

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 505 through 571

Courtroom No. 1
Schuylkill County Court House
401 North Second Street
Pottsville, Pennsylvania

Wednesday, April 5, 1995

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Met, pursuant to adjournment, at 7:05 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>
Dominic Angelozzi	518	--	--	--
Charles Mengel	522	--	--	--
Randy Keller	525	--	--	--
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E X H I B I T S

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

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P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE ROBERT CHRISTIANSON: I'm
3 Administrative Law Judge Robert Christianson. I'm the
4 judge assigned to this PP&L proceeding.

5 We're here tonight to hear from the public. And
6 I'll first make some quick presentations up here and I'll
7 try to cut it short. Normally I go through the history of
8 the case and such. I'll do it quickly.

9 We've had hearings to cross-examine the company
10 witnesses down at Harrisburg. Now the other parties are
11 preparing their cases, and they'll be cross-examined later
12 this month, and then a final week of hearings probably for
13 final rebuttal testimony, as we call it.

14 Then they'll file briefs before me and I'll write
15 a recommended decision. And then the parties have the
16 right to file exceptions to my decision.

17 Eventually, the Commission gets the case. In this
18 instance it's some time, I think, in August, and the
19 Commission will finally decide the matter, decide all the
20 various issues at their public meeting scheduled shortly
21 before the full seven-month period before litigation
22 expires. I have the schedule here if anybody wants
23 details.

24 Basically, we're here tonight, more than anything,
25 to get actual testimony on the record. You can speak

1 informally, or just make a statement. But I strongly
2 encourage you to actually take the oath or affirmation so
3 that what you say is testimony that makes it evidence in
4 the case. And the Commission may rely on your statement,
5 on the facts of your statement.

6 So that we ask everybody, if they're all willing,
7 to go ahead and take the oath and give sworn testimony.
8 This puts your statement at the same status of the
9 statements from the company and the other formal parties
10 that we normally take down in Harrisburg.

11 There's a few folks here, and, again, not
12 everybody's here who normally is here, and they may just
13 be hung somehow in transit.

14 Normally we have representatives of Trial Staff,
15 and the Trial Staff representative is Mr. Mickens to my
16 right.

17 The lawyer for the company is Mr. Paul Russell to
18 my left.

19 We normally have representatives of Consumer
20 Advocate and Small Business Advocate as well. They were
21 here with us in the afternoon at Hazleton, but for some
22 reason have not appeared yet this evening. There may be
23 some mix-up or who knows what it is. But I'll speak
24 briefly to their role in the case as well. I'll speak to
25 them first.

1 The Consumer Advocate was created several years
2 ago. They basically advocate the position of the
3 residential ratepayers, the residential customers. So
4 they're concerned about other elements of the case. They
5 hire outside experts as a norm, but they have their own
6 experts on staff as well.

7 This contrast someone of Trial Staff represented
8 by Kenneth Mickens to my right. The Trial Staff is the
9 arm of the Commission, and they have several technical
10 experts on staff.

11 I guess, you have a few dozen technical experts on
12 staff who handle all these cases, electric cases,
13 telephone cases, water cases, gas cases.

14 We occasionally even get into motor carrier cases,
15 though, his particular staff does not normally do motor
16 carrier work. They go to the fixed utility end of the
17 Commission.

18 The Small Business Advocate was created about five
19 years ago, because the Legislature thought that the small
20 business community was not adequately represented at these
21 rate case hearings.

22 The large industrials usually can have their own
23 lawyers. We have at least two lawyers from large
24 industrials in this case. We happen to have the lawyer
25 for shopping malls, and colleges, and various other formal

1 parties to the case.

2 But the Small Business Advocate pushes basically
3 for the small business interest, as you would think, the
4 store owners, or various people who don't have enough
5 money individually to come into a case like this, who are
6 not otherwise represented like Consumer Advocate
7 represents the residential customer, so they're normally
8 here for these hearings, and they participate very
9 actively in the formal litigation. They have about four
10 lawyers on their staff to do the representation for Small
11 Business.

12 So basically, I've gone through the rudiments, but
13 we'll hear briefly from the two folks up here representing
14 the company and Trial Staff. And we can start with
15 Mr. Mickens, who's one of the three lawyers for Trial
16 Staff in this case.

17 MR. MICKENS: Thank you, Your Honor.

18 I'd like to say good evening to everyone. My name
19 is Ken Mickens, and I'm a Senior Prosecutor with the
20 Commission's Office of Trial Staff.

21 Judge Christianson has accurately identified my
22 office. We are a quasi independent office of the
23 Commission and we have a technical staff, in addition to
24 lawyers, who assist us in prosecuting cases involving
25 utility companies in Pennsylvania.

1 And we're involved in the PP&L proceeding. We
2 just finished cross-examining the witnesses from the
3 company, and the Office of Trial Staff will be filing its
4 testimony, I believe, on April 14th, indicating what we
5 believe, how we believe the Commission should respond to
6 the rate increase request by PP&L.

7 But we're here tonight to listen to what the
8 customers, what you have to say with regard to the
9 increase. So we're going to sit down and listen to what
10 you have to say. I would urge you, as Judge Christianson
11 mentioned to you, if you speak, to take the oath so that
12 your comments can become part of the permanent record in
13 this proceeding.

14 If you have any questions, any additional
15 questions with regard to my office, the Office of Trial
16 Staff, please feel free to come up to me and ask me any
17 questions during the break or at the conclusion of the
18 hearing this evening.

19 Thank you very much.

20 JUDGE CHRISTIANSON: Thank you.

21 As are many of the lawyers involved in these
22 cases, Mr. Mickens is very experienced in these matters.
23 And some of these public input hearings have gotten into
24 some detail about rate design questions. This is very
25 complicated issues with electric cases, and sometimes we

1 understand them, but especially after Hazleton I realized
2 that the audience didn't quite understand things fully as
3 we tried to explain them. But we'll do what we can as
4 issues might come up. There's a couple of issues we sort
5 of expect, because they've come up in other cases.

6 One thing I didn't mention before is that usually
7 we get Commissioners, their assistants here. I think,
8 there's at least a Commissioners' assistant or two in the
9 audience. We'll check that a little bit later in detail.

10 The one issue which might come up, there might be
11 somebody here for home and residential heating rates.
12 That came up in most of the cases. And if there's
13 industrials or other people, we can try to explain the
14 more complicated rates.

15 There's a handout from the company about the rate
16 increase, and other handouts from the Commission. Usually
17 there's Consumer Advocate handouts as well.

18 We have from the Commission staff here, Verna
19 Edmunds, who is with the Bureau of Public Liaison, who
20 will help you with the various materials that are here.
21 And we have a list there, if you want to get on a
22 Commission address list, the forms are there to just put
23 your name on the list.

24 Do you have any Consumer Advocate literature?

25 MS. EDMUNDS: I don't have any, but they should be

1 coming soon.

2 JUDGE CHRISTIANSON: Okay.

3 MS. EDMUNDS: We also have someone from
4 Commissioner's Hanger's staff.

5 JUDGE CHRISTIANSON: Oh, yes, yes. I should
6 recognize you.

7 MR. PETER --: Hi, I'm Peter (inaudible) from
8 Commissioner's Hanger's staff.

9 JUDGE CHRISTIANSON: And you're taking faithful
10 notes on the whole matter. But we do, again, the
11 Commissioners try to get here; they've been rather busy
12 lately. We try to get at least one of their staff people,
13 just to see what goes on basically, and try to be present.

14 Let me introduce Mr. Russell. And then I have a
15 letter from a couple of local people that were here
16 before, and spoke with me personally and shook my hand,
17 but they had some meeting at 7:00, so they wrote me a
18 letter, which I'll read into the record shortly.

19 But Mr. Russell wants to introduce some of his
20 people from PP&L.

21 Proceed, Counsel.

22 MR. RUSSELL: Thank you, Your Honor.

23 I'm very glad to see so many people out tonight.
24 We believe that the public input hearings are a very
25 important part of the Commissions decision-making process

1 in a rate case. And I would join Mr. Mickens in urging
2 you to present sworn testimony, get your views on the
3 record, so Judge Christianson and the Commissioners can
4 consider your views as they write, recommend a decision,
5 and a final order in the case.

6 I want to introduce three people that are here
7 from PP&L. Over to the right is Bob Gombos, one of the
8 officers from our company. Frank Stoudenmier is over to
9 the right, and George Casella is to the right.

10 We will be here all evening and be happy to stay
11 after the formal part of the proceeding is done. We can
12 answer any questions you might have on the rate case,
13 anything you might want to talk about on your individual
14 bill, or any individual service items.

15 Again, thank you very being here.

16 JUDGE CHRISTIANSON: Again, we'll get started
17 shortly, but I'll read this letter first. One other point
18 which has come up other times, and I have a copy of an
19 exhibit, a piece of an exhibit Mr. Mickens put on the
20 record which was for his own purposes at the time, but
21 it's a copy of part of a PP&L handout some of you may have
22 about the residential rate increase.

