

**ORIGINAL**

COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

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 :  
Pennsylvania Public Utility Commission : Docket Nos.  
versus Pennsylvania Power & Light Company : R-943271  
 Investigation into a proposed \$261,000,000 : R-943271C0001  
 annual rate increase. : through  
 : R-943271C0130  
 Public Input Hearing :  
 :  
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Pages 429 through 504

City Hall  
40 North Church Street  
Hazleton, Pennsylvania

Wednesday, April 5, 1995

Met, pursuant to adjournment, at 1:40 p.m.

**BEFORE:**

ROBERT CHRISTIANSON, Administrative Law Judge

**APPEARANCES:**

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C O N T E N T S

<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Carlo DeMarco	443	--	--	--
Jamie Delece	451	--	--	--
Agnes Kisenwether	455	--	--	--
Vicki Mackin	460	--	--	--
Steve Demshick	465	--	--	--
Nadine Kunetz	466	--	--	--
Howard Smith	469	--	--	--
Scott Buck	469	--	--	--
Walter Kraska	478	--	--	--
Edward A. Chipkewich, Jr.	480	--	--	--
Elizabeth Haraschak	486	--	--	--
Roland Roberge	490	--	--	--
Niles Grover	495	--	--	--

E X H I B I T S

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
<u>Donovan Exhibit</u>		
No. 1 (Affidavit)	440	440

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P R O C E E D I N G S

1  
2 ADMINISTRATIVE LAW JUDGE ROBERT CHRISTIANSON: I'm  
3 Administrative Law Judge Robert Christianson. We're here  
4 this afternoon for another public input hearing. We're  
5 holding a total of, I believe, it's 11. We've got three  
6 remaining; tonight down in Pottsville, and tomorrow in  
7 Allentown and Bethlehem, afternoon and evening. That'll  
8 be it for the public input hearings.

9 This is a major case, so we're holding a lot of  
10 hearings. It's a fairly significant increase, and it's a  
11 rather significant company we're dealing with. We hold  
12 public input hearings in water cases, gas cases, electric  
13 cases, several types of rate cases, mainly. But this  
14 being a major case, we're holding more public input  
15 hearings, here, than any rate case that I recall.

16 We had one transmission line case which was a very  
17 major case, and I think we probably held more public input  
18 hearings in that one, but that was a different type of  
19 case.

20 I want to go over, briefly, the format, today.  
21 It's fairly informal. I'd like to keep it particularly  
22 informal if I can. But you'll be asked to actually take  
23 the oath or affirmation so that your statement can  
24 actually be evidence in the case, actually sworn  
25 testimony; in that way the Commission can rely on your

1 statement if they want to use some factual content from  
2 that statement.

3 You might talk about rate design or difficulty in  
4 paying your bill, whatever you say, and it's fairly open  
5 as to what you want to say. We would like you to focus on  
6 opposition or support concerning the rate case and any  
7 particular customer problems you've had, any service  
8 problems you've had with PP&L.

9 If you have water or other problems, you might  
10 mention them as well, rather than just focusing on  
11 electric service from PP&L in this case. That's my main  
12 groundwork.

13 Now, there's a lot of literature, over on that  
14 table, over there (indicating). We have a nice big table  
15 this time. We had a little trouble, I think it was in  
16 Scranton. The table was rather small, though we managed  
17 pretty well. There's a lot of literature there. I really  
18 urge you to check it out.

19 PP&L has a fairly plain-language statement about  
20 their case. I didn't realize it was a bound publication.  
21 I just picked it up, today, for the first time. I'll have  
22 to read it, tonight. I've glanced over their statements,  
23 and this is a little different from the official  
24 statements filed with the rate case because they've tried  
25 to simplify matters a little bit. As I discovered, last

1 night, it's hard to be simple about rate filings. We  
2 tried to explain a few things last night and I think we  
3 more or less got the point across.

4 This case -- I'll go over it very briefly -- takes  
5 a total of seven months. It's a statutory framework.  
6 We've cross-examined PP&L witnesses already. The other  
7 parties are preparing their testimony. We'll cross-  
8 examine them and then in the final week, we'll have  
9 rebuttal testimony.

10 These lawyers, here, and other lawyers that were  
11 working with them, will file briefs. I'll write a  
12 recommended decision. I think my decision is due some  
13 time in the middle of July, giving two months for  
14 exceptions to my decision to be filed, and then reply  
15 exceptions, and the Commission gets the case for its  
16 review and final decision at a Commission public meeting.

17 This is a pattern followed by the vast majority of  
18 our rate proceedings. So there are other kinds of rate  
19 proceedings.

20 Very quickly -- Mr. Russell has more details -- but  
21 this overall increase, I believe, is about 11 percent on  
22 the average, but that's on the average. Your increase may  
23 vary because we have industrial and commercial people.  
24 There's a lot of special rates, mainly that avoid the so  
25 called demand rule, whereas demand charges were the same.

1           That charge relates to the production and  
2 distribution capacity of the company and is related to the  
3 maximum use, maybe maximum day, whatever you want to say.  
4 Sometimes you can avoid this demand element with the rate  
5 hike.

6           There's a special rate for residential heating,  
7 which is designed, more or less, to avoid the peak usage  
8 periods. We may get discussion of this. We've had  
9 discussion of this at other public input sessions. It's a  
10 difficult rate to understand. Confusion has come up about  
11 just what the increase is about.

12           If we have somebody with residential heating,  
13 we'll address that matter, particularly. Mr. Russell's  
14 prepared, because he's addressed it previously three or  
15 four times. I think I've had my say.

16           Again I urge you to give sworn testimony so it's  
17 really part of the official record upon which the  
18 Commission can rely. And again, the literature -- we'll  
19 take a break part way through -- there's a lot of material  
20 there, not just about electric cases for PP&L, but about  
21 other cases as well.

22           There's a mailing list there (indicating), a white  
23 sheet, if you want to get on the Commission's mailing  
24 list, just put your name on the list.

25           The green list, there (indicating), is my list of

1 speakers. I've taken the first one there, and there's two  
2 or three more others down there, if you want to sign up  
3 during the break.

4 I'd like to introduce, briefly, the people here.  
5 They'll just have a few words for you. I going to pass  
6 this over to Mr. Mickens. He works for Trial Staff, which  
7 is an independent element of the Commission room, and  
8 maybe he'll explain it in a little bit of detail. That  
9 was made a special part of the Commission and they have  
10 their own staff and their own chief.

11 To my immediate left -- I fractured your name, last  
12 night -- Gicine Brignola. She's a relatively new lawyer  
13 from Consumer Advocate. And as you notice I didn't take  
14 good phonetics when I was in elementary school. She'll  
15 speak briefly about Consumer Advocate.

16 Next is Karen Oill Moury who is here from Small  
17 Business Advocate, which is a relatively new organization.  
18 Legislature seem to think, and I agree with them, that a  
19 small business has tended over the years to not be well  
20 represented in these cases. Large industrial people  
21 usually have their own lawyers present, and in this case,  
22 we have at least two lawyers for large industrial  
23 interests. Bethlehem Steel has their own lawyer in the  
24 case, as the coalition of industrial users, but a lawyer  
25 that is very experienced in public utility matters.

1           But there's a tendency for small business people  
2 not to be able to band together or not to be able to  
3 individually represent themselves. Consumer Advocate  
4 tends to take care of the residential people; and  
5 therefore, the Small Business Advocate.

6           But these people want to speak briefly. If they  
7 want the mikes -- Mr. Mickens' got a mike, but I don't  
8 think it'll reach Mr. Russell, so he'll have to use his  
9 voice, which he does well. We were in Wilkes-Barre, last  
10 night.

11           Mr. Mickens is the Trail Staff, one of the three  
12 lawyers in this case. He has a few words for you.

13           MR. MICKENS: I'd like to say good afternoon to  
14 everyone. My name is Ken Mickens. I am a senior  
15 prosecutor from the Office of Trial Staff. As Judge  
16 Christianson indicated, we are a quasi-independent office  
17 of the Public Utility Commission. We are charged with the  
18 responsibility to prosecute utility rate cases in the  
19 public interest.

20           Now, in addition to attorneys like myself, my  
21 office also has financial analysts and engineers who are  
22 technical people that assist us in the review of utility  
23 rate cases.

24           Now, we are engaged in the evidentiary portion of  
25 this case, presently. My office will be filing testimony,

1 I believe, on April 14th, indicating our position in this  
2 proceeding; however, this afternoon, we are here to hear  
3 from you, the customer.

4 It's very important in connection with this case  
5 that the customers express their position with regard to  
6 this rate filing. It's also important that you provide  
7 that testimony on the record so that it may be used by the  
8 Commission in their deliberation concerning this  
9 proceeding.

10 Again, I thank you for coming, and feel free to  
11 express yourself with regard to this rate increase.

12 Thank you, very much.

13 JUDGE CHRISTIANSON: Thank you.

14 I'll mention a couple of other things that came to  
15 my attention. There's a hand-out entitled, "Hints of  
16 Speaking at Public Input Hearings." I emphasize the one  
17 with respect to also being sworn in. It talks about  
18 written statements. Don't worry too much with written  
19 statements. If you have copies, we'll take them. If you  
20 don't, don't worry about it. You can read it into the  
21 record.

22 There might be some questions for you, usually  
23 friendly cross-examination, to bring out a point or to  
24 emphasize an issue, but usually there are very few  
25 questions asked here if you're making a public statement.

1           So, next, for Consumer Advocate -- I'll take one  
2 more look at my -- I think I've touched all the bases I  
3 should touch -- Gicine Brignola who's here for Consumer  
4 Advocate, and I think she can use the mike if she'd like.  
5 The cord goes that far.

6           MS. BRIGNOLA: Good afternoon. My name is Gicine  
7 Brignola. I'm here for the Consumer Advocate. We  
8 represent the residential ratepayers in this case. We  
9 also encourage you, like the Judge and Mr. Mickens  
10 indicated, to testify and put your comments on the record  
11 so that we can use them in preparing our case. That will  
12 help us to better fight the case for you.

13           There's a brochure that looks like this  
14 (indicating) over on this table, over here (indicating),  
15 for you to pick up if you'd like more details about our  
16 office.

17           Also with me, today, from our office is Susan  
18 Henry, in the black outfit over there at the table  
19 (indicating). She is our consumer liaison. If you have  
20 any questions on the breaks or afterwards, she or I will  
21 be very happy to speak with you.

22           JUDGE CHRISTIANSON: Thank you.

23           I'll just mention two other people. Verna Edmonds  
24 is down at the literature. She's a Commission employee.  
25 She works for the Bureau of Public Liaison. She's in

1 charge of relations with the legislation and our press  
2 office as well, but they're getting into other areas. Her  
3 title is Consumer Advocate Specialist.

