

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

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 :
Pennsylvania Public Utility Commission :
versus Pennsylvania Power and Light :
Company. : Docket No.
 Investigation into a proposed \$261,000,000 : R-00943271
 rate increase. : R-00943271C0001-
 : R-00943271C0130
 Public Input Hearing :
 :
 -----x

Pages 58 through 87 Auditorium
 Pennsylvania State Museum
 3rd and North Streets
 Harrisburg, Pennsylvania

Thursday, March 30, 1995

Met, pursuant to notice, at 7:00 p.m.

BEFORE:

ROBERT CHRISTIANSON, Administrative Law Judge

APPEARANCES:

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 CHARLES F. HOFFMAN, Esquire
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C O N T E N T S

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Daniel D. Graham (By Mr. Simms)	72 --	-- 74	-- --	-- --
Eric Epstein	75	--	--	--
Gary Gordon	83	--	--	--

E X H I B I T S

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

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FORM 2

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE ROBERT CHRISTIANSON: I
3 am Administrative Law Judge Robert Christianson. We are
4 here this evening for the second public input hearing
5 of, I believe, it is 11 scheduled in this PP&L general
6 rate increase proceeding.

7 We were here this afternoon in Harrisburg, and
8 had about 30 people present. Probably for the record, I
9 expected Commissioners this afternoon, but I understand
10 from one of their assistants that are here this evening,
11 they had an important briefing on one of their main, big
12 management reports, and they were involved in that all
13 afternoon, I guess much longer than they had expected.
14 So that was the major reason they were not here. I
15 expect there will be Commissioners at some of the other
16 public input hearings as we go around to PP&L's service
17 territory.

18 But we are here tonight to hear from the public,
19 and we will be very brief up here up front, going
20 through briefly what we did this afternoon, to introduce
21 the main parties to the proceeding. I don't intend to
22 follow a script, so I think I will do it differently
23 this evening than I did it this afternoon, then I will
24 start off with the format for tonight.

25 Basically, we strongly encourage people

1 participating to actually give sworn testimony. This
2 way your statements are similar to those statements
3 which we receive in the North Office Building from the
4 expert witnesses. Your statement becomes actual
5 evidence in the case upon which the Commission can base
6 a decision, or an element of a decision. Now,
7 basically, the revenue and expense and all that gets
8 done largely on expert testimony, but the Commission has
9 found that it is important to have the public interests,
10 the public input, the general background, from these
11 sessions. In addition, the Commission will occasionally
12 rely on a specific fact presented in one of these public
13 input hearings, or rely generally on various statements
14 to support a proposition, to support a result; so that
15 these sessions are important. The Commission recognizes
16 their significance.

17 But again, I encourage you to give testimony.
18 You can make a statement or just speak privately, and to
19 some degree, we can make it a two-way session, a
20 dialogue. If people have questions, we will seek within
21 the natural limits imposed to respond to the inquiries.

22 We have an Assistant or two from the
23 Commission's offices here. Each Commissioner has a few
24 Assistants, and they often go out to these meetings when
25 the Commissioners just aren't able to attend. They are

1 very busy with their various schedules, and various
2 occurrences that come up. But, we will come quickly; we
3 have two people signed up now, and there is another
4 sheet in the back. We will get to that very soon.

5 I want to first introduce very quickly the
6 people up here, and I will pass around the microphone,
7 and they will have a few words. To my immediate right
8 is Johnnie Simms, who is one of three lawyers from the
9 Commission's Trial Staff assigned to this case. To his
10 right is his boss, who he will introduce, the head of
11 the Trial Staff. I ought to call you a Bureau. I guess
12 you are a Bureau over there, but you are a little
13 special as a Bureau. You are sort of stand-offish to
14 the Commission. They are technically part of the
15 Commission, but they really don't report through the
16 normal system. They are semi-independent because they
17 are parties, and should be heard from as an independent
18 source speaking fundamentally in the public interests.

19 To my immediate left is Karen Oill Moury, who is
20 representing Office of Small Business Advocate. Their
21 Chief is a guy named Bernie Ryan, who has considerable
22 experience with utility work over many years.

