: Proceed, sir.

13 DIRECT TESTIMONY

14 THE WITNESS: Most of what I was going to say has
15 been covered. But I just want to mention the fact that it
16 is not going to be for residential service customers 20.7.

17 If you burn less than that, if you burn less than 500
18 kilowatt hours, that can go up to 27 percent, 30 percent. I
19 am in that category.

20 I am retired. Up until recently, I worked part-time.
21 I was paying for cars to travel, which was an added expense,
22 but I didn't mind it.

23 I feel that I am able to do things. I have been -- I
24 will be 75 in August. I am an average person. I worked at
25 many things.

1 I worked as an electronics technician, I sold
2 insurance, I worked at Mack Trucks, I worked at security, I
3 worked as a counselor in 1960 and 1961.

4 At the time the camp took in 16, 18 year old boys
5 that couldn't be brought up in court for murder, for rape,
6 and so forth.

7 I raised eight children. I have working
8 grandchildren. My wife and I have a big home. I know if I
9 die, my wife could never pay the bills. She would have to
10 sell the home.

11 I agree with the man that just spoke, that I don't
12 see where there should be an increase. I think that I
13 understand how investments are.

14 I seen how the price of dividends -- the price of
15 everything went down, your stock went down, your dividends
16 went down. The whole country is suffering.

17 Long ago, friends of mine went to electric heat.
18 They took out their coal furnace. I didn't jump in or
19 anything right away, because my family was growing.

20 I thought it out. It took a little bit of hard work.
21 I still have a coal furnace. I don't have any doors to cut
22 off the house. I have a big house, 30 by 55 feet long, four
23 stories, heat the garage and I never turn the heat down.

24 My fuel price hasn't gone up in five years. I try to
25 conserve. I use propane gas for my stove and my dryer. I

1 have an electric hot water heater.

2 Primarily I heat with coal. I don't have a softener,
3 not that I couldn't have one, I used to service them. I
4 just felt it was a moving part that I didn't have to
5 replace.

6 I haven't done anything to my furnace since I have
7 it. I seen long ago that it didn't make sense. Being an
8 electrician, I was given the wisdom to know that you can't
9 get anything for nothing.

10 The way prices kept going up, wages going up, if I
11 live to 105 -- I will be 75 -- but if I live to be 105, I
12 would never be able to afford anything.

13 I don't know -- like I said, I can't understand. The
14 persons before me, why they can't manage, I can understand.
15 I understand the way big business operates. I worked at
16 Mack 16-and-a-third years.

17 I could see the waste. I have a big family and I
18 have waste. I can see there is waste created. I know it is
19 tough. It is tough to cut back.

20 I think, like one man said here before, the time to
21 teach the public is to conserve themselves, not depend on
22 electric power for everything.

23 I, myself, long ago seen it, as I explained. I am
24 against any increase. I am not going to spend anymore time.
25 There is probably other speakers here. Thank you.

1 (Applause.)

2 JUDGE CHRISTIANSON: Thank you, sir.

3 (Witness excused.)

4 JUDGE CHRISTIANSON: Janet Minnich.

5 Whereupon,

6 JANET MINNICH

7 having been duly sworn, testified as follows:

8 JUDGE CHRISTIANSON: Proceed

9 DIRECT TESTIMONY

10 THE WITNESS: My name is Janet Minnich. I live at
11 2853 Welshtown Road in Slatington, Pennsylvania.

12 Because my family uses less than the 500 kilowatt
13 hours per month, I will be one of those PP&L customers who
14 will be hit with a 20.7 percent rate increase.

15 As you can probably guess, we don't have electric
16 heat. Ours is an older home and it was not suited to
17 electric heat.

18 We try to conserve energy in many ways. We care
19 about the environment. We care about renewable resources.
20 We care about conserving energy.

21 We don't use a clothes dryer. We hang the wash out.
22 We hang it in the attic. We run the dishwasher twice a
23 week.

24 We turn off the lights in the rooms we are not --
25 when we are not in them. We work very hard to keep it below

1 that 500 kilowatt hours.

2 As a result, we have been awarded with over a 20.7
3 percent rate increase. I think PP&L is trying to make us
4 believe that those of us under the 500 kilowatt hours are a
5 very small group, when in fact, I believe we are more than
6 55 percent.

7 There are a lot of residential customers who fall
8 into this category. If there is a rate increase, I believe
9 that it has to be shared equally across the board by all
10 residential customers.

11 Let's all pay that 11.7 or less. Just because most
12 of us did not buy into that all electric home idea and
13 because we care about conserving energy, do not punish us by
14 charging us the highest rate.

15 It does seem ironic to me that the flyers that are
16 always included in our electric bill are promoting saving
17 and conserving, but for what purpose? A higher bill. Thank
18 you.

19 (Applause.)

20 JUDGE CHRISTIANSON: Thank you, ma'am.

21 (Witness excused.)

22 JUDGE CHRISTIANSON: Paul Geissinger.

23 Whereupon,

24 PAUL GEISSINGER

25 having been duly sworn, testified as follows:

1 JUDGE CHRISTIANSON: Thank you.

2 DIRECT TESTIMONY

3 THE WITNESS: I will preface my remarks by saying
4 that I also live in an older home that I bought in 1963.
5 When I moved into the home, it contained gas fired hot water
6 radiator heat and it is a gravity fed system.

7 If anybody knows anything about heating, a gravity
8 fed system is a two-pipe system and requires no moving
9 parts. You don't need a circulator.

10 Henceforth, you need no electrical power to operate
11 this, other than to energize the thermal coupler which fires
12 the boiler's gas jets. There is a fire. But to turn on the
13 gas, you do need electrical power.

14 However, it can be manually overridden, which I have
15 done many times in the past when the electrical power goes
16 off.

17 I must say that one time in my life for three days, I
18 kept my neighborhood in food and warmth. They came into my
19 house and stayed in my house for several hours at a time
20 because they couldn't get any heat in their own homes.

21 They had electric or else they had oil with a
22 circulator. I only bring this up to indicate to you why I
23 do not have electric heat, at least one of the reasons why I
24 do not have electric heat.

25 But I must also comment on the lady ahead of me. She

1 said practically the same thing that I was going to say. I
2 feel like I am being very unjustly taken over here by the
3 PP&L because my energy usage is less than 500 generally.

4 However, in the months of July and August when I run
5 my window air conditioners, man, that bill just about
6 doubles and skyrockets.

7 According to the graph, it seems like it is very
8 disproportionate. If the graph shows me at 12 on the
9 electric bill here that I have in my pocket for most of the
10 year, and then it goes up to about 16 in July and August,
11 the bill almost doubles.

12 I can't quite comprehend that, either. Being
13 retired, which I have been for the past two years, I do do a
14 lot of traveling.

15 I don't spend that much time in my house. I am also
16 a widower. I am all alone. When I am out of the house for
17 a length of time, a week, two weeks at a time, I don't open
18 my refrigerator, I don't open my freezer, the TVs are
19 unplugged, there is absolutely no energy going into that
20 even for the remote control unit, and when I come home, I
21 get the bill and it seems like it was the same as the month
22 before when I was there four weeks out of the month, using
23 the TV, using the refrigerator, using the freezer and the
24 electric lights.