23 There's a number 20.7 percent, which has been very
24 publicized. But there's a little more complication to it
25 than that, and we'll get into that later if people are

1 interested. There's a lot of different numbers about the
2 increase, and there's a lot of increases, depending on
3 where you stand in the tariff. The small residential
4 increase is more than the large user increase Residential
5 is different from industrial and commercial. The increase
6 for street lighting is a concern for a lot of local
7 governments. This is a fair increase above the average
8 increase. But we'll get into those details, if people are
9 interested.

10 I'd like to try to read this letter, which was
11 handed to me just a few minutes ago. And I'll give the
12 letter to the court reporter to make sure he gets it
13 right. It's signed by Jerry Knowles and Forrest Shadle, I
14 guess, it is, S-h-a-d-l-e, who, I believe, are running for
15 office and also have office already in the area. And I'll
16 just read it very quickly. It's addressed to the
17 Commission, basically, here at Pottsville.

18 "We are asking the PUC to reconsider its proposal
19 to raise rates in the county at the request of
20 Pennsylvania Power and Light.

21 "We are going on record now in asking the PUC to
22 reconsider this drastic rate increase. One of the reasons
23 we entered the race for Commissioner was to protect our
24 citizens from the negative effects of excessive taxation.

25 "The people of Schuylkill County recently have had

1 to endure tax rate increases from both Harrisburg and
2 Washington. It's unfair, especially for our senior
3 citizens on fixed incomes, to have to shoulder the burden
4 of the rate increase. It's just not fair and the people
5 of Schuylkill County and the PUC should know that Forrest
6 and I will fight this excessive rate increase every step
7 of the way.

8 "While we understand that revenue is necessary to
9 provide proper utility service to the people of Schuylkill
10 County, we believe, however, that this current proposal
11 goes too far.

12 "Jerry has worked hard to hold the line on taxes
13 in the largest borough in the county of which he has been
14 Mayor for the last 5 years."

15 I guess that's Tamaqua, I believe, is the
16 reference.

17 "If we can do it in Tamaqua and provide good
18 services for our people, then why can't PP&L?

19 "We believe that PP&L should be required to review
20 their proposal again to find ways to cut costs. We are
21 not expecting PP&L to provide inferior service. However,
22 we are asking the PUC to force PP&L to do what every
23 family in Schuylkill County does when they want to spend
24 their income on a particular item that might be expensive.

25 "The families of Schuylkill County sit down and

1 review their income and expenses and try to find a way to
2 pay for the item without incurring a significant amount of
3 debt. That's all we are asking PP&L to do but we haven't
4 seen that effort thus far. Sincerely," and both of the
5 gentlemen have signed the letter.

6 They handed this to me. I believe, they have
7 copies. They didn't leave any copies with me, but they'll
8 have copies themselves. But it's just been read into the
9 record at their request. I usually do that for folks,
10 especially political people who can represent the interest
11 locally. And as I said, they did have a meeting at 7:00
12 to attend.

13 Without further adieu then, we'll go ahead with
14 the people who have come before our meeting and want to
15 speak for the record. I'll just start through the list,
16 and, again, we might take a break after a bit. And I
17 encourage conversations with me or the representatives of
18 PP&L and the other folks here as we go along.

19 And I better put my reading glasses on to make
20 sure I get the names right. Now again, the problem with
21 the speaker system, with the microphones, you might come
22 up forward and come fairly close to the court reporter
23 who's taking down our words. Perhaps stand up to the
24 lectern here and speak generally to the audience. I
25 think, you'll be heard fairly well. If you need help

1 being understood, we'll take provisions.

2 Shall I start with Dominic Angelozzi. Could you
3 take the oath or affirmation, sir?

4 MR. ANGELOZZI: Pardon?

5 JUDGE CHRISTIANSON: I'd like to administer the
6 oath so what you say is actual evidence in the case.

7 MR. ANGELOZZI: All right.

8 JUDGE CHRISTIANSON: Could you raise your right
9 hand.

10 Whereupon,

11 DOMINIC ANGELOZZI

12 having been duly sworn, testified as follows:

13 JUDGE CHRISTIANSON: Fine, now just mention your
14 name and address, and then go ahead.

15 DIRECT TESTIMONY

16 THE WITNESS: My name is Dominic Angelozzi. I'm
17 from State Highway, New Boston.

18 I'm here to question this increase in the PP&L,
19 increase in their kilowatt. I understand that two weeks
20 ago we just got an increase in the --

21 JUDGE CHRISTIANSON: I guess, in their energy
22 rates, it's called.

23 THE WITNESS: The energy rates.

24 JUDGE CHRISTIANSON: Right.

25 THE WITNESS: A year-and-a-half ago I filed a

1 claim against the PP&L on the energy increase. Naturally,
2 after a year-and-a-half, I lost my case. But the fact
3 remains is that since that time PP&L not only got an
4 increase on their energy charge, now they're asking for an
5 increase on their regular rate.

6 To begin with, in the 1970s when the increase went
7 on with this energy charge, oil was -- the international
8 price of oil was about \$12 to \$13 a barrel. In the
9 incoming months when the oil went up to \$20, \$25, and \$30
10 and \$35 a barrel, so I seen it was a little justification
11 for PP&L to raise the rates a little bit to recoup the oil
12 that they were getting glutted on.

13 After so many years of this increase of this
14 energy charge, oil went down to \$12 a barrel, and last
15 year you could have bought it for \$11.90, and still they
16 got an increase.

17 Now I pay on my light bill last month of \$360.89
18 light bill. I paid \$51.85 energy charge. Now here they
19 are, they're asking for an increase again. First of all
20 they should abolish this energy charge altogether.
21 There's no reason for it.

22 And in the interim, since they put on this energy
23 charge, in this county, right in this locale, within a 25-
24 mile radius of this courthouse, we have seven co-
25 generation plants producing power. That doesn't cost the

1 PP&L five cents to produce, yet, we're being charged
2 energy charge, and here they are looking for another
3 increase in it.

4 We pay for their construction. We pay for their
5 coal mine. We pay for their retired miners. We pay for
6 their power plants. Now they want us to pay for the early
7 retirement of their employees. Something's got to be
8 done. I'm on a fixed income. One-third of my income goes
9 for my light bill.

10 Eighteen years ago when they built my -- when I
11 built my house they said that this PP&L would be fair and
12 square. I was on a budget of \$55 a month, which in six
13 years I was paying \$222 a month.

14 There's nobody that gets an increase like PP&L. I
15 don't mind the stockholders making a buck, but this is out
16 and out thievery. It's about time it stops.

17 Thank you very much.

18 JUDGE CHRISTIANSON: Thank you, sir.

19 (Witness excused.)

20 JUDGE CHRISTIANSON: I'd like to mention the ECR,
21 for those who aren't conversant with it. This is a
22 system, I guess, we'd call it, which is followed by, I
23 think, every large electric company. And there's a
24 similar clause for gas companies. I'm not quite sure
25 whether the Commission requires it, but the system is set

1 up, and almost all the companies take advantage of it or
2 act within in.

3 It's a true up every year for, basically, the
4 pass-through of energy costs to produce electricity. And
5 it goes up or down, depending on the cost of energy. It
6 was just a reestablishment of the clause recently, or
7 currently. And we can get into that again as we go along
8 later, if people are interested in it. But it is a
9 controversial subject, and it does interact with this
10 case, as far as the numbers are concerned, some of the
11 various increased numbers. And, again, we'll get into it
12 in more detail as necessary. But this is what the
13 gentleman was referring to, about the energy clause.

14 One point I'll mention, PP&L charges the same
15 rates to all its customers, basically. We just had a
16 recent water company case where they called it single
17 tariff pricing. No matter where you live, it doesn't
18 matter where you live, you get the same rate from PP&L,
19 whether you're near a power plant or not, or at the edge
20 of their service territory or not. So this is one point
21 to make, not necessarily in response to that witness, but
22 it is the case that they have one set of rates for their
23 whole customer base.

24 Then the next person to speak, Charles Mengel.

25 Are you going to take the oath, sir?

1 MR. MENGEL: Yes.

2 Whereupon,

3 CHARLES MENGEL

4 having been duly sworn, testified as follows:

5 JUDGE CHRISTIANSON: Then proceed and just give
6 your name and maybe your home town or whatever you'd like,
7 to identify yourself, and then go ahead.

8 DIRECT TESTIMONY

9 THE WITNESS: Okay, Charles Mengel, Orwigsburg,
10 Pennsylvania.

11 My purpose in coming to the hearing tonight is to
12 find out what the increase would do. On the bottom of
13 what they wrote, plain language, the last sentence in the
14 first page says it all.

15 "The proposed increase reflects higher costs of
16 serving customers. It's fair return on the money PP&L has
17 invested in the business and it keeps PP&L in good
18 financial health."

