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*Lancaster*

*R-943271*

COMMONWEALTH OF PENNSYLVANIA  
BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION, et al.

vs.

Docket No. R-00943271

PENNSYLVANIA POWER & LIGHT  
COMPANY

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**TESTIMONY OF DANIEL C. WITMER**  
President of the Lancaster Chamber of Commerce & Industry

RE: PROPOSED INCREASE IN BASE RATES BY  
PENNSYLVANIA POWER & LIGHT COMPANY

**DUCKETED**  
APR 06 1995

Under the law, any rate increase requested by a public utility must be just and reasonable and shall not unreasonably discriminate among different classes of customers. I appear before the Commission on behalf of the members of the Lancaster Chamber of Commerce and Industry (the Chamber) to object to the proposed \$261 million base rate increase by PP&L because it is unjust, unreasonable, and may be discriminatory.

The mission of the Lancaster Chamber is, "The Lancaster Chamber of Commerce and Industry is committed to serving members' collective needs and enhancing a viable business climate for Lancaster County." The Chamber has approximately 2000 members, most of them small to medium size businesses. Ninety-two percent of the members of the Chamber have 100 or fewer employees and seventy percent have 20 or fewer employees. *It is this group that the Chamber is most concerned about.* The larger businesses and industries which are members of the Chamber in PP&L's service area are better able to respond on their own behalf. Indeed, a number have banded together in the PP&L Industrial Customers Alliance and are actively involved in the proceedings before the Commission. Likewise, the Office of the Consumer Advocate has filed a formal complaint and will ably represent the individual consumer. And while the Office of the Small Business Advocate has also filed a formal complaint, it does not specifically represent businesses in Lancaster County.

This decision to appear before the Commission was not made lightly. PP&L is a member of the Chamber. The Chamber does not like to oppose business practices of its members. However, where that practice affects virtually all the other members of the

Chamber, and more importantly, will have a significant adverse economic impact on Lancaster County's business climate and economic well-being, it was felt that the Chamber had to make its position known.

By way of contrast, and to illustrate the Chamber's reluctance to take an adverse position to one of its members, UGI recently requested a rate increase. After looking into the matter carefully, it was decided by the Chamber that the UGI rate request would not have anywhere near the same adverse economic impact as the PP&L request.

One of the problems with this rate increase request is that PP&L's customers have *little choice but to purchase electricity from PP&L. Businesses and individuals may often be able to obtain alternative heating fuels, but electricity is the only power source for many pieces of equipment and processes. Chamber members, therefore, will have no choice but to live with any rate increase.*

As the Commission is undoubtedly aware, it is the general feeling in business and industry that Pennsylvania has an unfavorable business climate. Its workers' compensation laws and business taxes impose a severe burden on existing businesses and inhibit businesses from other areas from locating here. In Central Pennsylvania, particularly in Lancaster County, the lack of transportation infrastructure and other infrastructure is a major obstacle to getting businesses to locate in the County. On top of that, Pennsylvania's complicated political structure means that businesses and industries must get permits and permissions *from many, many different sources.*

The Pennsylvania Chamber of Business & Industry has stated in its 1995 Business Agenda the following:

Unfortunately, our small business economy - the engine of job growth - faces too many disincentives for doing business in Pennsylvania. These impediments include:

- Business tax policies that make us uncompetitive.
- Overregulation that makes location, expansion, or relocation difficult.
- Needlessly adversarial government relationships that cause business to look elsewhere.

Moreover, Pennsylvania's educational system is not keeping pace with our world-wide competition. Basic education is not meeting industry needs, and there is insufficient continuing education to meet the demands of the changing workplace.

Given these existing "disincentives," a significant increase in utility costs will have an extremely negative effect on existing and future business growth. On page six of its Statement of Reasons, PP&L has included a chart that shows its rates are in the lower end of the spectrum of utility rates in Pennsylvania, Delaware, Maryland, New Jersey and New York. A shift in that comparative position to the higher end of the scale will increase the likelihood that business in adjoining states will have a competitive advantage.

Attached collectively as Exhibit A are (1) a ranking of factors in site selection from Site Selection magazine, (2) a comparison of industrial electric bills assembled by American Chamber of Commerce Researchers Association (ACCRA), (3) a list of manufacturing jobs as a percent of total jobs by county prepared by the Pennsylvania Department of Labor & Industry, (4) a listing of the ten best and ten worst states based on

economic growth (Pennsylvania 44th) from U.S. News & World Report (November 7, 1994), and (5) tables prepared by Edison Electric Institute comprising revenue and use for electricity for both industrial and commercial customers. This information dramatically illustrates the problems that business and industry in Pennsylvania already have.

The Chamber made a survey of 300 of its members to gauge the effect of the rate increase on them. Attached as Exhibit B is a summary of responses to date. For the Commission's information, Column T refers to the willingness of the responding business to testify at this hearing. As can be seen from the summary, the rate increase will have an important adverse effect on a substantial number of businesses. The results of the survey are still coming into the Chamber and we would like to reserve the right to supplement this testimony with additional responses and comments.