25 I have questioned this many times at PP&L and the

1 stock answer is, you don't keep your freezer full. Now, I
2 can't believe that stocking my freezer to the maximum
3 capacity is going to lower my electric bill that much.

4 However, the fact, as my predecessor said, we as
5 people who do not have electric heat, we are being very
6 unjustly taken over here.

7 20.7 is what it says. I think somebody did bring it
8 out that if you use less than 500, if you are down in the
9 400 bracket or so, it is going to be a lot more than 20.7
10 percent.

11 If somebody else can use get a nine percent increase,
12 then I don't feel that we should get a 20.7 increase. If
13 they do need a rate increase, at least keep it as low as
14 actually possible and give everybody across the board.

15 Let's not single out some people and really hit them.
16 Thank you. Thank you for your time.

17 (Applause.)

18 JUDGE CHRISTIANSON: Thank you, sir.

19 (Witness excused.)

20 JUDGE CHRISTIANSON: Harold R. Kline. Mr. Kline.
21 Again, he could have left. People have other engagements,
22 as well.

23 Dorothy Freyman. Could you raise your right hand,
24 ma'am.

25

1 Whereupon,

2 DOROTHY FREYMAN

3 having been duly sworn, testified as follows:

4 JUDGE CHRISTIANSON: Proceed then, ma'am.

5 DIRECT TESTIMONY

6 THE WITNESS: I speak only as a private citizen and a
7 residential user. I retired in 1991 and I receive a pension
8 of \$679 a month, which will be -- that amount will not
9 increase.

10 I would like to say that if the power company gets
11 the rate increases that they have asked, in 20 years, which
12 I still hope to be alive, I am going to have a lot of
13 trouble meeting my bills.

14 The other statement I would like to make is that I
15 try to conserve on all my utilities. As a result, even
16 though I live in an all electric home, which is a small one,
17 three months out of last year, I fell below the 500 kilowatt
18 hours.

19 My rate increase will be 20 percent for those months.
20 I feel that the power company should have a lesser rate
21 increase than they have requested. Thank you.

22 (Applause.)

23 JUDGE CHRISTIANSON: Thank you, ma'am.

24 (Witness excused.)

25 JUDGE CHRISTIANSON: Ranny Barclay. This witness has

1 a prepared statement, but I would like to swear you in as a
2 witness. Could you raise your right hand, please?

3 Whereupon,

4 RANNY BARCLAY

5 having been duly sworn, testified as follows:

6 JUDGE CHRISTIANSON: Proceed, sir.

7 DIRECT TESTIMONY

8 THE WITNESS: First, I would just like to get away
9 from my statement and say that I am appalled by the fact
10 that the PUC members who were here left and are not present
11 to hear all the testimony.

12 JUDGE CHRISTIANSON: I could mention that they have
13 other engagements. Some public input hearings there have
14 been no Commissioners present.

15 The record is available to them and they are basing
16 their decision in part on this record, along with the rest
17 of the record.

18 Go ahead, sir.

19 THE WITNESS: My name is Ranny Barclay and I live in
20 Carbon County. I am against the PP&L rate increase. I
21 appreciate the opportunity to speak, however, I detest the
22 reason why I have to be here this evening. I will break my
23 testimony into two categories, as a consumer and as a
24 taxpayer.

25 First, as a consumer, I think a 20.7 percent rate

1 increase for the use of 500 kilowatts is ridiculous. That
2 figure came from the PUC meeting notice.

3 However, I think a 24 percent rate increase for the
4 use of 200 kilowatts is despicable. That figure came from
5 PP&L's Martha M. Herron, according to our evening newspaper,
6 "The Times News."

7 This is the same company that 20 years ago emphasized
8 conservation so that new generation plants would not be
9 needed.

10 So we conserved and what have we received? A penalty
11 for conserving because now the least amount of electricity
12 used has the highest price.

13 This is the same company that 25 years ago talked me
14 into electric heat with a special contract price. However,
15 when the oil embargo went in, the contract went, and my
16 penalty was a total electric home on the light bulb rate.

17 This is the same company that needed the nuclear
18 generation plant at Berwick, 20 years ago when consumers
19 didn't want it.

20 Now, guess what, another penalty in the amount of
21 \$724 million to decommission that plant. And, knowing how
22 much more costly that plant was than PP&L experts estimated,
23 I'd say we probably have another rude awakening with the
24 decommission costs.

25 It seems that projected costs at PP&L are sheer

1 guesses and not calculations.

2 In continuing, I'll refer to information in both the
3 PUC notice and the newspaper article, especially Ms.
4 Herron's basic messages list which includes a commitment to
5 open discussion and a desire to reduce and contain costs.

6 With that reference, I'd like to know if PP&L
7 provides living allowances and/or subsistence to employees
8 who are transferred, rather than having them relocate to
9 their new area? If so, what justification is there to those
10 additional costs?

11 I'd like to know what amount is set aside by PP&L to
12 help low income consumers and, what portions come from
13 customers' donations as opposed to company funds?

14 I'd like to know why PP&L hasn't had a rainy day fund
15 to which a portion of its yearly profits should have been
16 diverted rather than giving very generous profits to
17 shareholders.

18 After all, investors should share in their company's
19 financial obligations. They give their approval to PP&L's
20 executives for an operational plan at the yearly meeting.
21 Why should I, as a consumer, have to support wrong decisions
22 financially?

23 (Applause.)

24 THE WITNESS: I certainly want to know more about the
25 new accounting requirement which will cost \$17 million each

1 year for retirees' benefits. In fact, at that price, I'd
2 like to see the benefits and the accounting procedures and
3 also have an explanation as to who is mandating these
4 requirements and why?

5 I'd like to know about the sale of energy to other
6 utilities. Is PP&L over-generating electricity at my
7 expense and then wholesaling this energy via the
8 Pennsylvania, New Jersey and Maryland Interconnection, the
9 same energy for which I pay retail?

10 (Applause.)

11 THE WITNESS: I would like to know how much political
12 action committee money PP&L has given to state senators,
13 state representatives, and state officials to ensure that
14 rules and regulations remain favorable, and that the
15 composition of the PUC is maintained with appointed
16 officials instead of elected officials.

17 As a consumer, I would like to know if you know that,
18 any rate increase to business and industry is passed on to
19 me, the consumer, in the form of increased prices for
20 products, goods, and services.

21 In other words, PP&L's rate increase will not be the
22 approximately 20.7 percent as advertised. The increase, by
23 adding in the 2.4 commercial and 9.1 percent industrial
24 rates, will be more like a whopping 32.2 percent.

25 I really have to sympathize with the handicapped, the

1 indigent, and senior citizens who live on fixed incomes. It
2 seems as if you've made up the 30 percent cost of living
3 increase which took place over the last ten years in one
4 easy swoop of the pen, Ms. Herron.

5 Finally, I will put on my taxpayer hat. Now, I'm
6 really angry! Why? Because no one is addressing the
7 effects this rate increase will have on our county,
8 townships, boroughs, and school district budgets and
9 ultimately my taxes.

10 PP&L, you have hit my pocketbook where it really
11 hurts. How? It is simple. When costs go up on the county
12 level, so do my county taxes.

13 When costs go up on the township level, so do my
14 township taxes. When costs go up for school districts, so
15 do my school taxes.

