

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

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 :
Pennsylvania Public Utility Commission, :
U.S. Department of Defense and Federal : Docket No.
Executive Agencies (C0001), PPL : R-00049255
Industrial Customer Alliance (C0002), : R-00049255
Office of Small Business Advocate (C0003), : C0001-C0005
Office of Consumer Advocate (C0004), :
Eric Joseph Epstein (C0005) v. PPL :
Electric Utilities Corporation. :
 :
 Public Input Hearing. :
 :
 ----- X

Pages 138 through 179

Town Hall
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10 East Church Street
Bethlehem, Pennsylvania

DOCUMENT

Tuesday, June 29, 2004

Met, pursuant to adjournment, at 2:00 p.m.

BEFORE:

ALLISON K. TURNER, Administrative Law Judge

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FOR IDENTIFICATION

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Tommor Exhibit

1 (Comments, with Attachment 1)

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Mackin Exhibit

1 (6/29/04 letter from Concerned Citizens of Schuylkill County, Inc.)

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FORM 1

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE ALLISON K. TURNER: Let's go
3 on the record. My name is Allison Turner and I am the
4 Administrative Law Judge assigned to hear this case.

5 This case is PP&L's rate increase request which is
6 made up of several components. There's an increase for
7 distribution costs and a projected increase for transmission
8 costs. They also propose some new tariff provisions and
9 something called the distribution system improvement charge,
10 which is a new kind of rate which hasn't been used by
11 electric utilities before, that allows them to collect money
12 as they go along rather than save things up until one rate
13 case, and most of what they're collecting would be interest.

14 This is their first rate case, it's actually their
15 first rate case in ten years, and their first rate case
16 since restructuring when PPL agreed with the Commission to
17 put a cap on their rates, and that cap will end effective
18 December 31, 2004, and these rates are scheduled to go in
19 effect January 1, 2005.

20 In any event, the public parties that are
21 participating in this case and who have participated in many
22 other cases have not had a chance to scrutinize PP&L's
23 activities for some time, and they will be, through
24 discovery and information, looking at all of PP&L's
25 activity, their accounting, their investment, their rate

1 structure.

2 And they will then file testimony and it will be
3 subject to cross-examination in hearings in Harrisburg in
4 August. However, what we're doing here today is taking
5 testimony from the public about the rate increase, about how
6 it will affect you, about things that you think are wrong
7 with it.

8 We would also be interested in testimony about
9 service, if you feel your service is a problem. I do
10 believe that PPL will have employees here to talk to
11 individuals who would like service problems solved; is that
12 correct, Mr. Russell?

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

14 JUDGE TURNER: All right. So I will ask the counsel
15 that are here to make brief preliminary statements and then
16 we will turn to taking statements from people that are here.

17 Please sign up on the clipboard, and then I can see
18 the sheet and I will call people in order of signing up
19 unless there is somebody here that has a reason to be taken
20 out of order.

21 Are there any Representatives here or any staff
22 members of Representatives?

23 (No response.)

24 JUDGE TURNER: No? Okay. In that case, let me begin
25 with preliminary statements. Mr. Russell?

1 MR. RUSSELL: Thank you, Your Honor.

2 My name is Paul Russell. I'm one of the in-house
3 lawyers for PP&L and I'm one of the lawyers that's
4 representing the company in this case.

5 At the outset, I'd like to thank you for appearing at
6 today's hearings. Public input hearings are an essential
7 part of the Commission's ratemaking process and provide
8 valuable customer perspective on a broad range of issues in
9 rate proceedings.

10 Your testimony here today will be carefully reviewed
11 by PPL and many of the other parties in the case, by the
12 Administrative Law Judge and ultimately by the Commission,
13 so if you have any views on the case, I would urge you to
14 testify today.

15 The purpose of today's hearing is to listen to public
16 input, so I won't spend valuable time summarizing our case.
17 However, I would like to make two points related to the 1996
18 Customer Choice Act.

19 First, as Judge Turner indicated, that Act
20 established rate caps and PP&L's distribution rate cap ends
21 December 31, 2004.

22 Secondly, the Act made the generation of electricity
23 competitive and required electric utilities to unbundle
24 their businesses.