4 She's attended several of these public input  
5 hearings. She, just this morning as we got here,  
6 referring to this hearing, spoke to me about a couple more  
7 points she had to make. We're trying to get these  
8 sessions better, and she has a few ideas about them, which  
9 I'll deal with as we get back to work again.

10 We also have John Rohrbach, who's here representing  
11 Commissioner Hanger, one of our five Commissioners. I  
12 think he's the only assistant here. We have anywhere from  
13 one to three or four Commissioner assistants, and often  
14 the Commissioners, as well, attend. For various reasons,  
15 right now, they're particularly pressed for time, so the  
16 Commissioners have not tended to make these public input  
17 hearings for PP&L, but they do review the record made and  
18 it is a formula to make their decision.

19 Two more people want to speak briefly. First,  
20 Karen Oill Moury for the Small Business Advocate.

21 MS. MOURY: Thank you, Your Honor.

22 Good afternoon. I am here, today, on behalf of the  
23 Office of Small Business Advocate. We have filed a  
24 complaint against the proposed rate increase. We are  
25 actively participating in the case so that we can do

1 whatever we can to protect the interest of small  
2 businesses who are customers of PP&L.

3 If any of you are here, today, for a small  
4 business, I would particularly encourage you to testify  
5 and, if you can, let us know as much as possible about  
6 your business, the nature, size, consumption, anything  
7 that will help us better represent you at the Public  
8 Utility Commission.

9 Thanks for coming out, today.

10 JUDGE CHRISTIANSON: Thank you.

11 I have one more thing to state and I might as well  
12 do it now. I'd like to present this affidavit from  
13 Daniel Donovan. It's a short statement he has about his  
14 background and his opposition to the rate filing. I'll  
15 give two copies to the court reporter, but I've checked  
16 with counsel, and there's no opposition to that affidavit  
17 on here. There's no opposition accepting it into the  
18 record.

19 So, I've now identified and accepted into the  
20 record Donovan Exhibit One. I have copies for the court  
21 reporter and for the parties, which I'll keep here and  
22 I'll hand them out later.

23 (Whereupon, the document was  
24 marked as Donovan Exhibit No. 1  
25 for identification, and was  
received in evidence.)

1 JUDGE CHRISTIANSON: Without further adieu, let's  
2 proceed to hear from the folks who are here to speak.

3 MR. RUSSELL: Your Honor?

4 JUDGE CHRISTIANSON: Yes; sorry about that; I'm  
5 trying to get too quickly to the people.

6 Mr. Russell reminded me he too wants to speak to  
7 you. He's the lawyer for the company. He's on their  
8 payroll; in-house counsel, you might call it. He's  
9 working with mainly three lawyers for the law firm on this  
10 case, but because one of the other Judges took two of my  
11 hearings down in Lancaster, I have not attended all of  
12 these hearings. I think Mr. Russell will have attended  
13 every one of these hearings, and he wants to speak  
14 briefly.

15 Paul Russell.

16 MR. RUSSELL: Thank you, Your Honor.

17 I just want to take one minute to welcome everybody  
18 and thank you for attending. We view these public input  
19 hearings as a very important part of the rate-setting  
20 process at the Commission. This gives you an opportunity  
21 to put your views on the record, so that Judge  
22 Christianson and the Commissioners can consider those  
23 views.

24 We have a couple of people with me from PP&L,  
25 today, that I'd like to introduce. Over to my left, we

1 have John Menicinni, our vice president in Customer  
2 Service; Martha Herron, who is one of customer service  
3 representatives; and Tim Dahl, who is here to the right,  
4 is also a customer service representative.

5 The reason that I wanted to introduce those people,  
6 at the breaks or at the end of the day if you have any  
7 questions about your bills, your service, or any questions  
8 about the rate case, if you would just come up to any one  
9 of us, we'll be happy to try to answer your questions.

10 Again, thank you.

11 JUDGE CHRISTIANSON: Thank you.

12 Now, I think I've introduced everyone. Some Judges  
13 format these things, structure them with a tight format,  
14 but I tend to relax a little bit. I think it's more  
15 conducive to a good session.

16 First on the list for Hazleton Taxpayers  
17 Association, Carlo DeMarco. You can come up to the  
18 microphone at the lectern, there (indicating). I'd like  
19 to swear you in as a witness, if that's acceptable.

20 Whereupon,

21 CARLO DeMARCO

22 having been duly sworn, testified as follows:

23 JUDGE CHRISTIANSON: Just mention your name and  
24 your organization for the record, and then go ahead.  
25

## DIRECT TESTIMONY

1  
2 THE WITNESS: Okay. My name is Carlo DeMarco. I'm  
3 the secretary for the Hazleton Taxpayers Association. I'm  
4 not referring to myself to speak, officially, on behalf of  
5 the Taxpayers Association because our president,  
6 Mrs. Kuzo, is here and I think she'll assume that role.

7 But as an interested consumer and as a member of  
8 the Taxpayers Association, which are advocates of consumer  
9 rights and the cost fees and so on and so forth that the  
10 average homeowner and individual has to pay, we do have a  
11 vested interest in this particular hearing and the rate  
12 increase that it represents.

13 Unfortunately, and I think you referred to this  
14 booklet (indicating), Mr. Christianson, that's been made  
15 available today, which I'm not sure was available prior to  
16 today, published by PP&L and had it been available perhaps  
17 some of the statements that are in here could have been  
18 very worthy to refer to. But as the case is, I didn't  
19 have it then, so I'm just going to make these statements  
20 here, briefly, and I'm going to relate them as they have  
21 been related to me and discussed to me by people  
22 throughout the City.

23 Although we don't see a large crowd here, this  
24 doesn't indicate that more people aren't interested  
25 because they certainly are. The only thing that you have

1 to worry about to show the interest of people is use the  
2 term "increase," and that statement in itself raises up  
3 the ire of the public enough to object or to oppose some  
4 of the facts that are going on.

5 I'm going to refer only these things, briefly, and  
6 not in a prepared way, but merely in a stated way. Some  
7 of the thoughts that were made known was that the average  
8 residential consumer increase is going to start out at 19  
9 percent and it'll drop down as the person uses their  
10 household, uses more electricity.

11 Industrial users and commercial users will be --  
12 have a substantially lower rate increase. This, in  
13 itself, as has been indicated, is not favorable with the  
14 general public, and the higher rate increase that  
15 particular 19 percent -- if that's it or not; there's been  
16 different figures thrown around so it's pretty hard to  
17 say which figure is what -- but that higher rate for the  
18 average homeowner is the rate that causes the most  
19 problem, because most of your so-called senior citizens,  
20 low-income wage earners, the unemployed, so forth, don't  
21 use that much electricity, so they'll be paying the higher  
22 rate. But the ones that use more electricity, they'll be  
23 getting the advantage of the electricity and they'll be  
24 paying the lower rate.

25 Also, we were informed that those persons who are

1 in the nuclear grid, if I want to refer to it as that, are  
2 not affected by this rate increase. This, I believe, is  
3 one of the reasons, supposedly, for part of the rate  
4 increase is that they'll have to pay for the nuclear plant  
5 constructions and the nuclear plant closing downs, which  
6 apparently is more expensive than to build them.

7 We know, I believe -- and I say "I believe,"  
8 because I didn't have all these facts relative available  
9 before -- that most of the power that's generated in the  
10 Salem Township goes to New York and New Jersey. They, of  
11 course, are not -- if they're not being affected by this,  
12 this isn't fair to the average wage earner and the  
13 electric consumer user in this area, because we have to  
14 pay for what they're getting. So this should be a thought  
15 that your group here should take into consideration.

16 Another part that has been brought to our attention  
17 is the fact that a lot of PP&L money is being used for  
18 community-relation activities. These are what they call  
19 "goodwill activities." Well, we'd be interested in  
20 knowing just exactly how much of PP&L's finances are used  
21 to conduct these public relation sessions and individuals  
22 that they have on their payroll, and are they really  
23 required as a part of their business to develop new  
24 customers and power users, since we feel in this area here  
25 there isn't that much competition, if any, for electric

1 power. We may be wrong; we may not. I don't know. But  
2 the point is, are these community-relation activities  
3 really a requirement to the extent that they are funded by  
4 PP&L, and how does that cost fit into the pay rate -- the  
5 rate increase that they are requesting, now?

6 This booklet (indicating), as I just briefly  
7 glanced over it, states that there hasn't been a rate  
8 increase since 1985. I do remember, briefly, at a meeting  
9 in 1984 -- I believe it was held down in Lobitz -- another  
10 PP&L rate increase hearing, they were relating to the  
11 Salem Township Plant. They said that when that plant is  
12 built, it will be an advantage to the utility users in  
13 this area by giving us a lower rate increase or lower  
14 rates, period.

15 I don't know if that has happened at all. I don't  
16 know if we got any decreases from the construction of the  
17 Salem Township Plant, but we do know that some of the  
18 increases that we have been bearing in our bills, and PP&L  
19 said this is in the rate increase like the fuel energy  
20 costs, and I believe there's two or three other costs that  
21 are on this gentleman's light bill (indicating) that he  
22 has, that we are paying directly, and they say, "This  
23 isn't an increase."

24 Well, if we're paying for something that they're  
25 charged with, that's an increase and that should be taken

1 into consideration, and we should not have to pay that  
2 particular cost because that's 100-percent cost. So, that  
3 should be taken into consideration also.

4 Also, the fact is that with the increase in the use  
5 of electric power, today, I'm sure that their income is  
6 increasing substantially. We have more computers and more  
7 people using their television, especially since O.J.  
8 Simpson is on. They're now watching that, you know, most  
9 of the day, which they weren't before. Air-conditioners  
10 and different kind of summer activities and so and so  
11 forth, these all attribute to higher increases in utility  
12 bills and, of course, PP&L's enjoying the fact that  
13 they're getting more income.

14 One other point I have, here, okay, and I'm asking  
15 this as a question since the higher percentage rates are  
16 directed to the people who use less electricity is by this  
17 percentage factor that they're using, is this encouraging  
18 actually the people to use more power so that they would  
19 get the lower rate increase or are they attributing this  
20 rate increase to the fact that they need the money to  
21 develop more power? If such is the case, you know, it  
22 seems kind of contradictory that the more power you use,  
23 the less you pay, and then we're getting a rate increase  
24 to develop more power.

25 So, all of these facts -- or these statements,

1 rather, are based on statements that were made by people  
2 that I have spoken to over the last few weeks. I just  
3 want to apologize to the fact that I didn't have this  
4 book, here (indicating), prior to this. I think that the  
5 information that's contained therein could have been  
6 important to addressing this Board.

