

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

----- -X
 :
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 237 through 340

First Ward Fire Hall
Hastings Street
Williamsport, Pennsylvania

Monday, April 3, 1995

Met, pursuant to notice, at 7:08 p.m.

DOCUMENT FOLDER

BEFORE:

ROBERT CHRISTIANSON, Administrative Law Judge

APPEARANCES:

STEPHEN GORKA, Esquire
Post Office Box 3265
Harrisburg, Pennsylvania
(For Office of Trial Staff)

MARY C. KENNEY, Esquire
1425 Strawberry Square
Harrisburg, Pennsylvania 17120
(For Office of Consumer Advocate)

BERNARD RYAN, Esquire
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101
(For Office of Small Business Advocate)

95 APR - 7 PM 2:08
RECEIVED
P.A. P. U. (e)
INFO. CONTROL DIV.
J.S.M.

DOCKETED

APR 10 1995

Commonwealth Reporting Company, Inc.

700 Lisburn Road
Camp Hill, Pennsylvania 17011

APPEARANCES (Continued):

PAUL RUSSELL, Esquire
Two North Ninth Street
Allentown, Pennsylvania 18101
(For PP&L)

* * *

Commonwealth Reporting Company, Inc.

700 Lisburn Road
Camp Hill, Pennsylvania 17011

(717) 761-7150

1-800-334-1063

C O N T E N T S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Wes Grand	249	--	--	--
Don McKee	252	--	--	--
Mike Ochs	262	--	--	--
Jo Menne	273	--	--	--
James G. Thomas	275	--	--	--
Jim Stroup	280	--	--	--
Robert Butters	282	--	--	--
Robert Sweeney	283	--	--	--
Iola Koch (not sworn)	287	--	--	--
Stan Gramke	289	--	--	--
Henry Grieb	293	--	--	--
Susan Feist (not sworn)	295	--	--	--
Geraldine Martin (not sworn)	306	--	--	--
Yvonne Sutherland	307	--	--	--
W.T. Reich	309	--	--	--

Any reproduction of this transcript is prohibited without authorization by the certifying reporter.

FORM 2

C O N T E N T S (Continued)

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Mark Orwig	311	--	--	--
Carl Nolan	317	--	--	--
A. Floyd	323	--	--	--
Maurice A. Fuller	326	--	--	--
Carolyn Bullock	329	--	--	--
Isaac Dunkelberger	333	--	--	--

E X H I B I T S

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

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 tonight for the fifth public input hearing
5 concerning this PP&L general rate increase proceeding.
6 We have been down in Harrisburg and cross-examined the
7 Company witnesses, and we are here tonight, of course,
8 to hear from the public, and we have several more input
9 hearings basically east and south of here during the
10 balance of this week.

11 I am gratified at the turnout. I would just
12 take a guess there is about 40 more people here. I
13 think this is the best turnout we have had on these
14 hearings. We have had two in Harrisburg and two in
15 Lancaster, but I am glad to see you. I thought the
16 weather was going to be bad. The weather is still good
17 out there. It is a lovely evening.

18 MR. RYAN: Judge, I think they thought you had
19 two people.

20 JUDGE CHRISTIANSON: Oh, no, we didn't have two
21 people; we had two hearings in Lancaster and Harrisburg.
22 Mr. Ryan corrected me. At the other meeting at
23 Harrisburg and Lancaster, we had about 18 there in
24 Harrisburg in the afternoon, and about a dozen that
25 evening; about ten spoke all together. Lancaster,

1 another Judge had Lancaster because I had a conflict,
2 and she reported back to me today. There were about, I
3 guess, 30, 40 people there; about the same turnout you
4 have here in the evening, and there is lighter turnout
5 in the evening then.

6 I would like to get started with a --

7 MS. MENNE: Can I say something first?

8 JUDGE CHRISTIANSON: Yes, ma'am.

9 MS. MENNE: I have called up a whole lot of my
10 friends and asked them to come, and they said: It won't
11 do any good. They are going to raise it anyway. There
12 would be more people here if they would have said yes.

13 JUDGE CHRISTIANSON: Well, we like to think this
14 does some good, and Commissioners themselves have
15 occasionally used the information brought forward at
16 public input hearings, and if nothing else,
17 psychologically, it makes a difference. I think the
18 Commissioners require these hearings because it keeps us
19 aware of the struggles people have paying their utility
20 bills, so that I think in that broad sense it can't help
21 but make a difference. In a narrower sense, the fact
22 that a particular person in a particular town has
23 trouble or speaks about rate design -- another reason we
24 come out, we are getting more people from local
25 businesses, Chambers of Commerce, things like that,

1 speaking to the increase in the economic impact more
2 broadly; but the biggest interest is in the private
3 citizen, the private residential customer, and we get
4 most of them at these hearings. But I think it does
5 make a difference. In some cases, the Commission has
6 been very influenced by public input hearings in
7 specialized sorts of cases.

8 But I would like to introduce briefly the people
9 here in the case; and maybe I would like to stress that
10 I would like your testimony, or actual evidence. Take
11 the oath or affirmation so that what you say is actual
12 facts on the record. I can't help but allude to the OJ
13 Simpson trial, which is familiar to many people, and the
14 distinction between what is of record and what is not on
15 the record. When you stand up and swear you will tell
16 the truth, and you sit down and give testimony, that is
17 actual evidence. It is part of the record, part of the
18 official proceeding upon which we may rely. If you just
19 make a remark or say something to one of us, it may be
20 important in a certain sense, but it is not part of the
21 record, so the Commission can't say: For this reason I
22 have reached this result and be upheld in Court. The
23 Court would say on review that you don't have
24 substantial evidence; it is not sworn testimony.

25 But in any case, I would like to speak briefly

1 to who is here and where we are going. These
2 proceedings take about seven months total. We have
3 several hearings down in Harrisburg on these bigger
4 cases. The increase is obviously substantial. As a
5 matter of fact, I have to look up the actual number --
6 \$261 million, I believe is the number. That number
7 probably is less important than it seems because,
8 really, rate design is more important to the individual
9 customer. Actually, how the Company structures the
10 increase may be more important to you than the actual
11 overall average increase. I think the average is 11
12 percent. The residential customers might see anything
13 from 20 percent increase to around -- well, I guess
14 below 10 -- I can't remember what the lowest number is
15 for a very large residential customer -- because the
16 rate design changes within the blocking structure.

17 And there have been important changes for
18 residential and commercial customers as well. If we get
19 time tonight, we can go into that a little bit, but we
20 want to get more from you. We can go into those
21 details.

22 But I would like to introduce you very briefly
23 to the folks here, and I will sort of pass the mike.
24 Maybe we can start at the far end. Mary Kenney is; no,
25 Mr. Ryan. Let me first say who is here because the

1 court reporter is taking down our words, and this is
2 very important. She actually makes a transcript, which
3 is then available for my review, or more important, for
4 the Commissioner's review. And the Commissioners do
5 call for transcripts. They have a color code
6 downstairs. Blue folders are sort of confidential,
7 staff folders. Red folders are like filings, pleadings,
8 complaints, answers. Then we have the yellow folders
9 are testimony and exhibit folders, and they call for the
10 yellow folders upstairs to review these cases. They
11 call for the actual record in these cases.

12 But I will start first to say who is here. Mr.
13 Ryan is here for the Small Business; Ms. Kenney here for
14 the Consumer Advocate; Mr. Gorka here for Trial Staff;
15 and Mr. Russell to my right representing the Company.
16 Now, in each case, the lawyer is not the only lawyer
17 working on the case. Most of these parties have two or
18 three lawyers working on the case. We also have about
19 six or eight other parties represented by lawyers in the
20 case, and actually presenting expert testimony, mainly
21 on the rate design. We have representatives from the
22 colleges. We have somebody from the fuel oil people who
23 are concerned about PP&L's rate design for residential
24 customers mainly. We have large industrials. I have
25 missed a couple. We have a couple other parties. We

1 have somebody representing, essentially, your mall
2 developer. We have a couple others in the case.

3 Let's start with those. They will speak very
4 briefly, and they can pass the microphone. I am
5 starting, just because he is on my far left, perhaps
6 junior in terms of organization, I guess senior in terms
7 of personal age, I don't know. Mr. Bernie Ryan is the
8 Small Business Advocate.

9 MR. RYAN: Senior in terms of everybody up here,
10 but I think I am in line with some of the people in the
11 audience.

12 My office represents the small business
13 customers of PP&L. Basically, it is the customers who
14 are served under their two general service rate
15 schedules. And we have an expert witness; we are in
16 there to try to ensure that whatever increase is awarded
17 to PP&L, if indeed they get an increase, that the burden
18 of that increase is not disproportionate for small
19 business customers.

20 We are here to hear you. If any of you here are
21 owners of or run small business, I particularly ask that
22 you would identify that interest of yours when you
23 testify tonight.

24 Thank you very much.

25 JUDGE CHRISTIANSON: Next, we have Mary Kenney,

1 representing the Consumer Advocate, and her organization
2 is -- I guess you can call it senior or not. I don't
3 know if they are older than Trial Staff, but if Trial
4 Staff claims a 12-year heritage, you are younger.

5 MS. KENNEY: Good evening. The Office of
6 Consumer Advocate was created in 1976 to represent rate
7 payer interests, in particular, residential rate payers,
8 and I appreciate you all coming out this evening. My
9 office has been involved in this case. We have retained
10 four expert witnesses, and have three attorneys working
11 on this, but one thing that we need most of all is to
12 hear from the consumers, the customers of PP&L, to tell
13 us what the impact of this rate increase is, so I
14 encourage you tonight to speak on the record to let us
15 know how this rate increase will affect you.

16 If you have any questions about our office, we
17 have a pamphlet down front, and I will also be around
18 after the hearing, and will be happy to answer any
19 questions that you may have.

20 Thank you for coming this evening.

21 JUDGE CHRISTIANSON: I could mention, I will go
22 to an actual Commission representative as a party. We
23 have Verna J. Edmonds here, who is a Consumer Advocate
24 specialist for the Bureau of Public Liaison. I am sure
25 she has some information back there as well. And again,

1 she is available to speak. If you have any problems
2 about the Commission, or on the utilities, she can
3 probably help you, or at least find out where you can
4 get help. But she is here at the hearing.

5 Next, for the parties, we have Steve Gorka, who
6 is representing Trial Staff, and one thing I often say;
7 Consumer Advocate tends, as Ms. Kenney mentioned, to get
8 outside experts, actually hire people often from other
9 states, or often from Pennsylvania or this area, to work
10 on these individual cases. Trial Staff, on the other
11 hand, has employees on the payroll. They will also hire
12 outside people at times when they need special
13 expertise; but Trial Staff tends to rely on employees,
14 so the lawyers and the experts are both employed within
15 Trial Staff, which is sort of an auxiliary part of the
16 Commission. It is a little side, independent part of
17 the Commission. As a matter of fact, they have offices
18 in a building other than our regular office building.

19 But Steve Gorka from Trial Staff.

20 MR. GORKA: Hello, everyone. I am from the
21 Office of Trial Staff, and we represent the public
22 interests, so we sort of represent everybody: the
23 residential users, the commercial users, and the
24 industrial users. And as the Judge indicated, we do
25 have many experts on staff who are examining the main

1 issues in this rate case filing.

2 And just to reiterate what other people said, I
3 encourage you to speak on the record, because we do look
4 forward to hearing your comments.

5 Thank you.

6 JUDGE CHRISTIANSON: And to my right is Paul
7 Russell, who will mainly, I expect, introduce a couple
8 of people from PP&L here, who, again, want to be here to
9 hear what you have to say. The utility, as well, is
10 interested, if for no other reason than because the
11 Commission is interested in these public input hearings.
12 But we have Paul Russell, the main lawyer for PP&L.

13 MR. RUSSELL: Thank you, Your Honor.

14 I guess if we are trying to keep track of who is
15 the senior organization, PP&L may be close to senior.
16 We celebrate our 75th anniversary in June, so we have
17 been in operation for a while.

18 As Judge Christianson mentioned, I would like to
19 take just one minute to introduce two people in the
20 audience from PP&L. We have Toshanna Hamilton, who is
21 back to the right; and Ray Shuhocky, who is our Vice
22 President of Marketing and Economic Development there.
23 And the reason we ask additional people to come from the
24 Company to these public input sessions is we want to
25 give, number one, our people an opportunity to hear what

1 you have to say tonight; and secondly, we like to have
2 people in the room, and if you have specific concerns
3 about your bill or your service, you can contact either
4 of them any time this evening, or talk to me. The three
5 of us will stay after if there is interest and deal with
6 individual problems.

7 We do very much appreciate you being here. We
8 think the public input hearings are an important part of
9 the rate making process, and we are very interested in
10 getting your input this evening.

11 Thank you.

12 JUDGE CHRISTIANSON: Okay; then we will start
13 with what we are here for, and I must apologize in
14 advance. I didn't learn phonetics very well when I was
15 a kid in school, so I may butcher some of the names, but
16 my name gets butchered itself, so we will just bear with
17 it.

18 The first one is fairly easy, and I would
19 recommend or urge you to actually take the oath or
20 affirmation. I will administer the oath for you.

21 The first name on the first list is Wes Grand of
22 Lockhaven. Again, if you are more comfortable just
23 speaking from the audience -- you can try a microphone.

24 MR. GRAND: I can do that.

25 JUDGE CHRISTIANSON: Can you take the oath, sir?

1 MR. GRAND: Sure.

2 JUDGE CHRISTIANSON: Could you raise your right
3 hand?

4 Whereupon,

5 WES GRAND,
6 having been duly sworn, testified as follows:

7 JUDGE CHRISTIANSON: Fine; proceed. Just
8 mention your name and perhaps your home address or
9 organization.

10 THE WITNESS: Sure.

11 JUDGE CHRISTIANSON: Go ahead.

12 DIRECT TESTIMONY

13 THE WITNESS: My name is Wes Grand, and I live
14 at 431 West Walnut Street in Lockhaven, Pennsylvania. I
15 am the Chief Operating Officer for the Clinton County
16 Economic Partnership. I would like to thank the
17 Commission for the opportunity to give testimony.

18 What I would like to talk about briefly is the
19 perspective of PP&L that the general public may not be
20 aware of, and listening to the people in the audience
21 mention that they are retirees. That indicates to me
22 that they held jobs at some point in time, and it is our
23 job as an economic partnership to bring employment to
24 our area.

25 JUDGE CHRISTIANSON: I was going to ask, could

1 you say a few words to elaborate on what the
2 organization is or does?