25 PPL did that in 2000, and the case before the

1 Administrative Law Judge and the Commission today involves
2 only PPL Electric Utilities, which is the company that
3 delivers electricity to 1.3 million customers in central and
4 eastern Pennsylvania. It has nothing to do with PPL's other
5 functions, the generation of electricity, sale of
6 electricity to other utilities or international investments.

7 In conclusion, I'd like to mention two housekeeping
8 items. First, if you're interested, you can review our
9 entire filing on line at www.pplrateinfo.com.

10 And secondly, there is another PP&L employee with me
11 today. Kathy Frazier is sitting over here by the door. She
12 will be here throughout the hearing and after and is
13 available to answer any questions you might have about your
14 specific service or rates or pretty much anything else,
15 actually.

16 Again, thanks for attending today and I look forward
17 to hearing your comments. Thank you, Your Honor.

18 JUDGE TURNER: Thank you, Mr. Russell. Before I turn
19 to the other counsel, I did omit something very important
20 from my beginning remarks, and that is that there are
21 different ways you can participate.

22 And from my point of view, the most important way is
23 to give testimony under oath. If you give sworn testimony,
24 you may be cross-examined. That happens very rarely. But
25 then the Commission and myself in making my recommendation

1 to the Commission can use your testimony for findings of
2 fact or any other way we can rely on it.

3 So if you don't want to give sworn testimony, we will
4 take any statement you want to give off the record, but I do
5 encourage you to give sworn testimony because it's the most
6 useful in the case.

7 Mr. Kanaskie?

8 MR. KANASKIE: Thank you, Your Honor.

9 Good afternoon. My name is Rick Kanaskie and I'm
10 with the Commission's Office of Trial Staff. The Office of
11 Trial Staff is best described as a semi-independent arm of
12 the Pennsylvania Public Utility Commission.

13 We are a party to this proceeding just like everyone
14 else. We don't represent the Commission or the Commission's
15 views. I'm an advocate before the Commission.

16 We have engineers and financial analysts who have
17 filed testimony today as a matter of fact presenting our
18 position in the case.

19 We were formed in the middle eighties with the charge
20 of protecting the public interest. One key aspect of the
21 public interest is insuring that rates remain just and
22 reasonable, and that's the backdrop that we are using in
23 this proceeding.

24 We've analyzed the company's filing and the financial
25 documents, the different issues that they've presented, and

1 that's only part of a rate case.

2 We see the filing, we see the documents, we see the
3 numbers. What's also important is the input that we receive
4 from the public, what you experience on a day to day basis,
5 so it's important that the Commission as well as my staff
6 hear what you have to say.

7 As Judge Turner had mentioned, there are a couple
8 different ways to do it, either formally or informally, come
9 up and talk to us afterwards if you care to. But I
10 encourage you, if you're here, to this morning give your
11 testimony on the record. Thank you for coming.

12 JUDGE TURNER: Sir?

13 MR. SPARKS: Thank you, Your Honor.

14 Good afternoon. My name is Shaun Sparks and I'm an
15 attorney with the Pennsylvania Office of Consumer Advocate.
16 The Office of Consumer Advocate is a branch of the
17 Pennsylvania Office of Attorney General, and we represent
18 the interests of Pennsylvania utility consumers before the
19 Pennsylvania Public Utility Commission, state courts,
20 federal courts and federal agencies.

21 In this particular matter, we are challenging PP&L's
22 rate increase on behalf of Pennsylvania utility consumers,
23 in particular their request for an extra \$221 million, or
24 about an eight percent increase over their current rates,
25 and a nine percent increase in the customer rates.

1 In addition, they've also asked for a customer charge
2 of \$12.20, increased from \$6.55, and that would include the
3 first 200 kilowatt-hours.

4 The company's generation rates and those of other
5 competitive suppliers are not affected by this increase, and
6 the generation rates provided by the company are capped
7 until 2010.

8 As you've heard Mr. Kanaskie, the public advocates
9 here have hired independent financial experts, engineers.
10 The OCA hires its own experts and engineers to review the
11 filing and scrutinize all the details, and we too have
12 presented testimony today in this matter.

13 As part of that, as Judge Turner has asked, and Mr.
14 Kanaskie, we encourage you to testify and I would encourage
15 you to testify on the record so that we may use your
16 testimony as we proceed to try to get the lowest possible
17 rates for consumers as possible. Thank you very much.