7 So, I'd ask you to take into consideration the fact  
8 that the lower income wage earner, particularly in  
9 northeastern Pennsylvania -- and there are quite a few of  
10 us, and I am one of them, unfortunately -- cannot afford  
11 these rate increases. We know we have UGI coming in, in a  
12 few weeks and I think there'll be a hearing on that, and  
13 that will have to be addressed, and PP&L, you know, we're  
14 talking about 19 percent. That's quite substantial to a  
15 person who's on a relatively fixed budget. So it would be  
16 important on our behalf that you take into consideration  
17 the wages of the area and the type of people that live in  
18 this area and their income standards.

19 Thank you.

20 JUDGE CHRISTIANSON: Thank you, sir.

21 (Witness excused.)

22 JUDGE CHRISTIANSON: I'll respond briefly on a  
23 couple of points you made. I should picked up a copy,  
24 myself, of that hand-out. I had my hands on one over  
25 there, but I put it down again.

1           One point you made about the section of the  
2 wholesale customers, when PP&L, for instance, sells to  
3 another electric company, those transactions are  
4 essentially covered by Federal Law and Federal funds.  
5 This is one reason that they're not in this filing. I'm  
6 not saying whether those rates are going up or not. I  
7 think Mr. Russell could address that, if he has to, but  
8 that's not in this case because we're dealing with retail  
9 customers, basically, although there's some resale  
10 elements there. It's not quite that simple when you're  
11 doing the whole cost aspect.

12           The residential rate -- let me back up, very  
13 briefly -- the lower end of the spectrum, the lower-use  
14 customers are getting the higher increase according to the  
15 filing. Other parties will probably have something to say  
16 about that. It's two extreme concepts. One is that the  
17 rates should just be flat on energy-based electric. So  
18 when you buy a kilowatt hour of electricity, it's like  
19 buying a loaf of bread. You pay so much per loaf of bread  
20 for your first loaf or your 10th loaf or your 100th loaf  
21 because with retail stores there are some volume discounts  
22 involved. One concept is the flat rate. The other  
23 concept is that the customer charge is fairly high to get  
24 all the costs of reading the meter, preparing the billings  
25 and various other costs directly related to having the

1 customer on the line.

2 Usually the rates are compromised between those  
3 extremes. In this case the company has chosen to increase  
4 the lower end of the spectrum more. As a matter of fact,  
5 it occurred to me, I mentioned a couple of sessions ago,  
6 if you're a residential customer with zero usage, you take  
7 no electricity for a month, say you went to Florida for a  
8 month, your increase is actually 50 percent.

9 The present customer charge, I believe, is -- my  
10 numbers may be wrong, but I think it's 480. It's going up  
11 to, I believe, 720, whatever it is, whatever the two  
12 numbers are. There's a 50 percent increase for zero  
13 usage. It goes down for the high usage. It goes down  
14 about 12 percent or perhaps a little less.

15 The average residential increase is about 15  
16 percent covering this whole spectrum of very little usage  
17 to very high usage of residential customers.

18 I think that's enough said at this point. I could  
19 respond further at some points, because I think some  
20 other people will bring other details up.

21 Let's go to the second speaker, and I have a little  
22 trouble with the signature. Jamie Delece?

23 MR. DELECE: Delece.

24 JUDGE CHRISTIANSON: Delece.

25 MR. DELECE: You're the administrative judge for

1 the PP&L people, too?

2 JUDGE CHRISTIANSON: Yes --

3 MR. DELECE: For the simple reason, I got a lot of  
4 statements from them people were never true.

5 Whereupon,

6 JAMIE DELECE

7 having been duly sworn, testified as follows:

8 DIRECT TESTIMONY

9 THE WITNESS: Okay, let me proceed.

10 I'm here to object to the rate increase as a  
11 pensioner. I've been on pension the last 10 years. Five  
12 years ago I had to build a home because I inherited three  
13 kids. I consulted with the people at the PP&L up at the  
14 Poplar Street Office, and there was a female there and I  
15 forget her name, who assured me them plans would never be  
16 more than \$130 a month.

17 After I built the home and they came up and they  
18 examined it -- and I got a heat pump plus for the home,  
19 because I have three kids to take care of -- I never got a  
20 bill that was under the \$135. When winter comes, my bills  
21 are \$300 a month.

22 Let me say, myself is on pension like a lot of  
23 other people and my salary is limited. I got Social  
24 Security and a small pension. Since then I've been on  
25 medication which is very expensive. Now, I have to be

1 deciding if I should pay the PP&L bill or take medication.  
2 That's what it's going to amount to.

3 But I want to call to everybody's attention what  
4 PP&L's actions were several years back when they were  
5 going to build this plant, because I attended a lot of the  
6 meetings that were against it. We didn't believe we could  
7 live with a nuclear plant in the area because we were  
8 afraid and rightfully so.

9 But let me state some of the statements the PP&L  
10 representatives were making at that time, that this plant  
11 would make so much energy that you'd pay a low flat rate.  
12 You'd probably get a discount. When this plant went on  
13 line, you would be getting a reduction in power.

14 When it went on line, we didn't hear anything about  
15 reduction of power. Then there was another statement in  
16 the papers stating that, "Well, within 10 years when  
17 things are adjusted, the rates will be down."

18 And here we're meeting and the rates are going to  
19 go up. The plant's on line and they have several times  
20 put notices in the paper how great the plant is, which I'm  
21 happy for them. "Work will be complete to increase the  
22 unit's power output by about 50,000 kilowatts." Some of  
23 the work was done to increase the output of Unit 2 last  
24 year. It's 100,000 kilowatts. They're getting a lot of  
25 power and we're getting a lot of increases. This doesn't

1 make sense. This doesn't make sense to me.

2 Now, I'm glad for them that the reactor is proving  
3 out to be very efficient and we're getting a lot of power.  
4 Why should we be paying more? If it's so efficient, why  
5 should we pay more money for a kilowatt hour?

6 I want to call PP&L's attention to something else  
7 that they've put in. I just got my bill just two days  
8 ago, and they always send me some nice literature with the  
9 bill, and I get a chance to read it. I remember when I  
10 built my home that they said, "all electric home," and I  
11 want to state again, they said the highest your bill would  
12 be is \$135. Now, they're talking about a "comfort home,"  
13 a new term. "Guaranteed on energy use of heating and  
14 cooling on an overall comfort -- on these comfort homes."  
15 These people shouldn't be allowed to advertise that they  
16 say that they're low-cost energy heat because they're not.

17 If we were to make a comparison with gas, oil and  
18 electric, we would find electric's the highest, and still  
19 we see advertised in all the papers, they're low cost. On  
20 the TV, they're low cost. They're not low cost. That  
21 should be prohibited because they're lying.

22 Now, I'd like to -- I'm going to follow up on this  
23 home comfort energy and see who they're going to snare to  
24 buy the comfort homes and then later on they'll be paying  
25 the same high bills that I'm at.

1 I can hear them object mostly because it's going to  
2 get to such a rate we won't be able to pay for the bills.  
3 That's my biggest reason. I'm sure that half of this town  
4 are pensioners. And sometimes I feel I'm making a little  
5 more money than them because besides the Social Security,  
6 I get a small pension. How do they do it? That's what  
7 should be taken into consideration.

8 Thank you.

9 JUDGE CHRISTIANSON: Thank you, sir. Again, we  
10 respond as we go along. Years ago, it was said that  
11 nuclear power would make electricity too cheap to meter.  
12 This was said very early in the process, but safety  
13 concerns and strenuous safety requirements have certainly  
14 buried that original hope for nuclear power. But your  
15 concern about the rate increases is well taken.

16 THE WITNESS: So you remember the statements made  
17 that nuclear power would lower our rates? That's what  
18 they said.

19 JUDGE CHRISTIANSON: It was said early on. I can't  
20 speak particularly for PP&L because I was not aware of  
21 that company in detail at the time.

22 THE WITNESS: They were making those statements.  
23 They were making those statements. When the plant went on  
24 line, they were making statements, in 10 years our rates  
25 would be lowered. And they're not being lowered; they're

1 getting higher.

2 JUDGE CHRISTIANSON: I can certainly accept that.  
3 I just can't say yea or nay because I'm not aware of  
4 particularly what was said.

5 THE WITNESS: I know what was said.

6 JUDGE CHRISTIANSON: Yes, and I'm not denying that,  
7 sir.

8 Sir, could you spell your last name for the court  
9 reporter?

10 THE WITNESS: D-e-l-e-c-e.

11 JUDGE CHRISTIANSON: D-e-l-e-c-e, thank you.

12 (Witness excused.)

13 JUDGE CHRISTIANSON: Next is Agnes Kisenwether.  
14 Whereupon,

15 AGNES KISENWETHER

16 having been duly sworn, testified as follows:

17 JUDGE CHRISTIANSON: Just mention your name and  
18 address, please, for the record.

19 THE WITNESS: Agnes Kisenwether, R.R. 1, Box 1163A,  
20 Drums.

21 DIRECT TESTIMONY

22 THE WITNESS: Your Honor and members of the Board,  
23 I have two things I am troubled about. One is the energy  
24 charge, according to PP&L a charge for fuel used to make  
25 electricity and for electricity PP&L buys from other

1 utilities. The charge is not much. It's 1.0698 cents per  
2 kilowatt, which doesn't seem like much, but on my light  
3 bill that averages out between \$15 and \$20 a month, per  
4 month.

5 I feel I am paying to generate the electricity and  
6 I'm also paying to use it, which is a double charge. I  
7 think this should be taken into consideration.

8 The other thing I want to address is what  
9 Mr. DeMarco says about public relations. We have all the  
10 recreation areas. The consumer, which is each one of us,  
11 is paying for this. I would like to know how much we are  
12 paying for these recreation areas. The company does not  
13 pay for these. The consumer pays for them. I think this  
14 should be taken into consideration also when you come to  
15 the rate increase. Can these be cut down on expenses?

16 They have environment days, earth days where they  
17 have a lot of speakers coming in. What does it cost to  
18 get all these speakers in? They're not coming for free.  
19 I would like to know what the consumers are being charged  
20 for this. This is my questions; thank you.

21 JUDGE CHRISTIANSON: Thank you, ma'am.

22 (Witness excused.)

23 JUDGE CHRISTIANSON: Perhaps we can make a brief  
24 response to that. There's two things basically about the  
25 energy cost and about, we'll call it "contributions."

1           The energy costs perhaps I can address, briefly.  
2 This is, essentially, a pass-through, a true up mechanism,  
3 we use for most of the major energy-type utilities. It's  
4 a thing where the company really makes no profit or loss  
5 on the energy charge. The energy charge is a little bit  
6 elusive because usually in these base cases they so call  
7 "roll" the energy charge with the base rates so it's not  
8 shown as an explicit charge. But then it varies up or  
9 down, it'll be a positive or a negative number on your  
10 bill.