3 THE WITNESS: Can I say that in this?

4 JUDGE CHRISTIANSON: Yes.

5 THE WITNESS: Clinton County Economic
6 Partnership is the economic development agency for
7 Clinton County comprised of a Chamber of Commerce, a
8 tourist promotion agency and our development office.

9 JUDGE CHRISTIANSON: Okay; go ahead.

10 THE WITNESS: PP&L assists us in our effort to
11 bring jobs to Clinton County, a county that has had
12 employment problems. We would not be able to compete
13 and have really a level playing field if it were not for
14 the resources that PP&L provides to us; and I will give
15 you some quick examples. When we have a facility that
16 is available for usage, PP&L assists us in putting
17 together a marketing piece. They provide that marketing
18 piece to their people throughout the United States, or
19 at trade shows, and see results from that effort.

20 PP&L also assists us in co-op advertising. We
21 would not have the financial wherewithal to advertise in
22 national trade publications in an effort to bring jobs,
23 but through the assistance of PP&L, we are able to do
24 that. We also look at the opportunities to participate
25 in trade shows; again, trying to bring employment back

1 to Clinton County, which is part of this region.

2 So, basically, it is my testimony that we
3 appreciate their support and efforts.

4 Thank you.

5 JUDGE CHRISTIANSON: Thank you. I will mention,
6 just in theory, this testimony is subject to cross-
7 examination, or more often, examination by friendly
8 people to bring out a little bit of information. So if
9 anybody has questions, go ahead. And I will also
10 mention, I have freed up a microphone here, so if
11 somebody wants to come up and use the hand mike, they
12 can do it here. You have a good strong voice.

13 Any questions for this gentleman?

14 MS. KENNEY: No, Your Honor.

15 MR. RYAN: No, Your Honor.

16 JUDGE CHRISTIANSON: Let me ask you one
17 question. I want to make a statement, I guess. PP&L is
18 interested in economic development. That is part of our
19 case here. Are you aware if they do this for other
20 regions?

21 THE WITNESS: Yes; I would assume that they do
22 for other regions also.

23 JUDGE CHRISTIANSON: It is just a thing worth
24 getting into a bit.

25 Thank you, sir. We won't press you further, but

1 maybe you will want to talk informally as we go along.
2 Thank you.

3 THE WITNESS: Thank you.

4 (Witness excused.)

5 JUDGE CHRISTIANSON: Next, we have Don McKee of
6 Williamsport. Could you stand? If you have trouble
7 being heard, would you speak into the mike.

8 MR. MCKEE: My voice gets a little weak now and
9 then.

10 JUDGE CHRISTIANSON: If you would like, come up
11 here.

12 MR. MCKEE: Fine; thank you.

13 JUDGE CHRISTIANSON: Let me first swear you in
14 as a witness. Would you raise your right hand.
15 Whereupon,

16 DON MCKEE,

17 having been duly sworn, testified as follows:

18 JUDGE CHRISTIANSON: Fine; and again, it works
19 pretty well about two inches from the mike.

20 DIRECT TESTIMONY

21 THE WITNESS: Thank you very much. I apologize
22 for my voice. I have had a little surgery here
23 recently, and it is not too good.

24 I would like to make just three points
25 tonight if I may, and the first is a credit system of

1 PP&L. I really think they botched terribly the
2 announcement of this proposed rate increase. As you all
3 know, we first got the yellow little flyer in our bill,
4 which said the average residential increase would be
5 20.7 percent. Then with the next bill, we got to the
6 issue of *Connect*, and the headline says: We would like
7 to set the record straight. PP&L is not requesting a 20
8 percent rate increase for all of residential customers.
9 I have made six phone calls to my office in
10 Montoursville -- that is my PP&L office in
11 Montoursville, and three to Allentown, trying to get the
12 real rate proposal, and still don't know how they can
13 figure out the \$54.12 bill for the new residential rate.

14 I finally got a hold of a man -- got a hold of
15 Allentown, and he said the only man that can answer your
16 question -- to call Les Wilson, and we will transfer you
17 to him. So he tried; they couldn't get him, his line
18 was busy. So I said: Give me his number. I will call
19 him. They gave me his number. I called back in 20
20 minutes, and the computer came on and said: I'm sorry;
21 his line is busy, disconnected. So I called the 800
22 number back again, and I got a sweet little girl who
23 finally said: I will get Mr. Wilson for you. He finally
24 came on the phone, and I said: Mr. Wilson, I can't
25 figure out how you figure the bill. And he said: Oh,

1 well, our Billing Department screwed up when they put
2 that out; he said: The energy rate increase is gone; the
3 energy charge is no longer on there. I said: Well, that
4 makes \$10.57 difference in this bill. He said: Yes,
5 don't worry about it. He said: It's all right. And
6 yet, I have never seen anything else that says the
7 energy charge will no longer be charged. Will it?

8 JUDGE CHRISTIANSON: Let me try to respond to
9 that. This is a fairly complicated response. PP&L can
10 respond, I am not precluding that; but let me just
11 mention some numbers. Your frustration is shared by a
12 lot of people, and this is why we should explain it.
13 Again, I won't explain it in great detail, unless we
14 have heard from the people first who want to speak. But
15 basically, the Commission requires that one number be
16 publicized. That is the rate increase that the 500 kwh
17 residential consumer will see. 500 kwh is a fairly
18 small consumption in a month, but our regulations
19 require that this number be put forward, and this number
20 is a 20.7 increase, I believe it is. But again, because
21 of the rate design, the increase at the small end of the
22 residential scale is bigger than the average
23 residential. I think the average residential is about
24 15 percent increase, and a large residential user might
25 see a 12 percent or even lesser increase.

1 And there is another problem which came out in
2 Harrisburg, and a witness brought it out in Harrisburg,
3 and maybe PP&L has done more homework. One of the PP&L
4 people in charge of this area of setting up the rates
5 and sort of explaining them said that he got a flyer on
6 residential heating, and he didn't understand it
7 properly, and they may go back to the drawing boards on
8 that again. Part of it is -- we joked at one of the
9 expert sessions -- Mr. Kleppinger who was representing
10 industrial customers, brought up a question about this
11 interplay between the energy clause and the base rates.
12 As a matter of fact, it is still not entirely settled to
13 my satisfaction. There is a mysterious \$20 million in
14 the rate filing, the interplay between the energy clause
15 and the base rates, and it is fairly complicated.

16 Now, PP&L can try to -- maybe I will let PP&L
17 explain that after we have heard from a few more people,
18 but it is a problem, and on behalf of the Commission and
19 PP&L, I really apologize for it. It is a very
20 complicated problem to explain a rate increase. You try
21 to simplify it, and I think over-simplified it in this
22 case. There are a couple of heating customers, a
23 special residential heating rate, and this may be what
24 you are talking about. There are like -- I think there
25 are only 15,000, or some fairly small number of

1 customers on it. You store heat at the heat storage
2 rate to try to get off-peak electric use, or low usage
3 electric use, we call it.

4 But, go ahead with your comments. I agree with
5 you. It has been a problem. We switched firehalls here
6 because of scheduling problems. But we got PP&L in the
7 nick of time. They almost advertised in the paper the
8 wrong place. If we got them a little later, they would
9 have had to print a retraction and advertise it is here,
10 because it worked very nicely here.

11 Go ahead with your remarks. I agree with you.
12 I acknowledge that this is a problem, and PP&L may be
13 working further in explaining this problem.

14 THE WITNESS: Thank you very much. Without
15 criticizing now, I'll try to make my case.

16 My second comment is that I don't believe that
17 PP&L has made their case for this rate increase which is
18 convincing. If you look at their Annual Report, and
19 particularly the one in previous years which carries a
20 ten-year history of all of their operating figures to
21 date, and so forth, and examine it very carefully, you
22 will see that what has happened to PP&L is no surprise.
23 It just so happens that this year, 1994, we had a mild
24 winter. They didn't have the sales that they had
25 anticipated, so they cleaned out the closet, in my

1 opinion -- now, this is my opinion -- and decided to
2 take the charge for a coal property that they had since
3 1974. They decided to change their depreciation
4 schedules. They decided to take every charge off that
5 they possibly could, including the early retirement,
6 which I am in favor of, but it took them seven years to
7 wake up to the fact they had too many employees. So, in
8 my opinion, that is what happened.

9 It is no surprise, because if you look at their
10 numbers, the operating income -- pardon me; the
11 operating revenue between 1988 and 1993 has increased
12 every single year. The operating income every year but
13 one decreased. So they certainly could see the
14 handwriting on the wall if they were doing their
15 homework, and they knew they had to take some kind of
16 drastic action before this year, because it was a bad
17 year, because they now have the evidence that things
18 were going to hell in a handbasket -- pardon me. They
19 thought: Well, we can apply for a rate increase, too,
20 and make a case for it.

21 I don't think that case has been made. I made a
22 comparison between PP&L and Carolina Power and Light.
23 They are roughly comparable utilities in number of
24 kilowatt hours generated, and the revenue produced. If
25 you look at the rates, however, the average rate for a

1 residential customer in PP&L in 1994 was 8.14 cents per
2 kilowatt hour. Carolina Power was 8.22 cents, a little
3 bit higher. That would mean for the average 500
4 kilowatt hour user, you would pay \$1.15 a month more.
5 Now, the commercial customer in PP&L was \$7.78 cents;
6 Carolina Power was \$6.85. That means the typical user
7 as listed in that yellow flyer would pay \$14 a month
8 less in Carolina. Now, look at the industrial. PP&L,
9 \$5.52 a kilowatt hour; Carolina, \$5.29. Again, take the
10 400,000 kilowatt hour user that they use; he would pay
11 \$920 a month less, and yet Carolina Power is showing a
12 profit. PP&L can't. They increase their dividend every
13 year, but they can't show a profit. I am sure that Mack
14 Truck considered this, among other things, when they
15 decided, or were deciding to leave eastern Pennsylvania,
16 and move to the Carolinas, and I think it is important
17 we consider the industrial and commercial rates as well
18 as the residential rate.

19 My final point is if we must have a rate
20 increase in order for PP&L to survive, I urge you, the
21 PUC, to consider the alternatives, and I think that it
22 is no coincidence that the \$261 million that they are
23 requesting annually in their rate increase matches
24 precisely the amount of their dividends; and if the
25 shareholders have been getting a dividend increase every

1 year for the last ten years, they have been mindlessly,
2 in my opinion, signing the proxy to perpetuate the
3 management that is there. I think it is time we give
4 management a wake-up call, and cut the dividend, or at
5 least make the shareholder share the burden of their
6 rate increase. They had a vote; the ratepayers didn't
7 have any vote.

8 And last, but not least, I urge the PUC to
9 consider as an alternative, retail wheeling. I would
10 like to enter into the record an article from the *Wall*
11 *Street Journal* on March 28, 1995. SCE Corporation is
12 the holding company for Southern California Edison. It
13 is the second largest public utility in the State of
14 California. They are anticipating deregulation. They
15 plan to cut their rates by 25 percent by the year 2000,
16 and until 2000, they have frozen the rates. And it goes
17 on to state that they will immediately freeze rates for
18 homes and small business in anticipation of California's
19 moves to deregulate electric utilities. And it goes on
20 and on; it talks about the Detroit-Edison contracts with
21 the Big Three auto makers and so forth.

22 But in 1991, the average rates for California's
23 investor-owned utilities ranged from 9 to 10.5 cents per
24 kilowatt hour, 30 to 50 percent above the national
25 average. If this rate increase goes through, that 500

1 kilowatt hour residential customer that they talk about
2 will be paying over 10 cents a kilowatt hour for his
3 power. And at the same time, Portland, Oregon, which is
4 right across the California border, has a utility which
5 has an average rate of four-and-a half, 4.6 cents a
6 kilowatt hour, and they getting ready to wheel that
7 power to retail customers in California, just as soon as
8 the California Public Utility Commission permits it.
9 And I would suggest that there are other customers,
10 other utilities that might be interested in wheeling
11 power into PP&L territory.

12 Thank you, sir.

13 JUDGE CHRISTIANSON: Thank you. You have
14 covered many of the topics that are current, and I guess
15 we can incorporate that essentially by reference, I will
16 take a look at it, and we can refer to this in detail,
17 so we can check that further. Retail wheeling is an
18 emerging concept, which acts a little bit like gas
19 transportation, if you have heard about that in the gas
20 side of utility work, whereby power produced by one
21 company can be bought, essentially, by somebody in
22 another company territory. It is an emerging concept,
23 and somewhat controversial.

24 (Witness excused.)

25 JUDGE CHRISTIANSON: Just one minor point on the

1 year and the costs of PP&L in the last year. Their
2 claim has not been fully tested. We are going to
3 normalize and adjust it and do things like that. That
4 is what the second phase of the case is about when we
5 hear from the other parties. The Trial Staff, the
6 Consumer Advocate, the Small Business Advocate, and many
7 of the other parties are soon going to respond to the
8 Company case, and this is part of the testing procedure
9 we go through in the formal litigation process. But Mr.
10 Russell has asked me to give him time later to respond
11 to that other point made, about the advertising and just
12 what the various increases are. PP&L can address that a
13 little bit later tonight.

14 Next to speak is Michael Ochs of Scott Street,
15 Williamsport.

16 Would you like to take the oath, sir?

17 MR. OCHS: Yes.

18 JUDGE CHRISTIANSON: Could you raise your right
19 hand?

20 Whereupon,

21 MICHAEL OCHS,

22 having been duly sworn, testified as follows:

23 JUDGE CHRISTIANSON: The witness affirms.

24 And proceed. Try to mention your name and
25 organization, or home address, and go ahead.

DIRECT TESTIMONY

1
2 THE WITNESS: Michael Ochs, O-c-h-s; I am from
3 Williamsport. I have prepared written testimony as per
4 your suggestions, and I will just read verbatim, by and
5 large.

6 I have five general complaints. The first has
7 to do with insufficient information as was mentioned
8 earlier. I ask the PUC to insure that customers will
9 not have call or write the Company to learn the reasons
10 for the requested rate hike increase and its potential
11 effect on one's bill. This information should be part
12 of a mailing to all customers. Since Company employees
13 are given a 11 x 17-inch double-sided sheet of
14 information on the rate hike, I ask the PUC to assure
15 customers that they will be given an equal amount of
16 information.