18 JUDGE TURNER: Ms. Jones?

19 MS. JONES: Yes. Thank you, Your Honor.

20 Good afternoon. My name is Angela Jones. I
21 represent the Office of Small Business Advocate, OSBA. We
22 are a party to this case, particularly looking at the
23 increases that affect small businesses.

24 We see an overall bill impact for small businesses of
25 9.9 percent. We are opposed to what Judge Turner has said,

1 the distribution system improvement charge. We are also
2 looking in the record. We have an expert that is hired to
3 look at all the points of view for our customers. We do not
4 believe that the proposed increase is reasonable.

5 We are interested in hearing particularly those
6 customers that are small businesses, concerns, in PP&L's
7 territory. We'd like to hear anything, any views you have
8 to offer.

9 We would encourage you, as my other colleagues have
10 said and Mr. Russell has said, to testify under oath. The
11 importance of that is that we can use your testimony to make
12 our views stronger in front of the Public Utility
13 Commission.

14 Thank you, and I hope to see you on the record, but
15 if not, I'll be available out of the record if you would
16 like to speak to me privately. Thank you.

17 JUDGE TURNER: Okay. Thank you all. I just need to
18 get a copy of that list, the sign-in sheet.

19 (Pause.)

20 JUDGE TURNER: Thank you. I have three names, and at
21 the end of their testimony, I'll see if there's anybody else
22 who would like to testify. But let me start with Mr.
23 Charles Tommor. Is that correct?

24 MR. TOMMOR: That's correct.

25 JUDGE TURNER: Okay. Would you go to the podium, and

1 may I swear you in?

2 MR. TOMMOR: Please.

3 Whereupon,

4 CHARLES TOMMOR

5 having been duly sworn, testified as follows:

6 DIRECT TESTIMONY

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

9 THE WITNESS: My name is Charles Tommor, T-O-M-M-O-R.

10 JUDGE TURNER: And you are a customer of PP&L?

11 THE WITNESS: I am.

12 JUDGE TURNER: Okay. And are you employed?

13 THE WITNESS: I am.

14 JUDGE TURNER: And what is your occupation?

15 THE WITNESS: I'm an engineer.

16 JUDGE TURNER: Okay. And let me see, your address is
17 505 16th Avenue, Bethlehem, PA?

18 THE WITNESS: That's right, Judge Turner.

19 JUDGE TURNER: 18018?

20 THE WITNESS: Yes.

21 JUDGE TURNER: Okay. Would you please go ahead and
22 give your statement?

23 THE WITNESS: I will.

24 Judge Turner, I have prepared comments. I'm a little
25 nervous. I've never done this before, perhaps will never do

FORM 1

1 it again.

2 JUDGE TURNER: I hope so.

3 THE WITNESS: But I have a copy of my prepared
4 remarks for you.

5 JUDGE TURNER: That's fine.

6 THE WITNESS: I was told to bring two copies for
7 the --

8 JUDGE TURNER: Court reporter.

9 THE WITNESS: -- court reporter.

10 JUDGE TURNER: It will be helpful if you had one for
11 each of the other parties.

12 THE WITNESS: And I think I do.

13 JUDGE TURNER: Okay. So are you planning to make
14 this an exhibit?

15 THE WITNESS: Yes, please.

16 JUDGE TURNER: Okay. We will mark this as Tommor 1.

17 (Whereupon, the document was marked
18 as Tommor Exhibit No. 1 for
19 identification and received in
20 evidence.)

21 JUDGE TURNER: Now, were you planning to read your
22 remarks in?

23 THE WITNESS: If I may.

24 JUDGE TURNER: You weren't planning to read
25 Attachment 1, were you?

1 THE WITNESS: No, I wasn't.

2 JUDGE TURNER: Okay, that's good. Just for the
3 record, Attachment 1 is a rather lengthy extract from the
4 Public Utility Code.

5 THE WITNESS: Yes. There is a --

6 JUDGE TURNER: But go ahead and read them, if you
7 wish.

8 THE WITNESS: Okay. I'd like to first start with
9 Attachment 1. It is the basis of my concern, and just
10 generally my concern has to do with the closing of places to
11 pay bills, and in particular the opportunity to get a
12 receipt as you pay your bill.

