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1 Commissioner Hanger, John Hanger. He is one of the five
2 sitting Commissioners, and he values your testimony enough
3 to be here at the hearing in person. Of course, he will be
4 able to read the record as well. He may ask you questions
5 or make comments during the testimony.

6 In front of me are counsel for four of the major
7 parties in the case. Of course, the court reporter here
8 will be transcribing your remarks. Next to her is Paul
9 Russell, who is counsel for PP&L. Next to him is Karen
10 Moury. She represents the Office of Small Business
11 Advocate. Next to her is Johnnie E. Simms. He is from the
12 Office of Trial Staff and is representing them in this
13 proceeding. And on the end, last but not least, is Mary
14 Kenney from the Office of Consumer Advocate.

15 Since this hearing is designed primarily to take
16 testimony from the public, I will ask them not to make
17 statements of their position at this time, although they
18 have them. You can speak to them at breaks, and I'm sure
19 that they have any number of answers, which may match some
20 of your questions; and I believe the Office of Consumer
21 Advocate has some brochures on the table.

22 Is that correct, Ms. Kenney?

23 MS. KENNEY: Yes. They are at the sign-in table, and
24 we also have them up here.

25 JUDGE TURNER: And I believe there will be somebody

1 here from the Commission's Consumer Education staff with
2 brochures.

3 Also, first of all, I'd like to take some time to
4 allow anybody who wants to testify to come up and sign that
5 list. So we will go off the record for a minute, and I am
6 going to get the pages that are full, but I encourage any
7 and all of you who have not signed to come up and sign, and
8 then we can take your testimony.

9 Off the record.

10 (Recess.)

11 JUDGE TURNER: Back on the record.

12 All right. I have the list here, and I don't think
13 anybody else has signed up at this point, but you may sign
14 later at a break or at any other time during the hearing.

15 Let me explain a little bit about how this hearing
16 will go. The subject of this case is PP&L's request for an
17 increase. It will affect different kinds of customers in
18 different ways. However, it is the first increase they've
19 asked for, I believe, in ten years, and many people may have
20 many questions.

21 We are here to take your opinions and positions and
22 testimony about that request, and one reason we have had the
23 company provide the explanations is so that you can
24 understand more of what they are asking for; and you may
25 wish to look at those things before you testify.

1 Now, as to what we will do here today: this is a
2 hearing. We are making a record. If you choose to testify
3 and be sworn under oath, your testimony will be transcribed
4 and it will be considered by the Judge and the Commission in
5 deciding the case.

6 If you wish to make a statement not under oath, you
7 may do so, but it cannot be considered in making the
8 decision; and we encourage you to testify under oath.

9 When you testify, I will ask you for your name and
10 address for the record so it can be spelled correctly. If
11 you wish to state on whose behalf you are testifying, if you
12 represent a group or a university or, most importantly, if
13 you represent yourself, we'll ask you to state that.

14 I would like you to keep your remarks as brief and
15 succinct as possible. You may be asked questions by one of
16 the attorneys sitting facing you.

17 You, ladies and gentlemen, might put your names on
18 the outside of that lower bar so they can see them.

19 I do not have a name tag partly because I tore it up
20 to put it on the doors for signs and partly because it did
21 have an error in it anyway.

22 But getting back to your remarks, if somebody else
23 has said what you wanted to say, I would ask you to say that
24 you agree with that person's statement. I'd still like your
25 testimony, but if it is going to be repetitive, I'd ask you

1 to adopt what somebody else has said.

2 If you have any papers or documents and you want them
3 to be submitted for the record, we need extra copies and we
4 need to show them to the various parties, the attorneys for
5 the various parties, and it would be nice if you have one
6 for Commissioner Hanger and myself.

7 If this proceeding goes too long and we have many
8 people to testify who have not yet appeared, I may impose a
9 time limit so that everyone can be heard, but basically,
10 we're here to hear everybody that wants to testify today.
11 Of course, there will be an evening session. So if you just
12 want to come back and listen, you're certainly welcome, but
13 I will not take two statements from any person. In other
14 words, one person gets one chance to testify, and subsequent
15 statements, I won't allow them.

16 I do not take questions from the audience. This has
17 to be an orderly proceeding. If you want to ask a question,
18 you can consult with one of the attorneys on a break and ask
19 them to ask it for you.

20 Before I proceed, are there any questions from any of
21 you about what we are going to do today?

22 (No response.)

23 JUDGE TURNER: There being none, what I will do is
24 read off the names of the people who have signed the witness
25 list, ask you all to stand, and I will put you under oath or

1 affirmation at one time so that when you approach the
2 microphone to testify, you will be sworn in.

3 G. Carroll Lindsay, Robert Walsh, Fred Wordell,
4 Maureen Powers, Bill Kopetz, Richard Eshleman, Harry C.
5 Smith, Dan Witmer, Crail Gordon, Jack Rittenhouse, George
6 Ioannidis, Howard Miskey, Carmen Rodriguez, and Eugene
7 Carrigan, will you all raise your right hands?

8 Whereupon,

9 G. CARROLL LINDSAY

10 ROBERT WALSH

11 FRED WORDELL

12 MAUREEN POWERS

13 BILL KOPETZ

14 RICHARD ESHLEMAN

15 HARRY C. SMITH

16 DAN WITMER

17 CRAIL GORDON

18 JACK RITTENHOUSE

19 GEORGE IOANNIDIS

20 HOWARD MISKEY

21 CARMEN RODRIGUEZ

22 EUGENE CARRIGAN

23 were duly sworn.

24 JUDGE TURNER: All witnesses indicating that they do,
25 you can please be seated.

1 We can begin with G. Carroll Lindsay.

2 Whereupon,

3 G. CARROLL LINDSAY

4 having previously been duly sworn, testified further as
5 follows:

6 JUDGE TURNER: Mr. Lindsay, will you state your name
7 and address for the record?

8 DIRECT TESTIMONY

9 THE WITNESS: I am G. Carroll Lindsay, and I reside
10 at 255 Wallingford Road in the Borough of Strasburg,
11 Pennsylvania.

12 JUDGE TURNER: And you're appearing on behalf of
13 yourself?

14 THE WITNESS: I am appearing on behalf of myself.

15 JUDGE TURNER: Ms. Court Reporter, do you have the
16 spelling of that?

17 COURT REPORTER: Not the last name.

18 JUDGE TURNER: L-i-n-d-s-a-y.

19 THE WITNESS: Correct.

20 JUDGE TURNER: Having been sworn, will you proceed to
21 give your statement, please?

22 THE WITNESS: If I may begin with two very minor but
23 to me slightly important housekeeping matters. Number one,
24 the parking at this area is not terribly convenient. In the
25 little Borough of Strasburg, where we entertain some 500,000

1 tourists each year who ride on our railroad, we have plenty
2 of parking and very convenient meeting spaces that the
3 municipality I feel quite sure -- I happen to be a member of
4 the Borough Council, though I'm not speaking as such --
5 would be happy to welcome the Commission to have future
6 hearings in our Borough Hall where we have parking for
7 almost an endless number of vehicles.

8 The second housekeeping matter: I am not a utilities
9 analyst. I know a little bit about the analysis that is
10 undertaken for securities purposes, though I'm not an expert
11 in that either. I scarcely had time just as a plain
12 individual to make either kind of analysis of the financial
13 condition of the appellant utility in this instance between
14 the time I received the notice of the hearing and today. So
15 longer notice would probably be appreciated by some at least
16 unless they are large corporations with endless staffs, who
17 can perform these analyses very quickly.

18 The most interesting item I received came actually
19 from the appellant utility, and it really was the reason
20 that I decided to appear, because I was aware from the
21 public press of the forthcoming rate increase or request for
22 the rate increase, but it I guess didn't sink in until I got
23 a letter from PP&L, which indicated that my monthly charge
24 -- I live in something called a Four Star house. That is
25 the common terminology. PP&L has a longer name for it, but

1 my house is totally electric. Everything in the house,
2 heating, lighting, cooking, is all electricity at a very
3 convenient rate under certain conditions obtained in this
4 part of the state and very few other areas of the state, I
5 believe.

6 In any event, my monthly charge would go from \$10.95
7 to \$15.00; and my billing demand, that is the billing in
8 excess of 2 kilowatts at on-peak periods would go from \$5.80
9 per kilowatt to \$6.50 per kilowatt; and the cost per
10 kilowatt-hour would go from .284 per kilowatt-hour to .45
11 per kilowatt-hour. The letter goes on to explain that this
12 would make my total increase about 16 percent per month.

13 Now, as we all know or as most of us know, public
14 utilities are not in the best shape that they've ever been
15 in; and if one consults various investment periodicals, one
16 is aware that PP&L is not on the list of those brokerage
17 houses and other securities persons who highly recommend
18 their purchase, because it seems in recent years at least,
19 the public that buys utility stock is interested in a
20 utility that can indicate to them or their information about
21 them can indicate that they are likely to permit or allow a
22 modest yield increase, a modest dividend increase within a
23 reasonably short time.

24 That hasn't been happening in every case, and my
25 analysis, brief though it was, indicates that PP&L is not as

1 likely to have dividends increases, yields increases, in the
2 forthcoming few years as it perhaps has been in the past;
3 and I can understand that inflation occurs, though it has
4 been rather slight even over the last ten years, and I would
5 not be in a position to say that PP&L deserved no increase
6 after ten years. I think that would be, in my view, rather
7 foolish.

8 But to ask for a sudden increase of 16 percent when
9 their current dividend is 8.6 percent at their last week's
10 price of about \$19.50 a share or something of that order, at
11 least their investors are now receiving a pretty fair
12 return, new investors are. Their stock has declined from
13 about \$25.00 three years ago to the \$19.50 that it is today;
14 and that is something that has happened to most utilities.
15 It is a wonderful time to buy utility stock.

16 I didn't come here to make a speech in favor of the
17 utility particularly, but those who are investors would I
18 think be well advised to look carefully at the list. There
19 are an awful lot of wonderful bargains. There is nowhere
20 that I know of that one can get 8.6 percent return on any
21 kind of investment I know of around here at least, and
22 that's the current yield on their stock.

23 Investors who are looking for slight increases over
24 the next few years shouldn't be too disappointed if they
25 don't get much more than 8.6 percent in the next few years.

1 I don't know whether that requirement --
2 "requirement" isn't quite the word -- that hope on the part
3 of investors and the hope on the part of a utility to
4 satisfy that investor need or desire really justifies
5 raising my electric bill by 16 percent or parts of it; and
6 I'm not skilled in utility rate-setting.

7 So translating the rate increases that PP&L described
8 in their letter to me, one of which was from \$5.50 to \$11.00
9 -- I suppose their is technical terminology that would
10 recite that in the long documentation that they have
11 submitted for this rate increase, but at least a portion of
12 my electric bill is rising from about \$6.00 to \$11.00 --
13 even after ten years, that seems to be a great deal.

14 The company, as far as I can tell -- and again, I had
15 very little time to look at it -- as far as I know, is in a
16 reasonably strong financial condition, much better than many
17 of its competitors even in the eastern area.

18 Again, I'm not here to suggest they deserve no
19 increase, but I am here to suggest that this very large
20 increase needs the attention of the Commission with great
21 care even if they are in the process of doing very good
22 things to make their operation more efficient.

23 As we all know, they have reduced staff. They have
24 adjusted their debt. I didn't have a chance to see how much
25 of their return is now applicable to the annual costs of

1 that debt, but I have a feeling that they are not in such
2 critical shape that they need to charge me, a poor resident
3 of a little country town, suddenly 16 percent more on my
4 electric bill. Thank you.

5 JUDGE TURNER: Excuse me, sir. Would you remain at
6 the podium?

7 Commissioner Hanger, do you have any questions?

8 COMMISSIONER HANGER: I have no questions. Thank you
9 very much.

10 JUDGE TURNER: Mr. Russell, do you have any?

11 MR. RUSSELL: No, Your Honor.

12 JUDGE TURNER: Does any other counsel have any
13 questions?

14 MR. SIMMS: No.

15 MS. MOURY: No.

16 MS. KENNEY: No.

17 JUDGE TURNER: In that case, Mr. Lindsay, you are
18 excused as a witness.

19 (Witness excused.)

20 JUDGE TURNER: Maureen Powers.

21 Whereupon,

22 MAUREEN POWERS

23 having previously been duly sworn, testified further as
24 follows:

25 JUDGE TURNER: Since you have previously been sworn,

1 Ms. Powers, would you state your name and your address for
2 the record? And you are here on behalf of the YWCA of
3 Lancaster; is that correct?

4 DIRECT TESTIMONY

5 THE WITNESS: That's correct. My name is Maureen
6 Powers, 110 North Lime Street, Lancaster, PA; and I am the
7 Executive Director of the YWCA of Lancaster.

8 JUDGE TURNER: Please proceed with your statement.

9 THE WITNESS: The YWCA provides services to around
10 15,000 people annually here in Lancaster. We do that
11 through programs like Child Care, in which we take care of
12 400 children a day. Our Sexual Assault and Rape Crisis
13 Center receives 600 victims of sexual assault abuse
14 annually, 250 of which are children. We have 50 women and
15 children living in the YWCA facility, as well as some of our
16 traditional programs that you might associate with YWCAs
17 like Youth Service and Health and Fitness.

18 We provide most of those services from our facility
19 on the corner of Orange and Lime Streets, which is just a
20 few blocks from here in the central business district of
21 Lancaster.

22 We have a beautiful national register historic
23 building that was built in 1919. It is a 46,000 square foot
24 building, and we don't have an inch of space that isn't
25 being used for our programs.

1 Our electric bill is \$36,000 a year for that
2 facility. Our Directors in 1985 made a decision to stay
3 downtown in Lancaster, because that's where the people who
4 need our services most live; and I think that was a good and
5 wise decision. However, the overhead on our building can
6 get to the point that it presents a burden, a heavy burden
7 on our programs. We don't have any fat in our budget.
8 Besides the programs that we offer to people, we employ 130
9 people, many of whom live in Lancaster and many of whom walk
10 to work.

11 So what I'm telling you is a substantial rate
12 increase for us would present an overhead problem that our
13 programs would really have difficulty overcoming. I guess
14 what I'm asking you to consider is that not every large user
15 of electricity is a profit-making business.

16 Some of the programs or the areas that would be hurt,
17 I guess, if we were to face a substantial increase would be
18 the residents, where we would very much like to air-
19 condition those areas. Now, we don't even air-condition the
20 whole building, so that \$36,000 is mostly lights, pool and
21 some air-conditioning.

22 Our residents live on the third and fourth floors of
23 our building, and I really think if you just think back to
24 last summer and the temperatures that we had here day after
25 day after day, imagine being on the fourth floor of a city

1 building in a single room with one window, no cross
2 ventilation. Those are really conditions that we don't feel
3 that good about offering the women and children who live in
4 our facility, and we've been trying for the last few years
5 to raise funds to air-condition the building. However, now
6 looking at the rate increase, we're thinking, "Could we even
7 afford to run the air-conditioning if we install it?"

8 Another area that I would look at, I guess, if a rate
9 increase went into effect and made our electric bill too
10 much for us to pay would be the pool. We have sort of a
11 giant dehumidifier that takes the moisture out of the pool
12 area, and with the energy that is released in the
13 condensation, it preheats the pool water as it circulates.
14 In the summer, it heats all of our domestic hot water. It
15 is an efficient way to heat our water, but it still is very
16 costly, nonetheless. So I think one of the areas that we
17 would look at would be cutting back on the pool program,
18 which is not just teaching hundreds of people to swim a year
19 or having people exercise in the pool. That does happen,
20 but we have a lot of special populations that use our pool.