17 The March bill insert to the PP&L customers
18 includes a misleading headline. It says: "We'd Like to
19 Set the Record Straight: PP&L is not requesting a 20
20 percent rate increase for all residential customers."
21 That headline and the table matrix and article imply
22 that the average rate increase is only 12 percent. Yes,
23 a large class of customers, those, who, like myself, use
24 less than 500 kilowatt hours a month, will experience a
25 rate hike higher than 20.7 percent; 22.31 percent for

1 300 kilowatt hours per month customers, or 23.84 percent
2 for 200 kilowatt hour per month customers. I use 250
3 kilowatt hours a month, and estimate my bill will
4 increase by 23 percent. I should not have to call the
5 company to learn that, but I did. I request the PUC to
6 have the company individualize the anticipated new rate,
7 the monetary change, and the percent increase for each
8 and all customers, and include it when the rate hike
9 proposal is announced to the customer. I further ask
10 the PUC to require the PP&L Company to display tables
11 showing the effects on usage below the so-called minimum
12 of 500 kilowatt hours per month, just as it shows for
13 increments above 500 kilowatt hours a month. Surely
14 those of us who use less than the 500 kilowatt hours a
15 month represent a large cohort or class of customers of
16 the more than one million PP&L customers, and we should
17 be given accurate information on the potential rate hike
18 effects on our bills.

19 The PUC should require the PP&L 800-hotline
20 customer representative operator to be able to inform
21 callers of the time and place of these public input
22 hearings. My inquiry this past week was left
23 unanswered, and I was told to call the PUC instead.

24 Absent any Williamsport city PP&L business
25 office, I ask the PUC to have PP&L designate some local

1 place where customers can walk in to receive the
2 Supplement No. 50 to Tariff-Electric PA PUC No. 200. It
3 should also be available at these public input hearings.

4 If I can just diverge from my remarks. Since I
5 came here tonight, I find this at that table:

6 "Customer's Guide to Pennsylvania Power and Light
7 Company Rate Increase Request" very helpful, but it was
8 not available, to my knowledge, at the Montoursville
9 office, although this Supplement No. 50 was; but this is
10 very difficult to understand. So I would prefer that
11 when you indicate the notice of proposed rate hikes,
12 that you indicate that there might be something like
13 this simplified guide to customers.

14 I ask the PUC to inform the PP&L customer about
15 the criteria on which PP&L is being evaluated, and how
16 it performs accordingly. For example, over the ten
17 years or so since the last rate hike approval, what is
18 the Company's customer service performance, handling of
19 customer complaints, and with complaints about shut-
20 offs, handling of collections? Some state utility
21 commissions require utilities to provide a "Performance
22 Evaluation Plan" or "PEP," that features certain
23 performance evaluation indicators, for example, accuracy
24 in construction cost estimates, customer satisfaction,
25 regional comparisons of residential rates, employee

1 safety record, service reliability, among others. What
2 are the standards in Pennsylvania?

3 Lastly, as regards my complaint about
4 insufficient information, I note that after the Company
5 made a request for a rate hike, it then also asked for a
6 decrease in the energy charge rate. These back-to-back
7 requests on two separate matters, one a significant
8 increase, and one a relatively insignificant decrease,
9 only serve to confuse the average customer, and I ask
10 the PUC to require PP&L clarification in writing to
11 customers in their monthly bill inserts, comparing the
12 two and contrasting the two.

13 Now, my second point has to do with conservation
14 by energy-efficient appliances, compact fluorescent
15 lights, the EPA Green Lights Program, and Demand-Side
16 management.

17 This is a green light, for those of you who
18 don't know what it is. It is a compact fluorescent
19 lamp. This produces the light equivalent to a regular
20 90-watt incandescent lamp for 23 watts. So, in other
21 words, it saves you a considerable amount of wattage,
22 provides the same light for less money, it significantly
23 reduces the pollution at the source of production of the
24 electricity that is generated to have this lamp be lit.

25 To the best of my recollection and knowledge,

1 the last time I saw a map of who the Green Lights
2 participants were in the 29-county area that PP&L
3 serves, there weren't any. In the last written
4 communication I had from a PP&L official, I was told
5 PP&L was not an ally, nor a partner, nor an endorser, in
6 the Environmental Protection Agency Green Lights
7 program; yet, some 74 utilities are nationally.

8 The Green Lights Program, now in its fifth year,
9 has 1600 participants committed to energy-efficient
10 lighting upgrades in five percent of all US commercial
11 and industrial floor space, about 4.3 billion feet.
12 This produces an energy cost saving of more than \$80
13 million annually, and annually 1.1 billion kilowatt
14 hours are saved, and a reduction in pollution to the
15 tune of 1.4 billion pounds of carbon dioxide. That is
16 equivalent to removing 132,400 cars from the road. CO₂
17 is the culprit in that it is a greenhouse effect gas.
18 Using these so far has reduced 11.1 million pounds of
19 sulfur dioxide, which is an acid raid component, and it
20 has reduced 5 million pounds of nitrogen oxide, which is
21 a contributor to smog.

22 I urge the PUC to seek PP&L's voluntary ally
23 enrollment in the EPA Green Lights Program, and to seek
24 having the Commonwealth being enrolled as a partner. If
25 they do not do this voluntarily, I urge the PUC to

1 require the utility and the State to become committed to
2 the EPA Green Lights Program goals and objectives.

3 Participation in a large-scale, energy efficient
4 lighting program not only saves energy, it also
5 significantly reduces pollution; that is, air pollution,
6 acid mine run-off, oil spills, natural gas leakage,
7 toxic waste, nuclear waste, and so forth.

8 In the PP&L territory, lighting may represent 25
9 percent of the electricity used. If we could reduce the
10 electric lighting demand by one-half, we could reduce
11 the demand for PP&L electricity by 12 percent. This is
12 achievable.

13 Just imagine if each of the one million
14 customers installed one 23-watt compact fluorescent
15 lamp. Multiply one million by \$67 to get some
16 appreciation of the energy cost savings. Multiply one
17 million times 67 watts to see the wattage that is
18 reduced; one million times 4.1 pounds results in the
19 amount of nitrogen oxide that is prevented -- that is,
20 smog. One million times 1,072 pounds equals the amount
21 of significantly less carbon dioxide that is emitted
22 into the air.

23 Many utilities are participating in successful
24 lighting programs -- from information programs,
25 education programs, financial incentive or market-pull

1 programs, through collective efforts, and by market
2 transformation or technology-push programs. For
3 examples of such, just check those of Hydro Quebec,
4 Pacific Gas and Electric, Central Main Power Company,
5 Madison Gas and Electric Company, and various Northwest
6 utilities, and Southern California Edison, among others.
7 When Central Main Power teamed up with the local Lion's
8 Clubs, who every October sell light bulbs door-to-door,
9 the result was the sale of 90,000 compact fluorescent
10 lamps in one week, enough bulbs to save over 81 million
11 kilowatt hours and reduce demand by 5,100 kilowatts.
12 The next year when the utility enabled customers to buy
13 these energy-efficient lamps with rebate coupons through
14 one drug and two supermarket chains, over 171,000
15 compact fluorescent lamps were sold for less than \$4.00
16 each, saving the utility eight megawatts of generating
17 capacity, which over the life of the bulbs is a total
18 energy savings of 88 million kilowatt hours. I use this
19 "Operation Lightswitch" program from Maine just as one
20 example of how utility-sponsored demand-side management,
21 or DSM, programs can provide customers with direct
22 financial incentives to promote conservation by energy-
23 efficiency. It reduces electric demand and thus
24 postpones the need for new power plant construction; it
25 reduces pollution, and upgrades lighting.

1 I therefore ask PP&L to supplement their rate
2 hike proposal with a voluntary enrollment in the EPA
3 Green Lights Program. Furthermore, I ask the PUC to
4 postpone action on the proposal until Demand-Side
5 Management strategies have been agreed upon by the
6 Pennsylvania Industrial Energy Coalition, the PUC and
7 the Commonwealth Court.

8 This gives off more light than it does heat.

9 Third, regarding PP&L commercial and industrial
10 utility rebate programs. According to a recent survey
11 of about 150 United States utilities, and their
12 participation in some 43 rebate programs for commercial
13 and industrial users, PP&L is shown to have only 5 of
14 the 43 programs. I ask the PUC to determine whether a
15 rate hike is warranted for commercial and industrial
16 users since PP&L offers so few rebate programs.

17 PP&L offers no lighting rebates, nor any for
18 motors and drives, nor building envelopes. I will not
19 read the 38 types of rebate programs PP&L does not
20 offer, but refer you to the article which I attach to
21 this testimony from the periodical titled *Energy Users*
22 *News*, August 1994.

23 Fourth, the residential customer conservation.
24 I return to this theme, pointing out my request that the
25 PUC rectify a situation wherein a PP&L customer is

1 penalized with a higher rate increase if she or he tries
2 to conserve energy and reduces their usage to below 500
3 kilowatt hours a month. There is also the apparent
4 anomaly of being charged 8.30 cents per kilowatt hour
5 for the 200 kilowatt hours, and only 6.36 cents per
6 kilowatt hour for each kilowatt over 200. Why can't it
7 be the other way around, to encourage more conservation,
8 or a flat fee per kilowatt hour, and what is the
9 proposed change, and where is the financial incentive
10 for the customer to conserve. I have reduced my
11 consumption by about one kilowatt hour per week in 1994
12 compared with 1993. I kept my consumption about 250
13 kilowatt hours a month, or less than 3000 kilowatt hours
14 a year. I could do more, but a savings of only \$3.30 a
15 year is a slow payback on an investment in an energy-
16 efficient lamp that I paid more than \$4.00 for. So I
17 return to the issue mentioned earlier, asking the PUC to
18 have PP&L provide incentives to customers to purchase
19 compact fluorescent lamps and disallow any residential
20 rate hike until this is achieved.

21 Finally, five, the nuclear power issue within
22 PP&L. In round figures, PP&L has underestimated the
23 cost of decommissioning its nuclear plant by \$50 million
24 per year since 1985. In 1985, it was to be about \$250
25 million; now, ten years later, it is about \$750 million,

1 a difference of about \$500 million over ten years. If
2 these cost estimates continue to be underestimated,
3 adding \$50 million per year over the next 30 years to
4 the year 2025, it will cost two-and-a-quarter billion
5 dollars to just demolish that plant. Nuclear power, we
6 all remember from the 1950's, was to be electricity that
7 was to be too cheap to meter. Many in the audience are
8 old enough to recall that advertisement. And many of us
9 are here tonight who are young enough to recall the
10 opposition to the Susquehanna Nuclear Plant. We did not
11 want it then, and we would have voted "no" against it if
12 we were given a chance to democratically decide. We
13 still don't want it, and I ask the PUC not to pass on
14 the cost of its decommissioning to the customers.

15 Thank you for your attention to my requests, and
16 I look forward to hearing your response.

17 JUDGE CHRISTIANSON: At this hour, these first
18 witnesses have raised a lot of very current points and
19 very interesting topics, and I am sure the Commission
20 and PP&L will be responding to some degree immediately
21 and over a longer range of many of the points.

22 (Witness excused.)

23 JUDGE CHRISTIANSON: I would like to go ahead
24 now with some of the additional witnesses. Lots of
25 people signed up on the green sheets. I will go through

1 a few more, and then I will take a break after a bit. I
2 see another green sheet coming up, so there are more
3 people.

4 So let's go ahead; Mrs. Menne, M-e-n-n-e, of
5 Chestnut Street.

6 Again, use that stationary mike, or my hand
7 mike, and just speak into it. Go ahead.

8 MS. MENNE: I am really not prepared as these
9 people before me are.

10 JUDGE CHRISTIANSON: We don't expect that.

11 MS. MENNE: I jotted down a few things.

12 JUDGE CHRISTIANSON: Yes; go ahead. We don't
13 expect everybody to be prepared. As a matter of fact,
14 just to summarize to come up and say the increase is too
15 much and you can't afford it. That will tell us what we
16 are looking for. Could you take the oath, ma'am?

17 Whereupon,

18 JO MENNE,
19 having been duly sworn, testified as follows:

20 JUDGE CHRISTIANSON: Go ahead. You have to
21 speak up. Just hold it in your hand if that is the
22 easiest.

23 THE WITNESS: Is this all right?

24 JUDGE CHRISTIANSON: That should work nicely.
25 Could you just mention your name and address, and then

1 go ahead.

2

DIRECT TESTIMONY

3

4

5

6

THE WITNESS: I am Jo Menne of Chestnut Street in Montoursville. I didn't know it was going to be testimony like this, so I jotted down a few things I thought I was going to say.

7

8

9

JUDGE CHRISTIANSON: I think you are not using the mike. It might not be switched on or anything. Keep it near your lips.

10

11

12

13

14

15

THE WITNESS: Okay. I jotted down a few things I was going to say if we had an open meeting and everybody could talk. Also, I said at the beginning that I asked several people to come, but they were very apathetic. They said it wouldn't do any good, so they didn't want to come with me.

16

17

18

19

20

21

22

23

24

25

The first thing I have down is a \$10.00 increase for the smallest amount of use. That is what my bill said. And I am a senior citizen on a fixed income, and just this month my Blue Cross and Blue Shield is going to be raised, and then Pennsylvania Power and Light said this was going to be raised. I was doing pretty good on my Social Security, but now that with these two raises, I don't know where the money is going to come from. I just don't know what to do about it. I cut down on use. I turn off the TV; I turn off lights. I do a large load

1 of wash. I try to conserve. I use the microwave oven
2 instead of my oven. I hang my clothes outside. I
3 unplug my electrical appliances when not in use, and I
4 would like to buy that green lamp. I am going to ask
5 the man where you can get them and I will buy one
6 tomorrow.

7 I think PP&L should structure it differently. I
8 don't think the people that use the less should be the
9 largest rate. I think they should be rewarded for
10 cutting down on the things they have cut down on. When
11 I use the oil, if I turn the thermostat down, I pay less
12 money, not more; but I know PP&L has to answer to their
13 stockholders. They are the boss, so if they want to
14 keep their money, and not reduce it, we are going to
15 have to pay.

16 Also, how about a special rate for senior
17 citizens that are on a fixed income. That would be a
18 break. I don't know where the money is going to come
19 from.

20 Thank you.

21 JUDGE CHRISTIANSON: Thank you, madam. That
22 basically is just what we are looking for, and we hope
23 to get more of it as we progress through the evening.

24 (Witness excused.)

25 JUDGE CHRISTIANSON: We have Mr. James G. -- I

1 think it is Thomas -- of Hastings Street.

2 And again, we certainly welcome the testimony
3 that was just given. It is more relevant than you think
4 to hear testimony of that nature, and we will consider
5 many of the thoughts. There have been inverted rates
6 and various sponsors to the thinking you have proposed,
7 and we can, again, touch on it if time allows.