13 JUDGE TURNER: Okay.

14 THE WITNESS: And I'd like to reference Attachment 1
15 which is paragraph 2807 of the public utility law, paragraph
16 (d) in particular.

17 And paragraph (d) goes on to say that the electric
18 distribution company, PP&L, shall continue to provide
19 customer service functions consistent with the regulations
20 of the Commission, including meter reading, complaint
21 resolution and collections. And that "collections" should
22 be underlined. Customer services shall, at a minimum, be
23 maintained at the same level of quality under retail
24 competition.

25 And perhaps I can summarize. I won't read everything

1 that I've prepared, Judge Turner.

2 JUDGE TURNER: That's fine.

3 THE WITNESS: But PP&L's new policy contains some
4 serious and measurable degradations in the level of quality
5 and the collection function, and the new policy is not in
6 compliance with Paragraph 2807(d).

7 In particular, PP&L's current practice of closing
8 those collection facilities and authorized agent collection
9 facilities penalizes customers who must pay their bills with
10 cash and those who need a receipt.

11 It further penalizes customers by charging them an
12 arbitrary dollar fee to pay their bills at authorized
13 collection facilities, and that extra charge is also unfair
14 because those collection amounts were included in PP&L's
15 prior rate application, because they only recently, PP&L
16 only recently changed their policy in I think it was 2002,
17 July of 2002.

18 And specifically, I ask the Public Utility Commission
19 to continue to allow PP&L adequate income so that they can
20 comply with Paragraph 2807(d).

21 I think they may not have been aware of that
22 particular paragraph, because PP&L I don't think would do
23 anything illegal that they did know about.

24 And I ask them to maintain the collection function at
25 the same level of quality under retail competition as

1 practiced prior to 2002.

2 And I ask the Commission to delay PP&L's proposed
3 increase until PP&L operates in accordance with the
4 regulations.

5 And I was concerned, I do think having the ability --
6 now, not every customer wants a receipt. Not every customer
7 is concerned about a receipt.

8 I in particular have had some bad occurrences that
9 have taken a long while and much aggravation to clear up
10 when you don't have a receipt.

11 I do know receipts are recommended in elementary
12 business courses. It's the first paragraphs that you come
13 to as you open business books, to always be sure to get a
14 receipt. And so I do encourage that PP&L offer that
15 alternative to those customers who do want a receipt.

16 Prior to July, 2002, PP&L had arrangements with the
17 Fleet Bank to do their collections. Now, with regard to the
18 costs associated with -- which is an important issue, I did
19 talk to PP&L, one of the managers.

20 And he said PP&L hoped to save something like a
21 hundred and, I'm going to say, as well as I remember it, it
22 was about \$120,000 a month by closing these collection
23 facilities.

24 However, the alternative is a lot more expensive.
25 Going through third parties to pay bills, it's probably -- a

1 dollar is probably the least expensive alternative that's
2 available.

3 And if there are a million customers, then we're
4 talking perhaps a million dollars, to those people -- you
5 know, at the outset. So that's more expensive, to go
6 through a third party collection facility than PP&L is able
7 to do themselves.

8 They're pretty efficient, and they command a lot of
9 attention when they go out for bids, and I feel that they
10 can come up with a cheap alternative, whatever that cheapest
11 alternative is, so long as it's adequate, so long as it
12 results in a receipt when people request it.

13 And the second item I mention here is to please ask
14 PP&L to include those costs in, whatever they might be, in
15 customers' bills, because I do feel that they're less
16 expensive than customers are paying to go out and make their
17 own arrangements through third parties.

18 A third item, I felt PP&L was, perhaps out of
19 ignorance, adopting this policy. But in any event,
20 customers have been paying at least a dollar for each
21 receipt that they were able to gather.

22 And I felt that that perhaps should be refunded,
23 because that's in addition to the receipt amounts and
24 collection amounts that were allowed in the previous tariff
25 that PP&L applied for.

1 And finally, I just ask PP&L to reopen their
2 collection centers and I restate that I think that it's a
3 serious and a measurable degradation in the level of quality
4 of the collection function and it's not in compliance with
5 Paragraph 2807(d) of the rule, of the regulations.