In a letter to "Community Leaders" dated December 30, 1994, a copy of which is attached hereto as Exhibit C, the Chairman, President and CEO of PP&L, William F. Hecht, stated that the typical industry would, "have a 9.1 percent monthly increase." As the attached survey reveals, the increase to a majority of businesses responding to this survey will be well in excess of 9.1%.

The Chamber's message is simple. Determining a just and reasonable rate of return involves more than examining the financial status of the applicant utility. It involves taking into consideration the effect on customers and on the community or area where the utility does business. The increase requested by PP&L is so large that it will clearly have a serious adverse effect on the business climate and business development in all of Central

Pennsylvania and particularly in Lancaster County. The Lancaster Chamber of Commerce & Industry urges that the Commission take these factors into account in ruling on the rate increase of \$261 million requested by PP&L.

Respectfully submitted,

Daniel C. Witmer  
President, Lancaster Chamber of Commerce  
and Industry

# CORPORATE EXECUTIVES RATE SITE SELECTION FACTORS

Although most ratings of site selection factors are consistent with previous years, there are some changes that attest to an expanding economy — such as increased labor forces and plans for greater participation in international trade.

By Tom Bergeron, Editor

This site selection survey has been conducted annually since 1986 and has shown remarkable consistency over the years. Most of the changes in ratings of site selection factors have been in response to changing economic conditions and the changing priorities of businesses as they strive to keep pace with competitive pressures.

For example, this survey was begun during the boom years of an overheated economy. Then came a recession in the late 1980s that ended in the spring of 1991, followed by a period of slow economic growth. At the present time, inflation and interest rates are rising, but economists predict that the country should be able to sustain a 4 percent GDP growth rate through 1995. The growing competitive pressures of the global economy also affect our reader's planning, particularly in light of the NAFTA agreement and the expanding, dynamic economy of Mexico.

In spite of the consistency in ratings of site selection factors over the years, there is much to be learned from what our readers say is important to them. While the differences in most site selection ratings may not be great, they do indicate trends that can be taken into consideration by com-

FIGURE ONE  
Combined Ratings\* of Site Selection Survey

1994 Ranking	SITE SELECTION FACTORS	1993	1994
1	Highway accessibility	87.1	96.8
2	Labor costs	90.3	93.5
3	Energy availability and costs	83.2	93.2
4	Availability of skilled labor	88.8	91.9
5	State and local incentives	83.0	89.3
6	Environmental regulations	77.4	88.2
7	Tax exemptions	83.0	87.9
8	Occupancy or construction costs	85.5	87.3
9	Availability of telecommunications services	80.7	87.0
10	Availability of land	72.5	82.9
11	Cost of land	70.2	80.7
12	Low union profile	75.9	80.1
13	Nearness to major markets	76.9	79.5
14	Right-to-work state	70.6	72.3
15	Accessibility to major airport	57.4	71.7
16	Availability of long-term financing	88.9	71.6
17	Nearness to suppliers	58.8	68.9
18	Raw materials availability	60.1	66.8
19	Worker technical training programs	70.8	66.1
20	Availability of unskilled labor	64.2	62.0
21	Railroad service	58.6	61.6
22	Nearness to technical university	62.6	59.2
23	Waterway or ocean port accessibility	60.6	57.4

  

1994 Ranking	QUALITY-OF-LIFE FACTORS	1993	1994
1	Low crime rate	86.6	87.2
2	Health facilities	81.1	81.4
3	Ratings of public schools	80.5	76.8
4	Housing costs	81.0	76.3
5	Housing availability	76.8	75.0
6	Recreational opportunities	60.0	60.4
7	Climate	62.0	57.1
8	Cultural opportunities	59.3	55.0
9	Colleges and universities in area	56.6	52.4

\* All figures are percentages and are the total of "very important" and "important" ratings of the Area Development site selection survey.

## A COMPARISON OF INDUSTRIAL ELECTRIC BILLS

Annual Electric Bill (dollars)

Place	Small Industrial		Mid-sized Industrial			Large Industrial			
	100,000 kwh	200,000 kwh	200,000 kwh	400,000 kwh	1.5 M. kwh	2.5 M. kwh	6.0 M. kwh	10.0 M. kwh	
<b>MARYLAND</b>									
Washington, MD	93978	122428	183070	239970	874320	1115160	3497280	4460640	
Worcester, MD	93156	136164	186318	272328	1162824	1576698	4586484	6306780	
<b>NEW JERSEY</b>									
Cumberland, NJ	84000	144000	192000	384000	1080000	1800000	4320000	7200000	
<b>NEW YORK</b>									
Chautauqua, NY	175404	260424	356136	534972	2147928	2998140	8581284	11982144	
Tioga, NY	134496	205272	262272	404436	1675464	2356872	6082176	8684424	
<b>NORTH CAROLINA</b>									
Catawba, NC	79170	122563	151345	244694	920994	1850741	3608210	5013531	
Durham, NC	81290	131383	155371	260305	944769	1400097	3701031	5312545	
Mecklenburg, NC	79085	125907	151172	251382	919699	1343645	3603026	1343644	
<b>OHIO</b>									
Hamilton, OH	109424	142679	200909	267418	1137006	1398450	4001064	5022840	
Summit, OH	157051	189182	305650	368955	1635537	1902132	5874710	6930048	
<b>PENNSYLVANIA</b>									
Berks, PA	107613	154265	214085	307390	1225800	1659391	4421970	6070146	
Lancaster, PA	111703	179666	219910	355836	1371491	1980865	4908779	7020383	
Philadelphia, PA	168586	222070	345810	440704	2039388	2844175	8147244	9366392	
York, PA	110600	151200	208900	284000	1106000	1461200	4510000	5928000	
<b>SOUTH CAROLINA</b>									
Spartanburg, SC	80504	128319	153283	256235	922114	1357061	3583126	4993958	