11           This is essentially the charge for the uranium, the  
12 oil, the coal, the other energy elements they use to  
13 produce the electricity. I don't know quite what gets  
14 into the energy charge; maybe one of the PP&L people could  
15 mention that. It just occurred to me. But PP&L's fairly  
16 hydropower, I guess there's a separate charge, a separate  
17 mechanism we can call it. The Commission for electric  
18 companies has true up, I believe it's every April. So  
19 this ECR, this energy charge will vary, normally, each  
20 year. Sometimes more often if extraordinary events occur,  
21 but it's somewhat a separate charge, but it coordinates  
22 with a base case. This is part of the trouble with this  
23 special residential heating rate. The interaction causes  
24 trouble, sort of a mechanical trouble or technical  
25 trouble.

1           Now, the question of the recreation areas, I think,  
2 more or less charitable things. Some contributions are  
3 not charged to the ratepayer. Some dues are not. It's  
4 fairly complicated. It varies depending on how people  
5 litigate their particular case, but there are rules about  
6 what the ratepayer pays and what the company has to sort  
7 of out, as far as really would be, the owners would pay.

8           I can't address it in detail. In fact, I have no  
9 details. If Mr. Russell wants to address it, briefly, the  
10 energy charge of that charitable sort of thing of  
11 recreation areas.

12           You might want to address it now or just wait till  
13 later. Which would you rather do?

14           MR. RUSSELL: Why don't I just do it, now? Would  
15 that be all right?

16           JUDGE CHRISTIANSON: Okay, go ahead; do it from  
17 there, or take the mike.

18           MR. RUSSELL: I can do it from here.

19           JUDGE CHRISTIANSON: Go ahead.

20           MR. RUSSELL: Let me talk about the energy cost  
21 rate for just a minute. As Judge Christianson said, that  
22 is a special clause on the bill to reflect the cost that  
23 we incur to buy fuel, to buy energy from other utilities.  
24 It also reflects credits when we sell energy to other  
25 utilities. The revenue we get is credited back through

1 the energy cost rate.

2 There is no energy cost for hydro, because there's  
3 no cost to us for the run of the river, and any hydro  
4 facility would show up in the energy-cost rate calculation  
5 as zero.

6 It really is just one element of the cost we incur  
7 to do business, one of the costs that we have to incur to  
8 generate electricity. If it weren't shown separately on  
9 the bill, it would be included in base rates as one of the  
10 expenses that we incur to do business, like salaries, like  
11 rents. It's just one of those things we have to spend  
12 money for to generate and distribute electricity.

13 On the recreational areas, those are sort of  
14 handled in different ways. Some of the recreational areas  
15 that we have are required by our license with the Federal  
16 Energy Regulatory Commission for hydro-electric  
17 facilities. We have a lake up in the Poconos,  
18 Wallenpaupack, and we have a dam down further south at the  
19 Holtwood Station.

20 We have a couple of other recreational areas  
21 throughout our service territory. Many of them are  
22 required by the Federal Energy Regulatory Commission as a  
23 condition to having a hydro-electric license. Some of the  
24 other ones we've elected to put in just really for the  
25 benefit of the people in the area.

1 Most of the costs of the recreation areas would be  
2 reflected in rates.

3 The other item that was discussed, I mean the  
4 "goodwill activities," that sort of activity by PP&L is  
5 not reflected in rates. As Judge Christianson indicated,  
6 there are very careful rules about what can be in rates  
7 and what cannot be. Public-image advertising, goodwill  
8 type of advertising, is not allowed in rates, and that's  
9 taken out of the share owner return.

10 JUDGE CHRISTIANSON: Thank you. That should be  
11 sufficient for now. That question about what ratepayers  
12 pay for probably will be litigated to some degree in this  
13 case; questions of dues arise, and dues to the various  
14 electric associations and such.

15 That's enough for now; thank you

16 Next, we have to speak, Vicki Mackin.

17 MS. MACKIN: My name is Vicki Mackin, V-i-c-k-i  
18 M-a-c-k-i-n. I represent the concerned citizens of  
19 Schuylkill County, Incorporated.

20 Whereupon,

21 VICKI MACKIN

22 having been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 THE WITNESS: Ladies and gentlemen, I am here  
25 representing the concerned citizens of Schuylkill County,

1 Incorporated, a non-profit organization, representing the  
2 people who are members of our organization, not only from  
3 Schuylkill County, but Carbon and Luzerne Counties as  
4 well.

5 We were incorporated in 1980 to fight excessive  
6 taxation in Schuylkill County when our assessment ratio on  
7 property was raised from 35 to 75 percent, and the battle  
8 continues.

9 I believe we are the only organization in this  
10 state that has met, continuously, each month for the last  
11 15 years, voicing our concerns over excessive taxation,  
12 toxic dumps, unwanted landfills, Act 195, and many issues  
13 on the local, county, state and national level. We have  
14 been before the PUC on rate hearings for the Honey Brook  
15 Water Company as well as the PP&L in the past.

16 We have no legal representation and I have been  
17 made aware of all the legal filing by various entities  
18 disputing the proposed 20.7 percent increase, and I add my  
19 voice in opposition on behalf of the members.

20 Our members feel that the rate-change policy is  
21 unjust and unreasonable and may be discriminatory. We  
22 feel that after you hold public hearings, and after a full  
23 investigation into all the records, grant an increase only  
24 for the service directly to the consumer, not for social  
25 or recreational endeavors.

1           A rate increase to recover a return on a common  
2 equity invested in the Susquehanna Unit 2 is not in the  
3 interest of the PP&L consumer. It will create excess  
4 capacity. Depreciation, decommissioning and other related  
5 costs are not the responsibility of the consumer  
6 ratepayer.

7           This proposed increase will affect the ratepayer  
8 directly and indirectly; directly in his or her household  
9 and indirectly for every business, school building, street  
10 lighting and government building serving the public. This  
11 cost of doing business will also be passed onto the  
12 household.

13           Electricity is a vital part of our lives, and we  
14 want to be able to use it freely without saying, "Can we  
15 afford it?"

16           There are people who use oxygen, ventilators,  
17 moisturizers to breathe. Are they going to have to worry  
18 that they are causing their family an untold costly  
19 burden? I hope not.

20           Will the people using electric heat have to turn it  
21 down, again? Will lights be used only when needed, not to  
22 light up an area for safety? Where do you conserve when  
23 electricity is a necessity? Where does PP&L suggest the  
24 consumer conserve? If you cannot use electricity freely,  
25 are you living or are you existing?

1 PP&L has been downsizing, which leads our members  
2 to believe this could have been done before, had they  
3 practiced prudent fiscal responsibility. We feel no  
4 increase is warranted at this time. Business must learn  
5 to live as prudently as their ratepayers.

6 Respectfully, Vicki Mackin.

7 I have a copy for you, and I have some for the  
8 press, if you want it.

9 (Documents handed to Judge Christianson.)

10 JUDGE CHRISTIANSON: Thank you, ma'am. The court  
11 reporter also appreciates a copy because it helps him to  
12 type his transcript.

13 He'll (indicating) take a copy, too. He's the  
14 Commission's Assistant.

15 Thank you, ma'am.

16 (Witness excused.)

17 JUDGE CHRISTIANSON: Just one thing to respond to  
18 this Witness and a couple of points I just wanted to  
19 mention because I didn't mention it for the record.  
20 There's about 30 people here, almost 30 people. This is  
21 about average, I think, for these public input hearings  
22 for PP&L. Afternoon might be a little bit lighter than  
23 evening on average.

24 On two points that you mentioned. Street lighting  
25 is one point which has been stressed by a couple of

1 municipalities. Scranton made a special plea when we were  
2 up there. Street lighting increases are fairly  
3 substantial and this impacts tax, local taxes.

4 Mr. Russell might address that later.

5           Again, it goes to the cost-of-service study that  
6 PP&L used. Their view is that street lighting should  
7 increase perhaps more than it has if you're going on a  
8 strict-cost basis by their study.

9           One other point I'll mention which has been touched  
10 on already, but I'll explain one number in the case. That  
11 number, 20.7, has come up quite a bit. The residential  
12 increase, on average, is above the overall increase. But  
13 the 20.7 comes up for a particular reason. The Commission  
14 regulations require that the company set up, highlight,  
15 the increase imposed on the 500 KWH per month residential  
16 customer. This is a relatively small residential  
17 customer, though. Some people take less electricity than  
18 that. So that's why that number comes in to 20.7 is the  
19 percent increase which would be faced by this 500 KWH  
20 residential customer. That number is highlighted because  
21 the Commission essentially requires it. The company  
22 could just as well quote the increase for the 1000 KWH per  
23 month customer. That would be a lower percent. As I  
24 mentioned a zero energy customer, the one who just has a  
25 customer charge, increases to 50 percent according to the

1 filing.

2 But this 20.7 is a number a lot of people  
3 mentioned, which is basically the number for a fairly  
4 modest amount of electricity. It was used for  
5 residential. I believe Mr. Russell mentioned that the  
6 average residential takes a little more than 500 KWH.  
7 What the average is, I'm not really sure, but this is why  
8 the number, 20.7 is so prominent in the case.

9 Next we have Steve Demshick.

10 Whereupon,

11 STEVE DEMSHICK

12 having been duly sworn, testified as follows:

13 JUDGE CHRISTIANSON: Just mention your name and  
14 address, please.

15 THE WITNESS: My name is Steve Demshick, McAdoo  
16 Borough Council.

17 DIRECT TESTIMONY

18 THE WITNESS: Ladies and gentlemen, I am here to  
19 object to the proposed 20.7 PP&L increase. The citizens  
20 have been subjected to many taxes and the property owner  
21 has borne the brunt with a 27 mill tax put on them by the  
22 Hazleton Area School District.

23 DER has mandated that McAdoo come up with a sewage  
24 treatment plant and we are in that process now. The water  
25 company which services our area is selling its facilities

1 and the Borough is looking at purchasing the facility with  
2 bordering communities.

3 The street lighting, as well as the municipal  
4 building light bills will increase and this will have to  
5 be passed onto the citizens. It will create a financial  
6 burden.

7 The council, at a public meeting, went on record to  
8 oppose the rate hike, and I am here to voice that opinion.

9 Thank you.

10 JUDGE CHRISTIANSON: Thank you, sir.

11 (Witness excused.)

12 JUDGE CHRISTIANSON: Next, Nadine Kunetz?

13 I counted your child as one of the people present.

14 MS. KUNETZ: Oh, that's okay.

15 JUDGE CHRISTIANSON: I'll explain for the record,  
16 the Witness has an infant on her shoulder, trying to keep  
17 the infant quiet.