16 That's three tax increases and, thanks to PP&L, these
17 rate increases will have a direct impact upon all three
18 budgets, all together, all at once.

19 Therefore, I respectfully request that the PUC deny
20 these rate increases. Instead, I feel it is the PUC's moral
21 obligation to order PP&L to submit a new plan which would
22 designate a specific percentage of company profits to be
23 used to cover these costs.

24 No consumer, no taxpayer, should have to be subjected
25 to or be made to pay for such an irresponsible request as is

1 PP&L's rate increase. Thank you.

2 (Applause.)

3 JUDGE CHRISTIANSON: Thank you, sir.

4 (Witness excused.)

5 JUDGE CHRISTIANSON: Gene Jaindl.

6 Whereupon,

7 GENE JAINDL

8 having been duly sworn, testified as follows:

9 JUDGE CHRISTIANSON: Proceed, sir.

10 DIRECT TESTIMONY

11 THE WITNESS: I am Gene Jaindl, 129 South West Street
12 in Allentown. I am here representing myself. My past
13 history, until recently, I was president and treasurer of a
14 construction company that did work for PP&L and for other
15 contractors that worked for PP&L.

16 First, as a resident, in the 500 to 600 kilowatt hour
17 per month category, as are probably all the homes in my
18 neighborhood, this is an older section of the City of
19 Allentown, old homes, not necessarily retirees, but middle
20 class families.

21 This rate increase of approximately 20 percent for
22 those homes, is going to be devastating to the older portion
23 of the City of Allentown of older residents, the older
24 homes.

25 As for recommendations to PP&L, having worked, having

1 done the work for PP&L for approximately 25 years, my
2 knowledge of their mentality in their facilities, is that
3 there is no real cost containment in any work done or any of
4 the work done by their personnel.

5 I just feel they will ask for a rate increase and get
6 it. I think that a lot of belt tightening has to come from
7 the company first, before you can start asking consumers to
8 help pay the bill. Thank you.

9 (Applause.)

10 JUDGE CHRISTIANSON: Thank you, sir.

11 (Witness excused.)

12 JUDGE CHRISTIANSON: George Deriscavage.

13 Whereupon,

14 GEORGE DERISCAVAGE

15 having been duly sworn, testified as follows:

16 JUDGE CHRISTIANSON: Proceed, sir.

17 DIRECT TESTIMONY

18 THE WITNESS: My name is George Deriscavage. I live
19 at 2050 Highland Street in Allentown. I have a resident
20 rate there.

21 I have no taxable income. My income is decreasing
22 every year. There is no way I can avoid this increase.
23 My wife is in very bad health.

24 I have an air guard space filter which runs 24 hours
25 a day, 365 days a year. I have a dehumidifier that runs

1 during the season.

2 I have a humidifier that runs in the season. I use
3 about 14,000 kilowatt hours. During the summer months my
4 kilowatts are about 1,600.

5 I want to know if I can qualify for that two percent
6 rate, for that season anyway, and for all those high rates I
7 have when it is operating at full capacity.

8 I want to know -- I know we are going to get a rate
9 increase. I know we will all be crawling for the crumbs
10 after it happens.

11 I know it is going to come and I don't see why it
12 should come at such a high rate. Thank you.

13 (Applause.)

14 JUDGE CHRISTIANSON: Thank you, sir.

15 (Witness excused.)

16 JUDGE CHRISTIANSON: John Angelo.

17 MR. ANGELO: Before I get sworn in, I would like to
18 say something off the record. I would like to say I support
19 PP&L's increase, but I would be lying. I wanted to say
20 that.

21 JUDGE CHRISTIANSON: Keep it on the record. Can you
22 raise your right hand?

23 Whereupon,

24 JOHN ANGELO

25 having been duly sworn, testified as follows:

1 JUDGE CHRISTIANSON: Proceed.

2 DIRECT TESTIMONY

3 THE WITNESS: First of all, I would like to thank Mr.
4 Popowsky for staying here, even though some of the members
5 of the panel didn't.

6 I hope a lot of this is for your benefit and you will
7 be taking this to heart.

8 I am also a residential customer, have been for about
9 30 years. I am in the less than 500 kilowatt category.
10 Obviously, I don't know the disproportionate rate increase
11 that is going to apply to us.

12 I question the cost of the service study that PP&L
13 did. I imagine this is a complex study. I don't imagine we
14 can get into it and try to understand it.

15 I also wonder whether they have looked at quality of
16 service to determine whether the people who they say cost
17 them the most to serve also get a comparable quality to
18 those who cost less.

19 One of the points that I thought would come out
20 tonight previously that didn't come out very strong, is this
21 proposal for a 13 percent return on investment to the
22 stockholders.

23 To me, this sounds very excessive. I have to admit
24 that as an investor it sounds appealing. The idea of
25 getting a 13 percent return, especially from a utility

1 company, which has a reputation for being a pretty safe
2 investment, also having the prospect of stock value
3 increasing at times, even though it hasn't done that lately,
4 I think is really appealing, but I don't feel that it is
5 fair to put that on the backs of the ratepayers.

6 If PP&L can find a way to maximize their return to
7 stockholders by good management, by innovative thinking, by
8 good decisions, I think that is great.

9 But to put it on the back of the ratepayers, I don't
10 think that is fair. I heard Mr. Popowsky at another forum
11 mention that he also thought the 13 percent sounded high,
12 but suggested that perhaps 11 or 12 percent is more
13 realistic.

14 I feel that is even too high. Banks are paying six
15 or seven percent right now for certificates of deposit.
16 They are taxable for Pennsylvania income tax.

17 My understanding is that PP&L is not. Again, I think
18 the rate of return in that proposal is just too high.

19 The last point I would like to make, and it has been
20 addressed somewhat previously, has to do with belt
21 tightening.

22 I don't know the details of how PP&L runs its
23 business. I have seen many people -- I work in private
24 industry.

25 I have seen a lot of people lose their jobs. I have

1 seen people taking jobs that have less pay. I have seen
2 benefit packages being reduced, so on and so forth.

3 It just goes on. What is PP&L doing? Are they
4 operating in the context of the times we are in with respect
5 to their employees?

6 I am not against anybody getting fair pay or fair
7 salaries for their work. I think that has to be recognized,
8 what the PP&L customers are going through. I think PP&L has
9 to face up to those same facts.

10 One other minor point. I understand that in addition
11 to the rate hike that is on the table, there is another cost
12 coming to us that is going to be, I guess, in the form of
13 the ECR, but it has to do with the loss of sales to Jersey
14 Central Power and Light.

15 I don't now how that cost is going to be distributed
16 to the various ratepayers. Whether the same
17 disproportionate allocation applies to that as the others.
18 I would certainly like to know that.

19 That is all.

20 JUDGE CHRISTIANSON: Thank you.

21 (Applause.)

22 (Witness excused.)

23 JUDGE CHRISTIANSON: I would like to go through the
24 speakers. PP&L can respond to some of these inquiries, but
25 it will take some time, so if we could hold that until the

1 end.

2 The Jersey Central thing is fairly complex as to how
3 it works out. Basically it would be in with the regular
4 rates, but there are offsets involved which I shouldn't go
5 into at this point for the sake of time.