Source: ACCRA Community Profile - 1994

MANUFACTURING JOBS AS A PERCENT OF TOTAL JOBS  
 A COUNTY COMPARISON  
 1993  
 (Based on average monthly employment)

COUNTY	EMPLOYEE TOTAL	MFG. EMPLOYEES	MFG. PERCENT
Allegheny	654,896	71,063	10.7%
Berks	150,385	43,561	28.9%
Chester	165,090	30,351	18.4%
Dauphin	152,759	22,505	14.7%
Bucks	202,497	39,347	19.4%
Delaware	197,461	29,230	14.8%
Fayette	34,147	5,407	15.8%
Lackawana	92,076	21,128	22.9%
Lancaster	187,891	55,689	29.6%
Lebanon	35,974	10,386	28.8%
Lehigh	144,700	33,511	23.1%
Luzerne	126,957	26,642	20.9%
Montgomery	397,950	86,615	21.7%
Philadelphia	613,759	67,229	10.9%
Washington	63,177	12,003	18.9%
Westmoreland	118,178	22,540	19.1%
York	147,328	46,429	31.5%
State (Overall)	4,858,713	943,842	19.4%

Source: Pennsylvania  
 Dept. of Labor &  
 Industry

### Economic Growth Among the States

<u>Top 10</u>	<u>Bottom 10</u>
1. Idaho	41. Massachusetts
2. Montana	42. New Jersey
3. Utah	43. Maine
4. Colorado	44. Pennsylvania
5. South Dakota	45. Hawaii
6. North Dakota	46. Maryland
7. New Mexico	47. Connecticut
8. Mississippi	48. New York
9. Nevada	49. Rhode Island
10. Arizona	50. California

The main reasons for economic growth within the top 10 states seem to be due to manufacturing meccas, a high demand for construction, the ability of these states to supply services to other states, agricultural superiority, increased tourist spending, the presence of successful gambling industries (such as Las Vegas), and the ability to attract high-tech manufacturers into these states.

Economic decline within the bottom 10 states seems to be the result of military cutbacks and shutdowns, tourism trouble, decline in the construction industry, corporate downsizing, defense and insurance cutbacks, and difficulty recovering from jobs lost due to earlier employment peaks.

<u>Rankings</u>	<u>PA</u>	<u>Ohio</u>	<u>MD</u>	<u>NJ</u>	<u>NY</u>	<u>NC</u>
Employment growth rate	44	42	46	45	48	15
Income growth rate	42	30	48	43	39	2
New business growth rate	49	26	39	41	40	35
Bldg. permit growth rate	46	37	44	10	48	25
Home price growth rate	43	24	38	35	37	42
Retail sales growth rate	21	17	42	46	48	18
Corporate tax rate (as of 1993) (scheduled for 1994)	12.25	5.1-8.5	7.0	9.0	9.0	7.75

Source: U.S. News & World Report, November 7, 1994

## SECTION VIII

## REVENUES

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**TABLE 69A**  
**REVENUE AND USE PER INDUSTRIAL CUSTOMER**  
 BY STATE — 1993p