8 Would you like to take the oath, sir?

9 MR. THOMAS: I beg your pardon?

10 JUDGE CHRISTIANSON: Would you like to take the
11 oath?

12 MR. THOMAS: Yes, I would.

13 JUDGE CHRISTIANSON: Would you raise your right
14 hand?

15 Whereupon,

16 JAMES G. THOMAS,
17 having been duly sworn, testified as follows:

18 JUDGE CHRISTIANSON: Thank you. Just stand
19 there if you like. You seem to have a good, powerful
20 voice. Could you again mention your name and address
21 just to identify yourself, and then go ahead?

22 DIRECT TESTIMONY

23 THE WITNESS: My name is James Thomas, 364
24 Hastings Street, South Williamsport, and I don't have a
25 whole lot of testimony, except that I am a small

1 business owner just trying to get started. Although a
2 lot of people think that you make a lot of money doing
3 that, I have lost quite a bit. It looks like this is
4 going to make it a little bit worse for me. I have a
5 question. I would really like a response from the folks
6 at PP&L. Since I have tried to cut costs, turn lights
7 out, follow the kids around and hit the light switch
8 after them, I have gotten rid of cable TV because of the
9 fact that it is an expense that I don't particularly
10 need right at this time, I would like the folks at PP&L
11 to tell me where the heck am I going to get this extra
12 20 percent.

13 Any suggestions? I have a yard sale or what?

14 UNIDENTIFIED MALE: Cut your food costs.

15 THE WITNESS: Well, that would probably help.

16 JUDGE CHRISTIANSON: That was perhaps somewhat
17 of a rhetorical question, but we can try to respond.
18 Can you proceed with your comments?

19 THE WITNESS: Yes. I would just like to know --
20 I am a little concerned with what effect this is going
21 to have on the older citizens, those on fixed income, as
22 the lady that spoke before me, what her concern is. It
23 is going to raise the price of goods produced in this
24 area. A 20 percent increase, if that were granted,
25 would wind up costing us more than 20 percent. At some

1 point in time there is going to have to be some program
2 put into place to help the senior citizens, and those on
3 a fixed income, to afford this. Where does that money
4 come from?

5 Also, the gentleman here alluded to the fact
6 that those of us who try to conserve electricity, we get
7 thanked by having to put up with the highest increase,
8 percentage-wise. Why is that? We were told that is
9 what we were supposed to do, so, hey, thanks a lot,
10 guys.

11 JUDGE CHRISTIANSON: I expect that this will be
12 an issue raised in the so-called expert phase of the
13 proceeding. There are some who advocate the concept of
14 flat rates, or a flat rate design, so that you do pay
15 the up-front customer costs if it is spread over all the
16 kilowatt hours essentially.

17 But, go ahead. It is a thing that will be given
18 consideration.

19 THE WITNESS: I understand that there may have
20 to be an increase. I am not fighting that. It is the
21 amount of the increase. Where are we supposed to get
22 it? Those who have a boss know, too -- I am sure if
23 they go and ask for a 20 percent increase, they will
24 either generate a lot of laughter, or they will be out
25 in the unemployment line. Where does PP&L come off

1 asking for this kind of money?

2 I haven't had anybody give me any firm
3 suggestions as to what I can do to earn a little bit
4 more money, or free up a little bit more money, except
5 the one gentleman who said I could probably eat a little
6 less. I am not going to starve to death if I cut my
7 food bill by \$25 a month, but some people will.

8 JUDGE CHRISTIANSON: There are some limited
9 programs to help essentially low income people.
10 Unfortunately, the federal government seems to be in the
11 process of cutting down on those programs, and the State
12 has been asked to pick up. Some money comes from actual
13 tax monies to some degree, but it is very limited; it is
14 a very limited resource. Some money comes from rate
15 payers and the utilities. Again, we can describe the
16 programs. PP&L has a program, but again, it is rather
17 limited in its impact because it is limited to dollars
18 available. But there are some limited programs.

19 Since I have you there, can you speak at all to
20 your business end, to your electricity you use in your
21 business?

22 THE WITNESS: I run a business from home, so
23 they are intertwined. I don't have a business account.

24 JUDGE CHRISTIANSON: But you don't use a lot of
25 energy, not like --

1 THE WITNESS: No, I have a computer that goes
2 all the time, but other than that, that is it.

3 JUDGE CHRISTIANSON: Okay. Go ahead, then, with
4 your remarks. Anything more?

5 THE WITNESS: No. The one thing I would like to
6 respond to, one thing that you mentioned; as we all know
7 in Pennsylvania here, our taxes are probably high
8 enough, and with PP&L -- and I don't want to just put
9 all the burden on PP&L, but they deserve a good deal of
10 it -- that increase is going to generate the need for
11 more taxes to help pay for the bills of the people who
12 can't afford them. So where does it end? Somewhere it
13 has to end. There has to be some sanity somewhere, and
14 a 20.7 or whatever percent increase it is, I don't see
15 that as being sanity. That is really all I have to say.

16 JUDGE CHRISTIANSON: Thank you. Again, we will
17 try to respond to some degree within the scope of this
18 proceeding. And again, you have raised points which are
19 being dealt with. Again, I mention, I don't recall the
20 overall increase. I think it is 11 -- 11.7 is it? But
21 again, the 20 percent is the increase which would be
22 seen by small residential customers, if the rate goes in
23 as filed. We can expect it will not go in precisely as
24 filed. It very seldom does go in that way.

25 (Witness excused.)

1 JUDGE CHRISTIANSON: Next, we have Jim Stroup of
2 Sharon Street. Would you like to take the oath, sir?

3 MR. STROUP: Yes.

4 JUDGE CHRISTIANSON: Could you raise your right
5 hand?

6 Whereupon,

7 JIM STROUP,

8 having been duly sworn, testified as follows:

9 JUDGE CHRISTIANSON: Again, if you can speak
10 loud, just stay there, as long as the Court Reporter and
11 people can hear you.

12 DIRECT TESTIMONY

13 THE WITNESS: My name is Jim Stroup of Sharon
14 Street. I am currently talking for the American
15 Association of Retired Persons, and myself.

16 We have the AARP; we have a lot of senior
17 citizens. Of course, all of them are senior citizens.
18 But a lot of them are on fixed incomes, and they cannot
19 afford a price increase in their electricity the same
20 way that I can't. I live in an all-electric home, and
21 my bill is anywhere from around \$225 a month, which a
22 lot of people here -- I know they are not using that
23 much, but I am using well over 3,000 kilowatt hours of
24 electricity. And I just can't see, like this gentleman
25 said over here, where I am going to get the money to pay

1 that increase. Even if it is only 11 percent on \$225,
2 it is going to really strap me to make up the
3 difference.

4 A lot of people only have one elderly person;
5 beside myself and my wife, my father-in-law lives with
6 me, but we do have the heat up for him a lot more than
7 what we do for ourselves. I still don't see how we are
8 going to be able to justify the increase to pay for it.
9 Now, I am talking, too -- a lot of people from AARP --
10 we have a few in here tonight; and on a fixed income, it
11 is going to be hard for us to justify it.

12 That is about it for me. Thank you.

13 JUDGE CHRISTIANSON: Thank you, sir. We find we
14 get people who are either members of AARP or
15 representatives of AARP. It is a voice that is heard
16 from in these public input hearings.

17 (Witness excused.)

18 JUDGE CHRISTIANSON: Next, Robert Butters of --

19 MR. BUTTERS: Lose Avenue.

20 JUDGE CHRISTIANSON: Would you like to take the
21 oath, sir?

22 MR. BUTTERS: Yes.

23 Whereupon,

24 ROBERT BUTTERS,

25 having been duly sworn, testified as follows:

1 JUDGE CHRISTIANSON: Again, just mention your
2 name and address again officially for the record.

3 DIRECT TESTIMONY

4 THE WITNESS: My name is Bob Butters, and I live
5 on Lose Avenue in Williamsport.

6 I just want to read a prepared statement I have
7 here.

8 We, meaning my wife and I, are both in the 20
9 percent rate increase as far as the 500 kilowatt hour
10 users. It affects the retiree and senior citizens the
11 most because they are not large-scale users. Our
12 government requires appliance manufacturers to make
13 their product energy efficient so that we use less
14 electricity. In the 1970's, we all reduced kilowatt
15 usage by insulating storm windows and such. Now, PP&L
16 wants a rate increase to punish us for being energy-
17 efficient.

18 McDonald's, for example, gets less increase than
19 the person that buys their hamburgers. Why is not PP&L
20 required to tighten their belt? Why do they have to be
21 so lucrative with paid benefits and retirements for both
22 management and workers? I am one of them stockholders.
23 I have been for many years. I know how to read stock
24 reports. We do not need a rate increase for the small
25 users.

1 And one last statement; the less you use, the
2 more you will pay. That is not right. Why is PP&L
3 encouraging the wasteful use of electricity? I can,
4 just by taking and using more electricity -- I have an
5 electrically heated home -- all I have to do was use
6 more electricity, and I get a smaller rate increase.
7 That is how simple it is.

8 Thank you.

9 JUDGE CHRISTIANSON: Thank you, sir.

10 (Witness excused.)

11 JUDGE CHRISTIANSON: Again, we have gotten a lot
12 of remarks on rate design, which is one of my interests
13 in utility rates.

14 Next, we have Robert Sweeney of Market Street.

15 Could you take the oath, sir?

16 MR. SWEENEY: Yes.

17 JUDGE CHRISTIANSON: Please raise your right
18 hand.

19 Whereupon,

20 ROBERT SWEENEY,

21 having been duly sworn, testified as follows:

22 JUDGE CHRISTIANSON: Then proceed. Just mention
23 your name and address, perhaps, and go ahead.

24 DIRECT TESTIMONY

25 THE WITNESS: Robert Sweeney, 19 Market Street,

1 South Williamsport.

2 I would appreciate if you would turn that light
3 off. I have a neurological disease, and the light is
4 devastating to my eyes. Thank you.

5 I am here as a senior citizen, and I guess a
6 representative of all senior citizens in the community
7 with regards to the proposed rate increase. I am a
8 residential user, and I would just like to, I guess,
9 make you aware of some facts regarding the senior
10 citizens.

11 The seniors, I guess, are probably the largest
12 users of electricity with respect to residential users,
13 because of the fact that they are home all day long, so
14 they use more electric, or electricity. Because of poor
15 health that many of them are in, they have their
16 thermostat set on a higher level than most other people;
17 and, of course, their entertainment basically is
18 television. So again, the they use a lot of
19 electricity. These are the folks who can least afford
20 to have an increase in their electricity.

21 I happen to be a tax volunteer for the Internal
22 Revenue Service, and I do senior citizens' tax returns,
23 and I can assure you that some of the incomes that I
24 have come across in my role as a tax person is shocking.
25 It is just amazing at the level at which some of these

1 people live. They can ill afford to eat, much less
2 live; and an increase in electrical energy would be
3 devastating to these people.

4 I am going to give you a case in point. There
5 was a woman I spoke to the other day who was in tears
6 because she had just come from the doctor and the doctor
7 gave her for her prescription, or some kind of
8 medication -- I don't recall what it was -- a 30-day
9 supply was \$115. So I realize that that is not your
10 problem, but I think collectively you can understand
11 what the problem is with the senior citizens. They
12 simply do not have the wherewithal to be able to pay
13 more money for electricity. It is just impossible.

14 Generally, what happens when bills like this
15 arrive at their home, they cut back on something else.
16 Basically, it is food because it is the easiest thing to
17 cut back on. So the seniors are not eating as well as
18 they should perhaps. They are denying themselves other
19 things that, at that age, should be a given, because
20 they have to heat their homes to keep comfortable.

21 So, I would urge you to think long and deep
22 about any increase that you propose for all residential
23 customers, but especially for senior citizens.

24 I thank you for listening.

25 JUDGE CHRISTIANSON: Thank you, sir. I could

1 mention, it brought to my mind -- that presentation
2 brought to my mind the fact that there are Judges with
3 the Commission -- we frequently sit on cases of ability
4 to pay, when a customer slips behind in the electric
5 bill or the gas bill or the water bill. We actually do
6 formal proceedings. We first have a Bureau proceeding,
7 an informal proceeding with the Bureau of Consumer
8 Services; and then Judges get many of these formal
9 cases. Or we could go into the formal ability to pay,
10 the full revenue and expense to the customer, income and
11 expense; and I get the same instances occasionally. You
12 just wonder if a person can survive properly on the
13 income available. It is a difficult problem.

14 THE WITNESS: Perhaps there is one more comment.
15 Many of the seniors are just above the poverty level, so
16 they do not qualify for any type of federal or state
17 programs. If they had less income they probably would
18 make out better, if you know what I mean. There is kind
19 of a reverse situation.

20 JUDGE CHRISTIANSON: Yes; especially with
21 medical benefits and things like that.

22 THE WITNESS: Precisely. And, of course, one of
23 the major problems with the senior citizens is the
24 medical situation, where most of them see doctors on a
25 regular basis, and the medication costs are absolutely

1 astronomical. As I mentioned to you, this one
2 prescription of the woman cost about \$115 for 30
3 capsules. So, please give this your serious
4 consideration.

5 Thank you.

6 JUDGE CHRISTIANSON: Thank you, sir.

7 (Witness excused.)

8 JUDGE CHRISTIANSON: Occasionally, we have these
9 types of cases where we are rather unsympathetic where a
10 customer really has the ability to pay, and much more
11 frequently the person who is really struggling and
12 working very hard at making ends meet; but we do get
13 those cases very frequently.

14 Next we have Iola Koch, I guess it is, Broad
15 Street, Montoursville.

16 Again, would you like to take the oath, ma'am?

17 MS. KOCH: No; I just have a comment.

18 JUDGE CHRISTIANSON: Okay; if that is what you
19 desire. Go ahead.

20 MS. KOCH: Iola Koch from Montoursville; and I
21 just want to repeat and I pray that PP&L will, and the
22 PUC, will seriously consider a flat rate for low and
23 fixed income senior citizens. It is very important to
24 them. Like many of you folk here tonight, they do
25 without food in order to try to pay their bills. That

1 is unfair when these people are getting very rich.