6 Kenneth Burkhart.

7 Whereupon,

8 KENNETH BURKHART

9 having been duly sworn, testified as follows:

10 JUDGE CHRISTIANSON: Proceed, sir.

11 DIRECT TESTIMONY

12 THE WITNESS: There has been so much said and so well
13 said that maybe I should shut up and sit down, but I won't.
14 I hereby register my opposition to the proposed rate
15 increase for PP&L, especially the much higher percentage for
16 residential use.

17 PP&L has other options. Let all share in the way
18 money is raised if it is actually needed. That means a
19 lower interest for shareholders and employees could
20 participate by giving up sick days, personal days, lower
21 pensions or wage increases.

22 PP&L needs to get leaner and meaner as other
23 businesses have done. These things could lower rates.

24 (Applause.)

25 THE WITNESS: I guess I am too old and remember too

1 much. TVA gave electricity free to some customers. Gas
2 companies still do in certain areas.

3 When nuclear plants were built, we were promised
4 cheap electricity. My bills and rates have gone in one
5 direction. Up.

6 Even that might be bearable if it only affected me
7 and my generation. Here is where I blame the PUC, the U. S.
8 Government and PP&L.

9 Why did the PUC and U. S. Government allow one
10 nuclear plant before it was proven that dangerous waste
11 could be neutralized?

12 Why is a nuclear plant to be dismantled? Was one
13 built but not needed? These poor decisions are what we and
14 future generations will be paying for for a long time.

15 In Nova Scotia electricity is being produced on the
16 tides. I believe if half the brains and money used at NASA
17 where we send people to the moon, were applied to producing
18 electricity from the current of the Mississippi River or
19 from wind or solar power or burning of vegetable oils, we
20 could have a clean and safe environment and lower
21 electricity rates.

22 Concerning the Mississippi River, I don't mean
23 damming it, instead divert and the reenter the water. Where
24 is the inventiveness today that lived in the time of Ben
25 Franklin?

1 I was hoping to live long enough to see electric
2 cars, battery stations instead of gasoline stations and such
3 a clear atmosphere that we maybe could see forever.

4 For these things, I would pay the rates you ask for,
5 PP&L, but not for the purposes you are setting forth. I
6 would be glad to pay for the good things mentioned above to
7 be developed and passed on to future generations.

8 You, the PUC, can and should, do all in your power
9 that the scheme of these governmental regulations allows, to
10 allocate to a better way of life.

11 You should not put the cost of poor planning, short
12 sightedness and a certain amount of greed on the residential
13 user shoulders. I hope you won't.

14 I am sorry, I don't believe I gave my name and
15 address. My name is Kenneth Burkhart and my address is 819
16 Church Street, Fogelsville, PA. Thank you.

17 JUDGE CHRISTIANSON: Thank you.

18 (Applause.)

19 (Witness excused.)

20 JUDGE CHRISTIANSON: We will go through a few more
21 names and then perhaps take a brief break.

22 Fred Montgomery of Allentown.

23 Whereupon,

24 FRED MONTGOMERY

25 having been duly sworn, testified as follows:

1 JUDGE CHRISTIANSON: Proceed, sir.

2 DIRECT TESTIMONY

3 THE WITNESS: Fred Montgomery, 2101 South Lumber
4 Street, Apartment No. 1.

5 Tonight's events have absolutely been revelating in
6 the testimonies I have heard here. Everything that has been
7 said to this point correlates and intertwines with my major
8 concerns.

9 My concern is the sharing of living that people have
10 to do in our communities. I am talking about elderly
11 people. I am talking about poor people. I am talking about
12 people that are stuck in the middle of nowhere and a hard
13 rock to make a living and to make ends meet.

14 It is very tough for a person like myself to be in
15 retail, as I am, and stuck at no increase on a personal
16 level and then look forward to impacting increases from the
17 utility, PP&L, and all other sources all at one time.

18 It is absolutely devastating. It is stressful. Mrs.
19 Kramer summed some things up very well in her testimony. I
20 would just say that, you know, people are very wise at what
21 is happening to them.

22 We are being impacted on our pocketbooks. If it
23 isn't one group of people hitting us, it is another. If it
24 is not the other group, it is two more.

25 We can't handle it anymore. Everybody -- people say

1 that they want the truth in these open forums. You want the
2 truth? Do you really want the truth?

3 You can't handle the truth. The truth is that we
4 can't take anymore. This increase is going to hit me and
5 hit me hard.

6 I have plenty of elderly people with whom I am good
7 friends. I associate with them on a social level. They are
8 hurting. I do have compassion. I do have compassion for
9 them.

10 As long as I am standing and I do have a voice or
11 breath in my body, I am going to stand up and speak out for
12 them.

13 The concern, the big question of the PP&L increase
14 surrounding the question of concern with the Berwick plant,
15 whether or not it is safe.

16 I have heard stories. I like the truth or facts. I
17 don't like gossipy things. I just want to hear the truth if
18 I can.

19 I know people were laid off, given early retirement.
20 Am I going to then subsidize or are we going to have the
21 great costs on our shoulders as taxpaying people,
22 residential people.

23 That is what I feel like. I am not alone in that.
24 Maybe other people can summarize it better than I. At this
25 point in time, I am going to respond to this letter that I

1 received, of many that I received, from the General Counsel
2 of PP&L.

3 I absolutely was flabbergasted by the number of mail,
4 pieces of mail, that I received. I felt as though the lone
5 Fred Montgomery is versus the big conglomerate, PP&L, with
6 whom I have to depend on.

7 I have no other choice. It is not like a cable
8 service, where I can opt to say, "I don't want you." I need
9 electricity. I live in an apartment.

10 I get this piece of paper that dissected my written
11 statement that was sent in and it gives me -- tries to give
12 me an explanation of what is happening here.

13 The level of each proposed class of customers is
14 fully supported by and is consistent with the cost
15 allocation studies and other data submitted in the filing.

16 The proposed rate does not result in undue
17 discrimination or preferred between classes or services or
18 customers.

19 In other words, you are not singled out. Well, I do
20 feel singled out. I know a lot of other people feel singled
21 out.

22 (Applause.)

23 THE WITNESS: I closed with the very last paragraph
24 of this written piece in thinking or hoping that there would
25 be a prayer that would be amicable that we could reach a

1 solution for this.

2 That response brought this about. This paragraph
3 constitutes a prayer for relief to which no answer is
4 required.

5 This country was founded on God and we had better get
6 back to principles. Thank you very much.

7 (Applause.)

8 JUDGE CHRISTIANSON: Thank you, sir.

9 (Witness excused.)

10 JUDGE CHRISTIANSON: If I could mention the document
11 referred to was an Answer to the complaint, which is a legal
12 document taking certain legal positions and following
13 certain rules we have of the Commission. The document
14 followed those rules.

15 Next is Mike Stegura of 4957 Briarwood Drive.
16 Perhaps he is not here.

17 Sam Kalny, Whitehall.

18 Whereupon,

19 SAM KALNY

20 having been duly sworn, testified as follows:

21 JUDGE CHRISTIANSON: Proceed, sir.

22 DIRECT TESTIMONY

23 THE WITNESS: Your Honor, members of the Commission,
24 members on that side, thank you for staying with us tonight,
25 PP&L Counsel, I got lots of mail from you, Mr. Russell,

1 thank you for keeping in communication, Mr. Popowsky, you
2 were the guy who made me come here tonight and thank you for
3 that.