21 For example, Easter Seals brings children in weekly
22 for therapeutic exercise in our pool, which has the
23 advantage of being warmer than most pools in the county.
24 One of the local hospitals brings drug and alcohol rehab
25 patients in twice a week to use our gym and our pool to

1 promote healthful recreational habits. People with
2 arthritis use our pool because their joints can move better
3 in water; and we have many other disabled people using our
4 pool. There is a ramp that makes it wheelchair accessible;
5 and I can tell you from personal experience the importance
6 of having that kind of a pool available.

7 Up until a year ago, I was swimming laps in our pool.
8 Last May, I had spinal cord surgery that left me unable to
9 walk. Starting next week I'll be using our pool to help me
10 learn to walk again twice a week, and I'm not the only one
11 who uses our pool that way.

12 My point in raising that issue is that the loss of a
13 pool, a facility in a community, might not seem like that
14 big a deal, but it can be extremely important for the people
15 that are using it; and I would like you to consider some of
16 the kinds of usages that I mentioned to you in your
17 considering this request for a rate increase and also in
18 your consideration of the way the rate increase is
19 distributed. Thank you.

20 JUDGE TURNER: Thank you, Ms. Powers. I think the
21 record would benefit by a notation that Ms. Powers uses a
22 wheelchair for mobility.

23 Commissioner Hanger, do you have any question?

24 COMMISSIONER HANGER: One. First, thank you very
25 much for the testimony. It certainly was enlightening to me

1 and brought home some of the very major issues that any rate
2 increase poses for real people.

3 Don't take this question the wrong way, but have you
4 had an opportunity to contact PP&L and ask them to come out
5 and do an energy audit in your facility to try to make sure,
6 whatever the rates are, that you are using as little as
7 possible?

8 THE WITNESS: We have had several energy audits,
9 including one that was funded by the state.

10 COMMISSIONER HANGER: So you have gone through all of
11 the possible efforts to limit the usage as much as possible?

12 THE WITNESS: Yes, we have, including changing
13 lighting and that sort of thing.

14 COMMISSIONER HANGER: Thank you very much.

15 JUDGE TURNER: Mr. Russell, do you have any
16 questions?

17 MR. RUSSELL: No, Your Honor.

18 JUDGE TURNER: Thank you very much, Ms. Powers.

19 (Witness excused.)

20 JUDGE TURNER: Mr. Lindsay, before you leave, would
21 you leave us a name for a contact for using your facilities
22 in your town?

23 MR. LINDSAY: Yes, I will.

24 JUDGE TURNER: Thank you very much.

25 Richard Eshleman.

1 Whereupon,

2 RICHARD ESHLEMAN

3 having previously been duly sworn, testified further as
4 follows:

5 DIRECT TESTIMONY

6 THE WITNESS: My name is Richard Eshleman.

7 JUDGE TURNER: Will you spell that for the court
8 reporter?

9 THE WITNESS: E-s-h-l-e-m-a-n.

10 JUDGE TURNER: Thank you.

11 THE WITNESS: I live at 203 Clearview Road. I'm
12 testifying for myself.

13 JUDGE TURNER: Please proceed.

14 THE WITNESS: I am really not opposed to a rate
15 increase. However, I do not see the wide variation of the
16 percentage of increases.

17 JUDGE TURNER: Does that conclude your statement?

18 THE WITNESS: That concludes my statement.

19 JUDGE TURNER: Commissioner Hanger, do you have any
20 questions?

21 COMMISSIONER HANGER: No, thank you.

22 JUDGE TURNER: Does counsel have any questions of
23 this witness?

24 (No response.)

25 JUDGE TURNER: I would just like to ask you a few

1 questions, if I can, to make it clear to me, Mr. Eshleman.

2 When you say the wide variations, are you talking
3 about the difference between, say, a farm and a store and an
4 individual or are you talking about differences between
5 different residential customers? Where do you see the
6 variations?

7 THE WITNESS: The 2.4 percent to the 20.7 percent.

8 JUDGE TURNER: And how does that affect you? Do you
9 know?

10 THE WITNESS: I'm in the highest one.

11 JUDGE TURNER: Okay. I can see why you might have a
12 question. There being no other questions for this witness,
13 you may be excused. Thank you.

14 (Witness excused.)

15 JUDGE TURNER: Robert Walsh.

16 Whereupon,

17 ROBERT WALSH

18 having previously been duly sworn, testified further as
19 follows:

20 JUDGE TURNER: Would you state your name and spell it
21 for the record?

22 DIRECT TESTIMONY

23 THE WITNESS: My name is Robert Walsh, W-a-l-s-h. I
24 am representing United States Lock and Hardware Company at
25 166 Bridge Street, Columbia, Pennsylvania.

1 We have an annual electric bill of just a little
2 under a quarter of a million dollars. We were told our rate
3 increase will be 9.2 percent. 9.2 percent, \$25,000, for
4 easy figures, represents 72 percent of last year's before-
5 tax profits.

6 JUDGE TURNER: Did you say 17 or --

7 THE WITNESS: Seventy-two percent of last year's
8 before-tax profits. We employ 70 people in a small, grey
9 iron foundry. We have 65 hourly employees and five salaried
10 employees.

11 You don't have to be a mathematician to figure that
12 if you take \$25,000 out of a very small profit of about
13 \$40,000 or \$45,000, there isn't very much left. We're being
14 beat to death by foreign competition. We're in the fitness
15 industry. We make fitness castings. We're owned by York
16 Barbell Company in York, Pennsylvania. It looks pretty grim
17 in all respects from the financial side and the economy this
18 year that we would be able to absorb a \$25,000 increase in
19 our electric bill.

20 They've encouraged us to add more electric over the
21 past ten years. They've given us incentives to do so; and
22 now it seems like it is pay-back time.

23 If I would go to any of my customers and ask for a
24 9.2 percent price increase, they probably would go out the
25 door so quick it would be ridiculous. I think that PP&L, if

1 they need a rate increase, should have seen this five years
2 ago and asked for a 2 or 3 percent increase, which we could
3 have built into our costs and maybe absorbed it at a much
4 slower rate over the past few years. That's all I have to
5 say as far as my company is concerned.

6 I am also an RTS rate user, and I don't appreciate
7 the 16 percent increase for myself. Thank you.

8 JUDGE TURNER: Sir, could you describe your plant?
9 Is it a large, open, barn-like structure or do you have a
10 series of offices?

11 THE WITNESS: No. We have about 38,000 square feet.
12 It covers one city block in Columbia. We have a very small
13 office, only five salaried people and 65 hourly people.
14 I've been with the company 20 years, and in that time, we
15 have increased our production four-fold with no increase in
16 people. This has been done mainly through automation,
17 modernization; and every time they take \$25,000 away from
18 me, that's \$25,000 you can't put back in as capital
19 equipment.

20 We put back an awful lot of money every year. The
21 foundry industry just eats equipment, so you're continuously
22 replacing and replacing. Last year we replaced \$300,000
23 worth of equipment.

24 JUDGE TURNER: If you'd bear with me, I'd just like
25 to ask you a series of question. I understand your position

1 about the amount of increase and percent.

2 Do you use electricity in your process?

3 THE WITNESS: Yes, we do. It is our biggest usage.
4 That is our biggest bill.

5 JUDGE TURNER: Do you have any special ventilation or
6 heating needs that you use electricity for?

7 THE WITNESS: No. This is strictly -- about 90
8 percent of our electricity is used strictly in production.

9 JUDGE TURNER: Commissioner Hanger, do you have any
10 questions?

11 COMMISSIONER HANGER: Yes. Can you tell me what
12 portion of your total cost electricity is?

13 THE WITNESS: What total --

14 COMMISSIONER HANGER: What portion of your total cost
15 is electricity? What percentage is it? Like 5 percent of
16 your total cost?

17 THE WITNESS: Five percent -- are we talking sales or
18 --

19 COMMISSIONER HANGER: Of your revenues or whatever
20 way you want to answer that question. I assume your labor
21 cost takes up so much of the money available to make your
22 product. I assume your equipment also takes up so much to
23 make your product.

24 THE WITNESS: Electricity is approximately 15
25 percent.

1 JUDGE TURNER: Of your production cost?

2 THE WITNESS: Yes, of which I might inform that 60
3 percent of our utility bill is strictly pollution control
4 for which we get no return.

5 COMMISSIONER HANGER: I have no other questions.
6 Thank you.

7 JUDGE TURNER: Mr. Russell?

8 MR. RUSSELL: No, Your Honor.

9 COMMISSIONER HANGER: Actually, I do have one other
10 question. You mentioned you are a residential customer
11 also?

12 THE WITNESS: Yes, I am.

13 COMMISSIONER HANGER: And this is something I
14 probably should have asked when Mr. Lindsay was testifying.

15 You made mention that you got a letter saying your
16 residential rates would go up 16 percent?

17 THE WITNESS: 16.2.

18 COMMISSIONER HANGER: Maybe I should ask Mr. Russell
19 this. It was brought to my attention after yesterday's
20 public hearing in Harrisburg that there may be some
21 confusion about the accuracy of that letter.

22 THE WITNESS: We just got this yesterday. Yesterday
23 we just got another statement from PP&L saying that my rates
24 at home would go up 16.2 percent.

25 COMMISSIONER HANGER: The numbers Mr. Lindsay seemed

1 to read into the record, off the top of my head
2 calculations, seem to come to more than 16 percent.

3 MR. RUSSELL: You're right, Commissioner. That was
4 discussed yesterday. I think where the confusion arises is
5 the numbers that are being quoted for components of the bill
6 are base rate numbers only. The 16 percent that is cited is
7 total rates, which would include the ECR, state tax
8 adjustment surcharge, and the special base rate credit
9 adjustment.

10 COMMISSIONER HANGER: So it is a 16 percent impact to
11 the total bill?

12 MR. RUSSELL: Yes, sir.

13 THE WITNESS: The 16.2 percent, it just seems that
14 ten years ago when I built my house, PP&L gave me a phone
15 call and said, "We'd sure like you to put this RTS system in
16 and we'll give you \$1,600 to do it." I think now they want
17 their money back is what they're saying. That's how it
18 appears to me. Because I've been a good customer. I have a
19 very, very good ratio night to day, did what they wanted and
20 everything, and now it seems like they kick my demand charge
21 up and they want to kick my monthly service charge from like
22 \$11.00 to \$15.00; and this is where I see the big increases
23 that I don't think are really necessary.

24 COMMISSIONER HANGER: Thank you very much.

25 THE WITNESS: Thank you.

1 JUDGE TURNER: Any other counsel have any questions
2 for clarification?

3 (No response.)

4 JUDGE TURNER: Then you can be excused, Mr. Walsh,
5 and thank you very much for coming and giving your
6 testimony.

7 (Witness excused.)

8 JUDGE TURNER: Mr. Wordell.

9 Whereupon,

10 FRED WORDELL

11 having previously been duly sworn, testified further as
12 follows:

13 JUDGE TURNER: Will you state your name and spell it
14 for the record, please?

15 DIRECT TESTIMONY

16 THE WITNESS: Fred Wordell, and that's W-o-r-d-e-l-l.
17 I reside at 349 North Homestead Drive in Landisville.

18 JUDGE TURNER: You may proceed with your statement.

19 THE WITNESS: I'd like to mirror the comments that
20 the previous speaker and also Mr. Lindsay made regarding the
21 residential thermal storage units. Perhaps the way that I
22 work a calculator, it works out a little bit different than
23 the way they did, but in reviewing the notification which I
24 received, if you look at the three separate components as
25 they are identified, number one, within the monthly charge,

1 we were looking at an increase of 37 percent; in the billing
2 demand of 12 percent; and in cost per kilowatt-hour within
3 the residential thermal storage units, 58 percent.

4 Now, perhaps my math isn't totally correct, but this
5 seems far in excess of the identified 16 percent; and this
6 is certainly something that is very difficult, as a private
7 citizen within my family's budget, is something very
8 difficult for us to plan for and accept.

9 JUDGE TURNER: Mr. Wordell, did you also receive a
10 promotional rate or some kind of a refund for putting in
11 your residential thermal unit?

12 THE WITNESS: We received a reduced cost. The net
13 effect was that we paid a reduced cost on the price of the
14 thermal unit when I built my home. That was six-and-a-half
15 years ago, so I'm going to guess at approximately a \$4,000
16 cost for the unit, of which there was a, I believe, a rebate
17 of approximately \$1,600.

18 JUDGE TURNER: Did I state it correctly -- what is
19 the name of the thermal unit? Residential --

20 THE WITNESS: I beg your pardon?

21 JUDGE TURNER: What is the proper name of this piece
22 of equipment?

23 THE WITNESS: It is a Four Star unit also.

24 JUDGE TURNER: I'm talking about you called it a
25 residential thermal unit?

1 THE WITNESS: Yes. That's how it is identified
2 within the notification received from PP&L this week.

3 JUDGE TURNER: Is that sometimes called an RTU? Is
4 that an abbreviation?

5 THE WITNESS: Perhaps. I can't --

6 JUDGE TURNER: I just wanted to be sure, because the
7 former witness used that term. You're talking about the
8 same piece of equipment. That's what I really wanted to
9 clear up.

10 Commissioner Hanger, do you have any questions?

11 COMMISSIONER HANGER: Do you mind telling me how much
12 your annual electric bill is?

13 THE WITNESS: I don't have the exact information on
14 that. I'm going to estimate approximately \$1,200 to \$1,400
15 per year.

16 COMMISSIONER HANGER: Thank you.

17 JUDGE TURNER: Mr. Russell, any questions?

18 MR. RUSSELL: No, Your Honor.

19 JUDGE TURNER: Any other counsel, questions for
20 clarification?

21 (No response.)

22 JUDGE TURNER: Mr. Russell, I have a question for
23 you. I believe it was Mr. Walsh said he only got his letter
24 yesterday. Is that correct?

25 MR. WALSH: Yes. It was in yesterday's mail.

1 JUDGE TURNER: Isn't that a little late in terms of
2 notice, Mr. Russell?

3 MR. RUSSELL: Your Honor, this is not notification of
4 the rate increase.

5 MR. WALSH: It wasn't a notification. It was, I
6 guess, a clarification, if you will, sent specifically to an
7 RTS person or a person that was a regular PP&L customer, but
8 the letter came yesterday notifying what our increase would
9 be as far as a percentage.

10 JUDGE TURNER: So it was a separate letter sent out
11 to users of that particular kind of equipment?

12 MR. RUSSELL: That's right, Your Honor. It was a
13 separate letter sent to all customers who are served under
14 Rate Schedule RTS, residential thermal storage, and it was
15 not intended to be notice of the filing. That was provided
16 by bill insert during the month of January. It was intended
17 as a clarification of the impact on the Rate Schedule RTS of
18 the proposed increase.

19 JUDGE TURNER: And you also sent a letter to
20 customers such as Mr. Lindsay, who has a Four Star house, an
21 all-electric house?

22 MR. RUSSELL: Only if he takes service under Rate
23 Schedule RTS, Your Honor.

24 JUDGE TURNER: Thank you very much for coming and
25 giving us your testimony. I appreciate it.

(Witness excused.)

JUDGE TURNER: Bill Kopetz.

Whereupon,

WILLIAM W. KOPETZ

having previously been duly sworn, testified further as follows:

JUDGE TURNER: Will you state your name and spell it for the record?

DIRECT TESTIMONY

THE WITNESS: My name is Bill Kopetz, William W. Kopetz. The business is Precision Form, Incorporated. It is located at 148 West Airport Road. It is a Lancaster address but a Lititz mailing address, so it is 17543. I also happen to be a resident of Lancaster County at 1573 Hiemenz Road and have been a resident here in Lancaster for ten years.