19 Now in a time when we want to cut out Welfare for
20 individuals, I think, the same should apply to
21 corporations. So I don't feel I'm getting anything for
22 that increase.

23 The last time I had a complaint with PP&L, it was
24 about one of the subcontractors they hired. They knew I
25 was very disgruntled. Three months later they send me an

1 invitation to a seminar in Wilkes-Barre. It ran all day,
2 several sessions, 12 to 15 people in a group. They gave
3 them all checks for \$50 to try to placate them. The group
4 I was in -- oh, also snacks.

5 The group I was in I didn't get a satisfactory
6 answer, and none of the other people did. When we asked
7 the representative there, he said, "Oh, I'm not with PP&L.
8 I'm a public relations firm from Georgia."

9 Now they would have had plenty of time to take
10 care of my complaint and the other complaints of the
11 people in those rooms if their personnel had acted
12 promptly. But instead they spend money on a public
13 relations firm, gave everybody \$50 and a few snacks to
14 placate us, and now they want us to help keep them
15 financially healthy?

16 You know, when I was in business, I was always
17 taught that liars can figure, and figures can lie. So I
18 don't know what's wrong with their management, but I don't
19 feel it's my responsibility to keep a corporation
20 financially happy or healthy. I think, that's up to their
21 management.

22 Thank you.

23 JUDGE CHRISTIANSON: Thank you, sir.

24 (Witness excused.)

25 JUDGE CHRISTIANSON: We've got a couple of

1 representatives here which I spoke of. And maybe they
2 want to speak very briefly for the record. We have the
3 representatives of Consumer Advocate and Small Business
4 Advocate. I've spoken about your functions, but you can
5 each speak briefly if you like.

6 Start maybe with Consumer Advocate. Go ahead just
7 briefly. Well, our speakers aren't working real well, so
8 we're doing it by voice at this point.

9 MS. BRIGNOLA: Okay. First let me apologize
10 profusely for being late. We underestimated the distance
11 between 81 and Pottsville.

12 We are here from the Consumer -- I'm here from the
13 Consumer Advocate, and another person from my office, our
14 consumer liaison, Susan Henry is here in the back in
15 black. And we will be available to answer any questions
16 on breaks or afterward that you may have.

17 We represent the residential ratepayers in this
18 case. And we also have some brochures about our office
19 for more details.

20 JUDGE CHRISTIANSON: Now the Small Business
21 Advocate.

22 MS. MOURY: Thank you, Your Honor. I too
23 apologize for being late. We have filed -- our office has
24 filed, a complaint against the rate increase on behalf of
25 PP&L's small business customers.

1 Everybody's a consumer of electricity. And I was just --
2 when I read it in the paper, I just questioned the fact
3 that the rates were disproportionate between residential,
4 commercial, and industrial.

5 And it looked to me, right away, you know, my ears
6 went up when I saw that the residential, the ones that
7 are least capable of absorbing a price increase, they're
8 the ones going to get hit with it. You know, we're
9 looking at an average 20 percent.

10 So I deal with people on fixed incomes and people
11 that, you know, work for your prevailing rate around in
12 the area, and I don't see where they can take much more of
13 an increase like this. I really don't. Because right now
14 I consider the average working citizen in this area as
15 they're operating at a loss.

16 And what I want to say is everybody's got to --
17 you know, in this day and age everybody has to pull
18 together. I can't see where, you know, where a company
19 can, you know, take, demand, or apply for an increase like
20 this because it's just not akin to what everybody else is
21 going through right now.

22 And another thing that the fellow mentioned,
23 they're already operating on a real high profit. Because
24 from this man's testimony before, I saw the rate increases
25 go up in the '70s and the '80s, and that's where they

1 outstripped the competition.

2 As far as the chart that they have in here it's --
3 they're only comparing the local. For instance, Maryland,
4 Delaware, New Jersey power people, and they're, of course,
5 the highest in the nation. How about a more national
6 approach for as much as, how much they're paying, I mean,
7 how much their charge is.

8 Because you go down south and the power bills
9 aren't as high. There's definitely -- they're definitely
10 already making as much as they should already. And at 13
11 percent, nobody works on a 13 percent profit margin in
12 this day and age. That's already enough.

13 I mean, I think, it should be somewhere around a
14 little bit above the rate of inflation. That's where it
15 should ride. And already, you know, that they're already
16 making a 13 percent; they want to maintain that. Well,
17 how about let's just everybody pull together and come to
18 a, you know, a happy medium where everybody else, you
19 know, is going to be in the same boat.

20 Otherwise, I can't see the survival of the -- the
21 survival of the Commonwealth's at stake. You're going to
22 have people just not being able to pay their power bills,
23 and they keep falling on the wayside, and the businesses
24 just keep moving south. And that's one of the things they
25 have with these businesses, when they move, where do they

1 move? They're going to go down south where everything's
2 cheaper.

3 So I want to see a little more, even if you got to
4 like, if you got to hit the residential like this, you
5 know, in proportion to everybody else, why don't you do it
6 like a case-by-case basis. Why don't you do it like that?
7 Because a lot of these people, it's getting to be where,
8 it's a government regulated business.

9 So if you want to carry it that far, well, why
10 don't you just take it from the aspect that you're going
11 to have to, you know, be more fair with people because,
12 you know, they're taxpayers. And this here is going to
13 hit everybody. And, I think, there's a more fair approach
14 to doing it than the way it's being done right now. You
15 know, I just think it's too much.

16 I think, PP&L did pretty good over the years. I
17 consider one of their main mistakes, and I think they
18 regret it, is that they went into this nuclear power. And
19 it's astronomical how much it's going to cost to store
20 this nuclear waste, 700-and-some million.

21 I want to like -- I'd like to get some testimony
22 from the company of whether or not it would pay for them
23 to decommission it a lot of sooner than they anticipate.
24 They've got to have some kind of statistical curve here.

25 And they're hit with this every increasing cost of

1 storing this waste. So they're generating it in the
2 average of a couple hundred tons a year, at so much a
3 pound that they got to store it. That's their big regret.

4 And I want to find out from the company whether or
5 not it would -- they think it would pay them to shut that
6 down sooner than they think. Because they got themselves
7 into a jam there and I don't know who exactly was the one
8 that called the shot on building the place, but they said
9 they were going to build it for \$200 million. And I
10 worked on that job up in Berwick for a couple days as a
11 subcontractor driving a truck, and the eventual cost was
12 over a billion. And why couldn't these people, all the
13 experts foresee all this? That they were going to have to
14 pay that much more.

15 And then also, they should have foreseen the fact
16 that it would cost so much longer to build it. You know,
17 the original estimate was four to five years; it took them
18 over ten. So all these costs accumulate to the point
19 where now they got to pay -- the kilowatt coming out of
20 their cost more per kilowatt, and also you got this double
21 jeopardy there of having to store the waste when it comes
22 back out.

23 So their cost has to be somewhere around 20 cents,
24 three times more than the other ways of generating power,
25 than the conventional ways of generating it. They're

1 generating somewhere around seven cents a kilowatt hour
2 now. So you know it's got to be three times more if they
3 had all these problems with the plant.

4 And I don't think the unwise choice of choosing
5 that as a way of generating power, I don't think people in
6 Pennsylvania should have to pay for that.

7 And that's about all I really wanted to say. The
8 rest I'd want to hear, you know, like I said, you know, a
9 little testimony from PP&L.

10 JUDGE CHRISTIANSON: Yes, we'll have some response
11 from PP&L. I don't know if you want -- go ahead and be
12 seated. We'll respond.

13 THE WITNESS: Okay.

14 (Witness excused.)

15 JUDGE CHRISTIANSON: We've had some testimony from
16 PP&L witnesses about this subject. I'll say something
17 briefly, and then perhaps they want to respond further.
18 But I don't want to take time from other people that want
19 to speak for the record from the public. So I might delay
20 the full response.

21 Basically, I think, the PP&L view is that they
22 would like to have the plant go through its full expected
23 life, which, I think, has about 30 years left, if I recall
24 correctly.

25 They had a witness on the stand for about three

1 hours about decommissioning both nuclear plants and the,
2 what do you call them, the traditional fossil fuel plants.
3 He was cross-examined at some length.

4 One point he made, I guess, it doesn't speak to
5 the fuel exactly, but on the radioactive contamination in
6 the plant, his testimony seemed to indicate that once
7 you've had a plant in place for several years, several
8 more years doesn't matter because the build-up is not that
9 great of radioactive contamination in the plant. But I
10 can't speak for PP&L on that subject, perhaps, Mr. Russell
11 could speak briefly to their projections on the plant.

12 One thing I can say is that a lot of people get
13 surprised by nuclear power. The safety aspect of nuclear
14 power was much more a problem than people thought 20 or 30
15 years ago because Three-Mile Island has brought that up.
16 I live ten miles from there, and I'm very aware of Three-
17 Mile Island. I have a son who was born a couple of months
18 after Three-Mile Island. And we were there, we lived
19 there at the time.