18 MS. KUNETZ: I will. I'll do my best. She just  
19 woke up so she should be good.

20 Whereupon,

21 NADINE KUNETZ

22 having been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 THE WITNESS: My name is Nadine Kunetz, and I live  
25 at 1094 South Church Street. I'm just here to say that I

1 oppose the rate hike. I think that PP&L's choice to  
2 increase those who use less, to increase their bill more  
3 is bad. You know, we've always had to -- even with Earth  
4 Day, you know, it's reduce, reuse, recycle. So those of  
5 us who conserve energy have to pay more, but yet if we use  
6 more so we have less of an increase, we still end up  
7 paying more. Either way, you know, we end up paying more.

8 They've mentioned the people on fixed income, which  
9 I think is a big point. You know, these people -- I mean,  
10 times are tough. You know, where are they going to get  
11 this money from? They don't get an increase in their wage  
12 or in their Social Security benefit, that type thing, but  
13 yet they're going to have to come up with the extra money  
14 to pay the bill. They're just not going to have it. It's  
15 just not going to be there.

16 You know, they -- it's -- oh, wait, let me see  
17 here. We need to look at other things, you know, where  
18 you can cut expenses, where you can get money from, so  
19 that it's not the little guy who has to end up paying the  
20 biggest part of the bill. You know, it's always the  
21 little guy who gets stuck with it.

22 I went from working a full-time job to working a  
23 part-time job. My electricity use has gone up because I'm  
24 now home everyday. Even that I'm home everyday and my  
25 TV's on all day long, I still don't use 500 kilowatts, so

1 before when I was working full time I used even less. But  
2 now I'm on a lower income because I have to stay home to  
3 take care of my child. And, you know, I pay for formula.  
4 I pay for diapers. You know, my bill's going to go up \$10  
5 in a month. If my bill goes up \$10 in a month, I can pay  
6 for diapers for my daughter for a week with that \$10. Ten  
7 dollars may not seem like a lot, but people who don't have  
8 a lot of money, it is a lot of money.

9 I just really hope they consider a different way to  
10 get their increase.

11 Thanks.

12 JUDGE CHRISTIANSON: Thank you, ma'am. As you move  
13 back, could you spell your last name for the court  
14 reporter?

15 THE WITNESS: Oh, sure. K-u-n-e-t-z.

16 JUDGE CHRISTIANSON: Thank you. We just want to  
17 get the names correct.

18 (Witness excused.)

19 JUDGE CHRISTIANSON: The next on the list, the last  
20 of this list, is Howard Smith.

21 Whereupon,

22 HOWARD SMITH

23 having been duly sworn, testified as follows:

24 JUDGE CHRISTIANSON: Mention your name and address  
25 for the record, and then proceed.

1 THE WITNESS: Howard Smith, R.R. 1, Drums, Box  
2 1605.

3 DIRECT TESTIMONY

4 THE WITNESS: I, too, remember when the power plant  
5 was going to be built. We were promised lower rates.  
6 They never came. I'm retired and I agree with these  
7 other speakers that spoke against it. I'm totally against  
8 the rate increase.

9 Thank you.

10 JUDGE CHRISTIANSON: Thank you, sir.

11 (Witness excused.)

12 JUDGE CHRISTIANSON: We'll take a break, shortly,  
13 because we've added two more names to the second list. So  
14 I'd like to do those and then take a brief recess and then  
15 we can proceed.

16 Next, Scott Buck?

17 I see you're representing "self" and "all RTS  
18 Users," Mr. Buck.

19 Proceed.

20 Whereupon,

21 SCOTT BUCK

22 having been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 THE WITNESS: My name is Scott Buck, B-u-c-k,  
25 R.R. 1, Box 371, Milton.

1           Yeah, I'm representing the RTS Users. Back in,  
2 approximately, the summer of '72, I met with a  
3 representative of PP&L discussing the possible use of RTS  
4 electric rates in the new home that I was presently  
5 building. I have the information here that he provided  
6 me. He discussed the plan of RTS use of electricity, very  
7 thorough with it, and he acted basically, in my opinion,  
8 as a salesman for the company to get new home builders to  
9 sign on for the RTS rate.

10           It was also explained that there would be a 10-year  
11 contract period, which is in the literature, here  
12 (indicating). If PP&L ever withdrew their tariff within  
13 the 10 years, they would pay the ratepayer \$50 per month.

14           It was also explained that if there was rate  
15 increases, the rate increases for RTS users would be less  
16 than the rate increases for regular RS users, which is, I  
17 guess, your standard residential customer.

18           When they presented the information for their  
19 percent changes comparing the RS users and the RTS users,  
20 that's not the case. Across the board, every kilowatt  
21 hour breakdown, here (indicating), comparing RTS users to  
22 RS users is higher, percentagewise.

23           To pick a couple of examples, the example they used  
24 in their letter by a Mr. Farber that was dated March the  
25 27th, he used an example of 25,000 kilowatt hours, which

1 is, approximately, 2,000 a month, so I'll choose that  
2 rate. The percent change for RTS users would be 16.78  
3 percent. The percent change for RS users is 9.99 percent.  
4 That's 6.79 percent additional increase. That's  
5 completely contradictory to what their agent salesman had  
6 discussed when I signed onto this rate.

7 So I'm going to propose something back to PP&L. I  
8 paid \$2100 for a thermo storage tank. Let them prorate  
9 the cost of that storage tank, refund me the money plus  
10 interest, and I'll go back onto the RS rate.

11 I think what they're proposing is a total lie of  
12 what was presented to me. They need to adjust their  
13 numbers so that the RTS users are going to be treated at  
14 least as fairly as the RS users.

15 I'd like to see it better than that because that's  
16 basically what they said; it would go up as a smaller  
17 increase. If they can't do that, then I think they should  
18 come up with some sort of a proposal that gives RTS users  
19 some sort of an option to get rid of the excessive extra  
20 costs that they used for this storage tank.

21 Let me point out that their agent also -- he was  
22 very thorough, and he pointed out that even if you had to  
23 borrow the money to buy this storage tank -- which the  
24 figure, I believe, was \$2100, and he went through the math  
25 of it -- that it would pay you in the long run to borrow

1 the money, which I did at 6.4 percent, to get this storage  
2 tank so you could qualify for this RTS use.

3 Also, there was another increase cost to the  
4 consumer. It was required to purchase an 80-gallon hot  
5 water tank over a standard small tank, which means that  
6 you are using a little bit more electricity to maintain  
7 the heat of that 80 gallons, to heat it up. It comes on  
8 cycle, as most of you probably well know. You have  
9 different choices of your on and off peak hours. So every  
10 time you go back to an off-peak hour, then your energy  
11 comes on for that electric hot water heater. So, if  
12 you're heating 80 gallons of hot water, it's a slightly  
13 increased cost there.

14 So, if they can't live to their bargain, they  
15 should come up with some sort of a concrete proposal that  
16 they can compensate the consumer for these additional  
17 charges that he incurred.

18 A couple of other points I want to make, if you'll  
19 just bear with me, because I just received this  
20 information in the mail, today, from Allentown. So just  
21 bear with me. I have a couple more comments.

22 JUDGE CHRISTIANSON: I must say, you've done your  
23 homework better than most of us has done their homework.

24 THE WITNESS: Thank you.

25 Another comment -- maybe Mr. Russell could address

1 this one. I see they have a proposed increase here of  
2 their on-peak demand. It's presently for RTS users, 580.  
3 They're proposing for that to go to 650.

4 I'd like his comment on why they're proposing that  
5 versus just leaving it at the 580 and incorporating that  
6 number into your per-kilowatt-hour cost. I mean, it seems  
7 like it's making things more complicated.

8 I believe, if I understand it, correctly -- he may  
9 comment on this -- that the proposed \$15-per-month charge,  
10 I guess, will be the cost of reading your meter and  
11 preparing your billing? I'm not so sure. There was  
12 nothing in the literature from the letter from Mr. Farber  
13 that talked about that, so maybe he could comment on them  
14 while I'm thinking of some other questions.

15 JUDGE CHRISTIANSON: Well, we can check if  
16 Mr. Russell wants to respond just generally. This Witness  
17 has done his homework for us, so you don't have to give  
18 your standard statement.

19 All right, do you want to respond to that?

20 MR. RUSSELL: Thank you, Your Honor.

21 Really, the basis for the increase in the billing  
22 demand for rate RTSS, what Judge Christianson has referred  
23 to as cost-of-service study, we prepared as part of this  
24 filing of cost of service of study. What that does, it  
25 looks at the costs that we incur to provide service, and

1 it tries to divide those costs between customer classes,  
2 and then within each class, it tries to divide those costs  
3 into costs that are related to what's called "customer  
4 charge"; as you suggested, the meter reading, the meter  
5 base, the service drop.

6 It also divides that cost into demand charges,  
7 which reflects the amount of demands that that group of  
8 customers puts on our system at the time of the system  
9 peak. And then it divides the cost, finally, into energy  
10 cost which is just the cost of producing the energy.

11 What we learn from our cost-of-service study,  
12 really drove the way we presented this rate increase and  
13 supported our proposals to divide the increase among  
14 customer classes the way we have, and then within each  
15 class to change the billing components the way that we're  
16 suggesting.

17 THE WITNESS: Okay.

18 Now that I've had a minute here to think here, I  
19 have a couple other points I'd like to make. As I said,  
20 before you sign on for this rate in building a new home,  
21 they send out a representative to talk to you. I don't  
22 recall the gentleman's name. He was very nice and very  
23 thorough in his presentation.

24 But after you sign on for one of these rates, there  
25 are some adjustments that these rate users must make in

1 their way that they live and run a household. The program  
2 that I signed up for was 7:00 a.m. to 5:00 p.m. So that  
3 means, during those times, that's when you're trying to  
4 use as little electricity as possible.

5 For instance, you're not going to be using your  
6 oven, which draws two or three kilowatts of electricity;  
7 your dryer which draws as much. So, essentially, you're  
8 using a clothes dryer away from that block of time. So  
9 there are adjustments that people must make in their  
10 lifestyle to benefit to the fullest of this program. It  
11 was presented that by making these minor adjustments to  
12 your lifestyle, that you're going to have a significant  
13 savings over the 10-year contract versus being an RS  
14 customer.

15 But with their new proposed rate increases, what's  
16 going to happen is, they're going to shrink that proposed  
17 savings from what that group of customers expected to  
18 return over that 10-year period, which, as I said, is  
19 contradictory to what they said when you signed on as far  
20 as what was proposed to me, that our rate increases would  
21 be less than RS users.

22 If you look back at the examples, in my case, it's,  
23 I think, somewhere -- I did some rough calculations. It  
24 could be \$150-\$60 per year, and seeing how I'm only into  
25 the third year of the contract, you know, we're talking

1 \$1200, \$1500. If you factor in interest on that, it's  
2 going to be more than that.