I am coming before this group as the president of Precision Form, Incorporated, to present information rather than to be meanspirited or simply to say this is awful; let's hope it goes away.

Since I am a business person, I would like to take a slightly different position than the gentleman who was involved with the foundry. We are a business that began as an LBO in 1986 with approximately 75 employees, presently celebrating our tenth year next year. We have grown to

1 approximately 180 persons. We do business both nationally
2 and internationally. Our competition is also national, not
3 local. So that when we consider dealing with our customers,
4 we may be facing a competitor in Phoenix, Arizona;
5 Cleveland, Ohio; Rochester, New York; Pittsburgh,
6 Pennsylvania; Chicago; Mississippi; et cetera.

7 When we are faced with increases, whether they be
8 related to things as volatile as perhaps many of you know
9 like raw materials, or increases which are somewhat hidden
10 like those of overhead, water, gas, electricity, those are
11 not the kinds of things to which one can go to their
12 customer and say, "I must have a rate increase. I must have
13 a price increase."

14 Virtually all of our customers start with the base
15 price, that is the first price quoted by a company like
16 ourselves and for which we receive the business, and then go
17 downward. Many of the contracts that are cut today are
18 contracts that start at "X" and go "X minus" for two, three,
19 four or five years. One must try to take into consideration
20 what may be occurring to your costs during the time of those
21 contracts.

22 I would like to instead of taking a \$360,000 average
23 bill for electricity for our company, I'd like to say that
24 if we received a -- and I can't really tell exactly what the
25 rate increase will be because I get some different numbers.

1 So I'll use somewhere between 8 percent, 11 percent, and if
2 I settle at 10 and say \$36,000 if we made no changes, we
3 didn't add another piece of equipment, we didn't try to get
4 better, we didn't try to do things to grow our business, it
5 really means an employee, give or take.

6 Employees are important to us, because not only are
7 those employees persons making our product, which goes into
8 and out of Pennsylvania and out of this country to many,
9 many different applications, they are also ratepayers,
10 because the highest percentage of the employees for
11 Precision Form reside in Lancaster County.

12 I want to say you folks that I don't think our
13 customers are meanspirited even when they say to me, "No, I
14 will not pay that price increase regardless of how logical
15 it may be." I still respect them as customers. They are
16 the reason we are in business.

17 I can't go somewhere else and buy electricity. It is
18 illogical for us to try. It is illogical for the system to
19 make us do that, but I do believe that a move for moderation
20 is reasonable.

21 I will cite one other thing that occurred, and I
22 can't remember all the names of the persons; and I know that
23 my good friends at PP&L are doing everything they can do to
24 try to control their pricing.

25 We were visited by a sales team from PP&L. Of

1 course, the idea of the sales call was: how can we
2 encourage you to increase your usage of electricity,
3 electricity produced by PP&L? Surprisingly, one of our
4 suggestions was not, "Please raise our rates 10 percent."

5 The second question that I raised was: how many
6 layers of sales management do you have in this room and are
7 there beyond it? I think the number at that time was four.
8 We have one.

9 I suggest there are ways to control costs. I know
10 that is being done. I don't come meanspiritedly to this
11 discussion or this testimony. I hope that all the
12 consideration is given, as you have been kind enough to let
13 us speak today, and we'll look forward to what happens when
14 the judgment is made. Thank you very much.

15 JUDGE TURNER: Mr. Kopetz, please remain at the
16 podium. How would you describe your business? You're not a
17 foundry as, say, Mr. Walsh's business?

18 THE WITNESS: No. We are a manufacturer of small
19 metal parts, which are produced by either the cold forming
20 or the screw machining operation. To simplify that,
21 perhaps, it is reforming of metal, primarily aluminum, or
22 the cutting of metal.

23 The products that we manufacture find their way into
24 many different industrial applications, many of them
25 automotive. You never see our parts because they tend to be

1 assembled into other applications; things like anti-lock
2 brake systems, steering and suspension columns, safety-
3 related items for the automotive industry, something as
4 simple as the crank knob for a Zebco fishing reel,
5 connectors for the electrical connector and conductor
6 industry, standard fasteners, rivets for the aerospace
7 industry. It is a hodgepodge. We do not call ourselves a
8 job shop. We are a repetitive producer of similar parts.

9 JUDGE TURNER: Do you use electricity in your
10 manufacturing process?

11 THE WITNESS: Yes, we do, primarily to run equipment,
12 but also to heat our operation. Because our plant was
13 manufactured in 1987, we have some of the more sophisticated
14 heating systems and recirculating systems. We have things
15 which I think our friend from PP&L might know, although you
16 are legal counsel. We have special heaters to conserve
17 energy as much as possible.

18 While our bill is fairly large, relatively speaking,
19 we're certainly not a large user, say, like an aluminum
20 smelter might be using jillions of kilowatt-hours. I think
21 we're somewhere in the 5 million level.

22 JUDGE TURNER: If I may borrow a question from
23 Commissioner Hanger, what percentage of your production cost
24 is your electricity?

25 THE WITNESS: It's relatively small. I would say it

1 is less than a half a percent, but that is why I present the
2 position not so much as what a hardship this is to Precision
3 Form, Incorporated. It is the concept of the size of the
4 increase and the fact that it becomes an overhead cost,
5 which simply has to be placed over our entire business. It
6 also makes us consider how we will not use that product; and
7 we're pretty good at that when forced.

8 JUDGE TURNER: Commissioner Hanger?

9 COMMISSIONER HANGER: When did you get the sales
10 visit?

11 THE WITNESS: I can't remember exactly. I'd say it
12 was two years ago, perhaps three.

13 COMMISSIONER HANGER: And it is your sense that it
14 was an overstaffed sales visit?

15 THE WITNESS: No, no, no. I don't know if it was an
16 overstaffed sales visit. It struck me that the level of --
17 the various levels of sales management -- I think PP&L has
18 done a very good job of trying to get some young persons,
19 primarily electrical engineers, into plants to try to
20 convince them to use electricity in different ways or in
21 some cases to actually help us save if we can deal with off-
22 peak times.

23 This is not an adversarial discussion I have here.
24 It seemed to me that there was a vice-president and there
25 was another vice-president and there was someone locally.

1 Then there was a young man calling on us, and then I think
2 even somebody else in between. I'm being a bit facetious.
3 I apologize for being -- I have a dry sense of humor.

4 I am sensitive to the fact that business today, all
5 the kidding aside, business today, whether it was the
6 Aluminum Company of America for whom I worked for 22 years,
7 or Precision Form, Incorporated, an entrepreneurial LBO
8 serving its fifth year -- fifth year, by the way, was a
9 recession year -- must be very tight, very lean, very
10 concerned about its people and the compensation of the
11 entire operation and the cost of the entire operation. It's
12 just a fact of life. It is a day-to-day issue for me.

13 COMMISSIONER HANGER: Thank you very much.

14 JUDGE TURNER: Mr. Kopetz, no one has to be
15 apologetic about a sense of humor. I think it helps us all
16 through life and public input hearings.

17 What does the term LBO mean?

18 THE WITNESS: Leverage buyout. It means that some
19 partners in this case made arrangements with the Aluminum
20 Company of America to purchase a division which was being
21 divested at that time.

22 JUDGE TURNER: Thank you.

23 Do any counsel have any questions?

24 (No response.)

25 JUDGE TURNER: Thank you very much, Mr. Kopetz, for

1 coming. You may step down.

2 (Witness excused.)

3 JUDGE TURNER: Harry C. Smith.

4 Whereupon,

5 HARRY C. SMITH

6 having previously been duly sworn, testified further as
7 follows:

8 DIRECT TESTIMONY

9 THE WITNESS: I am Harry C. Smith, S-m-i-t-h. I live
10 at 68 McKelvey Lane, Holtwood, PA.

11 We've heard quite a bit about residential thermal
12 storage, and we're working our way through it. Mr. Wordell,
13 he did the calculations, and I verify that the monthly
14 charge rate change is 37 percent. The billing demand change
15 is 12 percent; and the cost of electricity per hour is 58.45
16 percent. But I went one step further. I did one of my
17 recent bills, and I found out that -- my bill happened to be
18 \$135.84. And now, taking everything into consideration --
19 that's including the energy charges and the negatives that
20 are in the bill -- it would go to \$184.06. That is a \$48.22
21 increase or a 35.49 percent increase in my bill.

22 Now, this letter that PP&L just sent us -- and it
23 arrived yesterday -- says, and I read, "For example, an RTS
24 customer with a 6 kilowatt monthly billing demand who will
25 use 25,000 KWH a year could expect their electric bill to

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1 increase about \$20.00 a month or 16 percent." I'm getting
2 \$48.00 with a 35.50 percent.

3 All I'm asking for is reasonable treatment. This is
4 almost the same ploy that the company presented when they
5 did electric heat, and the Utility Commission allowed them
6 after a period of time to raise that from their one cent to
7 regular customers, and that's what they're doing here. They
8 got the people to invest in this and try it out. Now all of
9 a sudden, they want to bring it back up. If anything, they
10 ought to leave us move with the rest of the customers; and
11 if they really want to increase this cost on this RTS, then
12 let them do it with the new customers that would come on.

13 That's all I have to say. Thank you.

14 JUDGE TURNER: Commissioner Hanger?

15 COMMISSIONER HANGER: Do you know what your annual
16 bill would be, roughly?

17 THE WITNESS: No, I don't. This is a brand new
18 house. I'm sorry. We just moved into this house three
19 months ago. We don't really know what it is, and we got
20 nothing special. We did buy the house thinking that we were
21 going to get a good savings on this portion of it, and it
22 probably was a factor in us buying the house; and now here
23 they come with this change.

24 COMMISSIONER HANGER: Thank you.

25 JUDGE TURNER: Counsel?

1 (No response.)

2 JUDGE TURNER: No questions?

3 MR. RUSSELL: Your Honor?

4 JUDGE TURNER: You have a question?

5 MR. RUSSELL: I don't have any questions, if I could
6 just suggest one thing. We have some customer
7 representatives from PP&L in the room; and maybe at a break
8 or sometime, they could work with Mr. Smith and look at the
9 bill. I can't calculate the bill in my head as he speaks.
10 He is citing the figures in the letter accurately; and to
11 calculate his bill, all I could suggest is to get together
12 with one of our people.

13 JUDGE TURNER: All right. Why don't I take one more
14 witness, and then we'll take a 15-minute break, at which
15 time you can ask questions and talk with representatives of
16 various agencies.

17 Thank you, Mr. Smith.

18 (Witness excused.)

19 JUDGE TURNER: Crail Gordon.

20 Yes, sir?

21 MR. RITTENHOUSE: I have to go to work soon, and it
22 is very important for me to say what I have to say. It has
23 nothing to do with this rate increase.

24 JUDGE TURNER: What you say has nothing to do with
25 this rate increase?

1 MR. RITTENHOUSE: It has something to do with PP&L.

2 JUDGE TURNER: The subject of this hearing is the
3 rate increase.

4 MR. RITTENHOUSE: It is, but I'm a low-income person
5 and I only make so much money, and what has happened to me
6 through PP&L so far, I would like to at least be heard.

7 JUDGE TURNER: Okay. Why don't we take you out of
8 turn? What is your name, sir?

9 MR. RITTENHOUSE: Jack Rittenhouse.

10 JUDGE TURNER: Would you come up to the microphone,
11 please?

12 Whereupon,

13 JACK RITTENHOUSE

14 having previously been duly sworn, testified further as
15 follows:

16 DIRECT TESTIMONY

17 THE WITNESS: My name is Jack Rittenhouse. I live at
18 21 Duo, D-u-o, Drive in Lancaster.

19 JUDGE TURNER: You're already sworn in. Go ahead
20 with your statement.

21 THE WITNESS: I am considered low income like a lot
22 of people in this town. Jobs the past year have been rough
23 for me. I have listed with five temp services, and I have
24 been working through the temp services.

25 PP&L now when you can't pay your bill has a lawyer

1 that I can't use any other term but they sic him on you.
2 What happened is my bill got up really high. When I called
3 PP&L, nobody had anything to say to me except for, "Your
4 bill has been turned over to the lawyer."

5 I went to the JP, which their lawyer, PP&L's lawyer,
6 Arthur Feld, had suggested I didn't have to show up, which I
7 found out later on, I would have been automatically guilty.
8 I get there and the judgment is not only on me now. It is
9 on a person that stored stuff at my house and has stayed
10 there maybe two or three nights of the week. Their name is
11 not on the electric bill, has never been on the electric
12 bill. Now there is a judgment against them. My neighbors
13 won't even come to visit me. I guess they're scared they'll
14 be on my electric bill. PP&L can put anyone on the judgment
15 they feel they want to.

16 They got this boy on the judgment.

17 JUDGE TURNER: They got this what on the judgment?

18 THE WITNESS: The person that stayed at my house.
19 They got him on the judgment, because their lawyer connived
20 the JP. He told the JP things that was not true. I didn't
21 get to say anything at the hearing.

22 He has this law here that he says if you live in the
23 house, under the electric, you're responsible for the bill.
24 It's only for spouse and husband and things like that. This
25 guy is not related to me in no way.

1 It also states in this law that a person may be held
2 liable for the electric bill if they have ever paid on the
3 electric bill or contributed to the electric bill. This
4 person never has.

5 JUDGE TURNER: Excuse me, sir. What is that you have
6 in your hand?

7 THE WITNESS: This is the law that he slid past the
8 JP.

9 JUDGE TURNER: Did he give you a copy of it?

10 THE WITNESS: This is the copy.

11 JUDGE TURNER: This is a copy he gave to you?

12 THE WITNESS: No. At the time, he didn't give me the
13 copy because I was furious. I didn't want anything to do
14 with him at the time. I got to the JP's office, and the
15 only thing that happened was the hammer was slammed down,
16 and I was told I was going to be held in contempt.

17 I went without a lawyer. I didn't know any better.
18 I didn't know anything that was going on.

19 JUDGE TURNER: So how did you get that copy?

20 THE WITNESS: I ended up getting it through an
21 attorney. I ended up getting it through Legal Services that
22 I had this guy go through. I couldn't take a lawyer because
23 I made \$10.00 too much to get a lawyer through Legal
24 Services.

25 Now when I call PP&L, they say they have nothing to

1 do with it. They definitely do have something to do with
2 it. They are the ones that sicked this old dog on me. This
3 man will not make any kind of arrangements with me. When I
4 talked to him about payment arrangements at the JP's office,
5 he told me payment arrangements were \$90.00. If I couldn't
6 make the bill at that time, where was I coming up with
7 \$90.00?

8 Now --

9 JUDGE TURNER: Hold on for a minute. When you say
10 "this man," are you talking about --

11 THE WITNESS: Arthur Feld, their lawyer.

12 JUDGE TURNER: Can you spell his name for the record?

13 THE WITNESS: A-r-t-h-u-r, M., F-e-l-d.

14 JUDGE TURNER: Thank you. Go ahead.

15 THE WITNESS: So I asked if I could pay \$30.00 or
16 \$40.00, plus I'm paying right now the current bill that I
17 get. No; he wanted \$90.00. So now since PP&L can't get the
18 \$90.00 out of me, I come home and there is a sheriff thing
19 on my door. They're going to sheriff my property and
20 personal belongings. So now PP&L don't want my money
21 anymore. They want my property and my home.

22 JUDGE TURNER: Do you own the home that you live in?

23 THE WITNESS: The bank owns it. It is a
24 trailer/mobile home. Yeah, I own it through the bank.

25 JUDGE TURNER: It's in your name?

1 THE WITNESS: Yes. I worked hard to try to hold onto
2 it. I'm through a temp service now at \$5.75 an hour. PP&L,
3 their lawyer is very rude, and PP&L themselves have nothing
4 to say to me.