20 This had a tremendous repercussion to the
21 industry, because even before then the costs were
22 escalating. But that accident created tremendous concern,
23 and correct concern at many levels of government, and, of
24 course, for the electric industry as well.

25 Now on costs, we can speak to that briefly. Maybe

1 Mr. Russell can speak briefly to their projections on the
2 Berwick plant. And if you want to speak on costs as well,
3 go ahead.

4 MR. RUSSELL: Thank you, Your Honor.

5 We are looking at all of our power plants and
6 evaluating the economics of continued operation against
7 early retirement. We're evaluating the costs of adding
8 equipment to the plants, and comparing that to not adding
9 equipment. And it really is much more economical, much
10 more appropriate to run Susquehanna through the end of its
11 licensed life. We've looked at early retirement, and it's
12 just not an economic approach.

13 There are issues that need to be addressed really
14 nationally on the disposal of spent fuel. We are
15 addressing that at PP&L on a number of different fronts.
16 We have spent fuel disposal pools at the plant. We are
17 making provisions for storage in casks. We are working
18 with DOE and contributing to the DOE effort to find a
19 permanent repository. We've looked at alternatives out
20 west that might be available to us.

21 But we recognize that it's an important issue, and
22 we're working ahead to find a long-term solution to it.

23 JUDGE CHRISTIANSON: Again, we could broaden more
24 information, but we're really basically here to hear from
25 the public.

1 One thing I'll say, just as background, the
2 current thought of electric companies is largely to have a
3 mix of plants. I don't think any company is totally --
4 well, some companies are very dependant on coal. But
5 except for coal being dominate in some places, the thought
6 is that you have some, various kinds of plants.

7 You have, for instance, gas turbine plants which
8 are used when quick response is necessary to meet a peak
9 command. They are more or less expensive to run, but
10 they're fairly cheap to build.

11 You have some oil plants, particularly for a while
12 in New England. But the thought is to have a mix of
13 plants, so that you sort of spread your bets. So that if
14 something happens to coal, you have nuclear and oil. If
15 something happens to the oil, you have gas, and coal, and
16 nuclear. So this is the thought nationally, as well as
17 these companies enter into.

18 You've heard of maybe the PGM Agreement. This is
19 in agreement of several companies in this area, eastern
20 Pennsylvania, New Jersey, and Maryland, who interchange
21 their power. It's a fairly complicated relationship. But
22 they actually depend on each other's power plants. And
23 when they hit a high demand for power, they hit it as a
24 unified group, essentially, with the transmission among
25 themselves.

1 But that gets a little beyond our scope of our
2 topic here. But the concept of a mix is very current, and
3 we should have some nuclear, probably not as much as
4 people thought several years ago. But there's problems
5 with oil and even coal, so we try not to put all our eggs
6 in one basket, essentially, on the production side of
7 things.

8 Now the next person to speak, I don't want to
9 emphasize our role here, Robert Butcavage from Orwigsburg.

10 Can you take the oath sir?

11 Whereupon,

12 ROBERT BUTCAVAGE

13 having been duly sworn, testified as follows:

14 JUDGE CHRISTIANSON: Just mention your name and
15 home address, perhaps, and go ahead.

16 DIRECT TESTIMONY

17 THE WITNESS: Rob Butcavage, Orwigsburg.

18 I would like to know why PP&L -- or how they can
19 justify raising the rates by 15 to 21 percent. The
20 average worker today, when they get a raise, it's anywhere
21 from two to three percent every year. And that's the only
22 time you get a raise, once a year. Now I can't see where
23 the consumers can absorb this cost of 15 to 21 percent on
24 new rates.

25 I'd also like to know why -- I'm from the southern

1 end of Schuylkill County, and every time you turn around,
2 if a leaf blows, or a black cat crosses your path, we are
3 without power down there. For some reason we are at the
4 tail end of the county down there, and they tell us, well,
5 there's nothing much they can do about it because we're in
6 a bad loop.

7 JUDGE CHRISTIANSON: Where is this?

8 THE WITNESS: The southern end of Schuylkill
9 County, towards Port Clinton.

10 JUDGE CHRISTIANSON: Okay, go ahead.

11 THE WITNESS: Last year alone we were without
12 power for 48 hours during the storm. And they said, well,
13 the bigger places come up first, as far as getting service
14 first, because there are more customers to take care of
15 than there is down at that -- at our end, which we only
16 have about 102 customers on that line down there. And
17 there's a weak line going from Auburn over to our area in
18 West Brunswick Township.

19 Also -- what else was I going to say?

20 JUDGE CHRISTIANSON: Pause if you like. Lawyers
21 at my hearing in Harrisburg pause all the time.

22 THE WITNESS: Well, like other people have stated
23 too, you know, there are people that are on fixed incomes,
24 and they can only absorb so much of this.

25 And plus at least once a week our power blinks

1 down there that all the clocks go off and you have to
2 reset them again. We always have that problem, that
3 digital clocks are blinking when you come home from work.
4 Now whatever causes these short outages all the time, I do
5 not know. But, I think, it does not warrant their 15 to
6 21 percent raises that they're asking for.

7 Thank you.

8 JUDGE CHRISTIANSON: Thank you.

9 (Witness excused.)

10 JUDGE CHRISTIANSON: I'll speak briefly to just a
11 couple of those points. One thing I meant to do at some
12 point, again, it's a lot of numbers, so I'll try to be
13 brief.

14 The number 20.7 has been frequently quoted. This
15 is essentially a required number. The Commission, by
16 regulation, requires the company to give notice of the
17 percent increase for the 500 kwh for residential customer.

18 A 500 kwh for residential customer is a fairly
19 small customer. I venture to guess at another hearing --
20 maybe, probably Mr. Russell knows.

21 What is the average residential use? It's
22 something over five hundred, I think.

23 MR. RUSSELL: About six hundred.

24 JUDGE CHRISTIANSON: About six hundred. So this
25 is a slightly below average residential customer. For

1 that customer the increase will be as filed; it will be
2 20.7 percent. Now those folks to my right are going to
3 have a lot to say about that on rate design as to how you
4 spread the increase, and they'll also have a lot to say
5 about what the total increase will be.

6 The last time, ten years ago, the last general
7 increase for PP&L, they got considerably less than they
8 asked for. This doesn't predict what'll happen this time,
9 but --

10 UNIDENTIFIED PERSON: How much was the rate
11 increase?

12 JUDGE CHRISTIANSON: I presided in that case, and
13 they asked for \$330 million, and there's a quick joke
14 about that, which I'll tell in a minute. I can't remember
15 what they -- they got about \$140 million, I think.

16 MR. RUSSELL: About \$120 million.

17 JUDGE CHRISTIANSON: About \$120 million. So they
18 got about a third, more or less of what they asked. The
19 very quick joke is, it's just a private joke among
20 lawyers, "The Consumer Advocate filed a brief in that
21 case, and they were criticized for filing such a long
22 brief. It was 330 pages long. And they figured it's
23 \$1 million a page if the increase for PP&L as filed is
24 \$330 million. Their brief represented \$1 million a page,
25 so it wasn't that bad when you think of it in that sense."

1 But a 330 page brief is a lot of brief to read.

2 And counsel will be well advised not to break the
3 record this time because there's probably more issues in
4 this case than that case. That had a very big nuclear
5 power issue, which, I think, there's more issues in this
6 case, big and small issues.

7 But in any case, they write fairly lengthy briefs
8 at times, and that brief didn't even seem all that long
9 when you considered the issues because it really wasn't
10 out of line. Though I would have appreciated a smaller
11 brief.

12 But on the numbers -- well, I'll address your
13 service question too very briefly, and then if the company
14 wants to address that later, or individually. A service
15 problem, they'll speak to you as a small region.

16 Do you want to say something?

17 MR. BUTCAVAGE: I remember something else I
18 forgot.

19 JUDGE CHRISTIANSON: Go ahead.

20 MR. BUTCAVAGE: Last night we were without power
21 for five hours again. I don't know what happened last
22 night.

23 JUDGE CHRISTIANSON: It might have been related to
24 the cold. Up at Wilkes-Barre, I came through about noon,
25 and they had a fierce thunderstorm up there. I called

1 back home to the Harrisburg area and they didn't have real
2 bad weather yesterday. But, sir, I'll speak to the
3 service problem, and then I'll get to the numbers.

4 Service problem is a problem, and you do have that
5 tendency at the end of the line. It's just that much more
6 between you and the power generation, that many more
7 things that can go wrong. Now PP&L could maybe discuss it
8 later. This is a problem. They try to treat all their
9 customers equally, but the physical problem does occur.
10 And they do try to reinforce areas, PP&L and all the
11 utilities, all the big utilities, have ongoing programs to
12 try to take care of these service problems.