2 JUDGE CHRISTIANSON: Thank you, ma'am.

3 We will go through a few more people, and then
4 perhaps have a break. It is a few minutes after 8:00 at
5 this point.

6 Stan -- I have trouble; it is written, and
7 again, I have trouble with phonetics -- Gramke --
8 Montoursville, again.

9 MR. GRAMKE: Gramke.

10 JUDGE CHRISTIANSON: Gramke; could you spell
11 that quickly?

12 MR. GRAMKE: G-r-a-m-k-e.

13 JUDGE CHRISTIANSON: I was up at a water case at
14 Milton, I think, and I couldn't read the first signature
15 on the list. He was a local state representative, so I
16 couldn't pronounce his name either. He had a very
17 elaborate signature, and I just couldn't follow it.

18 Would you like to give the oath, sir?

19 MR. GRAMKE: Yes, sir.

20 JUDGE CHRISTIANSON: Raise your right hand.

21 Whereupon,

22 STAN GRAMKE,
23 having been duly sworn, testified as follows:

24 JUDGE CHRISTIANSON: Again, just mention your
25 name and address for the record.

DIRECT TESTIMONY

1
2 THE WITNESS: Stan Gramke, G-r-a-m-k-e, 2012
3 Greenview Road, Montoursville.

4 I am President of Kulp Enterprises, and we have
5 about 500 to 550 individuals who are mentally retarded
6 or physically disabled associated with my organization
7 in town. We have 30 sites around the area, 26 which are
8 group homes; and just last week I received from the
9 Honorable Governor Tom Ridge his proposed budget for our
10 services in Pennsylvania through the Office of Mental
11 Retardation, and he is proposing a two percent increase
12 in funding, of which I need to run all of my group homes
13 with, provide lights, electricity, and everything else.
14 This cost of living is all, so I have 320 employees or
15 other families that are employees of mine, and so we
16 will be held to that kind of a cost of living increase
17 in staff wages this year, as we have been for the last
18 five years.

19 So, when the Governor proposes a two percent
20 increase, and all of our costs are held to that level,
21 it is very difficult to ascertain an increase of twelve
22 or fifteen percent. If you work the numbers, it just
23 doesn't work. We represent a significant 99 percent of
24 our population that is low income, and I think it is a
25 significant population that really hasn't been talked

1 about this evening here.

2 So, in terms of people living on their own,
3 there is a drastic impact. In terms of organizations
4 and businesses like mine, we are continuously asked to
5 do more and more with less, and this becomes much more
6 difficult to try to balance budgets, to provide the
7 services that is required in our area here. So I would
8 ask your consideration there, that special proclamation
9 of our handicapped citizens, be that handicapped,
10 developmentally disabled, or elderly, it is very
11 difficult.

12 On a second note, I also personally am an off-
13 peak customer, and received in the mail on -- I might as
14 well say this, too -- the off-peak increases are 41
15 cents -- let's see; what was it -- 38 percent on my
16 kilowatt usage, going .0284 to .045. That is a large
17 increase.

18 JUDGE CHRISTIANSON: Excuse me; did you just
19 receive a flyer recently on that?

20 THE WITNESS: Yes; in the last two days.

21 JUDGE CHRISTIANSON: This might be the same one
22 as brought up at Harrisburg. I think PP&L is going to
23 speak to that point. I think they have some explaining
24 to do.

25 Go ahead with your comments.

1 THE WITNESS: Just that the monthly increase was
2 stated at \$10.95 to \$15.00, the demand rate went up by
3 about 70 cents, and then the price of the kilowatt hour
4 went up 38 percent. And when I purchased an off-peak
5 system, I felt like it was good for the economy or
6 conservation, and I feel like this is a very high level
7 increase. So I have a couple of areas that I am
8 concerned about in terms of cost; but certainly the most
9 severe would be the impact on the handicapped
10 individuals; but there are neighbors of mine who I know
11 are very concerned about the rate, too.

12 So, I would thank you for your consideration.

13 JUDGE CHRISTIANSON: Thank you, sir. Could you
14 just answer one quick question?

15 THE WITNESS: Yes.

16 JUDGE CHRISTIANSON: Your organization, I assume
17 that the people you serve are residential customers.
18 Are you a commercial customer?

19 THE WITNESS: Yes. We are a business; we have a
20 large industrial plant, a workshop as you might consider
21 it, as well as about 26 other group homes which are
22 houses in the community, and this is going to have a
23 severe -- and on our budget, a severe impact over time.
24 Because not only is it an increase this year, but next
25 year and next year; and if history repeats itself, we

1 have only had two percent costs of living increases for
2 the last five years; so that is a total of ten percent
3 increase in our funding, and this proposal probably will
4 be 10, 12, 15 percent right there. So, I think
5 everything needs to taken in some balance, and it is
6 going to be more and more difficult to run these
7 programs.

8 JUDGE CHRISTIANSON: Thank you, sir. You spoke
9 again to two aspects of it, and more than that.

10 (Witness excused.)

11 JUDGE CHRISTIANSON: I think will hear from two
12 more names, and then we have several more people, but we
13 should take break soon for the court reporter. I will
14 go through two more names, and then we will respond to
15 that heating report you have raised. PP&L may speak
16 briefly to some of those points, but I would like to go
17 through a couple of more people to speak for the record.

18 Next, we have Henry Griel (sic), is it, of
19 Viewpoint Road. Again, if you have a strong voice, just
20 stand right there, or else come up.

21 MR. GRIEB: I'll stand here.

22 JUDGE CHRISTIANSON: Okay, just as long as the
23 court reporter can hear you. Would you like to take the
24 oath, sir?

25 MR. GRIEB: Yes.

1 JUDGE CHRISTIANSON: Could you raise your right
2 hand?

3 Whereupon,

4 HENRY GRIEB,

5 having been duly sworn, testified as follows:

6 JUDGE CHRISTIANSON: Could you spell your last
7 name, just for the record?

8 THE WITNESS: G-r-i-e-b.

9 JUDGE CHRISTIANSON: Grieb, okay. Thank you.
10 Just go ahead and give your address.

11 THE WITNESS: 133 Viewpoint Road, Cogan Station.

12 JUDGE CHRISTIANSON: Okay, fine. Thank you. Go
13 ahead.

14 DIRECT TESTIMONY

15 THE WITNESS: From a public relations point of
16 view, PP&L has really blown their public image by the
17 way they handled this proposal. They have also taken
18 some sting out of my written statement, because the rate
19 increases are not uniform throughout each class.
20 However, I shall proceed anyway. My comment is a bit
21 inflammatory.

22 The PP&L rate increase proposal is a blatant
23 attack on the residential customer. Discriminatory
24 apportionment must be rejected. To apportion the
25 increase of residential at 20.7 percent, commercial at

1 2.4 percent, and industrial at 9.1 percent, is not
2 unfair, it is un-American, discrimination at its worst.
3 These tremendous differences in the proposed classes of
4 rate increases should be presented in a more readily
5 understood terms, which will show what they really are.
6 The residential increase is 860 percent greater than
7 commercial, 227 percent greater than industrial. This
8 is intolerable, and must be unconditionally rejected.

9 I sent a letter to the Public Utility Commission
10 back on January 10, and in it I gave some data on my
11 personal usage of power at home. In 1993, I used 29,543
12 kilowatt hours for a cost of \$1,395.80. In 1994, I used
13 28,882 kilowatt hours for a cost of \$1,367.59. Now,
14 based on what I thought was the rate increase at the
15 time, my 1995 bill will see an increase of \$300 a year.
16 But that is no longer true because the rates are not as
17 I had first understood them.

18 If I were PP&L, high or upper management, I
19 would fire my public relations people because they
20 botched this.

21 That is it.

22 JUDGE CHRISTIANSON: Thank you, sir. Again, we
23 will hear from PP&L shortly. I will go through one more
24 name because I want to get done with this one list, and
25 then we will perhaps hear from PP&L briefly, and take a

1 very short break so people can talk, and then I will go
2 through the rest of the names because we have all been
3 sitting here for about an hour-and-a-half now.

4 Susan Feist, is it? Can you spell your last
5 name?

6 MS. FEIST: F-e-i-s-t.

7 JUDGE CHRISTIANSON: Okay; I got it just about
8 right. I am always suspicious of my own pronunciation.
9 Could you mention your home town, ma'am?

10 MS. FEIST: Nisbet.

11 JUDGE CHRISTIANSON: Nisbet. Fine; thank you.
12 Would you like to take the oath, ma'am?

13 MS. FEIST: Not really. I am with AARP, and a
14 senior citizen.

15 JUDGE CHRISTIANSON: Go ahead.

16 MS. FEIST: We can't afford increases; and I
17 think that is it. I am with this group.

18 JUDGE CHRISTIANSON: Okay. You just want to add
19 your comments to the same sentiments with her.

20 MS. FEIST: The same they do, yes.

21 JUDGE CHRISTIANSON: Fine; that is certainly
22 appreciated.

23 MS. KENNEY: Can I ask a question?

24 JUDGE CHRISTIANSON: Go ahead.

25 MS. KENNEY: I would just like to ask how many

1 members of the AARP are here tonight?

2 JUDGE CHRISTIANSON: A good majority of the
3 people here. There is a gentleman in Harrisburg; he
4 gave a talk about the AARP, and I hadn't realized I am
5 eligible. I just turned 50 last year, so I guess I am
6 eligible for AARP. I thought it was 55, quite frankly.

7 UNIDENTIFIED FEMALE: You are a senior citizen
8 at 50.

9 JUDGE CHRISTIANSON: Well, I guess that is
10 senior enough. Mr. Ryan says: Not by his book. He is
11 more senior than I am.

12 It is a very powerful organization. My folks
13 joined it years ago, and it is good to remark about how
14 many are here from the organization.

15 If PP&L would like, we can hear briefly from
16 them, and then take a short break, and then I will go
17 through the rest of the names, because we want to hear
18 from everybody who signed up here.

19 Yes.

20 MS. KOCH: Excuse me; I just want to let you
21 know I am not here representing AARP. I am here for
22 this --

23 JUDGE CHRISTIANSON: Yes, you are members.

24 MS. KOCH: As I have just heard some others say,
25 we are not here to represent AARP.

1 JUDGE CHRISTIANSON: Yes; we just wanted to hear
2 how many were members.

3 And you are representing yourselves, obviously.

4 MS. KOCH: Right.

5 JUDGE CHRISTIANSON: Down in Harrisburg, there
6 was a gentleman who is on the payroll, I believe, who
7 spoke with a formal presentation the way some of the
8 earlier speakers did tonight, and talked about the
9 membership in the various counties, and he had the
10 number of chapters in the various counties, and did a
11 formal presentation in Harrisburg.

12 Yes, ma'am, do you have a comment?

13 MS. MENNE: That is what I wanted to say. I am
14 not here with the AARP group, but I am a member of AARP.

15 JUDGE CHRISTIANSON: Fine; again, Mary Kenney
16 wanted to know the members. Then there is a group here
17 that came sort of as a group. Not all the people who
18 raised their hands are in that group.

19 MS. KENNEY: I really just wanted to know how
20 many people here -- who are members of AARP are here.

21 JUDGE CHRISTIANSON: Yes, sir?

22 MR. STROUP: There is AARP -- there is a
23 national AARP, and there is the local chapter of AARP,
24 and I am the president of the local chapter of AARP; and
25 we have representatives here from the local chapter of

1 AARP concerned about the rate increase.

2 JUDGE CHRISTIANSON: Just to make sure the
3 record is clear. Could you mention your name?

4 MR. STROUP: Jim Stroup.

5 JUDGE CHRISTIANSON: And you spoke already.

6 MR. STROUP: Yes, indeed.

7 JUDGE CHRISTIANSON: Okay; fine. Then that is
8 more clear for the record. There is, I think, a monthly
9 magazine you get, and there are the local chapters of --
10 bus trips and so forth. Well, that is more clear for
11 the record.

12 If we want to hear briefly if Mr. Russell then
13 wants to speak up. PP&L wants to address this rate
14 design question. I don't know if you want to talk about
15 it right now.

16 MR. RUSSELL: Let me just try to clear up one or
17 two things that were discussed today, and were discussed
18 at earlier public input meetings. The letter that we
19 sent out dated March 27th that tried to explain the
20 impact on the rate RTS, the residential thermal storage
21 rate, the letter has to be looked at fairly carefully.
22 What we tried to do, we showed the changes in the base
23 rate portion of your bills, and a couple of people have
24 talked about the change in the monthly charge, and the
25 billing, and the kwh charge. And we showed that on the

1 letter, and then we concluded with the statement that
2 that was an average increase of 16 percent. The 16
3 percent is on your entire bill. It's base rates, which
4 we show in the little box in the letter, and it is also
5 the energy cost rate, the State tax adjustment
6 surcharge, and the special base rate credit adjustment.
7 And if you take those all together, and compare them
8 under present rates and proposed rates, the average
9 change is 16 percent.

10 There is one thing you have to be careful about
11 when you make that comparison on your bill at home; and
12 a woman in Lancaster tried to make a comparison, and had
13 a problem with this, and it goes to the comment about
14 the ECR. Currently, our energy cost rate, or ECR, is
15 about one cent per kwh roughly. What we are proposing
16 to do in this rate case, and it is pretty standard
17 procedure, is what is called a roll-in of the ECR. We
18 are taking that one cent and putting it in base rates as
19 part of this case, and coming out of the case, all other
20 things remain the same. The ECR should be about zero.
21 So when you try to compare present rates and proposed
22 rates, even if you use all the components of the bill,
23 unless you use a zero ECR under the proposed rate part
24 of your comparison, you won't get the right answer.

25 I don't know if that was any help, but that

1 explains why, as you go through base rates, and you go
2 through the ECR, you get different answers. At the
3 break, what we could do is discuss it personally -- as I
4 said, we have a couple of people in the back -- and try
5 to work it through, if it would be helpful.

6 Thank you.

7 MR. THOMAS: Does all that mean it won't cost us
8 any more?

9 JUDGE CHRISTIANSON: Well, it won't cost us as
10 much as we might have thought. But again, Mr. Russell
11 is speaking of a particular residential heating rate,
12 that is difficult to understand. As a matter of fact, I
13 didn't fully understand what he did.

14 I'll just speak very briefly to this rate
15 design. The Company does a cost of service study, which
16 I don't understand either, which they base their rate
17 changes on; and there are a lot of times in cost of
18 service studies, and these other parties in here will
19 probably produce their own people to criticize the
20 Company's study. Let's take a few minutes off, just
21 about five minutes; and then I will continue with the
22 other people.

23 (Discussion off the record.)

24 JUDGE CHRISTIANSON: We are back on the record.

25 I know I am interrupting a lot of conversations,

1 and we can continue them again later. I had a few
2 questions during the break myself, and I will address a
3 couple of them, then I will go ahead with the rest of
4 the people here to speak.