23 To her left is Mary Kenney, who is representing
24 the Office of Consumer Advocate. Their head is Sonny
25 Popowsky, who was here this afternoon. As a matter of

1 fact, I had the speakers speak to him because he was
2 down in the audience, and they got their words into the
3 microphone that way.

4 Over on the table with the court reporter is
5 Paul Russell, who is the attorney employed by PP&L.
6 This case is being run on behalf of PP&L by Mr. Russell,
7 and a law firm from the outside as far as the legal end
8 of the matter. He, personally, is largely in charge of
9 marshalling the resources internally to respond to the
10 questions. There have been literally hundreds of
11 interrogatories propounded on the Company, and they have
12 to respond to it. There have been about 130 formal
13 Complaints filed, and as it happens in this case, it is
14 his job to file the Answers to those Complaints, file
15 the official responses by the Company to those
16 Complaints, which initiate technically the Complaint
17 proceedings. They are all joined with this rate case,
18 unless it is found that one of the Complaints has a
19 unique element to it, so that it really belongs
20 independently, to proceed independently, and not a part
21 of the rate proceeding.

22 I had the PP&L case ten years ago, the last
23 general rate increase, and I recall at least one of the
24 Complaints, we decided did not belong in the rate case.
25 It really was not a rate case complaint, and we severed

1 that out, and sent it on independently as one of the
2 many Complaints that is processed in the Commission each
3 year.

4 So, again, I will have a little more to say as
5 we go along. I will try to respond to the comments if
6 people seek responses. But now, I would like to have
7 you hear briefly from these major lawyers in the case;
8 and I will start with the gentleman to my right, Johnnie
9 Simms from Trial Staff.

10 MR. SIMMS: Thank you, Your Honor. Good
11 evening. My name is Johnnie Simms. I am a Senior
12 Prosecutor for the Office of Trial Staff. To my right
13 is Charles F. Hoffman, the Chief Prosecutor with the
14 Office of Trial Staff. As Your Honor has indicated
15 earlier, I am one of three attorneys assigned to the
16 case. We also have a team of experts in the field of
17 accounting and engineering who are reviewing and
18 analyzing the Company's filing in this proceeding.

19 I would like to echo what Judge Christianson has
20 stated earlier, that we encourage each one of you to
21 take this opportunity to express your concerns or
22 comments regarding the Company's rate case filing. This
23 is an opportunity in which you can express your feelings
24 on the record, and those feelings can be used by either
25 of the parties up here, or by the Commission in its

1 determination regarding the Company's filing.

2 Once again, I wish to take this opportunity to
3 that you for coming out tonight.

4 JUDGE CHRISTIANSON: Thank you. I can go
5 through the case very quickly. It takes basically seven
6 months to litigate. There is a filing comes in from the
7 Company. Probably the largest number of filings usually
8 is we get on our water cases, water company cases; but
9 the electric cases tend to be big because the companies
10 are very big.

11 I won't go through the whole chronology, but we
12 have about three months over which to spread the
13 hearings, including these hearings, and then time for
14 briefs and review of the whole matter in the seven-month
15 time frame. Maybe I will say something before the next
16 lawyer, but that is enough for now.

17 To my immediate left is the representative of
18 Small Business Advocate. They were set up, I guess,
19 about five years ago because small business, it was
20 discerned, was not fully represented in some of these
21 proceedings, and it goes to rate design. I guess to
22 some degree it is the squeaky wheel that gets the oil,
23 and small businesses were not squeaking enough within
24 the proceedings, so the legislature decided to set up a
25 special office to essentially let the small business

1 people be heard from, and this is one -- I believe there
2 are four lawyers, including Mr. Ryan.