5 I talked to one of their supervisors, a Mr. Wright,
6 yesterday that told me they have no intentions of pulling
7 the lawyer off me, the judgment or anything. That's the way
8 it stood.

9 JUDGE TURNER: What is the name of the person you
10 spoke to yesterday?

11 THE WITNESS: A Mr. Wright.

12 JUDGE TURNER: Can you spell that?

13 THE WITNESS: W-r-i-g-h-t.

14 JUDGE TURNER: Let me ask you a couple questions.

15 You said that you were not allowed to say anything in
16 front of the JP, the Justice of the Peace, but that you were
17 threatened with contempt.

18 THE WITNESS: I was threatened with contempt, because
19 I was asked questions that needed more than a yes or no
20 answer. As soon as I tried to answer them, the hammer went
21 down and he told me yes or no. Then when I went to tell him
22 that, "But the only way I can tell you," he said, "I'll hold
23 you in contempt."

24 I didn't have a lawyer. I couldn't afford to take a
25 lawyer with me. I don't know what these people think is

1 going to happen to low-income people.

2 JUDGE TURNER: The fact is that you were called as a
3 witness, but because of conflicts with the JP, your
4 testimony was very limited. Is that correct?

5 THE WITNESS: I didn't even get a conference.

6 JUDGE TURNER: No; conflict.

7 THE WITNESS: I had conflicts with the JP.

8 JUDGE TURNER: Who held you in contempt?

9 THE WITNESS: The JP. When I went there -- he
10 threatened to. He didn't. When I went there, their lawyer
11 that they had, first of all, came in and asked me how was I
12 doing. How did he think I was doing? The man is in there
13 trying to get my home.

14 JUDGE TURNER: Mr. Rittenhouse, I'm really just
15 trying to find out the facts. I think the record has a
16 correct version of how you saw the incident and how you feel
17 about it.

18 THE WITNESS: I was put on the stand. The lawyer had
19 his turn. He asked me all kinds of questions. I only could
20 answer them a certain way, yes or no. I couldn't explain
21 anything. I couldn't even explain that this guy was not
22 even on the electric bill or anything.

23 JUDGE TURNER: My other question is: he asked you
24 for \$90.00. Was that a one-time payment or \$90.00 a month?

25 THE WITNESS: This was \$90.00 a month, and this was

1 after it was all over and the judgment was put on me. He
2 came up to me and said -- this is exactly what he said. I
3 said to him -- he said to me about making payment
4 arrangements. I said, "I can afford to maybe pay \$30.00 or
5 \$40.00." He said, "\$90.00. I need \$90.00 or nothing. This
6 bill is too high." I said, "I have no more to say to you,
7 because I do not have \$90.00."

8 JUDGE TURNER: Thank you.

9 Commissioner Hanger, do you have any questions?

10 COMMISSIONER HANGER: You're paying your current bill
11 now?

12 THE WITNESS: I'm paying my current bill. My current
13 bill, the bill runs -- I don't know what the bill runs. I
14 just sent them \$98.00. I'm paying the current bill plus
15 \$15.00, because it got a month or two behind, to make sure
16 it doesn't get any further than that behind.

17 COMMISSIONER HANGER: I would just hope, Mr. Russell,
18 that you can get somebody to work with Mr. Rittenhouse. It
19 sounds like you are very willing to pay your current bill
20 plus retire your debt. It seems to me that there is a way
21 to resolve --

22 THE WITNESS: I want the judgment pulled off of the
23 guy that was at my house --

24 JUDGE TURNER: Excuse me. Only one can speak at a
25 time, because the court reporter can't take it down. Let

1 the Commissioner finish.

2 COMMISSIONER HANGER: I would hope that we could get
3 you and a representative of PP&L to try to work this out.
4 It seems like Mr. Rittenhouse is paying his current bills
5 and is willing to retire his debt. I would hope cool heads
6 prevail at this point and we could work this out and maybe
7 we can return to the subject of the rate increase hearing.

8 I would personally request, Mr. Russell, if you could
9 get somebody to talk with Mr. Rittenhouse before he goes to
10 work or, if it is too late for him to go to work now, get
11 with him in the next day or so.

12 JUDGE TURNER: Does any counsel have any questions at
13 this point?

14 MR. RUSSELL: Your Honor, I don't have any questions,
15 but yes, we will work with Mr. Rittenhouse.

16 JUDGE TURNER: Let's take a recess at this point.
17 We'll go off the record for 15 minutes. I would encourage
18 Mr. Rittenhouse to talk with PP&L and anyone here who has
19 questions of any party to please take advantage of this
20 time. Thank you.

21 (Witness excused.)

22 (Recess.)

23 JUDGE TURNER: I'd like to go back on the record,
24 please.

25 It is a few minutes early, but we have had two

1 additional people sign up. I have had a request -- can you
2 please stop your conversations or move outside? We've had a
3 request from another person who must go to work. We will
4 take her.

5 Before I begin, I would like to note that Mr. Dan
6 Witmer is here on behalf of the Lancaster Chamber of
7 Commerce. He has a written statement, which he is going to
8 pass out at this point to counsel, the Commissioner, and
9 myself, and I will probably take him at the end of this
10 public input hearing, because he has a lengthier statement
11 than some people. He has agreed to defer to the end.

12 So at this point, let me call Carmen Rodriguez.
13 Whereupon,

14 CARMEN RODRIGUEZ

15 having previously been duly sworn, testified further as
16 follows:

17 DIRECT TESTIMONY

18 THE WITNESS: Hello. My name is Carmen Rodriguez. I
19 live at 16 Garden Court, Apartment 4, in Lancaster.

20 JUDGE TURNER: I'm having trouble understanding you.
21 Perhaps you are a little close to the microphone.

22 THE WITNESS: I live at 16 Garden Court, Apartment 4.

23 JUDGE TURNER: Are you getting this, Ms. Court
24 Reporter?

25 COURT REPORTER: Yes.

1 JUDGE TURNER: Okay. Please proceed.

2 THE WITNESS: I am here for myself. I also work at
3 Central Pennsylvania Legal Services, but it is for myself.
4 My utility bill is so small compared to most people who have
5 spoken here today that it may not seem like much to anyone
6 else, but I live on a very tight budget. I am a single
7 parent trying to make ends meet, and most of us I think live
8 paycheck to paycheck.

9 I am very good at budgeting things and figuring out
10 where everything goes. Of course, that only works until
11 something throws you off like an illness, medicines that
12 have to be paid for, and so forth. So when those things
13 happen and there are emergency things, you always end up
14 getting behind in something. You have to decide which thing
15 you want to get behind on. Can you afford to lose your home
16 or do you get behind on a utility payment? Usually, you
17 have to go on one of the utility payments if there isn't
18 anything else.

19 During the summer, it ends up being even worse in my
20 case. I run the air-conditioner where I live, because my
21 child and I both suffer from really bad sinuses. At night,
22 we can't sleep. We can't breathe. We take all kinds of
23 medications. That doesn't really help. The best way is to
24 run the air-conditioner. I only run it at night. All day
25 we're out, so that only happens at night that I run that,

1 but it does run it up every year. So I end up with a \$200-
2 and-some bill that I get interest on and it keeps getting
3 higher.

4 I work out payment arrangements with PP&L. I do do
5 that. I call them up. They send me a bill. "You're really
6 far behind. You need to call up and set up a payment
7 arrangement." That arrangement usually is you pay your
8 monthly bill, \$10.00 or \$15.00, something like that, toward
9 whatever you're in arrearage of. That's fine and I try to
10 work on that. The problem is, though, I'm on a budget, and
11 I have a hard time making my monthly bill. So when I'm
12 paying something on the arrearages, I usually can't do that.
13 It's just impossible for me to go from \$38.00 to \$48.00 or
14 \$50.00, whatever it might be.

15 So I try to do that and somehow work it out or end up
16 again behind, and then I get this scary letter that we're
17 going to terminate your electricity. So then I call back,
18 and again, I get a very nice person on the other end of the
19 line that says, "Look, we'll work with you. Let's figure
20 out your budget. Let's figure out how we can pay this."
21 Again, you pay your monthly bill and something towards your
22 arrearages. That's the same payment arrangement I had
23 before and couldn't keep. The problem is I can only pay
24 that monthly bill. I just don't have any extra, if I can
25 even pay that.

1 What I usually do in my case so I don't get
2 disconnected is every year I get an income tax return. I
3 use part of that to pay off that huge electric bill. That's
4 how I keep my service going and never get absolutely
5 terminated.

6 But I see a lot of people, including myself, people
7 that come from low-income backgrounds, who have a hard time
8 keeping up that monthly bill. Paying on arrearages by
9 setting up a payment arrangement of monthly plus \$10.00
10 toward arrearages, it's just not possible to do because
11 we're having a hard time paying the present bill.

12 Another thing I wanted to bring up is when I call,
13 they don't offer me any other options. I believe there are
14 a lot of programs out there and I know there are because of
15 where I work. If I didn't work there, I probably wouldn't
16 know about those programs.

17 I know I have gotten something in my electric bill
18 about the CARES program. I have seen that. But other than
19 that CARES program, no one ever tells me when I call, "Look,
20 there are other options you can look at, these other
21 programs." I would suggest that that would be something you
22 could do when people call to set up payment arrangements.
23 "We have a couple plans. You might consider this one."

24 As far as the rate increase, of course, you
25 understand I'm totally against that. I just cannot afford

1 even 5 percent, let alone 11 percent or whatever it might
2 be. Thank you.

3 JUDGE TURNER: Thank you, Ms. Rodriguez. Let me ask
4 you one or two questions myself and see if counsel has any
5 questions to ask.

6 Have you applied for the CARES program or any other
7 program?

8 THE WITNESS: Myself, personally, I have called up
9 for the CARES program at CAP. They told me, "If you're on
10 subsidized housing now, you can't apply for that program."

11 JUDGE TURNER: Because they count subsidized housing
12 as a cost?

13 THE WITNESS: I don't know. Before I know it wasn't
14 like that. I don't think it was like that, but it is now,
15 so I can't apply for that. So I have to go to some other
16 program. For myself, I can work it out. I know about these
17 other programs. I work at Central Pennsylvania Legal
18 Services, and I know about that, but most people don't. So
19 I knew when I was turned down for that that I could look at
20 other options.

21 JUDGE TURNER: I believe -- and perhaps someone from
22 PP&L can correct me if I'm wrong -- that they compute an
23 amount of rent for those people who are on subsidized
24 housing.

25 Mr. Russell, is there a customer assistance of any

1 sort for which this lady and others under her circumstances
2 can be considered? Are you going to have a customer
3 assistance program as part of this rate case?

4 MR. RUSSELL: Your Honor, there are customer
5 assistance programs presented and proposed in the rate case.
6 Some of the examples are CARES that you talked about. There
7 is Operation Help. There is LIHEAP payments for heating
8 bills. Which program she is eligible for I just couldn't
9 say at this point.

10 THE WITNESS: The LIHEAP program, I know about that.
11 That is for heating. I don't heat with electric. My
12 electric runs up because of the air-conditioner in the
13 summer. As far as the Help program, when I called Community
14 Action Program, which is the place that you contact to see
15 about the programs, the other one offered was the OnTrack
16 program, and they told me that to qualify for that, you have
17 to have three months of consecutive payments, you know,
18 three months that you show that you can pay your monthly
19 bill, and they will get you on that OnTrack program.

20 Hopefully, I will be able to do that once I pay up
21 whatever I owe in arrearages, but for now, it is not
22 something I can make.

23 JUDGE TURNER: Mr. Russell, would you have somebody
24 from your Customer Relations Department sit down and look at
25 her payment arrangements and history and so on and work with

1 her to see if there is a program that she can avail herself
2 of?

3 MR. RUSSELL: Yes, we will, Your Honor.

4 JUDGE TURNER: Commissioner Hanger may have some
5 questions.

6 COMMISSIONER HANGER: I have to apologize. I walked
7 in late, and frankly, I missed every word you said, but I
8 promise I'll read the record.

9 JUDGE TURNER: I'm sorry. I didn't mean to embarrass
10 you, but Ms. Rodriguez has talked about some things you are
11 interested in. She is in low-income subsidized housing.

12 COMMISSIONER HANGER: We'll get a transcript, and
13 I'll make sure I review your remarks.

14 JUDGE TURNER: Do counsel have any questions?

15 (No response.)

16 JUDGE TURNER: Thank you very much, Ms. Rodriguez.

17 (Witness excused.)

18 JUDGE TURNER: Crail Gordon.

19 Whereupon,

20 CRAIL GORDON

21 having previously been duly sworn, testified further as
22 follows:

23 DIRECT TESTIMONY

24 THE WITNESS: Good afternoon. My name is Crail
25 Gordon. It is spelled C-r-a-i-l, G-o-r-d-o-n. I am on

1 behalf of two companies. One is Sylvin, S-y-l-v-i-n,
2 Technologies, Incorporated, and also Kalas Manufacturing.
3 Kalas is spelled K-a-l-a-s. Unfortunately, Kalas' people
4 could not be here. I have some limited information that I'd
5 like to share with you on them.

6 Sylvin Technologies and Kalas are both privately held
7 companies located in Denver, Pennsylvania, similarity in
8 ownership. Sylvin, 29 employees, \$9 million in sales
9 annually. Our process is we produce polyvinyl chloride. A
10 lot of people know it as vinyl, PVC, a lot of the stuff that
11 is used to coat the wires that generates electricity, things
12 of that nature.

13 Of our 29 people, we pay 100 percent Major Medical,
14 hospitalization and dental, pension plan, life insurance,
15 life insurance on the pension plan.

16 With this proposed increase, being that we're
17 industrial interruptible, 27.8 percent. You're looking at
18 -- may I approach?

19 JUDGE TURNER: May you approach?

20 THE WITNESS: I have a little example here.

21 JUDGE TURNER: You're handing out pennies.

22 THE WITNESS: I will ask for these back, because I am
23 not bribing anybody.

24 JUDGE TURNER: You are placing a penny in front of
25 each of these lawyers?

1 THE WITNESS: That is correct.

2 JUDGE TURNER: Do you expect a particular reaction?

3 THE WITNESS: No. As I said, I am not bribing in
4 this situation.

5 JUDGE TURNER: Go ahead, Mr. Gordon.

6 THE WITNESS: Again, our industry is vinyl. We have
7 11 competitors nationwide. We are the smallest competitor
8 of all of them. You are familiar with B.F. Goodrich. We
9 are supplying companies as is Exxon Fuels, Georgia Gulf,
10 formerly Georgia Pacific, B.F. Goodrich, people of that
11 nature. Again, we are the smallest. We are the smallest
12 one in the State of Pennsylvania.

13 That penny right there, we fight for partials of
14 pennies for business. As a result of this proposed
15 increase, if you took that exact penny there, it will knock
16 our level of profitability after tax by 30 percent. I have
17 a problem with that.

18 Our current annual expense on electricity is
19 \$148,000; and before somebody asks me the question, that
20 comprises over a cost to manufacture some 18 percent. With
21 the proposed increase, that would take it up to 23 percent.

22 Looking at some information I received here today,
23 four of our competitors are located in particular states
24 that I have here. Their electrical costs are 24 to 31
25 percent lower than ours; and when I say lower than ours,

1 looking at today plus the proposed increase. It is not
2 going to leave a level playing field, period.

3 Speaking on behalf of Kalas, Kalas is a \$70 million
4 a year company. Again, as I said earlier on, we classify
5 them as our sister company, but yet, we are totally separate
6 corporations. They, too, also are privately held. Annual
7 expenses, \$660,000. With this proposed increase, it would
8 be \$184,000 per year additional. Their level of
9 profitability would drop 9 percent.