State/Division	Total Electric Utility Industry			Investor-Owned Electric Utilities		
	Avg. Annual Revenue per Customer	Avg. Revenue per kWh Sold	Avg. Annual kWh Use per Customer	Avg. Annual Revenue per Customer	Avg. Revenue per kWh Sold	Avg. Annual kWh Use per Customer
<b>Total United States</b>	<b>\$ 85,919.28</b>	<b>4.93¢</b>	<b>1,743,363</b>	<b>\$ 92,717.32</b>	<b>5.04¢</b>	<b>1,839,463</b>
Maine	114,255.42	7.05	1,621,631	117,025.19	7.02	1,666,782
New Hampshire	172,835.10	9.04	1,911,014	175,516.86	9.09	1,929,961
Vermont	107,899.58	7.38	1,462,343	952,000.00	6.64	14,333,333
Massachusetts	67,873.20	8.75	775,766	76,763.00	8.51	902,049
Rhode Island	51,380.91	8.95	573,777	51,367.83	8.93	575,182
Connecticut	88,276.21	8.34	1,059,012	81,282.29	8.58	947,796
<b>New England</b>	<b>93,946.42</b>	<b>8.31</b>	<b>1,010,104</b>	<b>91,229.54</b>	<b>8.22</b>	<b>1,109,701</b>
New York	152,493.40	6.66	2,289,549	177,243.14	7.73	2,293,061
New Jersey	85,120.16	8.08	1,053,808	84,396.34	8.05	1,047,786
Pennsylvania	94,525.50	6.07	1,557,440	95,219.10	6.06	1,569,987
<b>Middle Atlantic</b>	<b>109,975.03</b>	<b>6.60</b>	<b>1,606,236</b>	<b>109,674.97</b>	<b>6.90</b>	<b>1,579,876</b>
Ohio	91,408.43	4.26	2,146,264	92,698.56	4.23	2,193,401
Indiana	86,220.18	4.11	2,097,539	93,781.40	4.03	2,325,704
Illinois	300,739.93	4.70	6,402,728	329,989.29	4.69	7,031,239
Michigan	148,941.22	5.74	2,592,471	153,589.80	5.75	2,671,229
Wisconsin	167,251.08	3.98	4,204,214	238,514.34	3.95	6,043,537
<b>East North Central</b>	<b>124,831.78</b>	<b>4.57</b>	<b>2,733,851</b>	<b>132,951.71</b>	<b>4.55</b>	<b>2,922,114</b>
Minnesota	109,407.03	4.40	2,485,811	123,182.14	4.32	2,851,529
Iowa	142,781.63	3.92	3,640,180	207,118.65	3.79	5,465,561
Missouri	49,657.17	4.85	1,023,108	49,426.19	4.92	1,005,562
North Dakota	54,582.79	4.78	1,141,261	41,367.06	4.66	887,001
South Dakota	50,499.40	4.56	1,108,092	78,897.98	4.68	1,685,647
Nebraska	111,366.36	4.00	2,780,861	—	—	—
Kansas	47,623.36	4.87	977,522	46,696.69	4.87	968,233
<b>West North Central</b>	<b>75,629.66</b>	<b>4.44</b>	<b>1,709,610</b>	<b>80,450.68</b>	<b>4.40</b>	<b>1,826,623</b>
Delaware	272,389.86	4.71	5,784,965	360,119.78	4.49	8,016,713
Maryland	100,333.39	5.45	1,840,262	101,551.46	5.45	1,863,170
District of Columbia	1,121,095.54	5.91	18,955,414	1,121,095.54	5.91	18,955,414
Virginia	135,674.30	4.27	3,179,344	163,873.23	4.19	3,906,824
West Virginia	36,423.51	3.97	918,557	36,439.11	3.96	919,448
North Carolina	115,071.41	5.07	2,269,150	128,002.05	4.88	2,622,870
South Carolina	242,298.85	4.05	5,986,525	235,548.88	4.25	5,544,944
Georgia	97,335.19	4.86	2,003,627	100,318.35	4.69	2,137,744
Florida	39,673.04	5.39	735,458	30,518.81	4.91	622,139
<b>South Atlantic</b>	<b>90,874.35</b>	<b>4.79</b>	<b>1,893,886</b>	<b>89,983.98</b>	<b>4.71</b>	<b>1,910,944</b>
Kentucky	111,220.55	4.25	2,616,161	82,323.44	3.55	2,320,337
Tennessee	56,715.43	4.68	1,212,637	181,241.38	3.46	5,235,632
Alabama	106,975.65	4.37	2,449,121	154,706.17	4.48	3,453,752
Mississippi	83,897.29	4.66	1,800,148	84,428.15	4.89	1,725,242
<b>East South Central</b>	<b>77,752.50</b>	<b>4.50</b>	<b>1,729,256</b>	<b>112,403.32</b>	<b>4.26</b>	<b>2,639,324</b>
Arkansas	24,858.41	4.99	497,998	19,274.05	5.37	358,888
Louisiana	82,096.32	4.47	1,836,525	89,795.68	4.37	2,052,827
Oklahoma	27,849.30	4.19	664,658	26,644.41	4.06	656,838
Texas	64,735.36	4.32	1,499,948	64,256.19	4.21	1,625,834
<b>West South Central</b>	<b>53,530.77</b>	<b>4.40</b>	<b>1,217,910</b>	<b>62,287.17</b>	<b>4.31</b>	<b>1,212,492</b>
Montana	52,200.71	3.08	1,696,150	39,102.05	3.84	1,019,567
Idaho	50,477.79	2.80	1,802,343	56,123.96	2.76	2,031,657
Wyoming	77,873.04	3.51	2,219,888	73,298.16	3.25	2,256,020
Colorado	224,153.01	4.45	5,034,003	710,932.37	4.41	16,120,773
New Mexico	46,609.24	4.98	938,157	37,949.53	4.83	785,653
Arizona	116,718.41	5.78	2,019,469	86,643.53	6.56	1,320,017
Utah	21,141.56	3.93	538,574	20,246.72	3.69	548,975
Nevada	384,927.51	5.06	7,602,345	401,421.25	5.49	7,317,500
<b>Mountain</b>	<b>67,071.24</b>	<b>4.30</b>	<b>1,561,316</b>	<b>58,731.39</b>	<b>4.31</b>	<b>1,361,842</b>
Washington	71,797.33	2.62	2,844,650	27,876.28	3.97	701,340
Oregon	76,565.26	3.35	2,288,125	62,389.72	3.89	1,605,196
California	110,063.82	7.30	1,506,849	449,584.78	7.23	6,220,188
<b>Pacific</b>	<b>98,261.92</b>	<b>5.24</b>	<b>1,874,517</b>	<b>162,804.97</b>	<b>6.42</b>	<b>2,645,268</b>
Alaska	55,004.91	6.72	818,331	17,594.30	7.10	247,807
Hawaii	446,963.01	8.94	5,000,000	446,963.01	8.94	5,000,000
<b>Alaska &amp; Hawaii</b>	<b>271,899.85</b>	<b>8.68</b>	<b>3,131,579</b>	<b>265,551.53</b>	<b>8.89</b>	<b>3,212,696</b>