3 MS. MOURY: Thank you, Your Honor.

4 As the Judge indicated, my name is Karen Oill
5 Moury, and I am here tonight on behalf of the Office of
6 Small Business Advocate. As the Judge explained, we try
7 to represent to interests of small business who receive
8 electric service from PP&L, and our focus is generally
9 on trying to minimize the percentage increases that are
10 assigned to the major rate classes who we believe small
11 business are taking service under. And if any of you
12 happen to be here tonight on behalf of a small business,
13 I would especially encourage you to testify and let us
14 know something about the type of business that you are
15 in, and what your monthly bills are like, and whatever
16 your concerns are about the rate increase that has been
17 proposed by PP&L.

18 Thank you.

19 JUDGE CHRISTIANSON: These various groups really
20 deal as much with what we call rate design as the
21 overall increase. I happen to be fairly interested
22 myself in the rate design. We get into details, for
23 instance of which class gets how much of the increase;
24 also, how the rate is designed within the class; how
25 much the small user pays, and how much the larger user

1 pays. We had some testimony this afternoon going toward
2 that question, mainly from the residential aspect of it.
3 We can get into that a little further later. But, for
4 instance, the various numbers you hear quoted depend
5 very importantly on whose service you are talking about,
6 whether you are a 500 kwh a month customer, or a 1,000
7 or 1,500, whatever it is, the increase quota can vary
8 from above 20 percent to down close to 10 percent just
9 in the residential end of it, depending on just what
10 your usage might be over the month.

11 Next, again, to speak very briefly is a
12 representative of the Consumer Advocate. Now, Trial
13 Staff tends, as a general rule, to have their own
14 experts on the payroll, although they also hire outside
15 people. Consumer Advocate has a couple of people on the
16 payroll in the role of experts, but they tend to take
17 people from the outside. It is just a different way of
18 approaching the same result really; but the two bodies
19 do it somewhat differently.

20 So, Mary Kenney is one of their three lawyers on
21 this case.

22 MS. KENNEY: Thank you, Your Honor. Good
23 evening. The Office of Consumer Advocate was created in
24 1976 to represent the interests of utility rate payers;
25 and our role is to protect the consumer interests, and

1 in light of that, we are investigating every aspect of
2 PP&L's rate increase; and in this proceeding we have
3 retained four outside consultants who are examining the
4 issues, such as nuclear decommissioning, the accounting,
5 the economics, the engineering, the rate design, and
6 they are currently in the process of preparing their
7 testimony.

8 I appreciate you all coming out this evening. I
9 would like you to testify under oath; that way your
10 testimony can be part of the record. It is your
11 testimony that helps us to present the problems and the
12 issues that are facing the consumers, and it is very
13 important that we have as many people testify as
14 possible. So I appreciate your coming out this evening,
15 and I hope that you will testify, and I will be here,
16 and be happy to answer any of your questions.

17 We also have a brochure which is at that front
18 table that will tell you a little bit more about the
19 Office of Consumer Advocate. If you would like to be on
20 our mailing list, there is a sign-up sheet on the back
21 of that brochure.

22 JUDGE CHRISTIANSON: Thank you; and one other
23 person to introduce this time, if you want to speak, it
24 probably is best to come up to the lectern. We did that
25 this afternoon and speak sort of toward the audience,

1 rather than to me. It appears the sound system works
2 better that way. We moved the lectern a little bit so
3 it will work better than it did this afternoon. The
4 speaker system here is quite good. We have no real
5 trouble.

6 And one other lawyer to introduce. These cases
7 are very lawyer-intensive as you have notice, for better
8 or for worse. By the way, the Commission is trying to
9 encourage mediation. We have an expert on our staff in
10 the office of ALJ who may be designated as a mediation
11 specialist to try to get some of these cases handled
12 with a little less formality. Actually, the whole
13 administrative system was set up largely to avoid
14 formality; and I preside in the North Office Building at
15 the formal hearings. I actually wear a robe now. I am
16 personally not sure if that is a good move. But now
17 that we wear robes, we have to have mediators to do the
18 less formal result-reaching; but that is just the way
19 things work, I guess.

20 In any case, we have Paul Russell, who is, as I
21 said, employed by PP&L. I guess he is one of four
22 lawyers fundamentally working directly on the case. The
23 utility has the biggest burden, really. Maybe he can
24 give you a total account of interrogatories, but there
25 are tremendous amounts of information asked and received

1 in these cases, and the paperwork is something fierce,
2 but we manage to get through them fairly successfully as
3 a general rule.