10 Let's talk a little bit about capital expenditures
11 that both Sylvin and Kalas are going through. Sylvin, in
12 1995, we are spending \$1.5 million to double our capacity.
13 In this case here, I get a double whammy. To double my
14 capacity, I must use double my expenditures at 148. It
15 would take it to 296. On top of that, an additional 42 to
16 make it \$84,000 that I did not reflect in my pro forma as I
17 proposed to the bank, as I got approval from the bank.

18 Kalas in 1994 spent \$3 million capital expenditures.
19 In 1995, they are projecting \$2.5 million. I must spend 1.5
20 to facilitate their growth. Both of our companies are
21 commodity driven; Kalas more so on the copper; us, a lot of
22 our -- the byproduct of vinyl -- excuse me. The precursor
23 to vinyl is crude oil and salt. In some cases, our products
24 that we sell are value added. People are looking at this
25 quantity at a price and saying, "I will pay for this only

1 this amount."

2 We must keep our direct labor and overhead extremely
3 low. Our direct labor is 4.65 percent. I believe Kalas' is
4 at 5 percent.

5 This type of increase that we're looking at we could
6 not pass on. We would have to eat it. As I said to you
7 before, you take that penny and divide it in threes. That's
8 what is lost out of my pocket.

9 In calendar year 1994 and year to date, we have
10 experienced a 40 percent increase in raw materials. You and
11 I as consumers will ultimately see this.

12 This morning, were you awakened by an alarm clock, an
13 electric-powered alarm clock, or do you use a hair dryer or
14 a curling iron or when you started your car? These are
15 where our products are used. You and I as a consumer will
16 see this. This is only going to hurt it even more.

17 We must invest in technology, and that technology
18 requires electricity. We are highly automated, extremely
19 automated. This new production facility I'm putting in is
20 going to create jobs, again double my requirements for
21 electricity.

22 What I will say is yes, we have to look internally.
23 No stone in our facility will go unturned. I can say that
24 also for Kalas. It could mean jobs. It could mean
25 benefits. It is going to affect one thing, our company and

1 Kalas' company's corporate net income tax contributions back
2 to the state.

3 Now, before you ask any questions, can I have my
4 pennies back?

5 JUDGE TURNER: Yes. I do have a couple of
6 preliminary questions. Thank you for coming out.

7 First of all, if you said it and I missed it, how
8 many employees do both you and Kalas have?

9 THE WITNESS: My apologies. I did say Sylvin.
10 Sylvin has 29 employees. Kalas has 250 employees.

11 JUDGE TURNER: And what kind of facility do you have?
12 Is it one large, open production facility?

13 THE WITNESS: No. Sylvin currently occupies 34,000
14 square feet totally enclosed under roof. Kalas, I could not
15 give you an exact square footage. If I were to give a
16 guesstimate, I would say 350,000 to 400,000 square feet.

17 JUDGE TURNER: And is electricity used as part of
18 your production process?

19 THE WITNESS: Yes, it is.

20 JUDGE TURNER: You gave the percentage of the cost
21 for Sylvin. Do you know it for Kalas?

22 THE WITNESS: No, I do not.

23 JUDGE TURNER: I think those are all my preliminary
24 questions.

25 Commissioner Hanger?

1 COMMISSIONER HANGER: Where are your competitors
2 located?

3 THE WITNESS: North Carolina, South Carolina, Ohio,
4 Indiana, New Jersey; Leominster, Massachusetts.

5 COMMISSIONER HANGER: Is it your testimony that all
6 of them have lower electric rates than what you would get
7 after the proposed rate increase?

8 THE WITNESS: They currently have lower rates before
9 the increase.

10 COMMISSIONER HANGER: Before the increase, all of
11 them?

12 THE WITNESS: All of them.

13 COMMISSIONER HANGER: Could you describe again what
14 the impact would be on your business if the proposed
15 increase is implemented?

16 THE WITNESS: Can I answer?

17 COMMISSIONER HANGER: Yes.

18 THE WITNESS: Based on our level of profitability
19 today, I will see a 30 percent decrease in our profits just
20 as this 27.8 percent proposed increase would affect it.

21 JUDGE TURNER: Is that for both companies?

22 THE WITNESS: No, just for Sylvin Technologies.
23 Kalas would experience a 9 percent decrease in their level
24 of profitability.

25 COMMISSIONER HANGER: Thank you very much.

1 THE WITNESS: Thank you.

2 JUDGE TURNER: Are there any questions from counsel?

3 (No response.)

4 JUDGE TURNER: If you, Mr. Gordon, would check with
5 the court reporter to see if she has the spelling of
6 anything she needs; if you perhaps have a card for Kalas and
7 Sylvin that she would be able to spell them correctly.

8 THE WITNESS: Okay.

9 JUDGE TURNER: Thank you very much for your
10 testimony, and you may be excused at this point.

11 (Witness excused.)

12 JUDGE TURNER: Eugene Carrigan.

13 Whereupon,

14 EUGENE CARRIGAN

15 having previously been duly sworn, testified further as
16 follows:

17 DIRECT TESTIMONY

18 THE WITNESS: My name is Eugene Carrigan. I live at
19 712 Lancaster Pike.

20 JUDGE TURNER: Will you spell your last name for the
21 court reporter?

22 THE WITNESS: I didn't hear you.

23 JUDGE TURNER: Will you spell your last name for the
24 court reporter?

25 THE WITNESS: C-a-r-r-i-g-a-n.

1 JUDGE TURNER: Thank you.

2 THE WITNESS: I come here to tell the Public Utility
3 Commission that I think that my electric bill is the best
4 deal I got going these days in light of the fact that PP&L
5 hasn't raised their rates for ten years or maybe longer, and
6 also, they have reduced their rates from time to time.

7 Now, I can't say that for the postage. My stamps
8 have gone up since less than ten years, and I'm absolutely
9 sure that if you went out and bought a new car ten years ago
10 and tried to buy one now, you would find that cars have gone
11 up, too.

12 Now, I would like to review a little history. My
13 source of information is the public papers. I read it in
14 the papers. It is old, and so I may have got it mixed up a
15 little.

16 A man went out and built a house. I kind of figure
17 he was a farmer and he decided to retire and he was going to
18 turn the farm over to the boy, and he took a piece of ground
19 out in the corner and built a house on it; and he went to
20 PP&L and said, "How about furnishing electric to it?" I
21 guess they said they'd be glad to, but they had some
22 employees down here in the local office that were right on
23 the ball, and before they loaded up a lot of wire and went
24 out there, they checked it out a little, and they had bad
25 news for him when they checked it. He was over in

1 Metropolitan Edison's area.

2 Now, unfortunately, Metropolitan Edison said, "Yeah,
3 we'll furnish you, but you've got to pay for building the
4 line." And at the time, that figure was available in the
5 paper. I don't remember what it was, but it wasn't small.

6 Now, I think the story behind this is that M.E. would
7 have liked to have built the line, too, but their cash flow
8 was a little short, and PP&L was able to do it.

9 Now, the point I'm trying to make here is that for a
10 utility to do good service to their customers, they have to
11 be financially strong. They have to have a little money in
12 the bank.

13 Now, it wasn't always this way with PP&L. I can
14 remember when we first got the line. That was back in 1935.
15 That is some years ago. Some of the farmers down here in
16 Drumore Township, they were in the dairy business, and the
17 milk company was putting a little pressure on them to get
18 milk coolers, and so they wanted the line; and they went to
19 PP&L and said about building the line. This line would
20 consist of several miles of building, you know.

21 So they came down and measured it, and then they had
22 another meeting, and they told them, "Well, okay, we'll do
23 it, but you've got to pay so much." Whatever you paid, you
24 got that much electric, but you had to pay it even if you
25 didn't use it.

1 So they divided it up, and the farmers that had a
2 dairy said, "Well, we'll pay \$9.00 a month." Now, that
3 doesn't sound very high, but that was the going rate those
4 days. My father didn't have a dairy, so he said he'd pay
5 \$6.00 a month. There were two or three other people that
6 went in. That was okay, and they built the line.

7 For a number of years, we didn't use the \$6.00, but
8 nowadays, I'm sure if somebody says that they want light,
9 PP&L will build the line. If a contractor is opening a
10 building development and they go to PP&L and they've got a
11 field out here and they say, "We want service," PP&L is
12 there, but it costs money, you know; and a lot of these new
13 places want underground service, which costs more.

14 So from my point of view, I have a pump and I have an
15 oil burner; and if the power goes off in the wintertime and
16 stays off too long, I'm in trouble. I don't have any water
17 and I can't run my oil burner. So I am interested in
18 reliable service, and I've been getting reliable service. I
19 haven't been out of light except if an automatic breaker
20 opens and closes again for long enough to turn the lights
21 out and turn them back on again for years and years, and I
22 appreciate that; but if we get to the place where the
23 company is in financial troubles, we're in big trouble. So
24 what we want to do is not let it get that way.

25 The PUC is not only responsible for checking the

1 rates, but seeing to it that there is reliable service, and
2 you want to keep that in the back of your mind and don't be
3 penny-pinching when you shouldn't be. Thank you.

4 Does anybody have any questions?

5 JUDGE TURNER: Thank you for coming out.

6 Can I ask you what your employment is?

7 THE WITNESS: I'm not hearing you.

8 JUDGE TURNER: Can I ask you what your employment is?

9 THE WITNESS: I still don't hear.

10 MR. GORDON: What do you do for a living?

11 THE WITNESS: I'm retired. Hey, I'm old.

12 (Laughter.)

13 JUDGE TURNER: What did you do before you retired?

14 THE WITNESS: What did I do before I retired?

15 JUDGE TURNER: Yes, sir.

16 THE WITNESS: You're asking an embarrassing question,
17 maybe. I worked for PP&L.

18 (Laughter.)

19 THE WITNESS: All right. I want to say something.

20 JUDGE TURNER: That's nothing to be ashamed of. It
21 is a good company.

22 THE WITNESS: PP&L is getting ready to put in fish
23 ladders down at the Holtwood Dam. Now, that's going to cost
24 them some money. I don't think it is a good idea. I don't
25 think there are that many fish down there to come up; and

1 even if there were a lot, it wouldn't be worth what it's
2 going to cost, but they're going to do it and somebody has
3 got to pay for it.

4 Now, I haven't heard the federal government say,
5 "Well, it's a good idea. We'll throw in \$200,000; the state
6 government say, "We'll throw in \$200,000." So okay, it's up
7 to me. Right? I'm going to have to pay for it and I'm
8 willing to pay for it.

9 PP&L also has some unpaying customers. Now, I don't
10 think it is in PP&L's charter to provide free meals, but
11 okay, the PUC says do it. PP&L does it, and I know that
12 that is running my bill up for me, see.

13 JUDGE TURNER: Excuse me, sir. I'd like to see if
14 anybody has questions for you other than myself.

15 Commissioner Hanger?

16 COMMISSIONER HANGER: I have no questions. I'd like
17 to thank you for coming out.

18 THE WITNESS: I can't hear that thing. It comes out
19 blurry to me.

20 COMMISSIONER HANGER: I do not have any questions.
21 Thank you for coming.

22 THE WITNESS: Is everybody done with me?

23 COMMISSIONER HANGER: I thank you for coming; and
24 you're right, the Commission must consider not just the cost
25 of making sure the businesses that need this power have a

1 competitive price, but we also must make sure that it is
2 there when it is needed, that service is reliable. You make
3 a good point. Thank you for coming.

4 JUDGE TURNER: Does any other counsel have any
5 questions?

6 (No response.)

7 JUDGE TURNER: Thank you very much, sir.

8 (Witness excused.)

9 JUDGE TURNER: George Ioannidis.

10 Whereupon,

11 GEORGE W. IOANNIDIS

12 having previously been duly sworn, testified further as
13 follows:

14 DIRECT TESTIMONY

15 THE WITNESS: I am George Ioannidis. I am speaking
16 to you on behalf of the Donegal School District at 366 South
17 Market Avenue in Mount Joy.

18 JUDGE TURNER: Will you spell your last name for the
19 record, please?

20 THE WITNESS: Yes. I-o-a-n-n-i-d-i-s.

21 JUDGE TURNER: Thank you. You're appearing on behalf
22 of the Donegal School District?

23 THE WITNESS: Correct.

24 JUDGE TURNER: Please proceed.

25 THE WITNESS: Like all school districts, the Donegal

1 School District is called upon to use its financial
2 resources in the most effective and efficient manner to
3 deliver its educational programs. A ten percent increase in
4 the cost of electricity would mean to us an additional
5 \$20,000 in expenditures that would be needed to be paid in
6 the next year.

7 Our options are really limited. One would be to pass
8 that along as a burden to our taxpayers with an increase in
9 the millage, which would be on top of the increase in the
10 rate that they would be receiving for their own electrical
11 service, or, two, to take away from many of our existing
12 educational programs. As you can tell, neither of those two
13 are options that we want to consider, and we would rather
14 not be faced with that decision, especially because it is
15 due to circumstances that are beyond our control.

16 So as this proposed rate increase is being
17 considered, we ask that you look at it closely and also
18 assess the impact that it would have on our communities as a
19 whole. Thank you for listening.

20 JUDGE TURNER: Commissioner Hanger?

21 COMMISSIONER HANGER: One question, the same question
22 I asked the Executive Director for the YWCA, and that is:
23 conservation measures; have you had either PP&L or some
24 other entity come out and try to make sure that your energy
25 usage is as efficient as possible?

1 THE WITNESS: Yes, sir, we have. We have done that
2 in a number of our buildings, both old and newly
3 constructed; and the difficulty we face is not only in what
4 our existing systems consume in power, but as we begin to
5 upgrade and introduce technology, education technology into
6 our schools and our curriculum in terms of new computers,
7 newer equipment, our consumption is going to go up
8 regardless of what efficient measures we would have in it.

9 COMMISSIONER HANGER: Were those conservation audits
10 and measures useful? Did they in fact lower your bills?

11 THE WITNESS: Yes, they were; and a lot of them did
12 not necessarily involve electricity, but natural gas for the
13 heating of some of our buildings, as well as fuel oil that
14 we use in a couple of them.

15 COMMISSIONER HANGER: My last question is: what
16 percentage of the district's budget goes to the electric
17 bill?

18 THE WITNESS: The percentage is actually very low.
19 We have a \$17 million budget projected, and our budgeted
20 cost would be about \$200,000. So we're looking at a very
21 small number, but when the increase would spell \$20,000,
22 that is significant to our taxpayers.

23 COMMISSIONER HANGER: Thank you very much.

24 JUDGE TURNER: Excuse me. How many buildings do you
25 have?

1 THE WITNESS: We have a high school, a middle school,
2 an elementary school complex, and three stand-alone
3 elementary schools, as well as a small district office that
4 is also a separate building.

5 JUDGE TURNER: Can you give us an estimate of how
6 many square feet you have?

7 THE WITNESS: It is something in the neighborhood of
8 350,000 to 400,000 square feet.

9 JUDGE TURNER: Do you use electricity for heating?

10 THE WITNESS: We do in one school; and in fact, our
11 intents are to consult with PP&L as we look to replace all
12 the HVAC units in one of the elementary schools.

13 JUDGE TURNER: It is one of your elementary schools
14 that uses it for heating?

15 THE WITNESS: Correct.

16 JUDGE TURNER: Do you have a swimming pool or any
17 other facilities that use pumping or heating or anything of
18 that nature?