p Preliminary.

## TABLE 68A REVENUE AND USE PER COMMERCIAL CUSTOMER

BY STATE — 1993p

State/Division	Total Electric Utility Industry			Investor-Owned Electric Utilities		
	Avg. Annual Revenue per Customer	Avg. Revenue per kWh Sold	Avg. Annual kWh Use per Customer	Avg. Annual Revenue per Customer	Avg. Revenue per kWh Sold	Avg. Annual kWh Use per Customer
<b>Total United States</b>	<b>\$4,813.62</b>	<b>7.72<sup>p</sup></b>	<b>62,363</b>	<b>\$5,325.29</b>	<b>7.87<sup>p</sup></b>	<b>67,662</b>
Maine	3,825.88	9.65	39,666	3,922.70	9.63	40,719
New Hampshire	3,032.63	10.82	28,026	3,126.35	10.91	28,647
Vermont	3,861.19	9.30	42,612	4,481.56	9.25	48,425
Massachusetts	6,474.88	9.67	66,930	6,752.48	9.62	70,170
Rhode Island	5,743.99	10.17	56,458	5,773.15	10.17	56,779
Connecticut	8,556.06	10.08	84,840	8,620.94	10.12	87,140
New England	<b>5,984.83</b>	<b>9.87</b>	<b>60,657</b>	<b>6,235.32</b>	<b>9.86</b>	<b>63,269</b>
New York	6,803.29	11.69	58,187	6,907.62	11.81	58,481
New Jersey	7,321.16	9.71	75,420	7,381.79	9.69	76,146
Pennsylvania	4,960.29	8.44	58,794	5,028.33	8.43	59,632
Middle Atlantic	<b>6,335.21</b>	<b>10.20</b>	<b>62,104</b>	<b>6,424.87</b>	<b>10.25</b>	<b>62,667</b>
Ohio	5,407.41	7.61	71,029	5,762.77	7.65	75,355
Indiana	3,847.42	5.76	68,761	4,099.06	5.70	71,867
Illinois	4,997.19	6.80	73,451	5,018.56	6.83	73,483
Michigan	4,578.69	8.35	54,823	4,598.30	8.53	53,898
Wisconsin	3,382.31	5.93	57,037	3,628.45	5.93	61,158
East North Central	<b>4,635.66</b>	<b>7.07</b>	<b>65,585</b>	<b>4,817.07</b>	<b>7.11</b>	<b>67,793</b>
Minnesota	2,768.05	6.27	44,171	2,395.14	6.12	39,118
Iowa	2,853.64	6.37	44,802	3,022.68	6.34	47,712
Missouri	4,625.39	6.23	74,265	5,385.23	6.35	84,779
North Dakota	2,973.58	6.60	45,031	2,424.26	6.39	37,953
South Dakota	2,526.48	6.90	36,610	2,542.45	7.04	36,119
Nebraska	2,584.31	6.06	42,616	—	—	—
Kansas	4,133.49	6.72	61,488	5,168.32	6.50	79,452
West North Central	<b>3,469.45</b>	<b>6.36</b>	<b>54,529</b>	<b>3,904.79</b>	<b>6.37</b>	<b>61,309</b>
Delaware	5,657.35	7.04	80,350	6,440.97	6.89	93,447
Maryland	4,189.18	7.18	58,357	4,225.53	7.18	58,631
District of Columbia	14,389.51	7.15	201,254	14,389.51	7.15	201,254
Virginia	5,226.50	6.29	83,048	5,722.77	6.21	92,172
West Virginia	3,151.05	5.81	54,197	3,164.20	5.81	54,499
North Carolina	4,191.58	6.55	63,999	4,272.96	6.24	68,470
South Carolina	3,722.48	6.24	59,636	4,061.38	6.18	66,210
Georgia	5,776.29	7.50	77,026	7,194.59	7.39	97,384
Florida	4,853.09	6.69	72,543	5,015.94	6.52	76,990
South Atlantic	<b>4,791.20</b>	<b>6.72</b>	<b>71,278</b>	<b>5,119.17</b>	<b>6.58</b>	<b>77,844</b>
Kentucky	2,670.90	5.32	50,165	3,114.25	5.06	61,506
Tennessee	1,198.76	6.68	17,938	4,061.69	5.13	79,235
Alabama	3,126.75	6.93	45,101	4,097.84	6.91	59,266
Mississippi	3,284.25	7.45	44,079	4,924.86	7.57	65,078
East South Central	<b>2,431.14</b>	<b>6.52</b>	<b>37,276</b>	<b>3,928.72</b>	<b>6.39</b>	<b>61,482</b>
Arkansas	3,839.65	7.29	62,637	4,459.00	7.25	61,540
Louisiana	5,246.86	7.49	70,044	5,946.31	7.40	80,306
Oklahoma	3,608.55	6.30	57,235	4,268.17	5.95	71,745
Texas	4,960.79	6.94	71,520	5,730.65	6.92	82,765
West South Central	<b>4,714.94</b>	<b>6.97</b>	<b>67,648</b>	<b>5,477.81</b>	<b>6.91</b>	<b>79,234</b>
Montana	2,608.42	5.13	50,848	2,594.39	4.95	52,446
Idaho	2,911.46	4.41	66,076	2,910.80	4.35	66,949
Wyoming	3,115.08	5.07	61,416	2,793.31	4.74	58,953
Colorado	4,218.23	5.91	71,374	5,325.12	5.63	94,664
New Mexico	4,430.01	8.14	54,451	5,230.43	6.48	61,708
Arizona	7,744.57	8.63	89,726	7,884.03	9.48	83,129
Utah	4,623.57	5.97	77,389	4,907.80	5.83	84,130
Nevada	3,444.78	6.50	62,987	3,435.97	6.57	62,334
Mountain	<b>4,630.93</b>	<b>6.69</b>	<b>69,175</b>	<b>4,846.05</b>	<b>6.62</b>	<b>73,204</b>
Washington	3,539.36	4.39	80,689	4,362.45	5.54	78,700
Oregon	3,563.83	4.92	72,384	3,805.33	5.11	74,444
California	5,628.45	10.45	53,882	5,812.02	10.92	63,205
Pacific	<b>5,170.02</b>	<b>8.76</b>	<b>59,049</b>	<b>5,504.65</b>	<b>9.61</b>	<b>57,296</b>
Alaska	5,847.21	9.30	62,844	3,972.23	12.58	31,574
Hawaii	5,455.30	11.68	46,701	5,455.30	11.68	46,701
Alaska & Hawaii	<b>5,697.96</b>	<b>10.58</b>	<b>62,989</b>	<b>5,393.50</b>	<b>11.71</b>	<b>46,070</b>