4 Mr. Russell.

5 MR. RUSSELL: Thank you, Your Honor. I would
6 like to add my thanks for you coming out this evening
7 before this forum. I would also like to add my
8 encouragement to you to speak this evening on the
9 record. The Commission has created a process as part of
10 rate making that provides forums for all interested
11 people to be heard, and we really do encourage you to
12 participate and to make your views known. There are a
13 couple of people with me tonight from PP&L, and I would
14 like to introduce you real quickly. John Menichini is
15 our Vice President of Customer Services. He is there to
16 my right, and Angela Tracy is our Consumer Affairs
17 Director in the Harrisburg area. What I would like to
18 encourage you to do if you have any questions about your
19 specific bills, or any concerns about your service, you
20 can see John or Angela or myself, and we will be very
21 interested in trying to address those concerns if we
22 could. We will be happy to stay after the formal part
23 of the forum and discuss any issues with you that are of
24 interest.

25 In closing, we had 978 interrogatories, and it

1 has been a lot of paper, but it is a part of the
2 proceeding; it is a way, really, that the other parties
3 can get the information they need, to cross-examine our
4 witnesses and prepare their testimony, and it is just a
5 part of the process.

6 Again, thanks for being here tonight.

7 JUDGE CHRISTIANSON: And by now, we have
8 probably said more than you care to hear; so without
9 further ado, we will go the first one on my list here.
10 I have two names. There is another sign-up sheet in the
11 back if people want to sign up, or with the crowd here
12 tonight, we can just do it informally, really.

13 Daniel D. Graham; if you could, come up to the
14 lectern, so then you can actually be on the record, and
15 be recorded. And again, I would ask if you could
16 actually take the oath or affirmation, then what you say
17 is actually evidence in the case.

18 Will you raise your right hand.

19 Whereupon,

20 DANIEL D. GRAHAM,

21 having been duly sworn, testified as follows:

22 JUDGE CHRISTIANSON: Could you please go ahead
23 and proceed? Just mention your name, and if you want,
24 where you live or something, and then just go ahead.
25

DIRECT TESTIMONY

1
2 THE WITNESS: My name is Daniel D. Graham. I
3 live at 217 North 2nd Street, here in Harrisburg,
4 Pennsylvania. I have my own apartment, and I am a
5 customer of Pennsylvania Power and Light Company.

6 And briefly, I say that I am opposed to this
7 proposed rate increase by Pennsylvania Power and Light
8 Company. I understand it comes to a 20 percent rate
9 increase for a lot of residential customers, and
10 somewhat less for businesses. I am opposed to this rate
11 increase because I do not think that this rate increase
12 is justified. We need to stop inflation, and this is
13 one way how inflation starts; and also, because people
14 who are paying these rate increases who are of lower
15 incomes, those people are hit the hardest by a rate
16 increase.

17 Also, I understand that Pennsylvania Power and
18 Light Company has gone for these last ten years without
19 a rate increase; and so, I believe that they could go
20 another ten years or more without any rate increase.
21 Also, because, as I said, we want to control inflation
22 and keep prices stable, and this is one way to do it.

23 Also, I believe that if this proposed rate
24 increase is approved, as I said in my letter, I think it
25 would just open the floodgates for more companies to ask

1 for rate increases, and also, for other businesses, if
2 they are going to have to pay more for their electricity
3 use, then some of those businesses will start raising
4 their prices on their goods and services; and then the
5 next thing you know, we will be paying higher prices for
6 almost everything; so we might as well stop inflation
7 right here and now. I also don't think that God
8 approves of this rate increase either. And, as I say, I
9 think we better stop inflation right here and now, and
10 say: No rate increase for Pennsylvania Power and Light
11 Company, and thereby, we will be helping a great deal to
12 hold prices stable.