13 Now for electric, especially, there's a big
14 problem and an emerging problem about service. You
15 mentioned the blinks. With computers everywhere and all
16 the electronics, you might call it, dirty power is a real
17 problem for industrials and residential as well. Power
18 has a lot in it. Well, there's phases and a lot of
19 technical details, but it's basically a sign wave, and if
20 that wave gets disturbed or interrupted, it does cause
21 delicate machinery a lot of trouble, and electronic
22 machinery a lot of trouble. So the companies are working
23 on that, and customers, too, buy their own equipment to
24 try to avoid these problems.

25 But you seem to have a local problem, and maybe

1 PP&L can see you personally. It's a problem the company,
2 I'm sure, is concerned about, and the Commission is
3 concerned about, that service question.

4 If ninety-nine -- I'd like to phrase as a parable,
5 you might say -- if 99 sheep are well, you go out and try
6 to tend to that one that has trouble. And I think the
7 company should be expected to do that. And this is one
8 reason we hold these hearings.

9 Now on the numbers, I'll just go to the numbers
10 quickly. That 20.7 is essentially a small residential
11 increase. The larger residential customer will see a
12 smaller increase under the filing; again, I emphasize the
13 filing from PP&L. The overall increase for everybody,
14 everybody thrown together in the mix, is 11.7, I believe,
15 which is well below that 20.7.

16 But, again, I say some people, if the filing goes
17 in as filed, without change, and it's almost certain it
18 will not, the numbers some people will see will be 20.7.
19 I think, there are a few customers -- I don't know if
20 anybody sees more than twenty. I think, there are --
21 well, a very small residential is even higher than 20.7,
22 but a larger residential customer will see a more modest
23 increase.

24 Again, I realize the opposition of any increase,
25 or any substantial increase. But, again, I'm quoting

1 partly from an exhibit from Trial Staff which relies on a
2 company preparation, which mimics or reflects the filing
3 in the case.

4 But I have perhaps spoken at too great a length at
5 this point. Let's go further with the people here to
6 speak.

7 Margaret Mansell. Again, go ahead without the
8 mike, just so that I can administer the oath now.
9 Whereupon,

10 MARGARET MANSELL

11 having been duly sworn, testified as follows:

12 JUDGE CHRISTIANSON: And just mention your name,
13 and, of course, where you're from, and go ahead.

14 DIRECT TESTIMONY

15 THE WITNESS: It's Margaret Mansell, 317 South
16 Mill Street, St. Clair.

17 In view of the recent PP&L downsizing,
18 restructuring, or however public relation describes
19 layoffs, simple arithmetic could assume that PP&L has
20 lightened its expenses and increased its profits since the
21 consumer base has remained the same; therefore, the
22 proposed rate increase is logically not necessary.

23 11.7 percent net increase is much too high, even
24 if only the inflation rate is considered. If we are to
25 believe statistics, inflation is in the single digits.

1 The increase is also extremely high, if necessary at all,
2 when the fancy full bill padding for PP&L is considered.

3 Basic service charge, which includes cost of
4 electric meter, its reading, and record keeping, that
5 takes care of its bookkeeping. Energy charge for the fuel
6 used to make electricity and the electricity it buys, that
7 charge is 1.0698.

8 Kilowatt hour, uses this bill to state taxes.
9 Taxes have already -- taxpayers have already paid on this
10 money. Finally, we begin to pay for the product. It's
11 cost per kilowatt hour will raise 32.2 percent, that is,
12 if you count all the percentages.

13 Now I don't know how the PP&L figures. I've tried
14 to figure it out, but from that ad I couldn't, how, I
15 mean, it could come out to 11.7 percent. When you add all
16 the percentages they come up to 32.2 percent. So, I mean,
17 that I have to learn.

18 But after all, the PP&L gives a tax and special
19 rate adjustment of 2.5 percent, so you're lucky. Now
20 there were, I understand, some other notices in the paper,
21 besides the large one on Monday night. I didn't see the
22 other notices. But due to the lack of the proper size
23 notices, the Public Utility Commission is missing a great
24 deal of valid and important information and comments that
25 would have been offered at this hearing. Less than two

1 days is not sufficient time to research data and facts,
2 ensconced in offices miles away. More time to search and
3 decode was and is necessary and should be provided.

4 Using the few facts presented in the ad, I
5 questioned some of the figures. The rate increase calls
6 for a net increase of 11.7, as I said before, or
7 \$261 million.

8 Because the amount of kilowatt hours in each
9 category is not listed totally, it's impossible to
10 validate the 11.7 percent increase. These figures should
11 be checked, because using simple arithmetic and their
12 figures, I came up with 20.9 percent for residential,
13 instead of 20.7 percent in the ad.

14 It's not picayune to be disturbed about the
15 differences of 100 or 1,000 percent in a case like this.
16 When we remember that twenty-six -- I don't know if I said
17 \$261 million is only 11.7 percent of the total. We're
18 talking billions then, the way I can figure it, anyway.

19 This could mean more than 23 million for two
20 decimal points, and for three decimal points it could mean
21 even two million.

22 When the PP&L and the PCU (sic) are talking
23 billions, a 32.2 percent rate hike in a necessary utility
24 is astronomical when many of the PP&L customers have been
25 forced to take cuts in wages or benefits, and lost jobs to

1 misnamed restructuring.

2 I appeared before PUC hearings several times.
3 First to report on an environmental impact study that
4 concluded that the plans for Berwick Nuclear Plant
5 underestimated the cost of the plant, and the cost of
6 producing the energy, and overestimated the additional
7 need for its energy.

8 Years later it gave me no satisfaction to say at
9 another hearing, "I told you so," because the electric
10 rates increased time and time again.

11 This time I ask that you check the arithmetic and
12 efficiency of PP&L and see if this hike is necessary.
13 Everyone should be asked to bite the bullet, not just the
14 tax-paying consumer.

15 Thank you.

16 JUDGE CHRISTIANSON: Thank you, ma'am.

17 THE WITNESS: Right.

18 (Witness excused.)

19 JUDGE CHRISTIANSON: Now we'll go to the next
20 witness, Ron Svenson.

21 Whereupon,

22 RON SVENSON

23 having been duly sworn, testified as follows:

24 JUDGE CHRISTIANSON: You may again mention your
25 name and perhaps your home town, and go ahead.

DIRECT TESTIMONY

1
2 THE WITNESS: I'm Ron Svenson from Auburn,
3 Pennsylvania. I live out at Lake Wynonah.

4 First of all I have to defend PP&L a little bit
5 and the public utility, the utilities, because I worked in
6 the utility industry.

7 The average homeowner does not know what it takes
8 when they turn that switch on, on the wall, to give them
9 electric in their homes. On the other hand, my complaint
10 with PP&L is the energy charge.

11 I'm a large resident consumer. My electric bills
12 run me \$530 a month for a total electric home, that I was
13 told ten years ago by PP&L if I built a four-star home
14 that my electric bill would not exceed \$150 a month.

15 The first year I lived there I never saw a \$150 a
16 month electric bill. I'm on a monthly budget of \$341 a
17 month, is what I pay for electric service where I live.

18 The energy costs on my electric bill is more than
19 the average homeowner pays for their electric bill. My
20 energy charge last month was \$75.29.

21 Now being a large consumer, they say that the rate
22 structure for the larger consumer is going to be less than
23 the smaller consumer. I'm still going to end up paying
24 almost \$100 more a month for an electric bill. I can't
25 afford that.

1 I've got a mortgage on my home, like a lot of
2 people here do. My wife and I both are employed to pay
3 our bills. When you start tacking another \$100 on my
4 electric bill, you're cutting into something that I can't
5 afford.

6 I don't see why we should have to pay for the
7 power pool, when they have to buy power from other
8 utilities, because they can't generate cheaper than
9 somebody else can. So I don't see why we should have to
10 pay for their energy charge of buying either coal, oil,
11 gas, or whatever they're generating with.

12 The main concern with me is, let's take a look at
13 the energy cost. I think, if we could get the energy cost
14 knocked off a lot of the utility bills, they could justify
15 their rate increase. But they'll never justify it with
16 me, when that energy cost is so high.

17 I pay an average, I think, my total electric bill
18 is close to \$5,000 a year -- almost \$5,000 a year. What
19 they're asking for an increase, I don't nowheres near make
20 that in a salary adjustment every year, or a cost-of-
21 living adjustment.

22 So, again, I would like them to take a look at the
23 energy adjustment costs that I am paying on my bills, and
24 the rest of you are paying.

25 Thank you.

1 JUDGE CHRISTIANSON: Thank you, sir.

2 (Witness excused.)

3 JUDGE CHRISTIANSON: Again, you've come close to a
4 topic which has come before of the residential heating
5 customer. There's some complications there that could be
6 discussed later by PP&L, but we'll wait till the end of
7 the session.