19 THE WITNESS: No, no swimming pool.

20 JUDGE TURNER: You do have cafeterias?

21 THE WITNESS: Cafeterias and our gymnasium.

22 JUDGE TURNER: So you have to use refrigeration and
23 stoves for cooking?

24 THE WITNESS: Correct.

25 JUDGE TURNER: Are there any questions from any

1 counsel?

2 (No response.)

3 JUDGE TURNER: Thank you very much for coming out and
4 for waiting patiently.

5 (Witness excused.)

6 JUDGE TURNER: Joel Miller.

7 Whereupon,

8 JOEL MILLER

9 having been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 THE WITNESS: I am Joel W. Miller. I live at Three
12 West Center Square Road, Bird In Hand. 17505 is the zip. I
13 am basically representing myself.

14 JUDGE TURNER: Good afternoon.

15 THE WITNESS: I guess the biggest thing I say is
16 confusion. I even heard it here today a little more. What
17 is the rate going to be when we get the new increase, if
18 there is to be a new increase?

19 I took my electric bill, the one I just recently got,
20 and did some calculations of what I'm hearing it is supposed
21 to be such as the base rate and so forth, and I hear
22 anywhere from 11.7 to 20 percent; and as a residential
23 consumer, the 20 percent is where we're supposed to be
24 falling. But when I do my calculations, I get closer to a
25 35.7 percent on my own bill, and that is staying away from

1 the energy charge, which can fluctuate, which is not
2 included.

3 So again, I heard it in the RTS rate. I heard it
4 from some other consumers. What is the real percentage
5 increase we're going to receive here when it does come?

6 The other is I have a concern that there is -- I've
7 heard about the RTS rate, that there is a discounting of
8 electricity for those customers when they sign up to do a
9 specific time of usage of the majority of their electric.

10 Well, I'm a working family. My wife works. My kids
11 are in school. So my usage of electricity during the day is
12 practically zip except for the refrigerator running and
13 maybe the furnace going off and on, but they are getting a
14 40 percent less rate or thereabouts than I pay when I'm
15 watching TV at night or my wife is cooking or the kids are
16 playing their games and so forth; and I have a little
17 concern about that. If we're here to raise rates, why then
18 can we discount rates I guess is my question; and I'm also
19 concerned about that.

20 Then the other is: PP&L has been an exporter of
21 electricity; and I know a lot of people in the produce
22 industry and a lot of other industries, supply and demand
23 lots of times dictates the price. So my question again is:
24 if we have excess electricity, why do we need to raise the
25 rates? Thank you.

1 JUDGE TURNER: Commissioner Hanger?

2 COMMISSIONER HANGER: I have no questions. Thank you
3 very much.

4 JUDGE TURNER: Counsel?

5 (No response.)

6 JUDGE TURNER: Thank you very much for coming out,
7 Mr. Miller; and I hope you did get a copy of the information
8 prepared by PP&L. I think you've raised some pertinent
9 questions; and once again, thank you.

10 (Witness excused.)

11 JUDGE TURNER: Howard Miskey.

12 Whereupon,

13 HOWARD MISKEY

14 having previously been duly sworn, testified further as
15 follows:

16 DIRECT TESTIMONY

17 THE WITNESS: Good afternoon.

18 JUDGE TURNER: Good afternoon. You have been sworn.
19 Please state your name and spell it for the record.

20 THE WITNESS: Howard Miskey, M-i-s-k-e-y. My address
21 is 933 McGrann Boulevard in Lancaster. I am speaking on my
22 own behalf, although I am employed as a staff attorney for
23 Central Pennsylvania Legal Services and have been for the
24 past 19 years.

25 Among the things our office does is provide service

1 to --

2 JUDGE TURNER: Excuse me, sir. You're speaking on
3 your own behalf and also on behalf of Central Pennsylvania
4 Legal Services?

5 THE WITNESS: No. I'm speaking on my own behalf.
6 Yet, the knowledge that I have that forms the basis of some
7 of my comments comes as a result of my employment as a staff
8 attorney with Central Pennsylvania Legal Services.

9 JUDGE TURNER: Okay. Thank you for that
10 clarification.

11 THE WITNESS: In my job, I am exposed to everyday,
12 real problems of low-income people with regard to civil
13 matters. Among those problems are matters involving
14 housing, matters involving consumer issues, matters
15 involving problems with utility companies.

16 Our office and our program does provide
17 representation and advice, negotiations sometimes, with
18 regard to people faced with utility termination threats
19 because of inability to pay utility bills, including PP&L's
20 utility bills.

21 I wish to agree with strongly the testimony of Carmen
22 Rodriguez, who you heard earlier. I think she presented
23 very well the factual situation of many low-income persons
24 who consume electricity, and that is there simply is not the
25 financial ability on the part of many to pay the current

1 rates that PP&L charges; and she described situations where
2 she gets behind, contacts the company and works out a
3 payment arrangement that typically is current bill plus
4 \$10.00 or \$15.00 to catch up what she is behind, then gets
5 an income tax refund, tries to bring herself closer to
6 current, and then is back in the same situation over and
7 over again.

8 I know this scenario is not new to the PUC
9 Commissioners or to Your Honor. It is a situation, however,
10 that thousands of low-income people across the state are
11 faced with and will be faced with to a worse extent if a
12 rate increase is approved.

13 There are programs that currently exist that PP&L has
14 raised, including weatherization programs, which there are
15 long waiting lists for among low-income people to qualify
16 for. Not every low-income person, whether a renter or a
17 homeowner, is able to pick up the phone and get
18 weatherization services to have their apartment or house
19 weatherized in order to reduce energy consumption and lower
20 costs.

21 The Low Income Homeowner Energy Assistance Program,
22 LIHEAP, that was discussed, substantial reductions in those
23 funds, as I understand it, are in the works and perhaps
24 future elimination because of the federal budget crisis,
25 such that a substantial source of money that has been used

1 to help low-income people catch up their utility bills,
2 including PP&L bills for heating, is jeopardized.

3 The CARES program and Operation Help, again, I think
4 Ms. Rodriguez's testimony -- and I think this is true --
5 points out that there is a Catch 22 in that, and that is the
6 criteria for a low-income person to be approved for such a
7 program to get financial help to assist in payment of their
8 bills is a good payment history, that you've paid your bills
9 in the past; and typically, the situation is that because of
10 their low income, they're not able to do so.

11 Certainly, those programs help many, but there are
12 many, many thousands more who are not helped or eligible for
13 assistance under those programs.

14 The OnTrack program, the new pilot program that was
15 mentioned, my understanding as far as its implementation is
16 that this program is not very well publicized or known among
17 the community, and also, there are limited criteria for
18 eligibility for that program.

19 To summarize, my point is that those least able to
20 afford an increase would certainly be affected by an
21 increase if one is granted, and there are not adequate
22 programs in effect to help compensate for those increases,
23 which will mean, perhaps, more terminations, more people
24 going without essential services in order to pay utility
25 bills.

1 One last point, and that is the comment made by Mr.
2 Rittenhouse previously I wish to speak to just briefly. I
3 do believe that PP&L has a practice -- I don't know how
4 recent it is -- of at some point in time with delinquent
5 customers having a date and stopping the accumulation of
6 arrearages, turning the account over to an attorney or
7 collection agency for collection; and I believe, if I'm not
8 mistaken, that the issue as to whether arrangements to
9 collect on those accounts by private counsel or a collection
10 agency have previously been determined outside the
11 jurisdiction of the Public Utility Commission.

12 If that is correct, it nonetheless is the case that
13 collection efforts that often lead to sheriff sales of
14 personal property or one's trailer against a low-income
15 person do often result in negotiated settlements where
16 payments are being sought by counsel seeking to collect a
17 legitimate debt despite the fact that there is already a
18 current agreement by a ratepayer with PP&L to pay current
19 usage and perhaps some additional arrearages that may be
20 accumulating.

21 That agreement presumably takes into account the
22 financial ability of that person to pay; and if it is
23 current bill plus \$10.00 a month on arrears, presumably the
24 PUC or the company has determined that there isn't a great
25 financial ability to pay more. Yet, in order to avoid loss

1 of one's property at sheriff sale, one is forced to deal
2 with private counsel, perhaps, and to come up with terms
3 that are deemed acceptable or face the eventual loss of
4 their home.

5 Thank you for listening to my comments.

6 JUDGE TURNER: Thank you very much for coming out,
7 Mr. Miskey, and for patiently waiting.

8 THE WITNESS: Sure.

9 JUDGE TURNER: Commissioner Hanger, any questions?

10 COMMISSIONER HANGER: No questions, but I appreciate
11 your coming. I appreciate the 19 years of service in a non-
12 profit institution providing free services to people who
13 need free service. I, myself, was a Legal Services attorney
14 for four years right out of law school. Sometimes you get a
15 lot of criticism in that job, not too much thanks. I just
16 want to thank you for spending a great deal of your life
17 helping those who need some help. Thank you very much.

18 JUDGE TURNER: Do any counsel have questions?

19 (No response.)

20 JUDGE TURNER: Thank you very much.

21 (Witness excused.)

22 JUDGE TURNER: Curtis Hoke.

23 MR. HOKE: My name is Curtis Hoke.

24 JUDGE TURNER: Mr. Hoke, since you haven't been
25 sworn, I need to swear you.

1 Whereupon,

2 CURTIS HOKE

3 having been duly sworn, testified as follows:

4 JUDGE TURNER: Thank you, Mr. Gordon, for assisting
5 Mr. Hoke.

6 Go ahead, Mr. Hoke, and present your statement.

7 DIRECT TESTIMONY

8 THE WITNESS: I am from Elverson, Pennsylvania. I am
9 the Director of Derby Homeowners Association. We are in a
10 subdivision called Summerfield at Elverson. Currently,
11 there are 92 homes. Approximately, 82 of those homes are
12 part of PP&L's Four Star program, which is the off-peak RTS
13 rate.

14 We got a letter in the mail about the increase, and
15 it says here for a typical user of 25,000 kilowatt-hours a
16 year using 6 kilowatts of demand, we will see an increase of
17 16 percent. I ran those numbers through on my bill, and
18 that is indeed what the change will be.

19 I called PP&L and got the proposed rate change for RS
20 customers and found that for someone using 25,000 kilowatt-
21 hours per year, their increase will be 9.7 percent. We feel
22 that is inequitable, because basically, their asking a
23 higher increase in the rate for RTS customers as they are
24 for RS customers.

25 My feeling is that if costs are going up, I'm not

1 here to question whether rates should be increased or not,
2 but I feel it should be increased across the board fairly
3 between RTS customers and RS customers.

4 I do realize that the rate structure is quite a bit
5 different and it is hard to put an equal percentage on each,
6 but I think for the average customer -- mine is about 24,000
7 kilowatt-hours a year -- for the average residential user,
8 it should be an equitable increase.

9 Is there something more about RTS customers that are
10 causing PP&L to have higher costs? I don't think so. In
11 fact, we save PP&L money by not requiring them to generate
12 electricity during on-peak time, but rather using that at
13 night with a thermal storage system.

14 When we first built our home and moved in, we had an
15 understanding with PP&L. We paid an additional I believe it
16 was approximately \$3,000 for the hydrokinetics tank and the
17 extra insulation that came with the high efficiency home.
18 We do get a discount on our electric rate, but we also
19 change our lifestyle because of that. We cannot -- well, we
20 can, but we would be foolish to run our dryer during the
21 day, because that is resistance heat, and that would bring
22 our kilowatt demand up extremely high.

23 So for a slight change in lifestyle, for a higher
24 initial cost, we are getting a break on our electric rate,
25 and I think that is fair. What is unfair is now that break

1 is being eroded away from us at I think a very large amount,
2 by almost 7 percent, a higher increase than the RS rate
3 people are getting, and I think that is unfair.

4 JUDGE TURNER: Commissioner Hanger, do you have any
5 questions?

6 COMMISSIONER HANGER: No questions, but thank you for
7 coming.

8 JUDGE TURNER: Do other counsel have any questions?

9 (No response.)

10 JUDGE TURNER: Thank you very much.

11 (Witness excused.)

12 JUDGE TURNER: I will now turn to Mr. Witmer. As I
13 explained before, he passed out a written statement. He has
14 about 15 minutes of testimony. We held him for last. Thank
15 you for patiently waiting.

16 If there is anyone else here who would like to
17 testify and has not signed the testimony sheet, please do
18 so. It is a green paper on a clipboard up here at the
19 table; and I encourage everyone here who has not given a
20 statement under oath to do so. You help the Commission make
21 a better decision by presenting a fuller picture on the
22 record. So I really encourage you to make a statement.

23 Now, Mr. Witmer, you were previously sworn; is that
24 correct?

25 MR. WITMER: Yes, I was.

1 Whereupon,

2 DANIEL C. WITMER

3 having previously been duly sworn, testified further as
4 follows:

5 JUDGE TURNER: You intend to give an oral statement
6 as well as the written testimony?

7 THE WITNESS: Yes, I do.

8 JUDGE TURNER: Let me ask you a few questions. I
9 have in my hand a grey bound document, and it has as part of
10 its title, "Testimony of Daniel C. Witmer, President of the
11 Lancaster Chamber of Commerce & Industry."

12 THE WITNESS: That's correct.

13 JUDGE TURNER: Was this prepared by you or under your
14 supervision?

15 THE WITNESS: Yes.

16 JUDGE TURNER: Are you specifically authorized to
17 appear for the Chamber of Commerce & Industry other than
18 being its president?

19 THE WITNESS: Yes, I am. I've been authorized by the
20 Executive Committee of the Lancaster Chamber of Commerce &
21 Industry.

22 JUDGE TURNER: Have you reviewed your testimony
23 today, the written testimony?

24 THE WITNESS: Yes.

25 JUDGE TURNER: Are there any corrections that you

1 would like to make?

2 THE WITNESS: No. The only correction, I think, is
3 if you look at one of our exhibits, I think it was Exhibit
4 B, I did remove a section, because I felt that that was not
5 something I wanted to enter into the public record. So
6 that's the reason for a gap in the paper.

7 JUDGE TURNER: I see. You have excised information
8 that you think should be protected or confidential?

9 THE WITNESS: That's correct.

10 JUDGE TURNER: That's fine.

11 Let's mark this as Exhibit Witmer 1; and after your
12 total testimony and cross-examination, we will move it into
13 the record, if there is no objection.

14 (Whereupon, the document was marked
15 as Exhibit Witmer No. 1 for
16 identification.)

17 THE WITNESS: Could I ask one other favor, and this
18 may be the appropriate time to ask it? We had a rather
19 limited time in which to prepare this document. We still
20 have data coming in from the people that we're representing,
21 the businesses that we're representing. Would it be
22 possible to submit a written document to you within a
23 specified amount of time to add as a part of this testimony?

24 JUDGE TURNER: Are you talking about updates or are
25 you talking about additional subjects?

1 THE WITNESS: I'm talking about updates. For
2 example, Exhibit B includes 105 companies. We think, just
3 by the rate at which we're getting the returns, that we will
4 probably get another 20 or 25 companies who will wish to
5 enter their information as well; and I was wondering if I
6 would be able to give that update, particularly as it
7 pertains to Exhibit B.

8 JUDGE TURNER: I think that you could submit an
9 update under an affidavit since you are giving sworn
10 testimony and provide copies for the record, provide two for
11 our exhibit folder, and to each counsel that are here today
12 and the Commissioners, and then it could be formally
13 submitted.

14 Of course, if anybody has any questions about it,
15 they can ask you questions, but that will be submitted as an
16 update to Exhibit Witmer 1, and it will be kept with that
17 exhibit.