6 And I just want to thank you, Judge Turner, for the
7 opportunity to be here today and for those opportunity to
8 present this concern.

9 JUDGE TURNER: Okay. Thank you for coming and
10 speaking. I wanted to ask a question about what it is that
11 you want reflected on customers' bills.

12 THE WITNESS: The collection function, the cost
13 that's associated with generating a receipt and accepting
14 money from customers.

15 JUDGE TURNER: And you wanted that as a line item on
16 the bill?

17 THE WITNESS: No, no. Because it wasn't a line item
18 before, I don't want PP&L to go through any other effort,
19 any extra effort.

20 JUDGE TURNER: So how would it be shown on the bill?

21 THE WITNESS: It was never shown on the bill, it was
22 just, for those people that paid their bills by walking into
23 a Fleet Bank as the case was prior to July, 2002 --
24 incidentally, it wasn't a Fleet Bank because, it's now
25 called a Fleet Bank. It was named -- I can't even remember

1 the name of the bank, but it was a different bank before
2 Fleet bought out that bank.

3 But in any event, those facilities were available and
4 that was part of the customer service function that PP&L
5 has, to collect bills, just to collect bills, which they
6 must do every month to --

7 JUDGE TURNER: Okay, perhaps I misunderstood you --

8 THE WITNESS: And there was no specific line item,
9 there was never a specific line item. It was one of the
10 generalized costs that were rolled into PP&L's rate increase
11 and tariffs because they had to support that function of
12 collecting money and generating receipts.

13 JUDGE TURNER: So you want us to have the new costs
14 rolled into the bill, is that what you want?

15 THE WITNESS: The existing costs, the costs
16 associated with the bill collection function.

17 JUDGE TURNER: "Please ask PPL to include authorized
18 collection agency costs in its customers' bills" --

19 THE WITNESS: Yes.

20 JUDGE TURNER: -- "including those of bill payment
21 centers because bill collection costs are an intrinsic cost
22 of providing electric service."

23 THE WITNESS: Yes.

24 JUDGE TURNER: So are you --

25 THE WITNESS: And by including them in the bills,

1 I'm -- include them in the tariff that is under
2 consideration now.

3 JUDGE TURNER: Okay. Thank you.

4 THE WITNESS: Thank you, Judge Turner.

5 JUDGE TURNER: Do you have any questions, Mr.
6 Kanaskie?

7 MR. KANASKIE: I have no questions, Your Honor.

8 JUDGE TURNER: Mr. Sparks?

9 MR. SPARKS: No, Your Honor, thank you.

10 JUDGE TURNER: Ms. Jones?

11 MS. JONES: No, Your Honor, thank you.

12 JUDGE TURNER: Mr. Russell?

13 MR. RUSSELL: No questions, Your Honor.

14 JUDGE TURNER: Okay. Thank you very much. You can
15 be seated.

16 (Witness excused.)

17 JUDGE TURNER: Is Vickie Mackin here?

18 (Pause.)

19 JUDGE TURNER: Good afternoon, Ms. Mackin.

20 MS. MACKIN: Pardon me?

21 JUDGE TURNER: I said, good afternoon.

22 MS. MACKIN: Good afternoon to you, Judge. I
23 couldn't hear you. I'm sorry.

24 JUDGE TURNER: I will try to make sure that you can
25 hear me in the future.

1 MS. MACKIN: Okay.

2 JUDGE TURNER: And I apologize. First of all, may I
3 swear you in?

4 MS. MACKIN: Of course.

5 Whereupon,

6 VICTORIA K. MACKIN

7 having been duly sworn, testified as follows:

8 DIRECT TESTIMONY

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

11 THE WITNESS: My name is Vickie Mackin. The name I
12 use properly on all my bills, etcetera is Victoria K.
13 Mackin.

14 JUDGE TURNER: And you live at 1 Green Acres?

15 THE WITNESS: Ys.

16 JUDGE TURNER: McAdoo, PA?

17 THE WITNESS: Yes.

18 JUDGE TURNER: 18237?

19 THE WITNESS: Right.

20 JUDGE TURNER: And you are retired?

21 THE WITNESS: Yes.

22 JUDGE TURNER: And where did you work before you were
23 retired?

24 THE WITNESS: My husband and I owned a manufacturing
25 plant in McAdoo.

1 JUDGE TURNER: Okay. And you say here that you
2 represent Concerned Citizens of School --

3 THE WITNESS: Schuylkill County, Incorporated.

4 JUDGE TURNER: -- Schuylkill County?

5 THE WITNESS: Yes.

6 JUDGE TURNER: And that you are the president of this
7 organization?

8 THE WITNESS: I am.

9 JUDGE TURNER: And were you authorized by the
10 organization to testify on its behalf?

11 THE WITNESS: I was.

12 JUDGE TURNER: Okay. And are you a customer of PP&L?

13 THE WITNESS: Excuse me?

14 JUDGE TURNER: Are you a customer of PP&L?

15 THE WITNESS: Of course.

16 JUDGE TURNER: Okay. Will you please give your
17 statement?

18 THE WITNESS: I will. Our group was informed in the
19 fall of 2003 that PP&L was going to the PUC to apply for an
20 increase in January of 2004 and that it would go into effect
21 in 2005.

22 I was asked if I would be willing to be interviewed
23 about this and I said yes. I told the interviewer that the
24 members couldn't afford a large increase. McAdoo is going
25 through a sewer project. That is not in place as yet. The

1 residents are paying \$50 for that service that they do not
2 have.

3 In addition, the water rates have gone up
4 substantially. The residents are over 60 percent senior
5 citizens in our area whose Social Security increase in
6 January does not begin to cover any of these increases, let
7 alone their medications.

8 I told the interviewer that we certainly don't want a
9 power failure as occurred in three states last summer. We
10 want electricity ready and available, however at a
11 reasonable cost.

12 And I'm very happy that Shaun Sparks was concerned
13 about the increases, because I have a letter from Irwin
14 Popowsky with those increases and the customer charge from
15 \$6.55 to \$12.20 is double. I mean, who gets double?
16 Anybody in here gets double their salary when they get a
17 raise?

18 Anyway, getting back to the presentation, on a
19 personal note, September 19, 2003, we experienced a power
20 failure on Trescow Road in McAdoo. This occurred at five
21 a.m.

22 We assumed everyone in the area was without power.
23 However, upon calling neighbors, we found out that people
24 all around us had power but not those on the Trescow Road.

25 We tried calling PP&L, couldn't get through. We

1 found out that the PP&L didn't know that we didn't have
2 power on the Trescow Road. My question is, why didn't they
3 know?

4 After five frustrating hours of not being able to
5 reach anyone to speak with, I went to the PP&L building on
6 Poplar Street in Hazleton. When I arrived, I asked to speak
7 to someone about this problem and I was told to call the
8 proper office.

9 I told them I tried calling but I couldn't get
10 through, that's why I was there in person. They ignored me.
11 They were busy with a vendor getting their hoagies for
12 lunch.

13 I left frustrated. People spent the day calling each
14 other, trying to find out what was going on, when the power
15 would be restored. Power was restored after six p.m. The
16 hours in between were very inconvenient and frustrating.

17 There needs to be a better way to reach someone at
18 PP&L to give the customers the answers they deserve, and a
19 live body would be nice instead of telling me to press all
20 those numbers when I am absolutely frustrated.

21 In addition, without power, you cannot use your walk-
22 around phone. I had to go dig up an old fashioned phone,
23 plug it in to try to get out, because once your power's
24 gone, those phones that you walk around with, you can't use
25 them. I had to find one of the old phones and hook it up.

1 I also have a well, so I had no water. The stoker
2 stopped and the house was getting cold. I couldn't cook
3 because I have an electric stove, so I had to go out to eat.
4 This only covers part of the problem of that day, which were
5 so difficult to handle, especially for me, since I had just
6 lost my husband in June of that year.

7 I thank you and I have copies for everybody. I hope
8 you take them and digest them.

9 JUDGE TURNER: Would you like to submit that as an
10 exhibit?

11 THE WITNESS: Yes, I do.

12 JUDGE TURNER: Okay. Do you have the details of that
13 day in there?

14 THE WITNESS: Yes, I do, everything that I read, and
15 if anybody wants to call me.

16 JUDGE TURNER: Would you go back to the podium,
17 please?

18 THE WITNESS: Yes.

19 JUDGE TURNER: Thank you. What day of the month was
20 September 19th?

21 THE WITNESS: Friday.

22 JUDGE TURNER: Friday. And it's your testimony that
23 power was out from five o'clock in the morning until after
24 six p.m. at night on that Friday?