5 One question that just came here for Mr. Russell
6 was about rolling in the energy clause. Usually when a
7 company has a base case like this, they roll in the
8 energy clause into base rates, so it is not sitting out
9 there as if they didn't pay anything.

10 But there is one question I will address for the
11 record, really. It is information which is in the
12 record, but I will mention it tonight. Mr. Russell has
13 a handout, which I think is part of the record, one of
14 your appendices, which gives present residential rates,
15 just the regular garden variety RS, as they call it --
16 their residential rate schedule. And again, PP&L people
17 can help you in interpreting these, but I will just read
18 the raw numbers into this local record for everybody's
19 information. It is comparison of actual tariff figures.

20 Some people asked me about the so-called block.
21 What is your customer charge, and how do the charges
22 generate that handout that many of you had. I have a
23 copy of it myself, that little table they have, that 500
24 kwh, 1,000, 1,500, and it goes on down. You have an
25 increase of \$4.00 and some-odd cents for the 500, and

1 whatever it is, \$13, and 1,000 and et cetera. Now,
2 these are the raw numbers that go into that, and we will
3 explain it briefly, and if you need more, we will again
4 get to it near the end of the evening tonight. I'm
5 slowly losing my voice, but it is okay; it will hold up
6 long enough.

7 The present rates; now, the present customer
8 charge, the present charge if you don't take any
9 electricity, if you go to Florida for a month, if your
10 meter doesn't move at all, the charge now is \$4.80.
11 Now, maybe I will jump over to the proposed on that.
12 They propose that this zero charge, the customer charge,
13 go up to \$7.20. Incidentally, I want to mention; just as
14 it happens, by luck of the draw, I presided at PP&L's
15 last general case ten years ago. It just happens that I
16 got this case again. No reason why I should because I
17 had the one ten years ago, but I just happen to have had
18 that second Susquehanna case, so called in that case,
19 and many other cases is a constant tug among the parties
20 about this customer charge.

21 Now, if you take zero electricity for a month,
22 your charge goes from \$4.80 to \$7.20, which is a 50
23 percent increase. Now, there will be increases in this,
24 I can probably expect. I will be astonished if the
25 Consumer Advocate doesn't have some criticism of this,

1 or maybe Trial Staff as well, saying this is too much of
2 a jump. But this is what the Company proposes at this
3 point, and there are reasons in their cost of service
4 study why this should go up this high. They want to
5 collect the customer charges, the charge for reading the
6 meter and things like that, right up front to some
7 degree, although some of that cost is spread in the so-
8 called energy loss, on the utility usage.

9 But this is the proposal, to increase this basic
10 charge 50 percent, and the existing charges are 8.3
11 cents for a kilowatt hour for the first 200 kilowatt
12 hours, and 6.36 cents per kilowatt hour for additional
13 usage beyond that, on to infinity, however far you go in
14 usage. That is the present rates, with the two rate
15 blocks essentially. The proposed rates is the \$7.20 per
16 month customer charge, we will call it, \$10.90 per
17 kilowatt hour for the first 200 kilowatt hours, and
18 \$8.70 per kilowatt hour for the next 600 kilowatt hours,
19 and then it goes down to \$7.60 for additional; so they
20 are taking a two-block system and making it into a
21 three-block system, which is, again, just a matter of --
22 almost a matter of taste or a matter upon which experts
23 disagree; to this block in here. There is a lot of
24 designs. You get much more sophisticated for industrial
25 use. Some of the designs I have to go to the books to

1 understand. I just pulled out an old textbook the other
2 day to understand some of the rate clauses they have in
3 this case.

4 But those are basically the numbers; so your
5 first kilowatt hour is -- the present charge would be at
6 the rate of 8.3 cents. Your proposed charge would be
7 the rate of 10.90 cents. And the so-called -- we call
8 it the tail block; the block at the end of usage, goes
9 from -- I always get dollars and pennies mixed up --
10 6.36 cents per kilowatt hour, up to 7.60 cents. Now,
11 these don't mean much unless you do have such a table.
12 You could in theory do an individual table for every
13 usage.

14 Now, one lady back there had, I think, 630
15 kilowatt hours in a month, and you could use these
16 blocks to calculate exactly what she would pay under the
17 existing rates, and exactly what she would pay on the
18 proposed rates, and you could do it with just a hand
19 calculator like I have here. PP&L can probably grind
20 out these by the hundreds using one of their computers.
21 We could do it at the Commission.

22 But, those are the raw numbers. If you need
23 them to refer to, Mr. Russell has his handout, which is
24 part of the official record in the case.

25 Now, they also have their tariffs here, which

1 say the same thing in a slightly different format, their
2 existing and their proposed tariffs. But rather than
3 going into that in more detail, I would like to go
4 through the rest of the names. I have a few more people
5 signed up on the last sign-up sheet back there; so go
6 ahead with the names starting with the first to sign up,
7 and going through the other sheets. The last sheet I
8 got about three more people to sign up during the
9 proceeding, so I would like to go through them. Then
10 again, we can hear more from the Company or other people
11 as we see fit.

12 But again, if you want to leave, feel free; if
13 you want to stay, feel free as well to stay there until
14 all the comments have been heard.

15 Next, we have Geraldine Martuey (sic).

16 MS. MARTIN: Martin.

17 JUDGE CHRISTIANSON: I'm sorry. I should use my
18 reading glasses more. Can you spell your last name,
19 ma'am?

20 MS. MARTIN: M-a-r-t-i-n.

21 JUDGE CHRISTIANSON: That is too easy for me.

22 MS. MARTIN: Martin.

23 JUDGE CHRISTIANSON: Yes; I tried to make
24 something difficult out of it.

25 MS. MARTIN: Well, don't. Geraldine is bad

1 enough.

2 JUDGE CHRISTIANSON: Would you like to take the
3 oath, ma'am?

4 MS. MARTIN: No. I am with the AARP group, and
5 their issues, too, I guess. I am a senior citizen, and
6 for quite some time a widow, as many might be; like they
7 say: How are we going to afford it? We are on fixed
8 incomes. I have the same problems as a lot of them do.
9 I had nothing prepared.

10 JUDGE CHRISTIANSON: That is fine. We just want
11 to hear from the public, and being heard from is
12 entirely sufficient for the evening.

13 MS. MARTIN: I have been with the chapter for
14 seven years now. I was President of it. Right now, I
15 am Community Coordinator for our chapter. So I have to
16 go along with everybody. I have to; I can't afford not
17 to.

18 JUDGE CHRISTIANSON: Thank you, ma'am. At least
19 you stood up and were heard from.

20 MS. MARTIN: Thank you.

21 JUDGE CHRISTIANSON: Next is Yvonne Sutherland,
22 I believe it is.

23 MS. SUTHERLAND: Boy, you got that one right and
24 that was a hard name.

25 JUDGE CHRISTIANSON: I am good with the long

1 ones. My name is long myself. Would you like to take
2 the oath, ma'am?

3 Whereupon,

4 YVONNE SUTHERLAND,

5 having been duly sworn, testified as follows:

6 JUDGE CHRISTIANSON: Thank you; and you don't
7 have to say your name. You said it. Broad Street?

8 THE WITNESS: Montoursville.

9 JUDGE CHRISTIANSON: Montoursville. Go ahead.

10 DIRECT EXAMINATION

11 THE WITNESS: My main complaint is I called PP&L
12 last Thursday, which was the 30th of March in Allentown,
13 and talked with a lady there who, because I only use 240
14 kilowatt hours a month, I couldn't compute what my bill
15 would raise to, and she said it would be \$7 a month.

16 Now, last year I went into widow's benefits. I
17 have another year before I can take early retirement;
18 and right now, I don't want to take retirement
19 completely. I work, but I am penalized for that, too,
20 because I am getting the widow's benefits. I am only
21 allowed to work so many hours a week. I did go and try
22 to get a little assistance with some food stamps to free
23 up some of my money to go for my bills. I make too much
24 money. I have a big whopping income. Because my
25 husband's been dead for like 15 years; that was way back

1 when he worked, and they didn't pay the income that we
2 are getting paid now.

3 And it really bothers me. It also bothers me
4 that for years I raised six children; I paid really high
5 utility prices. Now, I am alone; I don't use that much
6 electric, so I am getting penalized again that I have to
7 pay higher rates on my electric.

8 That basically was my outlook on it.

9 JUDGE CHRISTIANSON: Again, you are worried
10 partly about rate design, and also about the increase
11 generally. But the rate design aspect, at least that is
12 something we can work with, and we get tugs from many
13 directions on rate design; what the customer charge is,
14 what the various blocks are.

15 THE WITNESS: That's right; even what you have
16 explained, and this gentleman from PP&L, it is like -- I
17 am Dutch, and I don't understand it. You know how they
18 say: It is all Dutch to me?

19 JUDGE CHRISTIANSON: Yes.

20 THE WITNESS: Well, I am Dutch, and I don't
21 understand it. The layman's terms aren't layman enough
22 for me; and then I relate the fact, too, that if was in
23 Pennsdale, and from Philly, and I was peddling drugs out
24 here on the street, I would be getting everything handed
25 to me. Basically, that's it.

1 JUDGE CHRISTIANSON: Thank you for your
2 comments, ma'am.

3 (Witness excused.)

4 JUDGE CHRISTIANSON: Next, we have Paul Bowers.
5 Perhaps he is not here. I know a few people have left.

6 UNIDENTIFIED MALE: He left.

7 JUDGE CHRISTIANSON: Robert Bair of South
8 Williamsport.

9 UNIDENTIFIED MALE: I think Bob left.

10 JUDGE CHRISTIANSON: Again, we apologize, but I
11 have to go through the list.

12 W.T. Reich, is it, of Jersey Shore?

13 MR. REICH: It is Reich.

14 JUDGE CHRISTIANSON: Reich; could you spell it?

15 MR. REICH: Reich; but it is Reich.

16 JUDGE CHRISTIANSON: Okay. Would you like to
17 take the oath, sir?

18 Whereupon,

19 W. T. REICH,

20 having been duly sworn, testified as follows:

21 JUDGE CHRISTIANSON: Go ahead.

22 DIRECT TESTIMONY

23 THE WITNESS: The only thing I have come in for
24 is that I see a headline that says: PP&L Seeks Drop in
25 Cost of Electricity, just at the same time that I get a

1 bill that says that they are about to give me whopping
2 of an increase in the rate. I didn't pay this month's
3 bill, and I didn't pay last month's bill.

4 I am in trouble; but that is the trouble that I
5 want to speak of. I live in the woods alone in a house
6 that is all electric, so I am totally dependent on PP&L,
7 and then they boost our rates; and our rates -- my
8 electric bill last month, \$441.53, but I didn't pay
9 that, so now I owe \$825.75. Now, when I was still
10 working, I could afford it, but today -- for example, I
11 am retired -- today, my Social Security check came in.
12 That is a big day for me.

13 UNIDENTIFIED FEMALE: That won't pay PP&L much.

14 THE WITNESS: It won't pay my electric bill,
15 right; and that is because -- well, I live in the woods.
16 I am all electric, and I started with PP&L right from
17 the beginning, fixed the house up very nicely. I live
18 alone, but fixed the house up very nicely for an
19 electric user. But now, when the rates are going up
20 like this, I can't all of the sudden switch to -- I have
21 no oil, no gas, nothing like that; I am all electric,
22 and this new rate increase will just ruin me now that I
23 am totally retired. I was a college professor at Lock
24 Haven University. But that is fine; 25 years of that;
25 retire, and then you get bills like \$441.53 if you pay

1 it by March, and \$825.75 because I haven't paid in
2 March, paying it in April --

3 UNIDENTIFIED FEMALE: Plus you got a late
4 charge.

5 THE WITNESS: It is due April the 10th. That is
6 coming up fairly soon. And I have the bills, but I
7 don't have that kind of money. That is all I wanted to
8 say.

9 JUDGE CHRISTIANSON: Thank you. Those are sort
10 of massive bills to have to pay, I realize.

11 (Witness excused.)

12 JUDGE CHRISTIANSON: Next, Mark Orwig of
13 Williamsport. Would you like to take the oath, sir?

14 MR. ORWIG: Yes, sir.

15 Whereupon,

16 MARK ORWIG,

17 having been duly sworn, testified as follows:

18 JUDGE CHRISTIANSON: Please proceed. Mention
19 just your name and address for the record.

20 DIRECT TESTIMONY

21 THE WITNESS: My name is Mark Orwig, and I
22 reside at RR2, Williamsport.

23 Back in August of 1993, I learned through
24 second-hand news that PP&L was going to establish a
25 power line up a private roadway which is shared with a

1 few other people. Being that I was the last guy on the
2 road, I had to maintain the road and take care of it
3 pretty much myself. It is up the side of a mountain.
4 And the year prior to this, I just got done redoing the
5 road for a mile. This cost me several thousand dollars
6 to reconstruct. So I called PP&L and I asked them what
7 was going on, and they explained that they were going to
8 do the power line up this roadway. And I said: Well, I
9 would like a guarantee that the road will be fixed and
10 maintained as it was prior to the start of construction,
11 which I got nothing, so I took a machine and I blocked
12 the road off.

13 Three days, I had the Sheriff deliver a stack of
14 letters about that thick (indicating). One week later I
15 was sitting before the Courts and explaining my
16 situation, which Judge Brown saw in my favor and awarded
17 me a \$10,000 bond on the road. For two years now, I
18 have been trying to get PP&L to even come and look at
19 what damage they have done to my road, and after
20 spending several hundreds of dollars of my own money,
21 and I am on a fixed income, and a limited income also, I
22 came up with no response.

23 I see them at meetings. I have been to the
24 hearings up through Lock Haven up there. It so happens
25 at the last meeting I ran into Mr. Samson, and I begged

1 him to please come and look at my property; and I can't
2 get an answer from him. He won't come; he won't look at
3 it. My attorney sends them letters. I get no answer
4 from my letters. I am spending money on PP&L, trying to
5 fight PP&L. Maybe I would give them a rate increase so
6 they can hire new attorneys. That is the only thing I
7 can see in favor of this. I can't get anywhere with
8 them, and I spend my money, and they have more money to
9 spend -- they could fight me to the end. You know, they
10 fight me until I am broke, and I don't think that they
11 need an increase, other than maybe to get new attorneys.

12 I spent \$600 fighting them so far, and I can't
13 get anywhere with them.

14 JUDGE CHRISTIANSON: I would ask PP&L,
15 especially since they are in this hearing, to try to
16 make a response. They might have to check their records
17 and see where they go; because we have here your name
18 and you are RD2. Is it Williamsport?