18 Does any counsel have any objection to that
19 procedure?

20 MR. RUSSELL: No objection.

21 JUDGE TURNER: Does that seem right to you,
22 Commissioner Hanger?

23 COMMISSIONER HANGER: That's fine.

24 JUDGE TURNER: Yes, you may do that. At any rate, at
25 this point, why don't you give your oral statement and make

1 any references you need to to the written statement, and
2 then counsel may cross-examine you, if they wish, and we'll
3 conclude your appearance.

4 Go ahead, Mr. Witmer.

5 DIRECT TESTIMONY

6 THE WITNESS: I am Daniel C. Witmer. My address is
7 100 South Queen Street, Lancaster, PA. That is the address
8 of this building. My place of business is -- at the other
9 end of this building is the Lancaster Chamber. My home
10 residence is 2158 Waterford Drive, Lancaster, 17601.

11 Let me just give one brief statement about a Chamber
12 of Commerce, because there is at least with the general
13 public some misunderstanding about what a Chamber of
14 Commerce is devoted to.

15 We exist primarily to ensure that there is a good
16 business climate. Let me just give you a brief statement
17 about what we believe about a business climate. We believe
18 that a good business climate is one where we can create jobs
19 and people with jobs, thereby having a good quality of life.

20 In this testimony, I'm going to be talking quite a
21 bit about business climate, because we think this is an
22 essential part of what happens within this community.

23 The Lancaster Chamber of Commerce & Industry's
24 mission statement is the following: It is committed to
25 serving members' collective needs and enhancing a viable

1 business climate for Lancaster County.

2 I might add that this position was not taken lightly.
3 It was something that we had to deliberate over quite a bit.
4 After all, PP&L is a member of the Lancaster Chamber of
5 Commerce & Industry, and we had to go back to that mission
6 statement to take what has been interpreted as somewhat of a
7 bold step.

8 For example, not only is PP&L a member of the
9 Lancaster Chamber, they are also one of the larger members
10 of the Lancaster Chamber of Commerce & Industry. However,
11 if we are to honor that mission statement that says we meet
12 our members' collective needs -- that is members' with the
13 apostrophe after the "s," meaning the collective members --
14 we therefore feel that we must represent what is in the best
15 interest of all of our members.

16 This is not something that we do without precedent.
17 We offer some insurance programs. We offer a Workers' Comp
18 program, whereby we come in direct competition with some of
19 our members and whereby we present products that are in
20 direct competition to our members. So it is not without
21 precedent that we do this. However, it is somewhat unique
22 in this particular case.

23 By way of contrast, I might add that we have reviewed
24 the UGI request and are not opposing the UGI request. That
25 is for several reasons. One is that the impact on the

1 business community is not nearly as great. Most
2 manufacturing equipment -- and I am going to be talking
3 about manufacturing quite a bit here, because we think that
4 is the core of our business community. Most of our
5 businesses in the manufacturing sector, very little
6 manufacturing equipment runs off gas or runs off fuel oil.
7 So the impact on business is not nearly as great.

8 In terms of competition, with UGI we saw greater
9 competition. Primarily, since it was used for heating, our
10 businesses had options and choices with respect to how they
11 would heat their facility. With the electric, it is not the
12 same, although I have to give one exclusion.

13 When we collected the data, we did find that there
14 was one of our manufacturers who does not use electricity.
15 It happened to be an Amish manufacturer, and they use
16 gasoline to work with compressed air. So we did find one
17 who did not use electricity.

18 The other reason was that many of our large companies
19 buy their gas directly at the wellhead and are paying UGI
20 only for the transmission of gas. So we found a different
21 set of circumstances. In the case with PP&L, we found that
22 our businesses were directly responsive to what happened to
23 their utility rates.

24 The next area I'd like to talk a little bit more
25 about is business climate issues. These are all of those

1 things that are associated with the cost of doing business.
2 Now, this is not a digression, because it is very directly
3 related to how we see a utility, in this particular case, an
4 electric increase.

5 Taxes are something that compose an element of the
6 business climate, Workers' Comp, those costs, regulations.
7 In fact, those are typically what we call the big three.
8 There are many other costs of doing business that are
9 reflected in this thing we call the business climate.

10 If all of those things were working well for us in
11 this community, this electric increase would probably not
12 have drawn the attention that it has. But as you are well
13 aware I hope in Pennsylvania, we do have what we think are
14 high business taxes. We do have relatively -- not
15 relatively -- we do have high Workers' Comp costs, some of
16 the highest in the country. We do have what we think are
17 rather prohibitive regulations. In fact, these were the
18 three items that were high in the last gubernatorial race.

19 A recent article in "Forbes," "The Fight for Jobs,"
20 January 31, 1994, gave Pennsylvania a poor rating and
21 considered one of the highest-cost states due to taxes and
22 regulations. So what I'm trying to paint here is a business
23 climate that is already very inhibiting to business and to
24 add yet another impact of doing business in Pennsylvania,
25 and specifically, to deal with doing business in Lancaster

1 County becomes a concern for us.

2 Let me cite, for example, what happened in the last
3 rate of tax increase. The CNI was increased in 1991 from
4 8.5 to 12.25. Kind of the rationale behind all of that is
5 business is rich. They have money. Therefore, let's tax
6 them. That happened in 1991. We have recently reduced that
7 rate. Governor Ridge has reduced that rate to 9.9. In
8 fact, even the other party which had increased the rate also
9 recognized that you can't continually tax businesses. You
10 can't continue to do that and expect them to create jobs and
11 expect Pennsylvania to continue with a high quality of life.

12 My point here is that: is there a lesson here for
13 PP&L? Is there a lesson for PP&L? Can we go to the
14 business community and expect to interfere with that
15 business climate when they have other choices, when
16 businesses can locate in other places that have better
17 business climate?

18 With that, if you will look at Exhibit A, I would
19 like to talk about some of those elements of business
20 climate.

21 JUDGE TURNER: Excuse me, sir, just one question.

22 THE WITNESS: Yes.

23 JUDGE TURNER: It is probably clear to you and many
24 others, but just in case, CNI is the corporate net --

25 THE WITNESS: Corporate net income tax. There are

1 also other taxes, but that was the one that drew most of the
2 attention.

3 What I would like to do in the first one, A-1, is
4 this article appeared in "Site Selection" magazine and
5 talked about some of the site selection factors that
6 companies look for when locating. And I might add, this is
7 also the same type of selection that a company uses, whether
8 they admit it or not or whether they know it or not, in
9 whether they stay in a given community or not.

10 For example, what happened, I think, with the taxes,
11 and the reason I pointed that out, companies didn't leave
12 the very next day; but as they made their decisions, their
13 decisions were constantly out of this state, getting their
14 business out of this state, getting their business out of an
15 area where they were taxed like this. That's the point that
16 I'm trying to make.

17 So here we see highway accessibility. And gosh, if
18 you know anything about this county or if you tried to come
19 here from Harrisburg and had to come through one of those
20 chutes and then had to come onto our expressway, you know
21 that we have a very poor highway accessibility at this
22 moment, and in fact, that is a big problem.

23 But look what was number three, energy availability
24 and costs. In 1993, that was represented by 83.2 percent of
25 those responding or those listing it very important, and it

1 increased to 93.4 percent in 1994. If you look at that, it
2 is one of the bigger increases that you will see in a one-
3 year span of it saying that is an important issue with
4 respect to what their site selection is.

5 If we then go to the next one, A-2, we've been
6 talking about this. Many of our businesses were talking
7 about this --

8 JUDGE TURNER: Excuse me, Mr. Witmer. Can we slow
9 down a minute? I'm not sure. A-1 and A-2, what are you
10 referring to?

11 THE WITNESS: Your Exhibit A-1 and A-2. A-2 is the
12 one that starts at the top, "A Comparison of Industrial
13 Electric Bills."

14 JUDGE TURNER: All right. This is all just Exhibit A
15 in your prepared testimony?

16 THE WITNESS: Yes.

17 JUDGE TURNER: There is no 1 or 2 on here.

18 THE WITNESS: The second page of "A."

19 JUDGE TURNER: Okay.

20 THE WITNESS: The second page of "A" is talking about
21 identifying annual electric bills in dollars for small
22 industrial users, mid-sized industrial users, and large
23 industrial users. When we see where our competition is
24 located -- this would differ from business to business --
25 you can see that we do not come out all that great; and this

1 is before there is an increase.

2 Even if we look at our surrounding counties, looking
3 at the business rate -- I don't know what this has to do
4 with the overall rate -- but looking at just this size of
5 company, I think you can see that our rates here are higher
6 than in Berks and higher than in York in almost every
7 category. To take this even higher, it is going to put us
8 even more out of proportion with respect to our surrounding
9 counties. Obviously, we look quite well compared to
10 Philadelphia.

11 JUDGE TURNER: Excuse me. Could I ask a clarifying
12 question?

13 THE WITNESS: Okay.

14 JUDGE TURNER: On this second page, there are a
15 number of columns and figures and so on. They seem to be in
16 kilowatt-hours.

17 THE WITNESS: Yes.

18 JUDGE TURNER: It also says, "Annual Electric Bill
19 (dollars)." Where are the dollar figures?

20 THE WITNESS: I think these are dollars as you come
21 down the column. That is a company using 100,000 kilowatt-
22 hours is spending that many dollars is how I've interpreted
23 it.

24 JUDGE TURNER: So is it \$93,978?

25 THE WITNESS: Yes.

1 JUDGE TURNER: Okay. So there are no decimal points
2 missing here?

3 THE WITNESS: Not that I know of.

4 JUDGE TURNER: Thank you.

5 THE WITNESS: So using that as a comparison as to
6 what happens in those comparative areas.

7 The next page is talking about "Manufacturing Jobs as
8 a Percent of Total Jobs." If you will come down to
9 Lancaster County, you will see that Lancaster County has
10 approximately 55,689 people in manufacturing in 1993. That
11 is about 29.6 percent of the work force. We are second in
12 percentage only to York. However, our numbers working in
13 manufacturing are greater.

14 I point that out because a recent study that I did
15 shows that the highest value added jobs in this community --
16 that is the highest paying jobs in this community -- are in
17 the manufacturing sector. So if we want to maintain a high
18 quality of life, retaining manufacturing in this community
19 is essential to doing that; and what I've tried to do is to
20 build a case that if the business climate continues to
21 erode, those manufacturing jobs, who are the primary users
22 of electricity, will look elsewhere to do their expansion or
23 for their plans.

24 If we look at the next page, "Economic Growth Among
25 States," this is just further building on the case that

1 Pennsylvania is -- in this particular case, it appeared in
2 "U.S. News and World Report," November 7, 1994. It shows
3 that Pennsylvania was 44th as an economic growth state.
4 That is to say that there are only about six states that
5 would be worse to grow a business than in Pennsylvania based
6 upon those economic factors that went into this decision.

7 Then on the next page, A-5, again, we have some
8 comparisons looking at the industrial customers in
9 Pennsylvania as compared to other states. Again, as we go
10 further south -- and one of the things I always hate to
11 hear, by the way, is when we talk about North Carolina and
12 South Carolina, people constantly say, "Oh, you mean the
13 Sunbelt." No, I don't mean the Sunbelt. I mean business
14 friendly states. That's why companies are going there. It
15 has nothing to do with the sun. It has to do with
16 communities that recognize that you have to have a friendly
17 business climate before businesses will expand there. And
18 that's why people are expanding in the Sunbelt. It is not
19 because of sun or heating or anything else.

20 I think as you look at this, this pretty well
21 clarifies that this whole series of business climate issues
22 has to do with where people choose to do their
23 manufacturing.

24 As I mentioned, we did send out a survey to our
25 members. We did not send it out to all of our members. I

1 might add that we have 2,000 members, approximately 2,000
2 members, in the Lancaster Chamber of Commerce & Industry.
3 We selected for this all of our manufacturers and any
4 business that employed more than 25 people. We said that
5 was our target audience and who we were really specifically
6 trying to represent in this particular case, feeling that
7 representing 2,000 would be far too cumbersome to try to
8 deal with.

9 We have responses from approximately 105 in your
10 appendix --

11 JUDGE TURNER: You are now describing Exhibit B?

12 THE WITNESS: Exhibit B, right. Thank you.

13 JUDGE TURNER: Go ahead.

14 THE WITNESS: Just to give you some numbers on that,
15 if we take all of those companies, the average employment in
16 those companies would be about 251 employees in those. So
17 we're talking about in excess of 24,000 employees. However,
18 if we take the six largest companies --

19 JUDGE TURNER: Is that average figure shown here in
20 your tabulation?

21 THE WITNESS: No.

22 JUDGE TURNER: Exhibit B is your summary or
23 tabulation of results of this survey?

24 THE WITNESS: Yes.

25 JUDGE TURNER: Okay.

1 THE WITNESS: So the average size is 251. By taking
2 out the top six companies in this mix, the average number of
3 employees comes to 125.

4 Now, this gets to a very important point that we're
5 trying to represent here at the Chamber. We felt that the
6 larger companies would seek representation because they can,
7 quite frankly, afford to do that and it's in their great
8 interest to do that, and we expect their right to do that.
9 We also felt that consumers would be well represented,
10 because historically, the consumers have been well
11 represented before the PUC.

12 We felt that the gap was that great big area of
13 middle-sized businesses where the jobs are being created
14 today, and that's what we are trying to represent, and I
15 think we are appropriately representing not great big
16 companies. We're representing companies that some of these
17 manufacturers have one, three and five employees. So we're
18 talking about middle-sized businesses and their impact.

19 I wanted to give you a couple of their responses --
20 how am I doing on my 15 minutes? These would be
21 corresponding to your --

22 JUDGE TURNER: Please, sir, don't limit yourself to
23 15 minutes. We've deferred you to the end so that you can
24 take as much time as you need to take.

25 THE WITNESS: Thank you.

1 These would correspond to your survey sheet. If we
2 take No. 2 -- and I'm reading from some of the survey forms
3 -- they are saying to me that it would be a negative impact
4 on their willingness to increase employees. "With this
5 proposed increase and other issues facing us from the
6 Commonwealth, we feel that the business environment here is
7 hindering our ability to expand and bring in new business."
8 So it is reducing their competition.

9 Looking at 4 and 5, a rather interesting thing
10 happened as I looked at this. These are two retirement
11 communities. One said they've received an increase from
12 PP&L and that proposed increase is 2.4 percent. The next
13 one said they've received an increase from PP&L and their
14 increase was 15 to 20 percent. Again, that is another, just
15 as I looked at the numbers, that I felt was something I
16 wanted to put out in terms of consistency.

17 No. 13 -- and I'm just highlighting a couple -- this
18 person states that there would be lower pay increases if
19 this proposed rate were to go into effect and that the
20 pricing of his product would be higher.

21 Quite frankly, I was kind of surprised at the number
22 who said that it may not affect the pricing of their
23 product, because they are in such a competitive environment,
24 that they can't reflect that. There is only one other place
25 it can come from, and that's out of their profits or out of

1 their employees. Hopefully, they could be more productive.

2 Another one I'd like to cite is 22. This would
3 probably decrease the number of employees and it would
4 definitely increase the pricing of their product. That
5 happens to be one that has a high consumption considering
6 the number of employees that they hire. They only hire 19
7 employees but have a considerable amount of electric
8 consumption.

9 JUDGE TURNER: Some of these remarks are reflected in
10 the last column?

11 THE WITNESS: Some of them, yes.

12 No. 26, higher costs, lower margins, lower wage
13 increases. "Do you currently have plans to expand your
14 operation in Lancaster County?" "Yes." "If yes, will the
15 proposed rate affect those plans?" They're not sure. That
16 compares to some others. Here is another one. No. 31 said
17 they're also planning, but they're talking about a reduction
18 in their work force as a result of an increase and,
19 hopefully, some price increase.

20 In today's market, it is not as easy as it may have
21 been in the past to just say you're going to increase your
22 prices. It is not as easy to do, because we're in global
23 competition, and your competition is all over the world.