8 And we have someone representing People for
9 Progress, Margaret Lutz of Shamokin.
10 Whereupon,

11 MARGARET LUTZ

12 having been duly sworn, testified as follows:

13 JUDGE CHRISTIANSON: Mention your name and
14 address, perhaps, and go ahead.

15 DIRECT TESTIMONY

16 THE WITNESS: My name is Margaret Lutz. I'm a
17 representative of the People for Progress Coalition from
18 Shamokin. We represent the lower end of Northumberland
19 County. And our organization was organized really to try
20 to improve the quality of life for our area, which is
21 certainly a depressed area, Shamokin, Mt. Carmel.

22 We have many senior citizens, and our citizens
23 that are employed have low -- very low to moderate income.
24 We try and speak for some of these people who -- you know,
25 a lot of the elderly just can't get out themselves.

1 The PP&L increase we think is certainly
2 extravagant. These people on these fixed incomes and low
3 income, two people in a family working, maybe they have
4 two children, I really don't know how they can afford to
5 pay their bills.

6 It seems to be that the utility companies are --
7 everyone all of a sudden has these rate increases coming.
8 The people in our area today were very much "shocked,"
9 would be the word I would use, because our water company
10 decision was handed down on that from the -- your office.

11 JUDGE CHRISTIANSON: From the Commission, yes.
12 The ALJ Decision, probably.

13 THE WITNESS: Yeah, uh-huh.

14 Now they requested a 65 and 1/2 percent rate
15 increase on the water. The recommended increase was 53
16 percent.

17 JUDGE CHRISTIANSON: Can you mention that, is that
18 Roaring Creek?

19 THE WITNESS: That's Roaring Creek, yes.

20 JUDGE CHRISTIANSON: I'm familiar with the case.
21 The judge who worked on the case is in the next office to
22 mine.

23 THE WITNESS: Uh-huh.

24 JUDGE CHRISTIANSON: That is a very controversial
25 case.

1 THE WITNESS: Yes, yes, it is. Because we feel
2 they certainly are very controversial rate requests, you
3 know, especially for our area.

4 JUDGE CHRISTIANSON: Yes, just to share magnitude.

5 THE WITNESS: And some of the people in Schuylkill
6 County, your other end of Schuylkill County are serviced
7 by Roaring Creek. But that is, you know, that's an
8 astronomical rate for water.

9 Now we come up with this, at least 20 percent for
10 the residential homeowner, you know, with depending on the
11 kilowatt hours and how you people, you know, adjust these
12 different rates or the different -- realize the electric
13 -- the people that heat their home with the electricity
14 has a different rate than the other consumer.

15 But there are a lot of people in our area, the
16 small row homes, and when they took the coal furnace out,
17 they put the electric heat in at the time, 30 years ago.
18 It was not expensive to do that. It was certainly
19 convenient for these older people, and a lot of them now
20 have the electric heat, and they are really going to be
21 hit with these high bills.

22 And it's just, you know, between that and the
23 other things, why, we just don't know how these people are
24 going to be able to afford it with their income, Social
25 Security, and the low income people, a lot of people make

1 \$5, five-and-a-half an hour.

2 So we would just like to address that, and, you
3 know, let you people realize just where it is. We here
4 and in this Schuylkill County area, you know, we are in a
5 different area than the cities. When they make an overall
6 rate increase, you know, it's -- the cities you have
7 industry, you have businesses, which we don't have here in
8 this area. And it really has a terrific impact to these
9 people living here.

10 And that's about all that I would like to say for
11 the testimony.

12 JUDGE CHRISTIANSON: Fine, thank you, ma'am.

13 (Witness excused.)

14 JUDGE CHRISTIANSON: And this is the impact we're
15 worried about, obviously. If I could mention, as judges
16 we get cases of, we call ability-to-pay cases, or somebody
17 struggling with the electric bill or some utility bill and
18 falls behind. And we require the utilities to work with
19 the customer and seek to set up a reasonable payment
20 arrangement.

21 And frequently we have a Bureau that does a lot of
22 work in this area, the Bureau of Consumer Services. And
23 frequently we as judges get, what are essentially, appeals
24 from those decisions by the Bureau as to what payment plan
25 might be set up. We go into the expenses and the income

1 of the individuals. And sometimes we get into those facts
2 and they're very disturbing because these people have very
3 great difficulty in meeting their bills.

4 We struggle, and the Commissioners are very aware
5 of that. Some of the Commissioners emphasize this very
6 much, and are concerned about it.

7 Commissioner Hanger has recently pushed
8 particularly about various programs funded by the Federal
9 Government, but the funding is decreasing substantially.
10 We can speak to that later. I'm sure you're aware
11 individually to some of these programs. There's been some
12 thought that the State might pick up some of the slack. I
13 haven't kept up with the newspapers in the last few days,
14 so I'm not sure what the current occurrences. But we
15 could speak to those programs later, perhaps, and I'm sure
16 you're aware of some of them.

17 They don't always help the working poor. There
18 are emergency programs and long-range programs to try to
19 make payments on the heating bill, fundamentally; but,
20 again, we can get into that. And I appreciate your
21 concern, as you shared it with us.

22 The next person to speak, Ralph Thomas of
23 Minersville, it looks like.

24
25

1 Whereupon,

2 RALPH THOMAS

3 having been duly sworn, testified as follows:

4 JUDGE CHRISTIANSON: Proceed, and just mention
5 your name, and perhaps your address, and go ahead.

6 DIRECT TESTIMONY

7 THE WITNESS: My name is Ralph Thomas. I'm from
8 Minersville.

9 Quite frankly I'm appalled at this increase. I'm
10 offended. I'm appalled that the increase is
11 discriminating against those families that only use 500
12 kilowatt hours, okay; that is, it's extremely unfair, Your
13 Honor.

14 Why would I, number one, want to conserve energy.
15 I don't understand why this pamphlet is put out. I don't
16 understand why periodically, if not monthly, I receive
17 brochures in my electric bill suggesting ways to save
18 energy. I don't understand that. Because in my home I
19 have put new windows in, I have insulated my house, top to
20 bottom, okay, I conserve my heat when I can. And when I
21 do that I'm being penalized for not using the amount of
22 energy that the PP&L would like me to. I don't understand
23 that.

24 This increase is no incentive for myself and
25 anyone else to conserve energy. There is no deterrent

1 there whatsoever. I might as well jack up my heating
2 bills, take off my insulation, and use more energy because
3 I'm going to get charged the lower rate. That's like me
4 going to a gas station and the gas station attendant
5 telling me, "Listen, if you come in four times this week,
6 and go burn off more gasoline, I'm only going to charge
7 you 50 cents a gallon instead of \$1.20." That's not fair.

8 So, again, in closing I'm appalled and offended
9 for two reasons. Number one, it is not being distributed
10 evenly. Why not make those people who use more energy,
11 charge them at a higher rate, instead of making the people
12 who conserve energy suffer. That's my number one issue.

13 The number two is, this pamphlet. The marketing
14 firm that distributed this is making a lot of money, and,
15 again, this is being passed on to the consumers, but it's
16 in direct contradiction to what's going on here, to this
17 proposal. You're asking me to take these measures and to
18 decrease my energy consumption, but yet now I'm going to
19 be penalized for doing that.

20 That's all I have.

21 JUDGE CHRISTIANSON: Fine. I can respond briefly.

22 (Witness excused.)

23 JUDGE CHRISTIANSON: You've essentially taken one
24 position on rate design philosophy, which is the position
25 brought forth by some experts. This is why they say rate

1 design is more a science -- more an art than a science.
2 They start with a cost study and we put into it sentiment,
3 as you've expressed.

4 Some people would, say, have a flat-rate
5 structure, that is have no customer charge, and just run
6 the charge on energy. Like you buy loaves of bread, you
7 buy one loaf you pay \$1.10; 2 loaves, \$2.20; 3 loaves,
8 \$3.30. Now there are volume discounts, to some degree,
9 but that's the philosophy you're coming from, is to have a
10 flat rate, basically, and not load it up in the front end.

11 Now the theory behind the company's structure is
12 that it costs us money to read the meter and do certain,
13 so called customer costs, and those should be put on the
14 front end of the bill. And the existing structure does
15 not reflect these costs, and so we should build more of an
16 increase into the low consumer side.

17 Now there are those experts who come to your
18 philosophy, and say spread it out further and discourage
19 usage. And, in fact, with the increase, you'll still save
20 money if you use less electricity. But I understand your
21 argument that you should be more encouraged to save by
22 placing more of the increase on the outer end of the
23 usage, rather than the inner end.

24 This again is an expert difference of opinion we
25 have, and we'll hear about that in Harrisburg, at the

1 Expert Hearing, so called.

2 But I understand your position and appreciate your
3 sentiment, essentially. And this is one reason we come
4 out to hear from the public as to these matters.