3 I don't think that I need to give them that  
4 additional \$1,000. I can save that for my son's college  
5 education or for whatever.

6 What they need to do is take a realistic approach  
7 at what their proposed rate increases are. If they're  
8 going to fulfill their obligation, they need to adjust  
9 this so RTS users are not singled out.

10 You can look at their rate schedule. I'm sure  
11 you've all seen a copy. It starts out at 100 kilowatt  
12 hours at a 20.45 percent change. If you use 8,000 a  
13 month, and that would take an enormously large household  
14 to use that much electricity, it only drops to 15.52, less  
15 than a five percent change. For the RS users, it goes  
16 from 28.48 to 453. You're looking at a 23 percent change.

17 So, I have to draw the conclusion, and a Mr. -- I  
18 believe the gentleman's name was Burke from Allentown.  
19 Paul Burke is his name. I believe it's B-u-r-k-e, and I  
20 talked to another girl which I don't remember her name  
21 before Mr. Burke. He explained that on the RTS scale and  
22 use of customers, that PP&L does not make nearly the -- if  
23 I understand it correctly -- the percentage of profits  
24 versus the RS users.

25 I draw the conclusion, and I brought it up to him,

1 that what I can conclude from this is that because they  
2 are not making as much profit from the RTS users in that  
3 group, then what they're trying to do is put the squeeze  
4 on them and they're not giving them the significant rate  
5 reductions as you use more kilowatt hours as they do the  
6 RS users. So, basically, what they're doing is, they're  
7 trying to increase profits on that group when it was  
8 presented to us that our rates would go up less than what  
9 the RS users were during rate increases.

10 That's all I have.

11 JUDGE CHRISTIANSON: Thank you.

12 (Witness excused.)

13 JUDGE CHRISTIANSON: Again, PP&L people may want to  
14 talk to you at the break. This is a very controversial  
15 rate and it's been brought up, as I mentioned earlier, I  
16 think, in every public input session. So, if it's any  
17 consolation, you're not alone.

18 I think the other parties may be investigating this  
19 rate, particularly, when they have a counter offer  
20 essentially to PP&L as to how they would structure the  
21 change.

22 If we could, let's take one more person who signed  
23 up on this sheet, and then we'll take a break. We've been  
24 at it for a little over an hour.

25 Walter Kraska?

1 Whereupon,

2 WALTER KRASKA

3 having been duly sworn, testified as follows:

4 JUDGE CHRISTIANSON: Just mention your name and  
5 address, please.

6 THE WITNESS: Walter Kraska, 764 Carson Street,  
7 Hazleton.

8 JUDGE CHRISTIANSON: Could you spell your last name  
9 for us?

10 THE WITNESS: K-r-a-s-k-a.

11 DIRECT TESTIMONY

12 THE WITNESS: In the early '70s, PP&L tried to get  
13 -- have the people have confidence in them that that plant  
14 down near Berwick will be safe. It will lower the rates  
15 and there was much controversy about it at the time, but  
16 the company prevailed by telling the people that it will  
17 be safe and the rates will be lower.

18 Well, I hope my statements are on record.

19 Will they be on record?

20 JUDGE CHRISTIANSON: Yes.

21 THE WITNESS: Okay.

22 The rates have never come down. The -- from what I  
23 understand, the plant was built there on the promise to  
24 the people that the rates would be lower. The rates never  
25 were lower. And all of the power from that plant, which

1 we have to endure. Maybe some years later we'll find out  
2 that it's harmful. We have to bear the brunt of the plant  
3 being there. We never got a rate decrease and all the  
4 power's going out.

5 So, I think it's unfair. I protest any increase to  
6 anybody until they service us with power from that plant  
7 instead of shooting down to the cities. Because if you  
8 look at the power lines, they'll tell you where they're  
9 going. There's no power going here.

10 That's why I strongly protest, and I'm going to do  
11 something about it if they don't give that any  
12 consideration that we're not getting any power from that  
13 plant.

14 Thank you.

15 JUDGE CHRISTIANSON: Thank you, sir.

16 (Witness excused.)

17 JUDGE CHRISTIANSON: We can discuss the power on  
18 the break, but that's a fairly complicated subject.  
19 Basically, all the power feeds into the system, but it's  
20 true that, I guess, Pennsylvania -- as far as staff would  
21 have numbers on this, perhaps, are in the room -- but  
22 Pennsylvania tends to be an exporter, at least some parts  
23 of Pennsylvania, of electricity. But the power is used,  
24 generally, within the PJM System, which is Pennsylvania,  
25 New Jersey, Maryland, is an interconnection of various

1 electric companies.

2 But rather than discuss this now, let's take about  
3 a five-minute recess or a few minutes longer. I always  
4 say five minutes; it takes longer than that because of the  
5 conversations going on. We have at least one more person  
6 signed up to speak.

7 Let's take a brief recess. We're off the record  
8 for a moment.

9 (Recess.)

10 JUDGE CHRISTIANSON: We have two more speakers.  
11 I'd like to take the first one, and then Mr. Russell might  
12 address a PP&L retirement program that he's going to  
13 address at another public input hearing.

14 But let's get to at least one of the speakers,  
15 Edward A. Chipkevich, Jr., Independent Living Coordinator.

16 Will you take the oath, sir?

17 MR. CHIPKEWICH: Okay, yes. Everything is true I  
18 say.

19 JUDGE CHRISTIANSON: Fine. You're now under oath;  
20 proceed.

21 Whereupon,

22 EDWARD A. CHIPKEWICH, JR.

23 having been duly sworn, testified as follows:

24 DIRECT TESTIMONY

25 THE WITNESS: My name is Edward Chipkewich, Jr. I

1 live at 858 North Locust Street, Hazleton, Pennsylvania,  
2 but my business address is in the basement of the City  
3 Hall.

4 Now, what I want to talk about is not about the  
5 rate increases of like the normal family owner or the  
6 normal business. I want to talk about how this rate  
7 increase is going to hurt persons with disabilities.

8 Now, persons with disabilities are on a low income.  
9 Also, persons with disabilities have high expenses. I  
10 don't think that PP&L should be increasing the rates for  
11 us, including me, because I have a disability. I have a  
12 hearing problem, a speech problem, a learning disability.  
13 Plus I have other consumers and other peers that cannot  
14 afford a rate increase because they're on fixed incomes.

15 Now, I'm going to change the subject and go to  
16 something a little more important. Last year when you had  
17 your problem with the real cold weather and the high  
18 snowfalls, and you'd have brownouts. Now there's a  
19 problem there, since the persons with disabilities first  
20 have a problem with fixed incomes and they cannot afford  
21 your rates to keep their place hot and to keep the place  
22 cool in the summertime.

23 The brownouts also destruct our life because my  
24 supervisor plus most of my friends with mobility problems  
25 have either chairlifts or things like that or elevators in

1 their homes, and when you have a brownout, it stops their  
2 means of mobility in their homes.

3 Also, when you have a brownout, it also stops  
4 assistive technology for me and everybody else since I  
5 have a learning disability and I have a hearing problem.  
6 When you have a brownout and you stop electricity in my  
7 home, I cannot answer the door too well because I cannot  
8 hear too well, and I need that flashing light in my  
9 bedroom and also downstairs to tell me somebody, that  
10 they're coming to the door. Then, I'm lost.

11 A lot of times for other people, the electricity,  
12 the electricity in the brownouts, it stops all their  
13 mobility for things. They get a drink from the  
14 refrigerator and also to turn on and off their equipment,  
15 and they can't even use their computers for -- just for  
16 calling emergencies over the telephone.

17 Also, if there is a brownout, they cannot  
18 communicate with anybody because they have to plug in --  
19 with a hearing-impaired person, like me, with my TT  
20 device. I've got a keyboard. The electricity goes off  
21 and then I have to use an ordinary phone and I can't hear  
22 and I can't understand what you're saying, so -- whoever  
23 else is talking to.

24 So, my problem is the -- you said keep electricity,  
25 most of it in Pennsylvania. I like the idea of you having

1 holding companies because I'm a stockholder of your  
2 company and I enjoy your dividends, but the original  
3 mission of PP&L was for customer service, a customer-owned  
4 corporation. When you send electricity out of the state  
5 to the other people and we can't use our electricity, then  
6 I don't think it is very good.

7 End of my comments; thank you.

8 JUDGE CHRISTIANSON: Thank you, sir.

9 THE WITNESS: You're welcome.

10 (Witness excused.)

11 JUDGE CHRISTIANSON: We have one more speaker, but  
12 I'd like to interrupt just for a brief two remarks. One  
13 to acknowledge one of the people, here. We have Florence  
14 D'Amato here from Senator Ralph Musto's office. She just  
15 gave me her card. She came in earlier, but she didn't  
16 give me her card earlier, so now I'll just mention she's  
17 here, down with the commissioner's assistant,  
18 Mr. Rohrbach.

19 Oh, we have one more speaker, but let me -- someone  
20 at the break came and raise up a point concerning PP&L  
21 Retirement Program, which I understand is designed to  
22 ultimately save expenses.

23 Mr. Russell has agreed to address that briefly.  
24 It's come up from a couple of people, and it's come up at  
25 other proceedings. It's been addressed at our hearings in

1 Harrisburg.

2 You might just address that, briefly.

3 MR. RUSSELL: Thank you, Your Honor.

4 At the end of 1994, we offered a voluntary early  
5 retirement program to any employees who would be age 55 or  
6 older by December 31st of '94.

7 There were about 851 employees eligible for that  
8 program and about 640 accepted the program.

9 What we've done in the rate case is reflected two  
10 things associated with the program. First is, we took the  
11 costs that we incurred to offer early retirement, and that  
12 is, some additional pension costs and some bridge costs  
13 between date of retirement and when Social Security  
14 becomes effective.

15 We took those costs and we divided by five. We,  
16 essentially, spread them over five years, and we reflected  
17 that in the rate, one-fifth of those total costs in the  
18 rate case. That amounted in the filing to about  
19 \$11 million.

20 At the same time, we looked at what we would save  
21 in salaries and benefits from the 640 employees who would  
22 no longer be working for PP&L as of January 1st, 1995. We  
23 reflected those savings which occur each and every year in  
24 the rate case as well. That number was a credit, a  
25 reduction in the rates that we needed of \$23 million.



1 spell your name.

2 THE WITNESS: It's Elizabeth Haraschak,  
3 H-a-r-a-s-c-h-a-k, and I live in West Hazleton.

4 JUDGE CHRISTIANSON: Thank you, ma'am.

5 DIRECT TESTIMONY

6 THE WITNESS: I left these notes, originally, in my  
7 car and went out on the break to get them. When I came  
8 back, I've heard two of the things that I had in my little  
9 note I'll re-mention. So, I feel a little foolish, but at  
10 the same time, I'll do it.