24 The other thing that I'm trying to lay out here is
25 that these people don't have a lot of choices in where to go

1 with this additional money. And it may be that you say -- I
2 heard a couple of them say today, "We will take it out of
3 profits." You can't continue to take it out of profits and
4 have a free enterprise system. You can't continue to take
5 it out of profits and have people invest in creating jobs.
6 You can't continue to do that. You can do it once or you
7 can do it twice, but this is why I laid out the tax
8 situation.

9 Initially, people didn't just walk out of the state.
10 What happened is they made their decisions one by one on
11 where to expand, where to create the jobs. They took those
12 jobs out of Pennsylvania, and Pennsylvania finally realized
13 if we want to keep these businesses here and all from
14 leaving, we better --

15 JUDGE TURNER: Excuse me. I want to remind you that
16 we don't have any control over taxes.

17 THE WITNESS: I know, but --

18 JUDGE TURNER: You've made that statement, and I'd
19 ask you not to repeat it. We understand your point.

20 THE WITNESS: You do understand the relationship of
21 electric cost being an uncontrolled cost, the same --

22 JUDGE TURNER: I understand the analogy you're
23 making, and I think you've made it.

24 THE WITNESS: Okay. Sorry. It's late in the day and
25 I was waiting.

1 JUDGE TURNER: If could you move on to your Exhibit
2 C?

3 THE WITNESS: Okay, Exhibit C.

4 (Pause.)

5 THE WITNESS: I really was not going to make comments
6 on Exhibit C.

7 JUDGE TURNER: I'm sorry. Okay.

8 THE WITNESS: In conclusion -- I was to that point --

9 JUDGE TURNER: Okay.

10 THE WITNESS: I implore you don't just look at PP&L's
11 need for a just and reasonable rate of return and their
12 financial numbers. Don't do it just on that basis. This
13 increase will have a negative impact on this community's
14 business climate. We've historically had one of the best
15 business climates in the State of Pennsylvania and still do.
16 We cannot let it deteriorate even more. While we believe
17 that some increase can probably be justified, we think the
18 proposed rates will make our community less competitive.

19 There will not be a mass exodus. Companies will not
20 leave immediately because of this increase, but one by one,
21 as businesses make their decisions about where to invest
22 their money, where to expand, and looking at this as a
23 factor, it is going to control those decisions, and we will
24 lose jobs; and the ones that we will lose will probably be
25 the highest value added jobs, because that's where the

1 consumption of electric is the greatest and that is where
2 the impact on our quality of life will be the greatest, and
3 that is what my fear is. My fear is that we are in danger
4 of killing the golden goose. Thank you.

5 JUDGE TURNER: Commissioner Hanger, do you have any
6 questions?

7 COMMISSIONER HANGER: First, I want to compliment you
8 on your testimony. Going to hearings for a number of years
9 in different capacities -- I've been a Commissioner since
10 April 1st, 1993 -- and certainly, since I've been a
11 Commissioner and, unless my memory is betraying me, since
12 I've been going to public hearings in other capacities, this
13 is the best public input testimony I've received.

14 Your members ought to -- I don't know if they are
15 paying you or you are a volunteer or what, but they ought to
16 sit down and thank you, at least take you to lunch.

17 THE WITNESS: I think it will probably be lunch.

18 COMMISSIONER HANGER: This is very thorough, very
19 useful testimony to this Commission.

20 I want to ask you a few questions. You spent a lot
21 of time talking about costs and rates, and I have questions
22 about that in a minute, but I want to start at the other end
23 of the equation, the equation that Mr. Carrigan raised a
24 little earlier.

25 How do you believe your members would judge PP&L's

1 service?

2 THE WITNESS: I believe our members would judge
3 PP&L's service to be very good, above average; very good, I
4 would think.

5 COMMISSIONER HANGER: So you get good cooperation in
6 terms of opening up businesses, extending lines?

7 THE WITNESS: Absolutely. I would say -- I've been
8 with the Chamber of Commerce for five years, and absolutely
9 the most proactive company in this community for economic
10 development has been PP&L.

11 COMMISSIONER HANGER: And how would you judge their
12 reliability of service?

13 THE WITNESS: I believe it is reliable.

14 COMMISSIONER HANGER: You don't hear complaints from
15 your manufacturers about interruptions?

16 THE WITNESS: No.

17 COMMISSIONER HANGER: Or other service problems?

18 THE WITNESS: No. I believe they feel very good
19 about the service.

20 COMMISSIONER HANGER: Now, one of the reasons I found
21 your testimony to be very important is in other forums -- by
22 the way, the Commission has an investigation going on right
23 now into competition in the electric industry. One of the
24 reasons that docket was open was concern about
25 Pennsylvania's competitive position and recognition of how

1 important energy and electricity is to Pennsylvania's
2 competitive industry.

3 In other forums, I get into I should say friendly
4 debates with people, some in the electric industry and some
5 not, about how important electricity prices are to
6 Pennsylvania's business climate. I've heard it said by some
7 that it really isn't that much of a factor in the business
8 climate of Pennsylvania; that electric bills are, by and
9 large, a small proportion of total cost of production with
10 the exception of some energy-intensive manufacturers, and
11 while people in the business community often will scream
12 about electric increases and the price of electricity, their
13 really bluffing. It's not a real and genuine concern.

14 I'd like you to respond to that.

15 THE WITNESS: I think it goes to what I said in the
16 last statement. I don't think anybody is going to close
17 their business because of a rate increase. I do believe
18 that as they make their decisions about investing in
19 additional technology, investing in additional equipment,
20 this will have a factor. I believe it will have a great
21 factor.

22 In fact, when you talk about value added jobs,
23 typically there is a relationship between the amount of
24 electric energy that is used and the value added jobs. So
25 that, quite frankly, if we want to keep good value added

1 jobs in this community, I think electric is an important
2 factor.

3 Those businesses that have low value added are the
4 jobs that we are going to lose anyway, but I do think we
5 have the chance to retain the high value added jobs, and
6 those are the ones as I see directly related to the
7 consumption of electricity.

8 COMMISSIONER HANGER: I would direct your attention
9 to Exhibit B. Could you identify the magazine from which
10 the first page of Exhibit B is drawn? I'm sorry. It is
11 Exhibit A.

12 THE WITNESS: The first page of Exhibit A is taken
13 from a magazine called "Site Selection." It is a magazine
14 that people in economic development I think read on a
15 regular basis.

16 COMMISSIONER HANGER: Okay. Is it your testimony
17 that you concur with energy availability and costs as the
18 third most important criteria in site selection?

19 THE WITNESS: I really -- I don't know that I could
20 concur or not.

21 COMMISSIONER HANGER: Am I reading this correctly
22 that that table seems to indicate that energy availability
23 and costs is the third most important criteria in site
24 selection, at least in this survey?

25 THE WITNESS: In that survey in 1994. If you had

1 taken that survey the year before that, in 1993, it would
2 probably have come out about seven or eight.

3 JUDGE TURNER: How would you rank it?

4 THE WITNESS: I would have guessed probably around
5 seven or eight. I would not have guessed at three,
6 personally, because I always thought that quality and cost
7 of labor constituted about 40 percent of a company's
8 decision about where to locate.

9 COMMISSIONER HANGER: Again, I just want to thank you
10 very much for participating today. I would hope, frankly,
11 that as the Commission's investigation on competition in the
12 electric industry, the possibility of providing customers
13 with more choices, finally goes forward, that you would
14 participate, and I would welcome such input; and hopefully,
15 we will have hearings in that docket also. I think your
16 perspective would be very valuable. Again, thank you very
17 much.

18 THE WITNESS: I'm certainly willing to. Thank you.

19 JUDGE TURNER: Mr. Russell?

20 MR. RUSSELL: Your Honor, I guess I would echo
21 Commissioner Hanger's comment that this is some of the best
22 testimony I've seen in a public input hearing, which puts me
23 in a bit of a quandary. I have not had much of an
24 opportunity to review it. Questions do come to mind, as you
25 would expect.

1 What I would like to suggest, if it is acceptable to
2 Mr. Witmer and Your Honor, is that perhaps, if we wanted to
3 pursue cross-examination, he would be willing to appear at
4 the technical hearings sometime the week of April 25th when
5 we have scheduled that. If that is not acceptable, then I
6 would ask permission to do some limited cross today.

7 JUDGE TURNER: It is my understanding from Judge
8 Christianson, who Mr. Witmer or someone in his office
9 initially contacted, that he wished to put on testimony here
10 because of difficulty in getting to the technical hearings.
11 I don't know what the difficulty was. It may be time taken
12 away from business to go up and back. I'm not exactly sure.
13 But Mr. Witmer --

14 THE WITNESS: How many days would that be?

15 JUDGE TURNER: I beg your pardon?

16 THE WITNESS: How many days are we talking about?

17 MR. RUSSELL: We're talking less than half a day. I
18 would say no more than an hour, tops. Probably less than
19 that.

20 JUDGE TURNER: The problem is you can't say at this
21 point which day it would be, because there is a schedule of
22 witnesses developed. What particular days are we talking
23 about?

24 MR. RUSSELL: The schedule currently calls for April
25 25, 26, 27, 28 and May 2 and 3. Of course, the schedule was

1 developed among all the parties and with the Presiding
2 Judge. I guess from PP&L's perspective, I could say we
3 would be more than willing to make every effort to
4 accommodate Mr. Witmer's schedule when we slotted him into
5 one of those days.

6 JUDGE TURNER: I think what I would request you to
7 do, if Mr. Witmer has the time now, would be to go off the
8 record and allow you to develop some cross-examination that
9 you could ask him, and then, if that is not sufficient, call
10 him back on one of those days. I don't know how much time
11 Mr. Witmer has, because he has very graciously waited until
12 the end of this hearing, and he may have commitments that he
13 has put aside or commitments that he must make.

14 So you may not have additional time today. Do you,
15 Mr. Witmer?

16 THE WITNESS: Today I have additional time. I don't
17 know how much, but I'm certainly willing to take some time.
18 I am also willing to, as long as I can accommodate the
19 schedule, appear in front of the technical hearings as well.

20 JUDGE TURNER: Well, if you are, that might be the
21 best solution. Let's go off the record for a minute and
22 discuss this.

23 (Discussion off the record.)

24 JUDGE TURNER: Let's go back on the record.

25 We've had an off-the-record discussion of the

1 possibilities of deferring cross-examination of Mr. Witmer.
2 His counsel, Mr. Underhill, has suggested a few possible
3 problems and few possible solutions.

4 At this point, Ms. Moury has one question which she
5 wishes to ask. Mr. Russell has proposed that Mr. Witmer
6 and his counsel be scheduled first on the day of April 25th,
7 1995. Is that correct?

8 MR. RUSSELL: That's correct, Your Honor.

9 JUDGE TURNER: That would be in Harrisburg; and that
10 he defer all cross-examination until then. And I think that
11 is agreeable with Mr. Underhill and Mr. Witmer.

12 MR. UNDERHILL: That is correct, Your Honor.

13 THE WITNESS: That's correct.

14 JUDGE TURNER: If that can't be worked out, if there
15 is some problem -- obviously, your schedules aren't
16 available to you right now -- if there is some problem, we
17 can be flexible; and as we said, we can actually have a
18 deposition if that will do it. But it seems best at this
19 point to defer PP&L's cross-examination.

20 Ms. Moury, will you please proceed?

21 MS. MOURY: Thank you, Your Honor.

22 Good afternoon, Mr. Witmer. My name is Karen Moury.
23 I am with the Office of Small Business Advocate, and I just
24 really needed a clarification of something on Exhibit B.
25 That's where you list the 85 different companies and some

1 information going across about them.

2 In the column that you've labeled "KWH times 1,000,"
3 and then the numbers that follow through there, are those
4 numbers representative of each individual's annual KWH
5 consumption in thousands?

6 THE WITNESS: Yes.

7 MS. MOURY: Just so I'm sure I understand, Company 3
8 estimates its usage at 564,000 KWH per year?

9 THE WITNESS: 564,000 KW.

10 MS. MOURY: Per year?

11 THE WITNESS: Per year.

12 MS. MOURY: All right. I don't want to be accused of
13 having two questions when I said I only had one, but --

14 JUDGE TURNER: Ms. Moury, you're a lawyer. We'll
15 understand that.

16 MS. MOURY: I knew that was coming.

17 THE WITNESS: The question as we asked it was: "What
18 is the company's annual electric consumption in kilowatt-
19 hours in Lancaster County?" So we're not talking about
20 consumption beyond Lancaster County. So a company may have
21 operations outside of Lancaster County. We asked just
22 Lancaster County.

23 MS. MOURY: All right. I appreciate that
24 clarification.

25 The other question I have is really more for you

1 possibly to see if you can get this information before you
2 appear at the Harrisburg hearings, because I wouldn't expect
3 you to necessarily have this today.

4 I was curious, as you testified, about the rate
5 schedules that these 85 companies take service under, if you
6 could find out. Even if you could find out generally that
7 most of them are under LP-4 or GS-3. If you can get
8 individual information, that's even better; but whatever you
9 can provide I would appreciate at that time.

10 THE WITNESS: Okay.

11 MS. MOURY: And that is all I have. Thank you.

12 THE WITNESS: I appreciate that. It is one of those
13 things that, as we went through the process, we realized
14 some other questions we did not have. I am not an expert on
15 electricity.

16 MS. MOURY: I understand that. That's fine.

17 JUDGE TURNER: That is what we would consider as an
18 on-the-record data request, and it will be answered on the
19 25th.

20 MS. MOURY: That would be fine. I wanted to just
21 give him some warning of it, because I didn't expect him to
22 come on the 25th with that information.

23 JUDGE TURNER: Are there any other questions by
24 counsel at this point?

25 Mr. Simms or Ms. Kenney?

1 MS. KENNEY: No, Your Honor.

2 MR. SIMMS: No, Your Honor.

3 JUDGE TURNER: In that case, is there any other
4 person in the room who would like to testify?

5 (No response.)

6 JUDGE TURNER: Mr. Witmer, you are excused.

7 (Witness excused.)

8 JUDGE TURNER: There being no other witness, I'd like
9 to conclude this afternoon's session. I have an appearance
10 sheet, which I gave to Mr. Underhill, which I'd like counsel
11 to sign. I'd also like to pass out -- I have received nine
12 copies of a statement from Daniel F. Donovan. He has asked
13 the following. This is a short letter, which I'll read.

14 "Dear Judge Christianson: Due to a prior commitment,
15 I must be in Glenmont, New York on March 31, 1995, the date
16 set for public input in Lancaster. I am enclosing an
17 original and ten copies of my statement concerning this
18 proceeding, which I would appreciate your having entered in
19 the record. I am furnishing a copy of the statement and
20 this letter to counsel for PP&L." And he shows Mr.
21 Russell's address on there.

22 A problem with entering it in the record is it is not
23 accompanied by an affidavit, but I will pass it out to all
24 of you; and I would like your comments or advice on how this
25 should be handled when we return for the evening session.

FORM 2

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That will begin at 7:00. The doors will be open prior to that time, and I will expect to see all of you back here at 7:00.

Is there anything before we go off the record?

Ms. Kenney?

MS. KENNEY: No, Your Honor.

JUDGE TURNER: Anyone else?

(No response.)

JUDGE TURNER: Then we are adjourned.

(Whereupon, at 4:30 p.m., the public input session was adjourned, to be reconvened at 7:00 p.m., this same day.)

C E R T I F I C A T E

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

COMMONWEALTH REPORTING COMPANY, INC.

By: Sandra Milus-Brown

Sandra Milus-Brown

FORM 2

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