5 One thing these hearings can influence, perhaps,
6 is rate design. Now if the Commission decides the company
7 needs a certain increase, it's hard to get away from that
8 if you want to worry about the company's financial health.
9 We can shave some, but rate design means more dollars to
10 individuals, very often in the actual overall increase.
11 That is, if we flatten the rate out, the small consumer
12 will see, even if there's an 11 percent increase overall,
13 they'll see maybe an 11 percent instead of 20 percent as
14 their increase. Someone else will see more to make up for
15 it.

16 But this is where rate design becomes very
17 important in a case, especially an electric case where
18 design becomes rather sophisticated. But I appreciate
19 your comments and I understand what you're saying,
20 essentially.

21 The next person to speak, Joseph Muffley of
22 Tamaqua.

23 And, again, this is why we put you under oath.
24 The Commission might decide to take your statement as part
25 of their reason for reaching their result. This is why we

1 actually take the oath.

2 Go ahead, sir.

3 MR. MUFFLEY: I didn't come with statistical
4 testimony. I just wanted to make a few comments.

5 JUDGE CHRISTIANSON: That's what we'd like to
6 hear.

7 Whereupon,

8 JOSEPH MUFFLEY

9 having been duly sworn, testified as follows:

10 JUDGE CHRISTIANSON: Fine proceed. Again, we have
11 a handout that emphasizes this. We'd like to hear from
12 you and your own individual point of view, and whatever
13 you have to say will be considered in the case. Go ahead.

14 DIRECT TESTIMONY

15 THE WITNESS: Basically, the gentleman there said
16 what I was going to say. But I don't see why the low-use
17 consumer should have to subsidize the people with electric
18 heat, is the one thing.

19 Another thing, they certainly wouldn't think it
20 was fair to raise the 3,000 kilowatt hour person's rates
21 20 percent and only seven percent to the people that use
22 five-hundred. They certainly wouldn't think that was
23 fair, so.

24 JUDGE CHRISTIANSON: You don't think it's fair the
25 way they filed it?

1 THE WITNESS: No, no. They want the small guy to
2 subsidize the high-user's bill.

3 JUDGE CHRISTIANSON: Well, again, this is the
4 input we want to be here to hear, and we hear from
5 everybody involved.

6 THE WITNESS: Well, that was basically it. The
7 gentleman, are you from PP&L? I couldn't hear too good up
8 there?

9 JUDGE CHRISTIANSON: Mr. Russell is a PP&L
10 employee.

11 MR. RUSSELL: Yes, sir.

12 THE WITNESS: Right. How many years have they
13 been trying to find a solution to the disposal problem for
14 nuclear waste?

15 MR. RUSSELL: Nationwide it's probably been a --

16 JUDGE CHRISTIANSON: A major element for ten
17 years.

18 THE WITNESS: Thirty years, thirty years?

19 JUDGE CHRISTIANSON: Well, ever since they started
20 really.

21 THE WITNESS: And you didn't find anything yet
22 that's really --

23 MR. RUSSELL: There's no solution, final solution
24 at this point.

25 THE WITNESS: That's the total answer 25 years

1 from now, or when they want to close that plant, I
2 believe, that will be the same answer then. There's no
3 solution, unless you leave it in somebody's back yard.

4 Thank you.

5 JUDGE CHRISTIANSON: There is no fully good
6 solution. There's always downsides to every solution we
7 try.

8 THE WITNESS: Right, thank you.

9 JUDGE CHRISTIANSON: But thank you for your
10 contribution.

11 (Witness excused.)

12 JUDGE CHRISTIANSON: Again, and perhaps later we
13 can go into disposal. For a long time a lot of material,
14 the so called low level radioactive material went down to,
15 it's either North Carolina, or South Carolina -- down in
16 the Carolinas. They have sort of close that facility, and
17 there's a lot of effort being brought to bear on disposal
18 of nuclear waste. But, again, we can speak to that
19 further later on in another form.

20 I've come to the end of my first list. Now there
21 might be some who have signed up since then. But it's now
22 shortly after 8:00. Let's take about a five minute recess
23 and we'll continue with anybody else who wants to speak
24 for the record. We'll take five minutes to speak to each
25 other or also the PP&L people over here.

1 Again, if you have an individual service problem,
2 they probably would want detail, because they may be able
3 to, on a short term or long term, alleviate the problem
4 and check into it.

5 So we'll be off the record for about five minutes
6 or more.

7 (Recess.)

8 JUDGE CHRISTIANSON: We've been at break for
9 several minutes now, and I'd like to get back on. There's
10 one more person signed up to speak, and he has, I think,
11 among other things, some questions, as I understand it,
12 relating to nuclear issues. He spoke to me briefly during
13 the break.

14 So let's call him up, Paul Weaver.
15 Whereupon,

16 PAUL WEAVER
17 having been duly sworn, testified as follows:

18 JUDGE CHRISTIANSON: Proceed.

19 DIRECT TESTIMONY

20 THE WITNESS: Paul Weaver, W-e-a-v-e-r,
21 Orwigsburg, PA.

22 Throughout the years when I was a young man I went
23 to high school and I took up a little bit of nuclear
24 science. I also was very concerned. I was growing up in
25 a period of time where they were speaking basically of

1 nuclear war and all this. So I took a great interest in
2 it.

3 And I found out through the years that Mr. Firmey,
4 when he first was working with nuclear energy was out in
5 Chicago. And within a year or so there was an accident,
6 in something called Broughton, Illinois; it's outside of
7 Chicago. That was the first time they were trying to use
8 a reactor to generate electricity.

9 At that time, I guess, it was around '48, '50,
10 somewhere in that area. I can't remember the exact date.
11 But I read this and I realized that nuclear energy was not
12 a very safe procedure, cannot be safe.

13 I lived through the Three-Mile Island incident. I
14 was living in York County at the time when it happened. I
15 was told many stories that the people were asleep at the
16 wheel; that there was a safety valve that was not properly
17 -- that was not turned back on. There was an inspection
18 the week before; the safety valve was not turned back on.
19 That's why there was no backups to the cooling system.

20 I find in my belief and in my opinion that
21 basically when a power plant or an electric company takes
22 nuclear power onto itself, it takes the responsibility of
23 that plant. Why I should have to pay for that
24 responsibility, I do not know. They do not ask people, if
25 that's the -- you know, they do not ask me personally, or

1 anybody else I can see here I've talked to, whether they'd
2 like to have a nuclear power plant around the area. The
3 company just decides it will build it.

4 The thing is I hear a lot of people talking about,
5 at least in the last five or six years, about where we're
6 going to bury the waste. My question is to you at PP&L,
7 there's something called a breeder reactor, for many
8 years, and the way I understood it, that is if you use
9 U-235, which is uranium 235, and a rich grade of uranium,
10 after it's used you can take it to a breeder reactor. You
11 would have other elements isotopes, such as selsium,
12 thorium, stratonium, but you also got plutonium, which is
13 another use. I mean, stratonium can be used also, as far
14 as I understood as generating more electricity.

15 So as far as waste goes, as far as rods, yeah,
16 maybe the metal rods, yes, they have to be buried. My
17 question is to you, why do we need to bury them somewhere
18 else away from the plant? Why don't we bury them right
19 where the plant has to be buried in 40 to 50 years to come
20 anyhow? They should not be moved away from the plant.
21 This kind of stuff has always been getting to me.

22 And it's like, a science teacher told me, when
23 Three-Mile Island went up they should bury it right where
24 it stands, everything. Do not move the radioactive
25 material anywhere.

1 Another question I have for you is please
2 enlighten me on the coal plant, co-generation plants. Are
3 they not as radioactive, or more radioactive and unsafe as
4 a nuclear power plant? For when the coal is burned
5 radiation is coming out of the smoke stack. If you stood
6 right underneath that you would have more REMs coming out
7 of one of those smoke stacks than you do from standing
8 beside a nuclear power plant.

9 And that's about all I have to say. Those are the
10 two questions I have to ask.

11 Thank you.

12 JUDGE CHRISTIANSON: Thank you, sir.

13 (Witness excused.)

14 JUDGE CHRISTIANSON: Let me respond briefly, and
15 then PP&L may want to respond in more depth.

16 We've had testimony on the record at Harrisburg
17 about disposal of radioactive waste, and there are people
18 here who are somewhat conversant with it.

19 One reason, I guess, they don't want to leave it
20 on site is that the site is prone to, among other things,
21 flooding. A lot of nuclear power plants need a lot of
22 water, and so they're along rivers. Which is probably not
23 the best place to store radioactive material for long
24 periods of time.

25 There's some thought given to leaving the plants

1 in place. Safe-store, I think, is the buzz word these
2 days, to just, as you said, just guard it and leave it
3 where it is. In some cases this is best, for small
4 reactors at least, because of the contamination, you might
5 just as well let it stay and decay where it is. I think,
6 the Soviets, that reactor that went bad out there in the
7 Ukraine, to a degree did that, again, because of the
8 contamination involved.