25 THE WITNESS: Yes.

1 JUDGE TURNER: Okay. Mr. Kanaskie, do you have any
2 questions?

3 MR. KANASKIE: No, Your Honor, I have no questions.

4 JUDGE TURNER: Okay. Mr. Sparks?

5 MR. SPARKS: No, Your Honor, thank you.

6 JUDGE TURNER: Okay. Ms. Jones?

7 MS. JONES: Your Honor, for housekeeping, I assume
8 we're marking the exhibit Mackin Exhibit 1?

9 JUDGE TURNER: Yes. I'm sorry if I didn't say that,
10 my oversight.

11 (Whereupon, the document was marked
12 as Mackin Exhibit No. 1 for
13 identification and received in
14 evidence.)

15 MS. JONES: No further questions, Your Honor.

16 JUDGE TURNER: Okay. Mr. Russell?

17 MR. RUSSELL: I have no questions, Your Honor.

18 JUDGE TURNER: Since Mr. Russell is a lawyer for the
19 PP&L, would you please tell them that my concern about being
20 ignored when I made a trip to Poplar Street, which is I
21 would say about four or five miles from where I live, and
22 trying to get this problem addressed to see where we were
23 going?

24 Do you know how frustrating it is to sit in a house
25 and not know when you're going to get power, and you can't

1 use anything in that house, and they were interested in
2 their hoagies for lunch?

3 JUDGE TURNER: Okay.

4 THE WITNESS: I think that's inappropriate.

5 JUDGE TURNER: Let me just say -- you may be seated,
6 if you'd like -- that at the public input hearing in
7 Lancaster, Judge Colwell discussed with PP&L that she would
8 like follow-up reports on complaints that were taken off the
9 record by PPL employees, customer service employees and, I
10 believe, but if not, let me include, complaints that are
11 made on the record.

12 I think Mr. Russell agreed to respond within ten
13 days; is that correct?

14 MR. RUSSELL: Yes, Your Honor.

15 JUDGE TURNER: Okay. So we would like to have a
16 response, follow-up on this complaint about an outage. I
17 guess I do have one more question, Ms. Mackin.

18 THE WITNESS: Sure.

19 JUDGE TURNER: Have you had many other outages?

20 THE WITNESS: Yes. I don't remember when the last
21 one was, Your Honor, but we have had outages, but you could
22 get through and they would tell you, we know that there's an
23 outage and that you will have power at such and such a time,
24 and then were you confident. You can say to yourself, okay,
25 so I'm not going to have power until five o'clock, I'll live

1 with it. But when you don't know, that's the problem.

2 JUDGE TURNER: Okay. This was unusual, then?

3 THE WITNESS: Yes.

4 JUDGE TURNER: Okay, thank you.

5 John Boyer or Bayer?

6 MR. BOYER: Boyer.

7 JUDGE TURNER: Good afternoon, Mr. Boyer.

8 MR. BOYER: Good afternoon, Your Honor.

9 JUDGE TURNER: Can I swear you in?

10 MR. BOYER: You can.

11 Whereupon,

12 JOHN BOYER

13 having been duly sworn, testified as follows:

14 DIRECT TESTIMONY

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

17 THE WITNESS: My name is John Boyer, that's
18 B-O-Y-E-R.

19 JUDGE TURNER: Okay. And will you give your address?

20 THE WITNESS: My address is 945 Jacks Lane in
21 Orwigsburg, Pennsylvania.

22 JUDGE TURNER: Okay. Now, you note here that you're
23 a self-employed grocer?

24 THE WITNESS: That's correct.

25 JUDGE TURNER: And you list your occupation as

1 Boyer's Food Markets, Inc.?

2 THE WITNESS: Boyer's Food Markets, Incorporated,
3 yes.

4 JUDGE TURNER: Okay. And then you state,
5 organization that you represent is PFMA.

6 THE WITNESS: That is the Pennsylvania Food Merchants
7 Association, Your Honor, which is a group of grocers,
8 convenience stores located throughout the state of
9 Pennsylvania.