11 I'm young enough to be working and unable to  
12 because of health. My husband is also young enough to be  
13 working, but unable to because of a heart problem that  
14 we've just gone through.

15 I find myself, now, in a position much like the  
16 older people in Hazleton, that my income is being  
17 drastically changed, and yet I have everything else that I  
18 must still deal with. My bills are almost all the same  
19 and you do what you can do to conserve, which is the word  
20 that I think is kind of important.

21 I, personally, feel that because I conserve my  
22 energy, I am being penalized for doing that. I was raised  
23 in a generation where you were taught to not be frivolous  
24 you know, but to conserve and to take care of the things  
25 that you have. If you don't have a lot of money all of

1 your life, it becomes a way of life for you. I've always  
2 felt good about that for my own self because it gave me a  
3 few extra dollars because I didn't throw them away.

4 Now, I know that I've heard people talk about  
5 electric homes. I have a coal-heated house. Of course,  
6 it still runs on electricity, and I heat my water that way  
7 and all that, but I feel that if you had taken on having  
8 an electric home, or if you decide to keep every light on  
9 in your house and your television going in one room and  
10 your stereo in another and a dishwasher somewhere, you  
11 know, all that kind of stuff, then apparently you either  
12 can afford it or you just don't give a darn about the use  
13 of this commodity.

14 I feel that for me to have to worry about, "should  
15 I or shouldn't I," it's a little bit unfair. I didn't  
16 mean to make it sound like if you live in a electric home  
17 -- because I have a lot of friends that do -- that that is  
18 wrong either. It's just that if you made that choice --  
19 these choices are being taken away from us if we're going  
20 to have to pay this extra fee, higher expenses. It makes  
21 you wonder why you have felt the need all this time or  
22 maybe shut down or done without for that reason.

23 Now, I also heard the nuke plant mentioned. I also  
24 was under the assumption that that was built so that we  
25 could save money, so that we wouldn't have to -- they

1 wouldn't have to buy as much power and all that.  
2 Somewhere along the line, apparently, either we as the  
3 consumers have misunderstood, or that has drastically been  
4 changed and we have not been informed.

5 All the time you see about the retirees, which  
6 Mr. Russell just spoke about, and how much -- how many  
7 people they have now retired, and that they are downsizing  
8 and their work force is less. I understand that that's a  
9 reason to save the money, but still over five years we're  
10 going to have to feel the effects of some of that.

11 I, personally, have relatives who have done that  
12 within the company. It doesn't make me feel any better  
13 about the fact that I have to be a part of that.

14 My husband was forced to retire because of health.  
15 We get nothing from his company, nothing.

16 Okay, the lady that I spoke to on the phone when I  
17 got my bill was a very nice woman. She answered my  
18 questions and she addressed my concerns. She said that I  
19 am getting the same services for my money as someone who  
20 pays a higher bill, right now. My bills are sent out on  
21 time. My meter is read on time. I get the same  
22 information in my envelope that they send all the time and  
23 I read, religiously.

24 What concerns me was, what does that have to do  
25 with this? I think that the answer is, the consumption of

1 power and how you abuse it. I worry where this will end.  
2 It makes me a little concerned. I have never, never  
3 thought about not paying something on time. Now,  
4 sometimes I think, "I hope I can."

5 I just felt that I had the opportunity. It would  
6 be foolish not to take it. Thank you.

7 JUDGE CHRISTIANSON: Thank you, ma'am. We  
8 appreciate your concerns expressed.

9 I know I think I have trouble when my son takes a  
10 long hot shower and it bothers me a little bit in the same  
11 way to waste the energy, but he continues with his long  
12 hot showers.

13 THE WITNESS: Well, it used to be that there were  
14 four of us, and Nadine is one of our children, then it was  
15 three of us. He's not home, my son isn't home either.  
16 And it's my husband and I, and we don't do those long  
17 showers, nor every-day showers because we aren't out among  
18 everybody all the time so we don't worry about it.  
19 And yet, you know, we still have these expenses. Thank  
20 you.

21 JUDGE CHRISTIANSON: Thank you, ma'am.

22 (Witness excused.)

23 JUDGE CHRISTIANSON: One more person signed up,  
24 Roland Roberge.

25

1 Whereupon,

2 ROLAND ROBERGE

3 having been duly sworn, testified as follows:

4 JUDGE CHRISTIANSON: Mention your name and the  
5 organization you're with.

6 THE WITNESS: Yeah, my name's Roland Roberge,  
7 R-o-b-e-r-g-e, and I work for Carbon Products Operations  
8 in East Stroudsburg.

9 JUDGE CHRISTIANSON: Proceed.

10 DIRECT TESTIMONY

11 THE WITNESS: My story is similar to Mr. Buck's  
12 story about his RTS in residential versus commercial. We  
13 try to support PP&L and it's seem like with that  
14 additional support later on, we're going to get a higher  
15 increase in our rates.

16 The size of CPO is about 150 people. We produce  
17 carbon as our primary product. Annual electrical bills  
18 are about a half-million dollars out of -- well, it's  
19 about eight percent of our operating costs is our  
20 electrical bills.

21 Back a couple years ago, we -- the difference is,  
22 we're on the interruptible rate power. We just make  
23 interruptible rate power criteria.

24 A couple of years ago, not being on interruptible  
25 rate power, you're very subject to the peak loads and the

1 peak expenses. The higher your peak, the more you pay.

2 The company came to us and said, "Hey, maybe we can  
3 do something about this electrical costs and then improve  
4 our situation. Well, why don't we put in some  
5 supplemental power and run it during the peak periods,  
6 knock down our peak and save that money?"

7 We were in the process of doing that when we  
8 contacted PP&L, and said, "Hey, we're thinking about doing  
9 this, what can you do to help us out?"

10 A gentleman came out -- and I can't remember his  
11 name right off the top of my head; I've gone through about  
12 three or four different consumer representatives at PP&L  
13 -- came out and gave us a presentation about the  
14 interruptible rates.

15 We have a type of loading that we're able to drop  
16 1,000 kw fairly rapidly to meet the specifications of the  
17 interruptible rate and not without some problems with  
18 manufacturing.

19 So, after his presentation and with the savings  
20 that we would incur with the interruptible rate, we  
21 decided instead of taking the capital and investing it  
22 into a supplemental power unit, we'd take the  
23 interruptible rate.

24 Over the past couple of years, yes, we've had a  
25 savings, but we have incurred some costs. We had some

1 meter reading costs to make sure we hit those requirements  
2 of PP&L to monitor ourselves inside the plant. We also  
3 had some costs in training. You have groups of people  
4 that you have to establish in the communications channel  
5 so they understand what occurs when the power company  
6 calls and you have to drop the power, because if you don't  
7 drop the power in the required time that they request,  
8 then you incur some substantial penalties. It really  
9 increase rate cost.

10 So, we established all those things. We went  
11 through a couple of years. You get a couple of trial runs  
12 with PP&L, and then of course back in January we had the  
13 big one, what you're on the interruptible rate for.

14 So, PP&L calls up and they asked us to interrupt  
15 our power. Now, according -- and I don't know our  
16 specifications. I don't have them in front of me. But  
17 we're on like a 10 or 12 hour rate that you have to  
18 interrupt your power. But, of course, we had severe  
19 conditions last January.

20 We agreed to do what PP&L needed to be done and we  
21 interrupted our rate as long as we had to, beyond the  
22 limitations that the contract required, and in doing that,  
23 hopefully, supported PP&L's problems and enabled them to  
24 help benefit the other people in the state.

25 Back in April, sometime in April, I attended a

1 meeting and they froze additional companies being on the  
2 interruptible rates. Apparently, they didn't see the  
3 benefits that they thought they would see with all the  
4 interruptible rate customers and decided to freeze it,  
5 which is fine. You make your analysis and you decide to  
6 slow down the project and reduce -- well, not reducing it  
7 -- maintain the size of the project.

8           Then I get this letter about a rate change and I  
9 know the residential people are complaining about  
10 difference in commercial rate changes. They're talking  
11 13.3 percent for residential and 7. for commercial, but  
12 interruptible is 27.8 is what they're estimating in their  
13 letter for an increase in power costs.

14           That, totally, wipes out any savings we would have  
15 as an interruptible rate customer. I had questioned the  
16 person down at PP&L about it, and they said that their  
17 calculations said they weren't getting the savings they  
18 thought they were getting and now they were going to have  
19 that rate increase.

20           But, it gets down to the point, everybody --  
21 residential, commercial -- are trying to support PP&L in  
22 some of the situations with the peak loading was required  
23 under certain regulatory laws to have so much capacity  
24 available and they're using us to address their peaks.

25           Now, see -- and I don't know all PP&L's layout and

1 what they have for capacity, but it seems to me that if  
2 PP&L were to address their peaks with some other type of  
3 power supply -- I know up in New England; I'm from  
4 New England, they have a place they call Bear Swamp. Bear  
5 Swamp is -- essentially, what they do is they pump water  
6 off on top of a hill during the evenings. During the peak  
7 loads they let this water come down when they need the  
8 power and it helps level their loading. So it doesn't  
9 cycle all these people to help preserve your peak demands.

10 The other thing, not being from this area -- I've  
11 only been here about four years -- I kind of come in, in  
12 the change of government in Pennsylvania as far as what  
13 Governor Ridge is trying to do with the industries. I  
14 wasn't too happy when they raised the industry business  
15 tax at 12 percent, and he's trying to lower it.

16 Increasing the rates for utilities in Pennsylvania  
17 is not going to help business stay in Pennsylvania. You  
18 know, all these efforts are very counteractive from what  
19 the Governor's trying to do.

20 Thank you.

21 JUDGE CHRISTIANSON: Thank you, sir.

22 (Witness excused.)

23 JUDGE CHRISTIANSON: That is the last name I have  
24 on the list of speakers.

25 Let me back up a little bit. His question about

1 industrial interruptible customers has been addressed down  
2 in Harrisburg in the cross-examination of PP&L witnesses.  
3 It'll probably be addressed further in the presentations  
4 of the other parties. It's a fairly complicated  
5 situation, but you've addressed salient points of it  
6 already.

7 Let me check. Does anybody else want to speak for  
8 the record at this point? I've had most of you speak  
9 already.

10 Yes, sir?

11 MR. GROVER: May I speak?

12 JUDGE CHRISTIANSON: Yes, go ahead.

13 Whereupon,

14 NILES GROVER

15 having been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 THE WITNESS: My name is Niles, N-i-l-e-s, Grover,  
18 G-r-o-v-e-r. I live in 167 Oakland Mill Road, Weatherly.

19 I'd just like to bring a few points up. I'm not  
20 saying I'm for a rate increase or against it. I'd like to  
21 bring some points up that I do know, personally, about  
22 PP&L.