4 You said that the Office of the Consumer Advocate
5 wanted to hear from the regular, ordinary residential person
6 and that is what I am.

7 I have been a user of electricity all my life. I
8 guess I have been paying most of those bills for the more
9 than 25 years I have lived in Whitehall, Pennsylvania.

10 I have a Master's Degree, a Bachelor's Degree, and I
11 like using electricity. I have one of those all electric
12 homes that some of you other guys have.

13 I second the emotion of Mr. Coury of Summit Hill and
14 Mr. Siess and Mr. Passan and his friend, and Mr. Montgomery
15 and everybody who came before me.

16 You are right about the clean air, if we could pay
17 for it and get it and see through it, it would be worth it
18 all, it would be worth it all.

19 It would be worth it for my daughters, grandchildren,
20 maybe some day to see it that way. I thank everybody who
21 has spoken before me.

22 I thank you guys for listening and being here
23 tonight. I filed a formal complaint. Mr. Popowsky said
24 that he would like to have as many people as possible here
25 to tell about their formal complaint.

1 My formal complaint was -- the question was, what is
2 your complaint? My complaint was the proposed percentage of
3 the PP&L rate hike is too high and too much of an increase
4 to be levied on a consumer at one time.

5 The company should restructure or rethink or do away
6 with the increase. If an increase is necessary, it should
7 be more gradual so that it will fit into the consumer's
8 budget.

9 Too much and too high. I have heard from the below
10 500 kilowatt people and I have heard from the people in
11 between and I have heard from the RTS's and the RS's and
12 people I didn't even know were going to be here tonight.

13 Everybody has got a complaint. The complaint is that
14 somebody didn't plan several years back to look ahead to
15 what they were going to meet themselves up with today.

16 Somebody didn't plan above the nuclear plants several
17 years back to what they were going to meet up with today. I
18 had to plan and I am trying to plan for my daughter's
19 college education and cars down the road and a roof on my
20 house and these people have done the same thing.

21 They tried to do their best to plan their needs, to
22 use that stuff that is called foresight. It seems to me
23 that somebody in some corporation didn't use foresight.

24 On the other hand, in 25 years of paying for that
25 PP&L service, I can say that I am proud to have been

1 associated with that company.

2 I think our friends in the Reading area and our
3 friends in the Philadelphia area, don't do near the job you
4 guys do.

5 Mr. Russell, you do represent a fine company, a
6 basically efficient company, a company that is community
7 committed.

8 I know that they are community committed. I know
9 that you guys don't want to do it anymore than you have to
10 do it, at least, I hope not.

11 What do I want the PUC to do about my complaint? My
12 formal complaint said, I want the PUC to do, and you are
13 doing part of it right now, to listen to my complaint and to
14 not grant the increase PP&L is proposing at this time.

15 I would like, also, that the PUC continue to regulate
16 utilities as they have regulated utilities in the past.
17 Utilities are not the same as general goods and services are
18 and should not be treated as such.

19 They need to be regulated and not deregulated. They
20 should not fit and do not fit into the competitive market
21 and should not be treated as competitive producers are
22 treated.

23 We didn't save anything by deregulating. My phone
24 bill is more and my service is less than when it was
25 regulated.

1 as well.

2 Kenneth W. Martin of Whitehall.

3 Gino Nicolai.

4 Whereupon,

5 GINO NICOLAI

6 having been duly sworn, testified as follows:

7 JUDGE CHRISTIANSON: Proceed, sir.

8 DIRECT TESTIMONY

9 THE WITNESS: My name is Gino Nicolai. I live in
10 Pipersville, Pennsylvania. I am here from several different
11 points of view.

12 I am a heating and air conditioning contractor that
13 works in the PP&L service territory, as well as other
14 utility company service territories.

15 I am also a customer of PP&L. I have a house in
16 Clarks Summit and I am a customer of Philadelphia Electric
17 in Pipersville.

18 No matter how bad you think you got it with PP&L, I
19 got it worse in PECO. But listening to everybody tonight
20 really it kind of makes me feel that nobody wants a rate
21 increase and nobody deserves a rate increase.

22 I wish that were the case for me, that I wouldn't get
23 a rate increase, too. I have to face reality that all of us
24 in ten years have gotten more money back -- more money to us
25 than we had before in most cases.

1 I am prepared to pay a reasonable increase and a fair
2 increase. I don't know what that number is, and I don't
3 propose to tell you what that number is.

4 What I do tell you is that I am hearing from my
5 customers in record numbers about complaints. I registered
6 168 phone calls as a contractor from customers that I
7 installed heating and air conditioning systems with.

8 That is scary to me. Several of them have threatened
9 to sue me, because I promoted electric thermal storage
10 systems to them and I promoted the use of electric heat.

11 We also install oil heat and we install gas heat and
12 propane, but I am getting a lot of hassles. I think one of
13 the major problems that we have here and one of the big
14 problems that PP&L has, is they have not proposed a rate
15 increase or a rate structure that anyone can understand.

16 This is gobbledegook. I don't understand. I don't
17 think any of us understand it. Maybe we could take it and
18 get it in some kind of language that I could read and I
19 could understand and when a customer calls me up, I can say,
20 this is what actually is occurring.

21 Somehow, we got to cut through all this red tape and
22 all this other pile of papers and get to a one-page rate
23 structure.

24 I believe that if we could write all we needed to do
25 on one page, I think people would agree to it. Thanks a

1 lot.

2 COMMISSIONER HANGER: I would like to know a little
3 bit more about the kind of complaints that you have been
4 getting. Complaints about PP&L's service?

5 THE WITNESS: Not PP&L's service, but about the rate
6 increase. I received -- there was a letter that was sent
7 out by PP&L, amongst all the other letters, to the RTS
8 customers, in particular, which you are aware from the
9 number of RTS customers who are here, that indicated that
10 there would be approximately a 16 percent rate increase on
11 their bill.

12 Those people did put out additional money for their
13 thermal storage systems. The fellow that told you five or
14 \$10,000, he probably got the wrong contract. I would have
15 done it for far less.

16 But in any case, they did have to put out additional
17 money. No question about it. What these people are saying
18 is, "Gee, I put out all this money and look at this, they
19 tell me 16 percent, but when you look at the numbers, it
20 comes out to be 44 percent."

21 Actually people are explaining to me now, well, they
22 are not the right numbers. We made a mistake. That is
23 wrong.

24 Gee, don't send it out if it is wrong because other
25 people get the hassles, too. I am sure that PP&L is being

1 inundated by calls, a lot more than I get.

2 I got to tell you, for a contractor, 168 calls is a
3 lot of calls. That occurred within, really a five-day
4 period. That is scary. That is scary to my business.

5 COMMISSIONER HANGER: Thank you.

6 JUDGE CHRISTIANSON: Thank you, sir.

7 (Applause.)

8 (Witness excused.)

9 JUDGE CHRISTIANSON: Kermit Link of Emmaus. Is he
10 here? Kermit Link.

11 Well, let's check the next one. Robert Siegfried of
12 Allentown. Can you take the oath, sir.

13 Whereupon,

14 ROBERT SIEGFRIED

15 having been duly sworn, testified as follows:

16 JUDGE CHRISTIANSON: Proceed, sir.

17 DIRECT TESTIMONY

18 THE WITNESS: My address is Airport Road, Allentown.
19 My name is Robert Siegfried. I am a heating customer that
20 PP&L enticed me into becoming one with a good deal.