p Preliminary.

# Results of PP&L Questionnaire

Company	T	Product/Service	Emp #	PA only	Lanc only	KWH x1,000	Cost x \$1,000	Increase \$	Inc %	Alt Y/N	Testimony
#1		Textile	190	✓	✓	7200	220	20,000	9.1 <sup>Y</sup>	N	increase product cost be less competitive
#2	?	Tobacco	125	✓	✓	5885	441	40,000	9.1 <sup>Y</sup>	N	Negative on employees will be less competitive
#3		Insurance	65	✓		564	48			N	little impact
#4		Retirement	126	✓	✓	3072	222	5,000	2.4 <sup>Y</sup>	Y	little impact
#5		Retirement	455	✓	✓	6726	447	67,000	15 <sup>Y</sup>	N	raise rates to sr. citizens
#6		Paper Boxes	152			3705	287	26,000	9.1 <sup>N</sup>	N	impact pricing
#7		Distribute Dental	68			621	47	3,700	7.8 <sup>Y</sup>	N	impact employees impact pricing
#8		Roofing Siding	55	✓	✓	?	14	2000	15 <sup>N</sup>		increase pricing
#9		Const	53	✓	✓	?	?	?	15.8 <sup>X</sup>	Y	lower salary more difficult to sell
#10		Distribution	140	✓	✓	767	62			N	little impact
#11		Construct	81	✓	✓	115	11			N	impact on employees
#12		Machng	135			?	65	6000	9.1 <sup>Y</sup>	Y	impact pricing
#13		Contract	60	✓	✓	111	11			Y	lower pay higher prices
#14		Mfg	48	✓	✓	253	25	23000	9.1 <sup>Y</sup>	N	
#15	✓	Human Serv	130	✓	✓	410	37			N	
#16	✓	Foundry	70	✓		2659	217	20,000	9.2 <sup>Y</sup>	N	- employee + price
#17		Candy	600			22,700	1292	117,000	9.1 <sup>Y</sup>	N	+ price
#18		Print	2600			109049	4786	1330000	27.8 <sup>Y</sup>	Y	inability to attract capital
#19		Mfg	20	✓	✓	?	15.	<del>1000</del> 1,000	9.1 <sup>N</sup>	N	prices
#20		Mfg	15			770	60.	5000	9.1 <sup>N</sup>	N	prices