9 To speak to your other issue, I have heard it said
10 that coal has more exposure for radioactivity. There is
11 radioactivity in everything, of course. But, I guess, the
12 concern about nuclear radioactivity is not you, as the
13 normal course of events, get a high dose because they're
14 so very careful about shielding, it's the possibility of a
15 high dose in the case of accident is the main concern.

16 Coal plants do produce radioactivity to some
17 degree, out of naturally occurring elements in the coal,
18 and the various other materials utilized. But perhaps
19 PP&L could speak further to the general issue.

20 Nuclear is very controversial these days and
21 understand it concerns the electric companies and the
22 Commission very much, particularly the waste disposal
23 issue, where we get to be involved largely because it's,
24 the money, the expense comes through us basically. And
25 the decisions about paying for it come to us. Much of the

1 policy is met at the Federal level for various reasons.

2 But I don't know if PP&L wants to address nuclear
3 generally, or his questions in particular.

4 Go ahead. We seem to be at the end of our
5 speakers at this point, so we can speak briefly.

6 MR. RUSSELL: Thank you, Your Honor.

7 On the disposal of nuclear fuel, at the
8 Susquehanna Plant, I don't think we would run into the
9 flooding issue that Judge Christianson discussed.
10 Susquehanna, the Susquehanna Plant is along the
11 Susquehanna River, but it's up from the river quite a
12 ways. There is an energy information center and a
13 recreation area, referred to as River Lands, which is down
14 in the area that I believe is prone to flood.

15 I think, that the main issue for Susquehanna, we
16 looked at the comparative costs, the decommissioning the
17 plant compared to what's called safe-store, where you
18 would just essentially close the plant, fence it, and
19 guard it, and we concluded that decommissioning is the
20 more economically attractive option. It's less expensive
21 than what could be indefinite safe-store.

22 JUDGE CHRISTIANSON: You mean decommissioning,
23 taking it apart and putting it elsewhere?

24 MR. RUSSELL: Exactly. That was the point. If we
25 pursued decommissioning at the end of Susquehanna's

1 licensed life, what that entails is removing all the
2 radioactive material from the site, and trucking it,
3 really, in large casks to disposal locations, and then
4 removing the other structures at the site, and really
5 returning it to what's called a green field condition
6 where the site would be planted again, and it would look
7 like there had never been a power plant there.

8 But the central point, I think, is there'll be
9 after decommissioning, no nuclear material on site of any
10 type, fuel, reactor housing, reactor building.

11 JUDGE CHRISTIANSON: And again to emphasize,
12 that's their projections now. They could possible change
13 their minds over the years. But that's largely an
14 economic decision, although, there's other elements to
15 come to play in that sort of a decision.

16 We had, Mr. Liguardi was their expert, an outside
17 consultant who presented testimony and was cross-examined
18 last week. But that addresses the question at some
19 degree. I don't think it addressed coal radioactivity. I
20 think, that's not normally discussed in depth by nuclear
21 experts.

22 MR. RUSSELL: Well, it can't be discussed in depth
23 by this lawyer. I'm way outside of my area on coal
24 radioactivity.

25 JUDGE CHRISTIANSON: I know there --

1 MR. RUSSELL: I can try to get back to you if
2 you'd leave me your name and address. I could ask one of
3 our engineers.

4 MR. WEAVER: Well, the main reason I was asking
5 is, you know, this is being done throughout the United
6 States. This was quoted before. And I see you're saying
7 about tearing it down and putting it all over the place.
8 That's like having, was it melanoma, the skin cancer. You
9 want to eliminate it, you know, try not to get out in the
10 sun too much, and try to eliminate the skin cancer.
11 That's what they usually tell you.

12 I see throughout the United States it's happening
13 all the time, that more and more nuclear plants are being
14 built. They seem to be a cheaper source of energy. But
15 as it goes on, you seem to have more of a cancer growing
16 too at the same time, as where you're going to have plants
17 that have been, like you say, you're going to have green
18 land areas. But for how long? I mean, how radioactive
19 are they?

20 JUDGE CHRISTIANSON: Well, the site, under their
21 projections, the site would not be more radioactive than
22 any other field, basically. That's the concept.

23 Now one statement you made about nuclear plants.
24 There have been many cancellations of nuclear plants, and
25 there's almost none being built in this country at this

1 time -- and perhaps it is down to zero; I'm not quite sure
2 of my facts on that -- but there's been a lot of
3 cancellations of nuclear plants, largely for economic
4 reasons. They've just become too expensive by comparison.
5 Other countries are building more nuclear than we are in
6 this country. Again, I just know this out of general
7 knowledge, not because of this particular case that I'm
8 presiding over.

9 But in this country, because of the safety aspect,
10 and cost concerns, and, well, in addition because of the
11 independent power producers and other sources of
12 electricity, there's less pressure to build plants.
13 There's more hesitation to build large plants, and,
14 therefore, there have been very few nuclear plant start-
15 ups in the recent past, or projected in the immediate
16 future, which will help the disposal problem a little bit,
17 just by cutting down the total number of kilowatt hours
18 being produced by nuclear plants. So this alleviates the
19 concerns to some degree. I just don't have accurate
20 statistics, but generally, I think, that's a correct
21 statement.

22 You don't have nuclear expert here tonight I
23 suppose?

24 MR. RUSSELL: No, I'm sorry.

25 JUDGE CHRISTIANSON: But that basically -- one

1 entity that canceled a lot of plants was the Tennessee
2 Valley Authority, which is a big public entity down in the
3 Tennessee Valley, as the name implies. They had canceled
4 several plants that had projected years ago to build.
5 Some of them canceled during construction, some canceled
6 before significant construction.

7 But it is a very vital issue these days, and one
8 of the concerns of the electric industry and to government
9 in general, and to this Commission, because again, we're
10 the messenger boy on cost, if nothing else. But nuclear,
11 it doesn't seem to be increasing in the mix.

12 I don't know what the national number is though.
13 I guess, nuclear is about, just at a guess, maybe 10 or 20
14 percent of total production nationwide, as a guess. Now
15 that's not accurate necessarily. But it's not increasing
16 at this point in any significant measure.

17 MR. WEAVER: Well, no, the only reason why I'm
18 asking these questions is basically I know the cost was
19 presented when Three-Mile Island happened. The cost was
20 presented to the PUC Commission stating, you know, we had
21 an accident. The consumer, he's basically -- we're asking
22 the consumer to pick up the bill.

23 JUDGE CHRISTIANSON: Well, there's a tremendous
24 amount of work. The Commissioners themselves sat at
25 hearings in those cases. The Commissioners 50 years ago

1 sat on their own cases. They almost never do these days.
2 The Commissioners themselves sat on the Three-Mile Island,
3 a major case, and they came out of that.

4 MR. WEAVER: Well, that was, yeah, wasn't that
5 passed -- well, they did pass the cost on at one point.

6 JUDGE CHRISTIANSON: Some of the costs. It was
7 very complicated. There was a settlement, and a lot of
8 details. I was not directly involved in those cases.
9 There are a lot of Federal hearings in Harrisburg as well
10 following the Three-Mile Island accident. Some costs got
11 passed through for a while.

12 One of the major concerns was to keep -- well, let
13 me back up. Met-Ed owned most of the plant, and Met-Ed is
14 a smaller company than the other companies involved. So,
15 I guess, the bankruptcy of Met-Ed as a corporation was of
16 some concern, and to some degree there was settlements or
17 steps taken to avoid bankruptcy.

18 Now some utilities have gone bankrupt since then,
19 and it's not an unheard of thing, but they're attempts
20 made to avoid a bankruptcy situation for a lot of reasons,
21 which I won't go into. But they avoided that problem, and
22 the company is more healthy now than it was, as I
23 understand it, although, I haven't had a Met-Ed case.

24 MR. WEAVER: Well, GPU bought it many years ago.

25 JUDGE CHRISTIANSON: Say again?

1 MR. WEAVER: GPU. There's GPU, PennElec, and New
2 Jersey Central, which are all one.

3 JUDGE CHRISTIANSON: The GPU is the umbrella
4 company, yes.

5 MR. WEAVER: Yeah, that's the big company of all
6 of them.

7 JUDGE CHRISTIANSON: They were under some
8 financial pressures as a result of Three-Mile Island
9 because that accident increased costs for all nuclear
10 plants in the country because of Federal concerns about
11 safety, and retrofitting of various safety related systems
12 and such.

13 But it is a very complicated subject, and it's
14 important to bring up. There are nuclear issues in this
15 case, including the decommissioning question, and the
16 issues of --

17 MR. WEAVER: This isn't what I was looking at.
18 Now when the rate increase was announced in the paper,
19 there was no explanation of why the increase was needed.

20 JUDGE CHRISTIANSON: Yes, the increase is based on
21 many different factors, you know, there'll be many issues
22 in the case. I don't think there's any dominant factor in
23 this particular case. In some cases there's one dominant
24 reason why. In the last case the dominant reason was
25 Susquehanna II coming in, possibly coming into rate pays.