21 We will pay you towards taking your heating system
22 out, your oil heating system and putting electric heat in.
23 You are going to get a good rate.

24 So, of course, this sounds good. No maintenance.
25 Nice electric heat. Very clean. So, of course, I went

1 ahead and did it.

2 It was 1.2 cents a kilowatt, 1.3, six, eight, ten,
3 whatever. Pretty soon the PUC and the electric company
4 decided, well, we are discriminating against the general
5 public, we are going to take the electric heating rate away
6 from us.

7 That is according to the PP&L that it was not their
8 idea, it was the PUC. Well, that is all right. I adjusted
9 a little to that.

10 I come on retirement, 15 years already. So electric
11 heat is still going on because I can't afford to change over
12 back to oil heat anymore, which would be the cheapest way.

13 Most of my points were brought out by most of these
14 people about these rate increases for the retired people. I
15 will tell you what, it is going to hit them.

16 I am retired from Mack's, so I am getting a decent
17 pension and benefits. I will tell you what, another couple
18 years with taxes and everything else, I think what I will do
19 is just sell, take my money, blow it away and go on welfare
20 because that is what most of the people will have to do in
21 the coming times. Thank you.

22 (Applause.)

23 JUDGE CHRISTIANSON: Thank you, sir.

24 (Witness excused.)

25 JUDGE CHRISTIANSON: Betty Hendel.

1 Whereupon,

2 BETTY HENDEL

3 having been duly sworn, testified as follows:

4 JUDGE CHRISTIANSON: Proceed, ma'am.

5 DIRECT TESTIMONY

6 THE WITNESS: I didn't have anything prepared. I
7 just want to say that I think it is time PP&L executives go
8 to their stockholders and say, "Sorry, guys, we have made
9 some big mistakes and how we are all going to pay."

10 Other companies do that sort of thing. It is not
11 right for us to continue to pay for their errors in
12 judgment. That is it.

13 (Applause.)

14 JUDGE CHRISTIANSON: Thank you, ma'am.

15 (Witness excused.)

16 JUDGE CHRISTIANSON: Gary Onaschak.

17 Whereupon,

18 GARY ONASCHAK

19 having been duly sworn, testified as follows:

20 JUDGE CHRISTIANSON: Could you perhaps spell your
21 last name?

22 DIRECT TESTIMONY

23 THE WITNESS: The last name is Onaschak. You were
24 pretty close. I don't have anything prepared or a lot of
25 statistics with me, but then I am not here to try to confuse

1 anyone.

2 Just some general observations. I am a former home
3 improvement contractor. Just from listening to people
4 testify, this evening, it comes to my mind that the very
5 people that bought into the concept of energy conservation,
6 the people that sit in their living rooms with their
7 sweaters or maybe even with their coats on and an extra
8 couple of blankets on the bed, are the people being
9 penalized the most by this proposal by PP&L.

10 The people that have bought into the concept of
11 winterizing their home, adding insulation, storm windows,
12 energy efficient doors, and paid a lot of money for that,
13 hoping to realize a return on that investment within seven
14 to 15 years, they are being penalized the most by this
15 proposal.

16 This proposal, this energy conservation, home
17 winterization, it has been pushed by PP&L, it has been
18 pushed by our governments.

19 Why should these people be penalized for going along
20 with a good concept. My understanding, secondly, of your
21 organization, PUC, is -- please correct me if I am wrong,
22 because I don't know anything about your Commission.

23 You are to weigh public interest in a great increase
24 or proposal for more money from a utility. Is that correct?

25 JUDGE CHRISTIANSON: That is a fundamental statement,

1 yes.

2 THE WITNESS: Fundamentally.

3 COMMISSIONER HANGER: Balance all the parties claims
4 and try to base a decision on the evidence presented. That
5 is why tonight is an important part of creating a record on
6 which to base a decision.

7 It is my job to sit as a Judge and any Judge has to
8 be fair to all parties, you, PP&L, industrial customers.
9 That is one of the things that makes it quite difficult,
10 because you have to balance all those things in a way that
11 is as fair as possible to all involved.

12 THE WITNESS: The thing that comes to my mind -- and
13 I was trying to stick to basics, because like I said, I am
14 not trying to confuse anyone with facts and figures.

15 I see a lot of representation from people here,
16 residential rate people, people who bought into the energy
17 homes, all electric homes.

18 I haven't heard anyone speak from industry. I
19 haven't heard anyone speak from any business, really. It is
20 the residential customers that seem to be getting the brunt
21 of this proposal as opposed to industrial customers.

22 JUDGE CHRISTIANSON: We have had industrial people
23 and commercial people speak at various sessions. This one
24 happens to be a little lower on the end of it.

25 They have also participated at the Harrisburg

1 hearings.

2 THE WITNESS: Are their concerns similar to what the
3 residential customers concerns are?

4 JUDGE CHRISTIANSON: Overall on the increase they
5 are. Rate design is another matter.

6 THE WITNESS: Thank you. The other thing, I have
7 seen or read nothing regarding PP&L and what many of the
8 large and all the successful companies have had to do in
9 recent years, is get leaner, meaner, downsize, become more
10 efficient.

11 I haven't heard any of this type of language from
12 anything that PP&L has sent out. As the PUC, do you have
13 the jurisdiction to request this type of information from
14 PP&L to insure that they are running an efficient
15 organization, they are not wasting funds?

16 JUDGE CHRISTIANSON: Yes, we do have that power.

17 THE WITNESS: I would request that you do so.
18 Thirdly, and last, I find it very interesting that they are
19 requesting a large rate increase across the board, and at
20 the same time giving stockholders a rather handsome return
21 for utility type investments.

22 If Berwick is an error, please don't have the
23 customers pay the price for that error and general business
24 investors also pay the price. I think it is 13 percent for
25 bonds.

1 JUDGE CHRISTIANSON: Bonds would be lower than that.
2 That is stock that is perhaps 13.

3 THE WITNESS: That is pretty high, considering the
4 very expensive mistakes made by PP&L. Thank you.

5 JUDGE CHRISTIANSON: Thank you, sir.

6 (Applause.)

7 (Witness excused.)

8 JUDGE CHRISTIANSON: Perhaps we will go through a
9 couple more. I see another list coming out. We will take a
10 break shortly, but let me try to go through this particular
11 list and then there are three more coming.

12 I am not sure if she is independently listed here.
13 Another name on that spot, Iva Ferris, it looks like.

14 MR. ONASCHAK: She was with me.

15 JUDGE CHRISTIANSON: Thank you.

16 John Giedl.

17 Whereupon,

18 JOHN GIEDL

19 having been duly sworn, testified as follows:

20 JUDGE CHRISTIANSON: Go ahead, sir.

21 DIRECT TESTIMONY

22 THE WITNESS: My name is John Giedl. I am from
23 Slatington, Pennsylvania.

24 I just feel as though if there is going to be an
25 increase, it should have the same -- it should be across the

1 board for residential, industrial and business.

2 It should be phased in, so that it could be handled.
3 Twenty percent is going to be really hard for people to
4 handle, especially if you got kids and you are just trying
5 to make ends meet. That is all I can say.