## Results of PP&L Questionnaire

Company	T	Product/Service	Emp #	PA only	Lanc only	KWH x1,000	Cost x \$1,000	Increase \$	Inc %	C	Alt Y/N	Testimony
# 21	N	M. Ilwork & Casework	17	✓	✓	88.7	10				No	No.
# 22	N	BRASS CASTINGS	19	✓	✓	727.2	79.2				No	Definite increase in pricing of product.
# 23	N	Mfg.	7	✓	✓	30.8	3.6			?	No	
# 24	N	banking	353	✓		2191.5	206.3				No	
# 25	Y	Public Ed (K-12)	250	✓	✓	3000	200	4800	2.4%		No	Instructional services increase causes less \$'s devoted to higher costs, lower margins, lower wage increases - Planning to expand in Lanc. Co.
# 26	N	Battery mfg.	140			10.5 million	640				No	Impact on product price - Increase our costs to customers
# 27	Y	Livestock & Poultry Feed	14	✓	✓	149.4	17.8	16,198	9.1%		No	higher prices
# 28	N	Film for Printing	40	✓	✓	330	28	2184	7.8%		No	higher product price
# 29		Felt & Straw Hats	240	✓	✓	2160.7	163.5				No	Increased effort at broad spectrum cost reduction to counter-act increase.
# 30		Mfg SEC Products	1164			41000	2400	276,000	11.5		No	Reduction of workforce Increase price of product.
# 31	Y	Mfg.	40		✓	306	35	9730	27.8		No	Increased Prices
# 32	N	DAIRY	300	✓	✓	16000	833.6	95864	11.5		No	Increased operating expenses - decreased profits - which affects Emp. Profit Sharing Pbn.
# 33	N	Dist. Assoc. Petroleum	900			3373.2	275.9				No	
# 34		mfg.	50	✓	✓	470.5	40				No	
# 35	N	Pretzels	22	✓	✓	26	2.8				No	
# 36	N	Rare Earth Perm. Magnets	60	✓	✓	1440.3	108.6				No	Do not support Chamber (see 10.11.67) in this.
# 37	N	tobacco	18	✓	✓	337.8	31.8				No	
# 38		FUSE mfg	540			15 million	995	78605	7.9		No	Benefit Reductions
# 39	N	Mfg. Planks	25	✓	✓	450	41.9	3310	7.9		No	Price increases

# Results of PP&L Questionnaire

Company	T	Product/Service	Emp #	PA only	Lanc only	KWH x1,000	Cost x \$1,000	Increase \$	Inc %	Alt Y/N	Testimony
# 40	N	Scrap metal	5	✓	✓	50	7			Y	
# 41		Wool parts Cabinets & more	30	✓	✓	359.8			11.5	Y	
# 42		Computer FIBERS	72		✓	2414.4	167.8	15,259	7.9	N	
# 43		mfg.	125	✓		2800	240	21,840	9.1	N	Increase in price of product.
# 44		Pipe Fittings	1200			128,000			11.9	N	Limit hiring, significantly increase price of product Increase outsource business
# 45	N	metal Stampings	9			109	9.8			N	
# 46		insulated Deducted	9	✓	✓	33	3.8	298	7.8?	N	
# 47	?	Candles	45	✓		775.7	63			N	Pricing of product
# 48	N	Heat & TRANSFER	58			2000	94	10,340	11%	Y	— makes less competitive Increase in cost of product
# 49		Bottled Water	140	✓	✓	154.8	17.8			N	Usage of electric w/PP&L minimal
# 50		Lithographic PREP	33	✓	✓	325	27.5			N	Increase costs to outsource, Increase prices, less competitive, affect wages & benefit
# 51	?	Animal - Bldg Equip	55	✓	✓	<del>325</del>	56			N	Cost Cutting. Increased prices, decreased benefit
# 52	?	BRASS & BRONZE FITTINGS	91	✓	✓	2485.5	219			N	Pricing of Product - SEVERE PROBLEM
# 53	N	metals Jobbing Shop	10	✓	✓	99	11			N	PRICING of Product
# 54	N	PRINTING	300 <sup>+</sup>	✓	✓	6997	480	46,752 to 59,667	9.74 12.43	N	
# 55	N	Pharmaceutical	150			6727.5	451	40,627	9%	N	INCREASE in Operating Costs
# 56		CONCRETE	36	✓	✓	208	24			N	Price INCREASE
# 57	Y	CUSTOM PLASTICS	60	✓	✓	1816	144	16,560	11.5%	N	2 adj. papers - billed separately
# 57	Y	Custom Plastics	60	✓	✓	131.5	↓	↓	11.5%		