13 I would just like to say a little bit about my
14 own electric bills. I will just give you one or two
15 figures. I have a small apartment, and in February my
16 total electric bill was \$112.72. And then this month in
17 March it was down a little bit; it was \$104.16, which is
18 not bad, but I believe that it is high enough for an
19 apartment of the size that I have. So as I say, I
20 believe that prices of electric rates and prices in
21 general are high enough as they are, and as I said, I
22 believe we should stop any more increase in prices and
23 hold prices stable; and so, I am asking the Pennsylvania
24 Public Utility Commission to say no rate increase for
25 the Pennsylvania Power and Light Company.

1 Thank you very much.

2 JUDGE CHRISTIANSON: Thank you, sir. Could you
3 pause for just a moment? Mr. Graham?

4 THE WITNESS: What?

5 JUDGE CHRISTIANSON: Mr. Simms has a question.
6 Maybe you can stay there.

7 THE WITNESS: Okay.

8 JUDGE CHRISTIANSON: Just a clarification, I
9 expect.

10 CROSS-EXAMINATION

11 BY MR. SIMMS:

12 Q In your testimony, Mr. Graham, you quoted that
13 your bill in February was \$112 and \$104 in March. Are
14 you living in a total electric apartment?

15 A Yes; my apartment is electric; total electric in
16 my apartment.

17 Q Okay.

18 A Lights, heat, and I have very few appliances,
19 only my electric shaver and that is about it.

20 Q Okay; thank you.

21 JUDGE CHRISTIANSON: I think he wanted to make
22 sure because from the bill, it seemed like you heated
23 with electric, because heating with electric is a
24 different order of magnitude from just the lights and
25 such.

1 (Witness excused.)

2 JUDGE CHRISTIANSON: Well, then, we have the
3 next person who signed up, Eric Epstein. This is a
4 gentleman who was here actually at the North Office
5 Building this morning; and I would like to swear you in
6 as a witness. You actually participate as a party.
7 Whereupon,

8 ERIC EPSTEIN,

9 having been duly sworn, testified as follows:

10 JUDGE CHRISTIANSON: Mention your name and
11 organization. Go ahead; proceed.

12 DIRECT TESTIMONY

13 THE WITNESS: My name is Eric Epstein. Tonight
14 I am speaking on behalf of Three Mile Island Alert,
15 which is a safe energy organization. We have
16 approximately 500 members. We are based in Harrisburg.
17 We primarily deal with oversight of nuclear power
18 plants, specifically Peach Bottom Station, Three Mile
19 Island and the Susquehanna Steam Electric Station.

20 What I would like to do, Judge, if it is okay,
21 is rebut the comments that go to the heart of our
22 concern, which is the nuclear component of the rate
23 increase.

24 JUDGE CHRISTIANSON: Yes; go ahead.

25 THE WITNESS: Okay. Just a brief history.

1 Pennsylvania Power and Light has increased electric
2 rates over the last ten years that they have been in
3 construction of the Susquehanna Nuclear Power Station.
4 Unit I began generating electricity on June 8, 1983;
5 Unit II began operating in April 1985. PP&L asked the
6 Public Utility Commission for a \$315 million rate
7 increase for Unit I. It was granted \$203 million, or a
8 16 percent increase for consumers. The Company asked
9 for \$330 million for Susquehanna II. The PUC allowed
10 \$121 million or an 8 percent increase for those
11 customers.

12 The customers are also charged with costs of
13 radioactive waste management. The cost of dumping of
14 low-level radioactive waste has increased dramatically.
15 For example, it cost in 1992 \$165 to dispose of a cubic
16 foot of waste in Barnwell, South Carolina. The
17 following year that price jumped to \$280. With the
18 closure of Barnwell, Berwick is now a low-level
19 radioactive waste site. Low-level waste includes every
20 radio-isotope present in high-level waste, including
21 Plutonium 239, which has a hazardous life of 240,000
22 years, and Iodine 129, which has a hazardous life of
23 16.8 million years. By the way, at the hearing today we
24 discussed the burial of radioactive waste. I would like
25 to point out that the waste in the Appalachian Compact

1 will not be buried. By law, it must be mandated to be
2 stored above ground, so I don't know whether or not Mr.
3 LaGuardia costs were assumed on burial costs, but there
4 be no burial in this Compact.