6 JUDGE CHRISTIANSON: Thank you, sir.

7 (Applause.)

8 (Witness excused.)

9 JUDGE CHRISTIANSON: I probably mentioned it at
10 Bethlehem. I don't think I mentioned it tonight. The last
11 PP&L increase request ten years ago did have a phase-in
12 proposal.

13 The phase-in proposal was not used because the
14 increase was cut down sufficiently, so that a phase-in was
15 not necessary or appropriate.

16 The increase was not as big as asked for, but they
17 did file for a phase-in, that is incremental steps to the
18 increase last time. It was not put in place, though.

19 Jerry Gallagher.

20 Whereupon,

21 JERRY GALLAGHER

22 having been duly sworn, testified as follows:

23 JUDGE CHRISTIANSON: Proceed then.

24 DIRECT TESTIMONY

25 THE WITNESS: I want to say thank you to everyone who

1 is here tonight. I think it is important. It is certainly
2 important to me to have the opportunity to express my views
3 to the PUC and to PP&L.

4 I think that there are a lot of issues. A lot of
5 them have been covered tonight. I will try not to spend too
6 much time on things that have been covered.

7 I am a family therapist in the Lehigh Valley. I have
8 two older children who live on their own. I live in
9 Allentown with my wife and two younger children.

10 When we bought our house in Allentown in 1982, we
11 were paying \$70 a month to PP&L. In April of 1994, we were
12 paying \$210 a month.

13 In December of 1994 that went up to \$222 a month. As
14 of April of 1995, it is up to \$249 a month. Now, I am not
15 really equipped, I don't really know the rate procedures,
16 but if you are talking about PP&L having their last increase
17 ten years ago, there must be something radically wrong with
18 my bill.

19 I am here tonight because I think all of us have paid
20 too much to PP&L already and we don't need to pay anymore.
21 When we bought our house in 1982, one of the reasons that we
22 bought it was that we also bought the electrical industry's
23 claims that electric heating was safe, dependable and cheap.

24 Well, it has been relatively safe and dependable, but
25 it has certainly not been cheap. Our two wood stoves could

1 probably save us some money, but we can't use them because
2 my wife and daughter -- one of my daughters has asthma.

3 We use a dryer, because we cannot hang clothes
4 outside due to pollen allergies of four people in the house.
5 We need to use air conditioning due to two asthmatics in the
6 house.

7 This year, after having a zero balance in January
8 1994, and having never given PP&L any problems with regard
9 to paying our bills, we had some difficulties in January and
10 February due to illnesses in the family and my wife's
11 inability to work for a time and less coming in as a result
12 of that.

13 When our bill jumped up again in December and we had
14 difficulties coming up with the money, even though we did
15 pay them \$100 in March, we were threatened with having our
16 electrical service cut off if we did not pay our bill in
17 full.

18 As far as I am concerned, when a company can be this
19 insensitive and callous to me and my family, I do not feel
20 very inclined to listen to their poor pitiful pleas of
21 poverty because of their disastrous entry into the high
22 stakes game of nuclear power.

23 (Applause.)

24 THE WITNESS: I am proud to admit that my wife and I
25 protested at the Berwick Nuclear Plant before it was put on

1 line.

2 We, along with LoPoco and many others, were trying to
3 get across to PP&L the inadvisability of using nuclear
4 power.

5 Berwick has proved to be a big costly dangerous bomb
6 in more ways than one. Now, those of us who pleaded for
7 PP&L to exercise good judgment and not to waste our money or
8 endanger our health through Berwick, are expected to put up
9 even more money than we already have to bail PP&L out of its
10 financial crisis.

11 First of all, I don't believe PP&L has a crisis, and
12 if they do, I have just about as much sympathy for them as
13 they have had for me and my family in our very real
14 financial crisis.

15 Our financial crisis continues. We are not among
16 those very rich taxpayers who will be receiving tax cuts
17 this year at the expense of those very poor people who
18 genuinely need help.

19 My family's financial crisis is at least partly due
20 to the tremendous increases in electrical heating costs that
21 we and you have already borne.

22 If anything, it is time to roll back the tremendous
23 electrical costs and profits with which PP&L and other
24 squandering utilities have increasingly burdened you and I,
25 the consumers.

1 If there is one message that I have for the Public
2 Utilities Commission tonight, it is this. Now, is not the
3 time to increase the cost to the electrical consumer, in
4 their ever-increasing search for a way out of the nightmare
5 of ever-increasing costs.

6 It is instead time for PP&L to feel the pinch that
7 we, the electrical consumers feel, and have felt for decades
8 as PP&L has continually increased our debt to them.

9 No, it is not time to increase electrical costs, it
10 is instead time to decrease them. We, as the electrical
11 consumers of the Lehigh Valley, do not want this monkey on
12 our back continually sucking us dry.

13 To PP&L, I say this. Pay for your Berwick Nuclear
14 Plant with your own profits, not by picking anymore out of
15 pockets of the hardworking electrical consumer.

16 We told you no nukes a long time ago and you didn't
17 listen to us then. Well, now, we tell you, no more nuclear
18 profits for you and no more nuclear disasters for us.

19 Pay for your foolishness with the profits that you
20 have already taken from us. Our pockets are empty, PP&L,
21 and yours are full.

22 It is not hard to see that there is something
23 radically wrong here. Thank you very much.

24 (Applause.)

25 JUDGE CHRISTIANSON: Thank you, sir.

(Witness excused.)

1
2 JUDGE CHRISTIANSON: We will take just a very brief
3 recess to rest the court reporter, if nothing else, for
4 about three or four minutes. We have three more people on
5 the list to speak.

6 (Recess.)

7 JUDGE CHRISTIANSON: Back on the record.

8 We have been off the record for just a few minutes
9 and we have three more people listed to speak on sheet
10 number five.

11 Alfred Miller of Allentown. He is not here. We can
12 come back to him and we will check.

13 Rich Lichtenwalner. I can't read the last half of
14 the name. He is from Allentown, an RTS customer.

15 Whereupon,

16 RICH LICHTENWALNER

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE CHRISTIANSON: Can you mention your last name?

20 THE WITNESS: Yes. It is Lichtenwalner.

21 JUDGE CHRISTIANSON: Could you spell that for the
22 court reporter?

23 THE WITNESS: L-i-c-h-t-e-n-w-a-l-n-e-r.

24 JUDGE CHRISTIANSON: Thank you, sir. Proceed.

25 THE WITNESS: I live on West Union Street. I just

1 built a home this past year. We moved in in the summertime.

2 I was -- I decided to put the residential thermal
3 storage system in because of the rate. I spent in excess of
4 \$5,000 to put the system in.

5 PP&L encouraged me by a \$350 rebate to put the
6 storage system in. Obviously with the proposed rate that
7 has come up, I guess I made the wrong decision and I should
8 have put oil in.

9 I don't feel that the rate increase is justified. I
10 don't know facts and figures, but I can't believe that
11 suddenly you can go from being fine for five to ten years
12 and then all of a sudden someone up there -- knew all along
13 that there was going to be problems down the road.

14 PP&L pays high salaries to the people, treats their
15 employees well. There are many good employees at PP&L. I
16 think there is a lot of brains there.