## Results of PP&L Questionnaire

Company	T	Product/Service	Emp #	PA only	Lanc only	KWH x1,000	Cost x \$1,000	Increase \$	Inc %	C
# 58		Book mfg	50	/	-	653	52.9	4818	9.17%	✓
# 59	N	Construction Materials	280	/		13501	1150	115,000 in 184,000	10% 16.7%	
# 60		FROZEN VEGETABLES	164	-	-	8200	560	38,000	7.69%	✓
# 61	N	Publishing	550	-	-	7860	512			
# 62	?	Steel FABRICATOR	57	-	-	479	45	4130 or 3220	9.19% 11.52%	✓
# 63	N	DOORS & HARDWARE	20	-	-		8			
# 64		MACHINE Shop	18	-	-	235	24			ms
# 65	N	Retail Shoe store	80	-	-	690	54	4212	7.8%	
# 66	N	Swiss Scary Mach	22	-	-	51	5	656	11.5%	
# 67		Animal Poultry FEED	20	✓	✓	1400	118			
# 68	N	Recycled Rubber PRODUCTS	93	-	-	267	200	15800	7.9%	
# 69		Modular Builders	50			5	47			
# 70	✓	SCREW MACHINERY PARTS	180	-	-	5000	360	36,000 to 45,000	10% 12.5%	
# 71	N	MATTRESS mfg.	55	-	-	325	30			
# 72		Auto PID Systems	14	-	-					
# 73	N	Bitulal Prod. VENTS CONCRETE	19	-		82	8			
# 74	N	Ink mfg.	1			14	1.8	16.5	9.19%	✓
# 75	-	FABRICATED FOAM	46			366	30	2727	9%	
# 76	N	SAFELY FOOD DIST	3	-	✓	9	1.3	101.40	7.8%	

Alt Y/N	Testimony
N	Slight Pricing INCREASE
N	Pricing INCREASE Maybe.
N	Will cut costs to compensate for INCREASES
N	
N	INCREASED Prices Less Profit
N	INCREASED Prices - On a demand meter
N	PRICE INCREASES
N	Higher Prices
N	INCREASE Prices
N	SOME INCREASE IN PRICES
N	PRICE INCREASE
N	INCREASE Cost of Goods Sold
N	Higher Prices
N	
N	Lost some business part of city.
N	
N	
N	because Retail Related's cannot increase price. Make difficult to stay competitive.
N	





# Pennsylvania Power & Light Company

Two North Ninth Street • Allentown, PA 18101-1179 • 610/774-5151

\* Letter sent.  
all PP&L  
large indust  
customers

293-2159

William F. Hecht  
Chairman, President  
and Chief Executive Officer  
610/774-5461  
FAX: 610/774-5019

December 30, 1994

Dear Community Leader,

As a business and community leader, you can appreciate the challenge of maintaining service levels while costs continually increase.

Pennsylvania Power & Light Co. is committed to maintaining a high level of electric service and keeping prices as stable as possible for our 1.2 million customers in Central Eastern Pennsylvania. For the past decade, PP&L has avoided asking the Pennsylvania Public Utility Commission for rate increases. We have cut internal costs aggressively, refinanced high-cost securities at lower interest rates and increased sales to other utilities.

At this time, however, we can no longer continue to offset increasing costs completely by internal measures alone. Today, PP&L filed a request with the Pennsylvania Public Utility Commission to increase electric service rates by \$261 million, which amounts to 11.7 percent of total rates.

The increase affects different classes of customers differently. If the full amount of the increase is approved, the typical residential customer will pay about 20.7 percent more per month, the typical commercial customer will see an increase of about 2.4 percent per month and the typical industrial customer will have a 9.1 percent monthly increase.

PP&L is requesting that the new rates take effect Feb. 28, 1995. The PUC may suspend the request at that time for seven additional months to allow for investigation and public hearings. That would delay implementation of new rates until Oct. 1, 1995.

Seeking a price increase was a difficult decision to make, but after 10 years without changing our base rates, it was a decision we could no longer avoid. We must ensure that the rates we charge accurately reflect the cost of providing service.

Since PP&L's last base rate increase, we have passed certain non-recurring cost savings directly to customers by decreasing prices. Examples include changes in accounting for power plant inventories, the settlement of potential litigation regarding the construction of our Susquehanna nuclear power plant and a reduction in federal taxes.

As a result of PP&L cost cutting measures, the total price an average PP&L residential customer pays for electric service today is only 8 percent higher than it was in 1985, reflecting increases in energy costs, such as fuel costs and power purchases from non-utility generators, not changes in base rates. In the same time period, consumer prices have increased by more than 30 percent. Even if PP&L is granted the full amount of the requested increase, the cost of electric service will have increased at a rate slower than inflation over the past 10 years.

I can assure you that PP&L remains committed to price stability. We will continue to cut costs and work diligently to avoid future rate increases. Rate increases will remain our "last resort" option in our efforts to ensure the PP&L is in a strong position to continue providing exceptional service to our customers.

Sincerely,

*William F. Hecht*

William F. Hecht