5 By the way, the cost for the low-level
6 radioactive waste site in Pennsylvania is now anywhere
7 from \$26 million to \$90 million over budget, and
8 currently ChemNuclear is being audited by the State
9 legislature as well as the Auditor General. PP&L
10 continues to use a fire retardant that does not work.
11 The manufacturer of Thermalag, Thermo Science,
12 Incorporated, is facing a seven-count federal indictment
13 for falsifying data that successfully demonstrated
14 Thermalag would prevent the spread of fire in nuclear
15 power plants. What Susquehanna does now is have roving
16 firewatches. Rather than rely on the material, they
17 rely on people to see if fires are started.

18 Additionally, Berwick currently has in excess of
19 450 metric tons of high-level radioactive waste, in the
20 form of spent fuel, being stored on site. By the year
21 2002, Susquehanna's spent fuels will be full, although
22 their license will not expire until 2022. Recently, two
23 PP&L engineers met with the Nuclear Regulatory
24 Commission -- that is the five Commissioners -- and
25 charged that Susquehanna's highly radioactive spent fuel

1 pools are unsafe, and that if emergency cooling systems
2 failed, a meltdown of spent fuel elements could occur.

3 The consumer also pays for retiring or
4 decommissioning Susquehanna. Pennsylvania Power and
5 Light projects the cost to be \$725 million. I have
6 finally gotten through to Allegheny Electric Cooperative
7 today, and they informed me that they are basing their
8 cost estimates on information supplied by PP&L, and that
9 they would be unable to decommission a plant in a method
10 that would be different than the one proposed by PP&L.

11 PP&L's rates have increased nine percent per
12 unit of electrical energy since 1985, and will continue
13 to increase in order to pay for nuclear waste storage,
14 decommissioning, and operating and maintenance costs of
15 the Susquehanna Nuclear Generating Station. As was
16 pointed out earlier, PP&L's current rate request boosts
17 residential rates by 20 percent. I think the reason for
18 that is this Company in particular, and the industry in
19 general, are in fear that when retail reeling becomes a
20 reality, nuclear kilowatt electricity will be
21 uneconomical, and therefore, they are going after the
22 stranded residential customers like ourselves.

23 One other point; last January bad weather caused
24 a record-setting demand for electricity. The
25 Susquehanna Nuclear Station contributed to the crises.

1 Unit I was shut down and did not return to service until
2 January 22, 1994, four days after the electric power
3 pull experienced record surge and demand. That same
4 day, Unit II was forced to shut down.

5 A final note I would like to add; if possible,
6 and I don't know how Mr. Russell is going to respond, as
7 part of this portion of the record, perhaps, I would
8 like to add the chronology that developed the problems
9 at the Susquehanna Nuclear Power Plant. I don't know if
10 the evidentiary records are as strenuous as for public
11 input hearings as they are at the proceedings that we
12 were involved in today.

13 JUDGE CHRISTIANSON: I think we can accept it as
14 a document; but we had a discussion of this this
15 morning.

16 THE WITNESS: Right.

17 JUDGE CHRISTIANSON: I would rather not go
18 through moving and the objections on it.

19 THE WITNESS: Oh, no, no; I just wanted to
20 include it as part of my testimony in the public input
21 hearing.

22 JUDGE CHRISTIANSON: We can do that, yes.

23 THE WITNESS: Okay.

24 MR. RUSSELL: Your Honor, I would object to it
25 being made part of the evidentiary record.

1 JUDGE CHRISTIANSON: Yes; but like this morning,
2 we marked it, and it was physically part of the record,
3 but we are not moving it. We are not accepting it in
4 the technical sense into the record.

5 MR. RUSSELL: We are not accepting it into the
6 evidence.

7 JUDGE CHRISTIANSON: That is correct.

8 THE WITNESS: I don't think a decision has been
9 made on that yet.

10 JUDGE CHRISTIANSON: Yes; I am not going to make
11 the decision tonight.

12 THE WITNESS: I understand.

13 JUDGE CHRISTIANSON: But go ahead, if you have
14 more.

15 THE WITNESS: I don't really have much more,
16 other than Silo must be having a sale, because there are
17 not too many more people out here.