17 If they were forced to, they could figure out a way
18 of not having an increase or a very small percentage
19 increase, one or two percent.

20 Again, they are being paid very well. They should be
21 able -- they know the electric business. They should be
22 able to figure out a way of doing this, reducing their
23 costs.

24 One other point I would like to make is that they
25 have recently went through some restructuring with retiring.

1 We are all aware of that, the retiring and the layoffs, and
2 however they are going about that.

3 JUDGE CHRISTIANSON: The big program was an early
4 retirement program, yes.

5 THE WITNESS: I had also heard that there is some
6 other programs where they are reducing their work force
7 above and beyond that.

8 I say, give that time to wait and see what the
9 outcome of that is. Also, if you can go and ask someone for
10 money and get it, obviously you are not going to work as
11 hard trying to save money, if you know it can just be given
12 to you.

13 If they are forced to make the tough decisions, it
14 can be done. Again, there is a lot of smart people at PP&L
15 and they will figure out a way.

16 I ask you to please deny the rate increase or if
17 passed, a very minimal rate. They will figure it out, and
18 they will keep the operation going.

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

20 (Applause.)

21 JUDGE CHRISTIANSON: Thank you, sir.

22 (Witness excused.)

23 JUDGE CHRISTIANSON: I will check again for Alfred
24 Miller.

25 The last on the last is William Pummer it looks like.

1 Whereupon,

2 WILLIAM PUMMER

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE CHRISTIANSON: Could you just mention your name
6 and spell your last name, sir?

7 THE WITNESS: Pummer, P-u-m-m-e-r.

8 JUDGE CHRISTIANSON: Thank you.

9 THE WITNESS: In listening to these people here, I
10 get the fact that they are being pinched and pinched
11 unmercifully which I agree with.

12 PP&L makes it all look so easy. They come out and
13 say: well, we need money to tear down this nuclear plant
14 and we need money to pay for pensions, we need money for
15 upkeep, we need money for overhead and early retirement and
16 many other things, too.

17 But if you and I were in business and we set up a
18 business and we set up a plan and we failed, we fail. Now,
19 why can they fail in the business, which is what they are
20 doing, if they need that kind of money, why don't they
21 prepare for this as times go on.

22 In other words, when they set up a pension plan, why
23 don't they allocate every year something for pensions -- I
24 mean from their profits to take care of that retirement
25 plan, so when the times comes, it is there.

1 Number two, the stockholders haven't been hurt. They
2 are earning anywhere from ten to 13 percent return. It is
3 not hurting the company.

4 Too, they haven't cut back on the salaries of their
5 high people, the board and their president, they are still
6 making top dollar.

7 Why do they need money? Why can't they cut them
8 back? They asked the union people, the rank and file, to
9 take cuts and why can't they take a cut?

10 Number three, they haven't cut their overhead. If
11 they had efficiency and do some groundbreaking and really
12 look at the situation, they could make a go of it without
13 asking for any extra money.

14 The result is, what we are doing, we are playing the
15 baby act with them. They are coming along and saying, we
16 will spend all our money and we will do anything we want and
17 they lost over many billions of dollars on that Berwick
18 plant and now they are saying, we will come to the
19 ratepayers, we made a mistake, but you are going to pay for
20 it.

21 I think that is way out of line. The first thing
22 they should do before they come for a rate increase, is say,
23 where can we cut down? Where are our economies coming from?

24 How can we improve it that we are not going to be in
25 this position next time? If we turn around and we give them

1 this rate increase, you know what is going to happen, five
2 years down the road they will say, oh, we made a mistake
3 here, another \$10 billion we need.

4 So all you people ante up another 20 percent. This
5 thing could go on forever. Why do we have to do something
6 like that?

7 Why are they permitted to do something like this? If
8 everybody does it -- right now we are -- they say they
9 haven't had a rate increase and all these different members
10 here that talked, they say their bills have been going up
11 with the same amount of utilization of electricity, I would
12 call that a rate increase, even though they didn't apply for
13 it.

14 If they are getting paid the same electric bill when
15 a man is on vacation as when he is home, what is wrong with
16 that meter?

17 So they start out on the Berwick program a couple
18 years ago and they lost millions of dollars and now they are
19 saying, all right, our ratepayers are going to pay the money
20 back.

21 If they are going to continue that, eventually
22 Allentown will be a ghost town. People are just going to
23 move out and say, we are going to get out of PP&L's
24 territory.

25 They have a very imperialistic attitude. They think

1 anything that they want, they can get. By giving it to
2 them, we are just spoiling them.

3 It is like when you have a little child and you keep
4 on saying, yes, yes, yes and by the time that child is 15
5 and you say no to him, he will kill you. It is the same
6 thing here.

7 (Applause.)

8 THE WITNESS: They will kill you if you keep on
9 saying yes, yes, yes, yes. How far can you go? We are at
10 the brink now.

11 They shouldn't get this rate increase by no way,
12 means or form. I had another idea here, too. Why not get
13 the IRS to check into the situation and find out if they are
14 giving us the true facts for one.

15 Number two, if they really do deserve a rate
16 increase. If they had practiced economies and made
17 preparation for things instead of spending that money on
18 other things, on high salaries and everything else and
19 overhead and treating their people to a lot of good things
20 that shouldn't be, they are spending the money that they
21 should be using for these things and they are turning around
22 and saying, well, you people in Allentown, Bethlehem,
23 Easton, all these places, we are going to come to you and
24 you are going to give us a 20 percent rate increase.

25 Don't worry. We will get it. Is that the attitude

1 we want? I don't think so. I think in the long run, every
2 one of you are going to participate in that by yourselves,
3 because as these keep going up, it is going to drive you
4 right into the picture and you won't be able to take it.

5 You will say, well, I had a chance back in 1995 in
6 April when they had a meeting and we could have said no, but
7 we didn't have the guts to say no.

8 We are afraid of this imperial company that is saying
9 saying: well, we need this and we have all kinds of ideas
10 here of how we lost money or how we didn't make money and
11 still if you look at the total grand income from year to
12 year, it is in the billions of dollars.

13 Why don't they have money? It is just a few ideas,
14 gentlemen. I don't want to tear them too hard to pieces. I
15 could do a lot more.

16 It seems silly to me to sit here and listen to this
17 situation, when you know here is a company that is very
18 imperialistic, they think they know all the answers and they
19 come back crawling and say that they need this money because
20 they are going bankrupt.

21 In essence, that is what they are saying. Thank you,
22 gentlemen, for your time.

23 (Applause.)

24 JUDGE CHRISTIANSON: Thank you, sir.

25 (Witness excused.)

1 JUDGE CHRISTIANSON: Alfred Miller. Perhaps he has
2 departed.

3 Again, we seem to have come to the end of our list of
4 speakers. I expect that PP&L would like to respond to a
5 degree, but it is late.

6 I think we can be done with the formal proceeding at
7 this point. Again, I thank you all for remaining here
8 throughout the proceeding, and we have heard many people and
9 many points of view.

10 I thank all the participants for their views and
11 their participation. That will be all for the formal
12 record. Thank you.

13 (Whereupon, at 10:00 p.m., the hearing was
14 adjourned.)

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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.

COMMONWEALTH REPORTING COMPANY, INC.

BY: Leigh Anne Feeney
Leigh Anne Feeney

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