23 When you go to a restaurant, sometimes you leave a  
24 20 percent tip because you got good service. I live a  
25 half a mile back in the woods. I'm in the 70-plus

1 bracket. I went to school with kerosene lamps. Thank  
2 gosh, there's PP&L.

3 I, also, at that time -- my father had a water  
4 turbine and a water wheel which we made electricity. In  
5 fact the last few days I was working on that DC generator.  
6 I was told by some people, "Why don't you fix that thing  
7 up and make PP&L buy electricity?" Well, I just couldn't  
8 see that form of reasoning.

9 The other thing, I'd like to ask the question -- in  
10 my younger days, I did buy a few shares of PP&L stock. It  
11 was recognized, I still say, as a very excellent company.  
12 I was told by financial advisors to -- "Well, maybe at  
13 that time it doesn't look too good, that we should sell  
14 it, because the cogeneration plants are going to hurt  
15 PP&L."

16 Anyone that lives around here -- we can count three  
17 of them down here -- they're building more, I understand,  
18 different areas. I'd like to know what -- if that really  
19 has hurt PP&L, these cogeneration plants. There must be  
20 something in it because they're making so many of them.

21 But anyway, with my youthful stock, I sold it and  
22 since I'm one of the middle bracket people and left the  
23 area, I lost many a thousand dollars because of the  
24 cogeneration plants advisement. Since then, I've bought  
25 some stock back, again. Thank you.

1           But there's a couple things I'd like to bring up.  
2 I'm one of the gentlemen here that has quite a bit of  
3 piece of property. I have cabins and I pay the minimum  
4 rate for electricity. You quoted -- it was quoted here  
5 that some people are paying \$4.80 a month, but you're  
6 going to increase that by 50 percent. I didn't see that  
7 in the newspapers. I saw 20 percent, maximum, but I  
8 didn't see this 50 percent figure. So what you're  
9 probably telling me, that my rates are going to go up 50  
10 percent on a few of the ones that I have.

11           I happen to have three transformers and four  
12 meters. I am fortunate that I can either discontinue  
13 electricity or pay it, because to be honest, \$4.80, when  
14 you have a log cabin back a half or three-quarter miles of  
15 woods and the gentlemen have to read the meters and cut  
16 the brush and fix the squirrels that knock out the  
17 transformers, they're not making much money on that.

18           The thing I am concerned about is the 50 percent  
19 increase, which we have the Tourist Bureau in the Poconos,  
20 which I understand there's thousands of people have summer  
21 homes over there that are not there in the wintertime.  
22 Are they going to get a 50 percent increase, which it  
23 sounds to me like they might? If I do, well, maybe they  
24 will.

25           JUDGE CHRISTIANSON: Is that their proposal, it may

1 change before it goes into effect at the end of the  
2 summer, that is, the proposal on the customer charge?

3 THE WITNESS: I don't know, but I'm paying two  
4 different rates. I pay \$4.80 and I pay \$7-something on  
5 one cabin, something like that.

6 JUDGE CHRISTIANSON: This may vary. It may be  
7 commercial versus the number --

8 THE WITNESS: It's a commercial and something else,  
9 I think, but it's a 50 percent increase is what you're  
10 talking, or maybe I don't know.

11 JUDGE CHRISTIANSON: On the residential. It's  
12 standard residential. Commercial might be a different  
13 rate.

14 THE WITNESS: Would that entail the tourists, the  
15 Pocono people that have homes over there?

16 JUDGE CHRISTIANSON: The individual homeowner would  
17 be the residential rate. It's commercial. I'm not sure  
18 what the customer change is, but it's a similar change,  
19 but it would be different.

20 THE WITNESS: Well, I'm just, you know, concerned  
21 about that.

22 I did go over the cogeneration plant, didn't I?  
23 Yeah, I did.

24 JUDGE CHRISTIANSON: We can discuss cogeneration.  
25 That's largely driven by Federal law and it's not popular

1 with electric companies.

2 THE WITNESS: Yeah, I was just curious if you're  
3 paying more for the electricity generated by the  
4 cogeneration plant than you people produce yourself? I  
5 get that in discussion.

6 I also learned something, here, and maybe it was  
7 true. I understand our nuclear power plant costs more to  
8 operate than the coal and the oil. I didn't know that. I  
9 thought it was cheaper. I didn't realize that, but if we  
10 had an oil embargo, you would see that we would like to  
11 have nuclear power. I mean, the oil embargo is -- don't  
12 forget, we were paying two dollars a gallon for gas, and  
13 now it's down to a buck.

14 But I was -- I don't -- I'm to believe, too, that  
15 we're going to destroy that nuclear power plant down the  
16 road. You might answer that question, later.

17 I know that Long Island Lighting Company did  
18 destroy theirs. They did away with it.

19 But the only thing that I would like to say is that  
20 for PP&L, no one has given them credit. As I say -- I  
21 repeat myself -- I live back in the woods and the PP&L  
22 people that come to visit me maybe every four or five  
23 months -- just recently the squirrels knocked out my  
24 transformers. The lightening at midnight blows out the  
25 fuses, and one poor man comes down at midnight or 2:00 in

1 the morning on a truck and he climbs up that pole and he  
2 fixes my electricity within 30 minutes to 50 minutes. The  
3 last time the poor guy was down there for 50 minutes. I  
4 felt sorry for him. Not many people will go out in a  
5 violent thunderstorm and go up a pole by themselves.

6 But that's all I have to say. If there's anything  
7 -- I can't say that -- this area around here, people have  
8 a very hardship in paying their bills, their light bills,  
9 their sewer bills. It's a different area than you'll find  
10 in Allentown, New York or in those areas. I've lived in  
11 those places. I've moved 14 times and around here the  
12 people just do not have the money to pay any -- if they  
13 get five dollars, eight dollars an hour, you're doing  
14 well. But it's a depressed area, very much so.

15 So I thank you, but I still say PP&L are the nicest  
16 gentlemen workers that I ever met, and the man comes down  
17 and reads my meter and they even pet my dogs and give them  
18 dog bones. And so whatever they come up with, why, I  
19 can't say I'm for or against it, but look into all  
20 aspects.

21 Thank you.

22 JUDGE CHRISTIANSON: Thank you, sir.

23 (Witness excused.)

24 JUDGE CHRISTIANSON: We agree cogeneration is a  
25 very complicated topic. I guess one or two things about

1 the nuclear plant, there are plans in this case for  
2 decommissioning of the plant, but not prematurely. On  
3 Long Island they took out the plant. They only operated  
4 it for two hours, if I recall correctly, but there's been  
5 controversy about that.

6 This plant in this case, they're projecting  
7 expenses for decommissioning, but many years from now at  
8 the end of the normal life of the plant, not a premature  
9 decommissioning as was happening or has happened on Long  
10 Island.

11 One minor thing about plants, now the concept of  
12 the utilities is to have a mix of plants so that, as this  
13 gentleman (indicating) mentioned, if there's an oil  
14 embargo, for instance, you're not totally dependent on  
15 oil.

16 New England had that trouble with oil back several  
17 years ago. They were heavily dependent on oil for  
18 production. Most utilities try to have a mix. Some in  
19 Pennsylvania are very heavily dependent on coal because  
20 that tends to be, in many instances, the least expensive.  
21 But, typically, the utilities try to have a mix of coal,  
22 nuclear -- and oil and gas, mainly for heating purposes or  
23 to turn on the plant when you need a little extra power.

24 But that's, again, a broad topic. Cogeneration's a  
25 very broad topic, well beyond the scope of this proceeding.

1 We seem to be at the end of our people to speak.

2 Let me check with Mr. Russell, if he wants to  
3 address any of these last issues raised?

4 MR. RUSSELL: I'll try to address a few,  
5 Your Honor.

6 JUDGE CHRISTIANSON: Go ahead.

7 MR. RUSSELL: On the cogeneration issue, as Judge  
8 Christianson mentioned, that really is a matter of Federal  
9 law that requires us to buy the output from cogenerators.  
10 We believe that the cost we pay is above what it would  
11 cost us to generate the power ourselves, but that rate is  
12 set by either Federal law or regulations and there's  
13 really not a whole lot that we can do about it at this  
14 point.

15 JUDGE CHRISTIANSON: Let me mention, there's a lot  
16 of litigation before the Commission on that point, it's  
17 very huge cases. I sat on one about two years ago that  
18 was as big as a rate case. One day we got -- it was a  
19 QPU system, pendalex system. We had one witness on the  
20 stand from 9:00 a.m. to 9:00 p.m. trying to get cross-  
21 examination, and he came back the next day for more. They  
22 can be very contentious cases. I think PP&L has one  
23 going, right now, but it's a very complicated subject.

24 Okay, go ahead.

25 MR. RUSSELL: I guess the other point I wanted to

1 address, you talked about having some shares of stock and  
2 you'd been advised to sell because the co-gen plants will  
3 hurt PP&L. What I've seen from financial advisors is an  
4 assessment of the utility industry as a whole; not PP&L,  
5 specifically, but the industry is becoming, they feel,  
6 riskier because there is more competition being brought in  
7 by the Energy Policy Act of 1992, and that in addition to  
8 cogenerators, there may be other companies seeking to  
9 generate power and maybe seeking to take some of the  
10 customers that current utilities now serve, and that the  
11 analysts, basically, are advising that investment in any  
12 electric utility stock is riskier than it was, say, five  
13 years ago. As a result, as a general matter, that the  
14 prices of utility stocks have fallen over the last year to  
15 18 months, including PP&Ls.

16 That's all I have, Your Honor.

17 JUDGE CHRISTIANSON: That last subject is also very  
18 complicated as particularly the Federal Government has  
19 sought to bring competition more to utility industries.  
20 It's done a lot for telephone, a lot for gas. You've  
21 heard about the transportation of gas. And the Federal  
22 people are moving on electric and there's a lot of changes  
23 in policy going on. You hear about the retail wheeling  
24 and a lot of other catch-phrases but it's beyond the scope  
25 of this presentation, today.

1 I thank you all for coming out. We try to respond  
2 when we can within the scope of the proceeding, and we  
3 seem to be done the formal presentation here. Again, if  
4 you have individual questions, feel free to speak to us  
5 because there are representatives here from the various  
6 agencies and we'll stay until conversations are at an end.

7 That's the end of the formal proceeding. Let's be  
8 off the record. Thank you all.

9 (Whereupon, at 3:35 p.m., the hearing was  
10 concluded.)

11 C E R T I F I C A T E

12 I hereby certify, as the stenographic reporter,  
13 that the foregoing proceedings were reported  
14 stenographically by me, and thereafter reduced to  
15 typewriting by me or under my direction; and that this  
16 transcript is a true and accurate record to the best of my  
17 ability.

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