18 JUDGE CHRISTIANSON: Yes; I sat in my son's
19 baseball game briefly, and a shower came by, and the
20 wind blew up. Maybe it discouraged people.

21 THE WITNESS: I don't know. I would like to
22 recall one event from ten years ago, if you recall, in
23 Lancaster in a public input hearing, which was very
24 moving for me, in which a gentleman who was a contractor
25 built a development with all-electric homes, and he was

1 virtually in tears because the people that he had bought
2 (sic) the homes for now had electric bills far in excess
3 of their mortgage payments; and I think you will
4 probably see those type of people turn out within the
5 next couple of weeks.

6 JUDGE CHRISTIANSON: Yes; we had a couple along
7 those lines this afternoon. One person quoted a 700
8 percent increase from when he signed up, I guess it was
9 about 20 years ago, 25 years ago, on the home.

10 If I could mention, just to clarify, Mr. Epstein
11 was in the North Office Building this morning and cross-
12 examined one of the PP&L witnesses for, I guess, about
13 an hour, along with cross-examination for an hour or
14 more by the various parties represented up here with me.
15 He is interested particularly in the nuclear aspects.
16 In recent cases, we have gotten some private citizens
17 who have been interested in certain aspects of these
18 cases, and they do make their own contributions. He has
19 made more of a contribution, perhaps, than many, but I
20 have a water case just closing down now where,
21 similarly, citizens have taken a particular position,
22 and then they become part of the process of rate making
23 really for the whole matter.

24 Are there any questions up here for Mr. Epstein?

25 MS. MOURY: No, Your Honor.

1 JUDGE CHRISTIANSON: I hear no volunteers.

2 THE WITNESS: Should I leave this record with
3 the court stenographer?

4 JUDGE CHRISTIANSON: Yes, go ahead and leave it
5 with her, and we will deal with --

6 THE WITNESS: I am probably going to leave
7 shortly, so I will see you all a couple weeks down the
8 road.

9 JUDGE CHRISTIANSON: Sure; I am sure you will
10 part of the proceeding as we go along.

11 (Witness excused.)

12 JUDGE CHRISTIANSON: Then we can check if there
13 are any more. I don't have any more on the sign-up
14 sheet.

15 Yes, sir. Do you want to come forward?

16 MR. GORDON: Shall I just sign my name?

17 JUDGE CHRISTIANSON: Go ahead; we don't need the
18 formality. Go ahead and come up. Those sheets are when
19 we get dozens of people here, and we just have to have a
20 pecking order as to who goes next. I will retrieve the
21 sheet later to make sure we get the spelling right for
22 your name. Do you want to take the oath to make it
23 testimony.

24 MR. GORDON: Thank you.

25 JUDGE CHRISTIANSON: Go ahead; raise your right

1 hand.

2 Whereupon,

3 GARY GORDON,

4 having been duly sworn, testified as follows:

5 JUDGE CHRISTIANSON: Okay, then; just go ahead.
6 Just mention your name and either your home or your
7 business you represent, whatever.

8 DIRECT TESTIMONY

9 THE WITNESS: My name is Gary Gordon. I am
10 representing a homeowner. I live in Sheepsford Crossing
11 in Mechanicsburg, and I have a Four Star home on the
12 residential thermal storage rate, and I have been on
13 rate since 1986, when the house was completed and I
14 moved in.

15 I just received a letter from PP&L dated March
16 27th of this year. I just received it yesterday. The
17 letter is describing for a proposed rate increase for
18 residential thermal storage rates an expected increase
19 of \$20 per month or 16 percent, and in the letter there
20 is a table given which did more electric than I have
21 been using; but in using their numbers, 25,000 kilowatt
22 hours per year, and an on-peak demand of 6 kilowatts, I
23 worked out the current rate number, and I came out with
24 a total annual cost of \$1,119.80. And then, using the
25 proposed charges, I did the same multiplication and came

1 out with a total for the year of \$1,617, and using my
2 calculator, that worked out my computations for a 44
3 percent change, and with that, worked out to \$41.40 per
4 month versus what is indicated in the letter is a \$20
5 amount, and 16 percent.