19 THE WITNESS: Right; oh, and they don't agree --
20 I called Allentown. They put me back in contact with a
21 guy down here, which has been giving me a run-around for
22 two years. He won't even answer any letters that my
23 attorney sends him. And he tells me that I turned it
24 over to my attorney, and they are the ones that took me
25 to Court; and I even explained to him prior to the start

1 of the contract, the contract to put this power line up
2 this right-of-way, and I said to him; I said: Look, I
3 just got done putting thousands of dollars of my money
4 into fixing this road up, and I just want a guarantee
5 that it is fixed and done when you guys leave. And I
6 have gotten nowhere for the last two years with them. I
7 can't even get an answer from them. I call Allentown;
8 they put me back up here with this guy. What do I do?
9 I called the PUC, and they tell me they don't get into
10 private matters.

11 JUDGE CHRISTIANSON: I can speak to that. We
12 get into utility service, so if the utility is not
13 responding properly, we do have some measure of
14 jurisdiction. The actual damages or condemnation costs
15 would be a court matter, but the Commission -- to some
16 degree, the Commission has a say in this situation you
17 are talking about.

18 THE WITNESS: That is the thing about it. How
19 many more hundreds of dollars do I have to spend to even
20 get somebody to come and look at it? I can't afford it
21 now. My work last year was slow. I am self-employed.
22 I live on a budget. I don't have the thousands and
23 thousands and thousands and thousands of dollars which
24 they want me to spend, because they are going to put me
25 broke.

1 JUDGE CHRISTIANSON: Again, I would ask PP&L to
2 check on it. Perhaps --

3 THE WITNESS: I have. I can't get anywhere with
4 them. They won't even come and talk to me.

5 JUDGE CHRISTIANSON: Again, perhaps the
6 gentlemen can respond tonight, and we can see if perhaps
7 something can be done. But you raised an interesting
8 point; why utilities do interact with the public in many
9 ways on power lines and condemnations and right-of-ways
10 and things like that.

11 THE WITNESS: Another thing that I don't
12 understand is me being self-employed, if I go out and I
13 do the job, and when the job is done, we have a walk-
14 through or whatever we do, and PP&L's walk-through man
15 is a stockholder in the company. Is that right? Why
16 isn't there a third party involved on these disputes?
17 How come their stockholders are making their decisions?

18 JUDGE CHRISTIANSON: Again, I can't speak to
19 that in detail. I don't get involved in that. The
20 court ultimately is the neutral party in those cases.
21 But again, perhaps PP&L can respond to you either
22 tonight --

23 THE WITNESS: I beg them, please, if there are
24 any representatives here, have them, please contact me.
25 I have been trying for two years. I can't get anywhere.

1 JUDGE CHRISTIANSON: Well, go ahead. We have
2 your name, and PP&L has your name. We will try to get a
3 response if possible.

4 Do you have any more for the record?

5 THE WITNESS: No, that will be fine. Thank you.

6 JUDGE CHRISTIANSON: Thank you.

7 (Witness excused.)

8 JUDGE CHRISTIANSON: And again, I would ask PP&L
9 to try to get a follow-up on this. The people tonight
10 will check; get your name and your particulars, and
11 perhaps they can follow-up with the details.

12 We have four more people signed up to speak.
13 There are two things I want to mention. One gentleman
14 mentioned the ECR, the energy clause. The Commission
15 essentially requires an annual accrual of the ECR, so
16 that changes every year; not at the Company's will, it
17 changes basically every year, perhaps sometimes a little
18 more frequently, depending on conditions. But the
19 Commission regulations basically require that the ECR be
20 re-examined each year, the energy clause be re-examined,
21 and accrued up once a year.

22 Another thing, we have sign-up sheets in the
23 back with Verna Edmonds, who is with our Bureau, if you
24 want to give your name and address to be put on the
25 mailing list, or get your name and address into the

1 Commission's computer basically, or system, feel free
2 also. Consumer Advocate didn't get a chance to fully
3 state their statement. They have, I guess, brochures in
4 the back with a sign-up sheet in the back, a fill-out
5 form. So if you want to get your name on the list for
6 the Consumer Advocate or the Commission, there are forms
7 in the back to do it with, and I am sure Verna Edmonds
8 will help you with either of the forms.

9 And we have four more people signed up to speak.
10 Carl A. Nolan, I think it is, of South Williamsport, 12
11 West 2nd Avenue.

12 MR. NOLAN: I want to thank you. My name is
13 Carl Nolan.

14 JUDGE CHRISTIANSON: Yes.
15 Whereupon,

16 CARL NOLAN,
17 having been duly sworn, testified as follows:

18 JUDGE CHRISTIANSON: Then proceed.

19 DIRECT TESTIMONY

20 THE WITNESS: I want to thank you for coming to
21 the community of South Williamsport. It is often nice
22 that the Commission comes to the people with the people
23 from Harrisburg.

24 What I would like to say is a lot of these
25 people here are my friends. I have been involved with

1 the City of Williamsport for 30 years. I have been
2 involved in the rehab and energy conservation programs.
3 I instituted the first program in the State of
4 Pennsylvania, which is still carried on by STEP, and it
5 was to save energy and money for the low to moderate
6 income people.

7 You can't believe, unless you go knocking on
8 doors, to what the income these people have. They
9 meagerly -- and to have a rate increase of 20 percent.
10 I am in business also. If tomorrow morning I called any
11 of these people up and said: You know I would like you
12 to use my services; if I ask you for 20 percent more,
13 the next month, I would be out of business.

14 Then why is it -- now, I was going by the
15 article that was in the *Sun-Gazette* on 3/31. Why is it
16 a magic number with PP&L, by twenty percent, and why did
17 they wait for ten years. If I was in trouble eight
18 years ago, I would have come to the PUC and said: We
19 need an increase of two percent. To hit people with a
20 20 percent -- that is on the low side. I am also in
21 business. I can't afford to pay their rates. I wish
22 there was another avenue that -- if I could get gas
23 lights, believe me, I would have them. But the thing
24 is, I am getting ready to build a new house, and I will
25 tell you, the last thing it is going to be is electric

1 heat; and my daughter is building a new house, too, and
2 she is talking about electric heat, going to the off-
3 peak system. Well, I tell you, after tonight, there
4 will be no electric in her house either. And everybody
5 I tell, or talk to, and I talk to a lot of people -- and
6 these people from PP&L know me, because I have some
7 other problems with them, and I am speaking from the
8 heart, but I am speaking the truth. I have nothing to
9 gain or lose by it. But the thing is, I think the
10 people have got to get together and just go and hear
11 from -- too bad I didn't go to school with you, my
12 friend there -- he is having trouble paying a \$400 bill.

13 Where does this stop? Who has the controls
14 here? Where is the policeman? There isn't any. I tell
15 you, I have dealt with PP&L, and I tell you what, from
16 my experience -- and the people have read the paper --
17 from my experience, they do pretty much what they say.
18 If they want 20 percent -- we are all here tonight. We
19 are here before the people from the Public Utility
20 Commission. I would like to see what it is going to be.
21 Now, they said the average of the rate is going to be 11
22 percent -- boy, that rings a bell, 11 percent average --
23 that tells me something, right there. I think my
24 suggestion would be give them two percent. Come back
25 next year. You prove to us what you have done, and I

1 hear the rumors, rumors that this money is needed for
2 the buyout of the people that retire.

3 MR. BUTTERS: Right.

4 UNIDENTIFIED FEMALE: This is what is happening.

5 THE WITNESS: I don't know that; that is a
6 rumor, so I don't know that.

7 MR. BUTTERS: It is in their stockholders
8 reports.

9 THE WITNESS: I think we all ought to go to a
10 stockholders meeting and complain to PP&L what they are
11 doing. But anyhow, if that be the case, if PP&L, the
12 top echelon, whoever that may be -- I mean, it is pretty
13 hard to find out who is making the decisions there; but
14 whoever that may be, let them borrow the money, PP&L
15 borrow the money and pay them off. And Lord forbid, the
16 guys that are retiring; they were good loyal employees,
17 and they are really deserving. I am not saying they are
18 not deserving, but they can borrow the money, just like
19 you and I and anybody else in business, and you make
20 those payments over a five or ten-year period, and let's
21 see how this works out.

22 What are they going to do with all this money?
23 I mean, I am sure there is more to it than I read; I
24 understand that. But I would like to read of what they
25 are going to do with all these millions. \$240 million?

1 What would they do if they don't get it? What do you do
2 if you don't get it. If you don't get it, what do we
3 do? We don't eat, or we don't buy clothes, or don't go
4 anyplace?

5 UNIDENTIFIED FEMALE: Don't heat homes.

6 THE WITNESS: Yes; there you go. What are they
7 going to do? I would like to see that. \$261 million,
8 an additional with 102 million customers. Maybe we
9 ought to get a mailing list, and write to everybody.
10 Maybe we could -- nobody pay the bill for 60 days, and I
11 wonder what would happen then? Would they be out of
12 business or what?

13 MR. BUTTERS: Forty-eight hours.

14 THE WITNESS: Thank you very much, and I
15 appreciate you coming to Williamsport, and I just hope
16 it has an impact. I think we are all saying the same
17 thing; and for that gentleman over there, to go into his
18 dissertations, we all agree back in the back that we
19 know who you are talking about. But the only thing is,
20 the bottom line is a rate increase. I think that is
21 what we have to say.

22 Thank you.

23 JUDGE CHRISTIANSON: Thank you, sir.

24 (Witness excused.)

25 JUDGE CHRISTIANSON: One thing I will mention;

1 the retirement buyout is one of the elements in the case
2 which has been litigated. Fundamentally, there are
3 expenses involved there, and there are also expense
4 savings, cost savings. The numbers are of record in the
5 case, but it is not really a major element involved in
6 the rate increase request.

7 UNIDENTIFIED MALE: The same amount in savings?

8 JUDGE CHRISTIANSON: To a degree there is a net
9 in savings. The whole program is designed to save the
10 Company money. I would also like to mention, we take
11 the test year and make various adjustments to it, so
12 that there are normalizations and amortizations, and
13 inter-adjustments to the raw numbers; but again, rather
14 than speak to it now, I would like to go through the
15 three additional people who signed up to speak.

16 We have A. Floyd of 710 Park Avenue. Perhaps he
17 is not here.

18 MS. FLOYD: Oh, yes; I am here. I want it
19 recorded. I think you should tell people if they don't
20 take the oath.

21 MR. RYAN: Do you want to be under oath?

22 MS. FLOYD: It is not recorded, right?

23 JUDGE CHRISTIANSON: Say again, ma'am?

24 MS. FLOYD: If the people here do not take an
25 oath, their testimony is not recorded.

1 JUDGE CHRISTIANSON: The testimony is recorded.
2 Your statement is recorded, but if you don't take the
3 oath, it is not testimony, so we can't use it as
4 evidence in the case.

5 Would you like to take the oath, ma'am?

6 MS. FLOYD: Yes, I do.

7 Whereupon,

8 ANN FLOYD,

9 having been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 THE WITNESS: Just like Carl told you, I do
12 appreciate you folks coming here, and I do appreciate
13 you always sending me all these brochures and
14 invitations. I am no longer the president of Lycoming
15 County Senior Citizens. I haven't been for about three
16 years, but when I was, Mr. Wendell and Marilyn Baer
17 asked me to get my presidents and directors for a
18 meeting, and guess what he brought up? Let me tell all
19 you people here. When the government or a corporation
20 says: We are going to help you balance your budget.
21 God, beware. We used to pay our bill every two months.
22 They suggested and it went into effect; now you going to
23 pay your bill every month. Guess what? My monthly bill
24 is bigger than the one that was twice -- I mean every
25 two months.

1 Now, I run around a lot -- and by the way, I am
2 celebrating my 73rd birthday, so I think maybe the
3 oldest in here, and I am not on Social Security or
4 anything like that. But what I want to tell the
5 gentlemen sitting up there. You all have nice suits,
6 and I know you have nice homes. Do you know -- and we
7 have verified -- we have 7,000 delinquent tax payers who
8 will be losing their homes. What is power and light
9 going to do about that? 7,000; is that right, Carolyn?

10 MS. BULLOCK: I don't know the number.

11 MR. BUTTERS: Yes, I think you are right.

12 THE WITNESS: What I would like to find out,
13 too; why are the rates being decreased in Allentown, yet
14 you want an increase for us people up here? Doesn't one
15 hand know what the other is doing? Or do you think we
16 have more money up here?

17 JUDGE CHRISTIANSON: To respond to that, PP&L
18 has one tariff for all its customers. PP&L serves
19 Allentown. I don't think there is another company in
20 Allentown. Various other companies have different sets
21 of rates. PP&L is not quite the lowest rate, I guess,
22 but not the highest rate in the State. I think
23 Philadelphia Electric and some of the Pittsburgh
24 companies have the honor of being the highest rate in
25 the State. But PP&L has one set of tariffs for

1 Allentown and everywhere else.

2 THE WITNESS: The brochures that you sent me --
3 pardon me for interrupting you -- it is not Duquesne; it
4 is PP&L. They are going give the people in Allentown a
5 decrease in their light bill.

6 JUDGE CHRISTIANSON: PP&L can speak to that.

7 THE WITNESS: Thank you.

8 JUDGE CHRISTIANSON: Yes, ma'am.

9 Can anybody respond to that?

10 MR. RUSSELL: As Judge Christianson indicated,
11 we have the same rates throughout our service territory.
12 The rate increase that we have requested from the PUC
13 would apply equally to customers throughout
14 central/eastern Pennsylvania. What you may be thinking
15 of is the ECR decrease that was mentioned by a couple of
16 speakers, and that, too, would apply equally throughout
17 our service territory, but there are not different rates
18 for different cities, or different counties, or
19 anything. It is uniform.

20 THE WITNESS: Well, what matters is your
21 pocketbook. A decrease is not an increase.

22 JUDGE CHRISTIANSON: I could mention the phone
23 companies' rates vary from area to area, but normally in
24 electric companies, it is one rate for the whole service
25 territory. In theory, you could have different rates,

1 but, in fact, they do not.

2 (Witness excused.)