6 Now, I realize some earlier mailings and
7 information had mentioned the residential customers were
8 looking at something -- I believe I saw it in some of
9 the literature here tonight -- was only nine or ten
10 percent they mentioned, and so when I saw 16 percent, I
11 thought: Well, that is a little higher, and then when I
12 worked this out, I was a little bit surprised, and I
13 thought I'd better bring up the issue tonight. Granted,
14 I just got it yesterday, and I just happened to be
15 working here close by in PennDOT, and I wanted to stop
16 over. I thought this worth mentioning.

17 JUDGE CHRISTIANSON: We can respond to that
18 either formally or informally. Offhand, it sounds like
19 the number is a little big, but I am sure the Company
20 can respond now. If I can quote some numbers to give
21 you generally; I don't recall the overall increase
22 numbers. It is something like nine and ten. Maybe Mr.
23 Russell has it, the overall increase percent.

24 MR. RUSSELL: For the residential class?

25 JUDGE CHRISTIANSON: For everybody.

1 MR. RUSSELL: 11.7.

2 JUDGE CHRISTIANSON: 11.7 overall.

3 MR. HOFFMAN: Yes; but that is not RTS, though,
4 Your Honor.

5 JUDGE CHRISTIANSON: No, but residential --

6 MR. HOFFMAN: RTS is what he has, though, and
7 his numbers --

8 JUDGE CHRISTIANSON: Oh, RTS; I don't have RTS.
9 Residential as a general; the small residential is the
10 20.7 increase. Now, RTS, I don't have the figures in
11 front of me right here; but somehow the 44 sounds too
12 big.

13 One thing, in the formal hearings with the
14 experts, we had a thing about on-the-record data
15 requests, where the lawyer, if the witness can't
16 respond, the rule is in a rate case that the Company
17 responds within ten days basically. Now, we could
18 certainly get a response in that sense to make sure the
19 numbers are the way they should be.

20 Now, RTS I am not quite as familiar with. That
21 is the heating rate which has gone into some --

22 MR. HOFFMAN: The thermal storage.

23 JUDGE CHRISTIANSON: Yes, the thermal storage.
24 Again, I think are very few thousand people in that
25 rate. This was discussed --

1 MR. HOFFMAN: 14,000, I believe.

2 JUDGE CHRISTIANSON: 14,000, you say?

3 MR. HOFFMAN: I believe it is 14,000.

4 MR. RUSSELL: 14,000 customers.

5 JUDGE CHRISTIANSON: So there are several
6 thousand over the territory. We had some expert
7 testimony about that, but, of course, I just don't
8 recall it off the top of my head.

9 At this point, I guess this is the main sign-up
10 we have. Let's be off the record just briefly, and I
11 can respond to you individually.

12 (Witness excused.)

13 (Discussion off the record.)

14 JUDGE CHRISTIANSON: We are back on the record.

15 The PP&L people are working with this gentleman
16 about the billing, and it is a fairly sophisticated
17 problem with the special heating customers.

18 But in any case, we seem to have no further
19 people to actually speak for the record. And again, we
20 can speak with the folks individually who are still
21 here, but we seem to need no further formal session; and
22 so for tonight's hearing, we are off the record.

23 (Whereupon, at 7:50 p.m., the hearing was
24 adjourned.)

25

C E R T I F I C A T E

1
2 I hereby certify, as the stenographic
3 reporter, that the foregoing proceedings were reported
4 stenographically by me, and thereafter reduced to
5 typewriting by me or under my direction; and that this
6 transcript is a true and accurate record to the best of
7 my ability.

8
9 COMMONWEALTH REPORTING COMPANY, INC.

10
11 BY: Leigh Anne Feeney

12 Leigh Anne Feeney

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