3 And we have the next person to speak, M.A.
4 Dillon, it looks like, RD 4. Again, it is written in
5 script.

6 MR. FULLER: That is Maurice Fuller.

7 JUDGE CHRISTIANSON: Fuller; excuse me. Would
8 you like to take the oath, sir?

9 MR. FULLER: Yes, sir.

10 Whereupon,

11 MAURICE FULLER,

12 having been duly sworn, testified as follows:

13 JUDGE CHRISTIANSON: Proceed.

14 DIRECT TESTIMONY

15 THE WITNESS: I don't have much to say because -
16 - as Mr. Nolan was saying, for the people that are in
17 this area, those that are working are on very low
18 income, and in general employment in this area. Plus,
19 there are a lot of retired people, including my mother,
20 who is 93 years old. She gets a little over \$400 a
21 month from her Social Security, and that is it; and, of
22 course, she doesn't use more than 500 kilowatt hours,
23 and so she is going to be penalized, of course, if you
24 even figure \$5 or \$10 a month more; out of that money,
25 it is quite a bit.

1 Back in 1965, I opened up a restaurant, and at
2 that time, everybody said: Go electricity, including
3 PP&L, and we went electricity. Well, in 1980, we had to
4 close the restaurant down due to the fact that utilities
5 went up, and PP&L was exorbitant. At one time, they
6 would come in and even help you fix your equipment,
7 which we really appreciated. Boy, they put it to us,
8 now.

9 My sister, her house is totally electricity. It
10 was built in probably 1970, and they are in, that the
11 rates have gone up to the point where she is thinking
12 about having to sell the house because between that and
13 this lady that was just speaking -- we were to a tax
14 meeting yesterday that with the tax increases, we are
15 going to have to build a school over here, and the wages
16 that are being paid over there, with the PP&L increase,
17 I don't know how the people can expect to keep on going.

18 And myself, I belong to AARP. I am not retired
19 yet. I can't retire; I can't even think about it. The
20 business that I have is what you would consider a small
21 commercial business. We have to pay more than the
22 industrial, of course; but on top of that, you have
23 taxes. You get a 20 percent tax; you have other taxes
24 on top of that. And so, all I am saying is that I hope
25 that somebody takes the bull by the horns pretty soon

1 and gets these costs down.

2 I realize that PP&L has to make money; the
3 expenditures and so on, but I also just glanced in here
4 that they have the rights to -- or that they expect to
5 make 13 percent for the year for the stockholders. I
6 didn't know that it was that kind of a return on the
7 stock, or maybe I would have invested in it.

8 But anyway, I just would hope that somebody --
9 between the taxes, between PP&L, the telephone; they are
10 like face flies. You can't get rid of them. You get
11 things settled down, and you turn around and they are in
12 your face again. I appreciate that they didn't raise
13 the rates all these past years; however, they could have
14 raised it gradually.

15 That is all I have to say, because I don't have
16 anything together on it; but I am just pleading that for
17 myself, for the people that are retired, or the low
18 wages that is in this area that this man here -- try to
19 retire in an area they probably like, and now you can't
20 afford it. So something has to be done, and we
21 appreciate everything you people can do for us. Thank
22 you.

23 JUDGE CHRISTIANSON: Thank you, sir.

24 (Witness excused.)

25 JUDGE CHRISTIANSON: Carolyn W. Bullock of 1416

1 Locust Street. Would you like to take the oath, ma'am?

2 MS. BULLOCK: Yes.

3 Whereupon,

4 CAROLYN BULLOCK,

5 having been duly sworn, testified as follows:

6 JUDGE CHRISTIANSON: Proceed then, ma'am.

7 DIRECT TESTIMONY

8 THE WITNESS: Thank you.

9 I, too, appreciate the opportunity to be able to
10 come close at hand to speak to this issue. I am here
11 this evening truly as an advocate for senior citizens.
12 I am a volunteer in many corners of the community, and
13 my profession at this point is tax collector for the
14 City of Williamsport; so I have contact with people who
15 are paying their taxes, and who are proclaiming their
16 distress over their financial situation.

17 In Williamsport in particular, we have a large
18 population of seniors, and we do see a great evidence of
19 people that live on very, very small means. Tax
20 exonerations are required in order to have abatement on
21 paying taxes, and it would absolutely appall all of you
22 to know the few dollars some people live on. You
23 couldn't imagine.

24 Previous seniors have indicated that one of the
25 first things to go out of a person's budget is food,

1 quality food, even sufficient food, and we see evidence
2 of that, too, as people come to City Hall when they pay
3 their taxes.

4 I am also representing, not officially, but as
5 an advocate, the Bi-County Aging Advisory Committee. I
6 am the Chairman for Lycoming and Clinton Counties, and I
7 am concerned of the seniors' issues from that
8 standpoint, too; and I feel that increases in something
9 that is such a part of a person's life on a daily basis
10 would create additional hardships, and I would hope that
11 the Company would take it into consideration the
12 placement from which these increases are needed, so that
13 it would be more equitable.

14 Thank you.

15 JUDGE CHRISTIANSON: Thank you, ma'am.

16 (Witness excused.)

17 JUDGE CHRISTIANSON: We are done with the list,
18 the list I have up here, of people wanting to speak for
19 the record. I don't know if you folks here want to have
20 any responses or any more comments from the people here.

21 Yes, sir?

22 UNIDENTIFIED MALE: Could someone explain to the
23 panel what the proposed millage increase is for property
24 owners in the Williamsport area school district so they
25 have a sense of what we are facing?

1 MR. FULLER: I don't have that here again, but
2 the proposed, I think, as we understand, sir, is 4.3 --

3 UNIDENTIFIED MALE: 5.59.

4 MR. FULLER: This is what we were led to
5 believe, but just yesterday at this meeting that I was
6 telling you about, we found out it was 5.9. For every
7 thousand dollars -- I may have this wrong; if there is
8 someone here, correct me -- but for every thousand
9 dollars that your house is assessed for right now, you
10 are paying around \$40 a thousand, and I think he said in
11 four years' time, the way it is going, you will be
12 paying \$65 a thousand. Now, what they did there
13 yesterday, this TRACK, which is a Tax Reduction
14 Association or something, they passed out letters where
15 you could take a letter and sign it that you are
16 withholding the part of your taxes for the school
17 district, that part, and putting it in escrow until the
18 school board gets control of the union, to get control
19 of this wages increase, and that is costing us over
20 there, because people can't afford it, and I signed a
21 letter, and I think there are thousands of letters going
22 out where the people are going to refuse to pay the
23 portion of the school tax. They will pay the rest of
24 the tax and they will put it in escrow until they --
25 they redid their pension up there. They are just

1 thumbing their noses, and I hope that doesn't have to
2 come to get the attention of some these utilities.

3 Thank you.

4 JUDGE CHRISTIANSON: Thank you. So then, taxes
5 are also on peoples' minds, real estate taxes. I am not
6 sure if the assessments and values -- sometimes it is
7 assessed at a quarter-value or some formula like that;
8 but an increase is an increase in the percentage terms
9 no matter how the system works. We seem to be done with
10 the formal session, the formal people to speak for the
11 utility increase filing. And again, we will stay in the
12 area and check. I know you have asked a lot of
13 questions, and we need some responses, and we will try
14 to respond on the record to some of the major questions.
15 But at this point, the PP&L people are still here, and
16 we are still here, if you want to make further inquiries
17 or give further responses.

18 Yes, sir.

19 MR. DUNKELBERGER: I would like to talk a
20 little.

21 JUDGE CHRISTIANSON: Go ahead.

22 MR. DUNKELBERGER: I didn't sign the paper, or
23 take an oath or anything, but I will.

24 JUDGE CHRISTIANSON: If you would like, I could
25 administer the oath. Would you raise your right hand?

1 Whereupon,

2 ISAAC DUNKELBERGER,

3 having been duly sworn, testified as follows:

4 JUDGE CHRISTIANSON: Can you mention your name,
5 please, and address?

6 DIRECT TESTIMONY

7 THE WITNESS: Isaac Dunkelberger, Paxinos,
8 Pennsylvania, about 60 miles south of here. I drove
9 over 60 miles to come here tonight.

10 JUDGE CHRISTIANSON: If we might get a spelling
11 on that to make sure. Go ahead.

12 THE WITNESS: We touched on a lot of individual
13 things, but very few touched on industrial. I work for
14 a large industrial company, and we had to sign a
15 contract where we lowered the price of our product a
16 percent a year up to the year 2000 to keep our products,
17 to keep the job. And if PP&L raises our rates, it is
18 just going to be harder for us to stay in business.

19 Now here, some time ago, about seven, ten years
20 ago, PP&L gave their employees in a two-year contract
21 eight and nine percent, and so I got the phone number of
22 the Chairman of the PUC in Harrisburg, and I called.
23 There was a woman by the name of Shemus(sic). And I
24 asked her: Do you realize that you gave the PP&L a rate
25 increase when they just gave their employees an eight

1 and nine percent raise on a two-year contract, when the
2 people that they serve have been making concessions to
3 keep their plants open. And she said -- her reply was:
4 Why do we think of it that way. The PUC isn't doing its
5 job. It hasn't been for the last -- this has been going
6 on for 12 years.

7 Now, where I am employed, when they built the
8 plant up here Washingtonville, several people quit there
9 and went with the PP&L, and about the same wage scale.
10 Now, their wage scale is at least 50 percent more than
11 we are -- that is what has been going on. The PP&L has
12 been raising the rates far more than what is accounted
13 for in other industry, and we can't afford to keep going
14 that way.

15 JUDGE CHRISTIANSON: Again, I can respond. Part
16 of the existing union contract increases are a matter of
17 record. I don't carry the numbers around in my head,
18 but PP&L can perhaps respond either now or later. They
19 had some contracts pending, and I seem to recall the
20 increases were something more modest than eight percent,
21 but I just don't know the numbers off the top of my
22 head. But again, it is good to hear from an industrial
23 customer, to hear the perspective from your end of the
24 matter.

25 THE WITNESS: It was on our bulletin board. I

1 just asked the boss today. We have 210 hourly employees
2 in the plant, and our light bill is \$74,000 a month, and
3 if that increases by ten percent, that is \$350 per
4 employee. And if that increases by ten percent, how is
5 the plant manager going to lower the cost one percent
6 when for each employee the light bill is going to go up
7 \$35 per month? Now, a good rule -- I read an article in
8 the paper where public employees, you know, like school
9 teachers, state police, public utility employees, have
10 for the past 12 years been on a rampage of unbridled
11 greed, and that is what has happened. That is why it
12 costs more to do business in Pennsylvania than almost
13 any state in the Union.

14 MS. SUTHERLAND: That is why we don't have a lot
15 of big businesses.

16 THE WITNESS: The company I work for, in the
17 last ten years, they built three or four plants in
18 Tennessee and Georgia because taxes and utility rates
19 are cheaper down there. And at one time, we had three
20 plants in Pennsylvania, and now we only have one left
21 here. The handwriting is on the wall. I understand
22 that electricity you have to have every hour of every
23 day. If you don't -- and we need electricity every
24 minute of the day, so they have to manage that way.
25 They have to have just be prepared to do it. But public

1 employees -- a good rule of thumb would have been for
2 PP&L, the school districts, or whatever, state police
3 and all, we should have never gave public employees a
4 bigger raise than what the rate of inflation was. The
5 rate of inflation has been two and three percent for the
6 past ten years, because other people haven't been taking
7 a raise. And then, to solve the PP&L's problem, they
8 should get some concessions from their employees. Like
9 I said, their employees are paid 50 percent more in
10 wages and benefits than their counterparts in other
11 industries, and that is not fair. And also, why should
12 we pay -- I heard eight percent on their dividend. Five
13 percent would be enough.

14 MR. BUTTERS: It was 8.6.

15 THE WITNESS: And it is not fair. No other
16 company can pay eight percent on their dividend.

17 JUDGE CHRISTIANSON: I really can't respond to
18 your comparisons. I don't have figures at my
19 fingertips; but your comments are noted, and PP&L, I am
20 sure, is taking steps to try to conserve industrial
21 customers in Pennsylvania. There are various programs
22 available on that. On their union increases, the
23 numbers are of record in this proceeding. I just don't
24 have them as I sit here; or we could respond later on
25 those increases.

1 The State employees have not had really great
2 increases recently, but I can't speak to that. That is
3 really beside the point. We are talking about PP&L
4 employees, not State employees.

5 THE WITNESS: All public employees have been
6 ridiculous with their demands.

7 JUDGE CHRISTIANSON: I just can't respond to
8 that. I just don't know.

9 THE WITNESS: That is about all I have. Thank
10 you.

11 JUDGE CHRISTIANSON: Thank you, sir.

12 (Witness excused.)

13 JUDGE CHRISTIANSON: Yes, sir; Mr. Fuller?

14 MR. FULLER: Just one more thing I would like to
15 bring up. At the tax meeting yesterday, it was brought
16 up with this PP&L increase, that is something that the
17 school board and nobody can control, therefore, that has
18 to come out of taxation, and that was one of the things
19 that was brought out. It is going to be astronomical
20 for a school, the school district, to pay their light
21 bill, of course, and so, therefore, that falls back on
22 the reasons they have to have more taxes, along with the
23 outrageous wages that these teachers make; that the
24 union, therefore, went behind closed doors and made a
25 deal, and now we have to live with it, and the people

1 just can't afford it. So this meeting here, it ties in
2 with the PUC allowing PP&L to have astronomical
3 increases. It is not only the schools and the
4 restaurants, or whatever; everybody else is going to
5 have to pay more and more and more, and then have a tax
6 on top of that, so it is devastating.

7 Thank you for the last time. I won't bother
8 you.

9 JUDGE CHRISTIANSON: I could speak to that
10 general proposition, in water cases, and we have a
11 problem with local government paying for fire hydrants,
12 and there is a lot of controversy right now about how
13 much of an increase is put on, basically, the fire
14 hydrant cost. Some would put a major increase in; keep
15 that increase down, and we get the same arguments that
16 the local governments have their budgets, and then in
17 the middle of a budget year, you get hit with a rate
18 increase from the water company, and have to raise
19 taxes, or have to scramble to afford the water increase.
20 We hear that as well. Electric costs are the same sort
21 of a problem. But we are doing what we can. This case
22 will fully litigate, I expect. They came out with a
23 number, some time late in the summer I think is the
24 scheduling of this particular case.

25 But, we appreciate all your comments. And

1 again, we will remain here for further discussions
2 informally. I thank you all for coming out tonight. At
3 this point, we will be off the record.

4 (Whereupon, at 9:35 p.m., the hearing was
5 adjourned.)

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

C E R T I F I C A T E

I hereby certify, as the stenographic reporter, that the foregoing proceedings were reported 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: Leigh Anne Feeney

Leigh Anne Feeney

-0-

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

FORM 2