10 JUDGE TURNER: Okay. And are you an officer in that
11 organization?

12 THE WITNESS: No, I am not. I am just a member of
13 the Pennsylvania Food Merchants.

14 JUDGE TURNER: Okay. Were you authorized to testify
15 on their behalf today?

16 THE WITNESS: Yes, I was.

17 JUDGE TURNER: Okay. Please go ahead and give your
18 statement.

19 THE WITNESS: Thank you, Your Honor.

20 I do have handouts that I'll hand out after I'm
21 finished, but one thing I would --

22 JUDGE TURNER: Do you prefer to hand them out after,
23 or now?

24 THE WITNESS: I can hand them out now. That will be
25 fine.

1 JUDGE TURNER: Okay. Let's go off the record
2 briefly.

3 (Discussion off the record.)

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

5 Mr. Boyer has handed out a two page statement. As he
6 was handing it out, he said he would like to keep certain
7 financial information proprietary, and I explained to him
8 that if it went into the record, it would be for public
9 consumption. However, Ms. Jones corrected me and said there
10 is a way to protect it.

11 And I just want to remind you that we can protect
12 this. Also, we don't have to put it into the record if
13 you're going to testify fully. So at the end of your
14 testimony, why don't we discuss again what you'd like to do
15 with it, okay?

16 THE WITNESS: Thank you very much.

17 JUDGE TURNER: Go ahead, Mr. Boyer.

18 THE WITNESS: Thank you, Your Honor.

19 My name is John Boyer. I am the vice president of
20 Boyer's Food Markets, Incorporated and I am also one of the
21 owners. We are a small family owned chain of 16 grocery
22 stores headquartered in Orwigsburg, which is in Schuylkill
23 County, Pennsylvania, and I appreciate the opportunity to
24 appear before you today regarding PPL's request for a rate
25 increase.

1 Boyer's operates 12 stores in the PPL territory
2 including Schuylkill, Luzerne, Berks and Northumberland
3 Counties. We employ approximately 850 associates in these
4 stores and we are always looking for opportunities to grow
5 our business.

6 Boyer's Food Markets is a GS-3 class user of
7 electricity and uses electricity for lighting, heating, air
8 conditioning and refrigeration for our perishable products.
9 Approximately half of our stores are 24 hour operations and
10 the rest of our stores are open at least 18 hours per day.
11 We do, however, use large amounts of electricity 24 hours a
12 day for our refrigeration purposes.

13 We devote approximately [NUMBER REDACTED] percent of
14 our operating budget for electricity purchases. Our utility
15 costs are exceeded only by our cost of labor and are equal
16 to our property rents. Our annual electricity costs exceed
17 [NUMBER REDACTED] dollars, so you can that an increase in
18 these expenses would affect us greatly.

19 Grocery stores are a high volume, hopefully, low
20 profit business where every penny counts. If a grocery
21 store operation makes a profit of 1 percent on their sales,
22 it would be considered a successful year.

23 If electricity rates go up, we at Boyer's can take
24 various steps. We could swith our electricity providers,
25 which we have done in the recent past. However,

1 opportunities for competitive shopping have not existed
2 lately.

3 We have also done re-lamping projects in some of our
4 stores. Replacing our current bulbs and ballasts with
5 energy efficient bulbs and ballasts has given us some relief
6 from rising electric costs.

7 These projects have shown good savings with two to
8 three year paybacks on them. However, the cost of these
9 projects run anywhere from \$20,000 to \$90,000 per store.

10 In an operation like ours, we can only afford to do
11 one or two of these projects per year. An example of one of
12 these projects, Your Honor, we recently re-lamped our
13 headquarters store in Orwigsburg at a cost of \$30,000 with a
14 projected annual savings in electricity of \$8,000. The
15 results of that are not in yet, but that was the projected
16 provided by us, by the vendor.

17 If I had a larger capital expenditure budget, I would
18 continue to do more of these projects going forward and
19 accelerate that because this is a way where I could possibly
20 save electricity. But like I said before, the cost of these
21 projects is prohibitive for an operator like myself.

22 Competitive pressures will not allow us to raise
23 prices due to an electricity price increase. Wal-Mart is
24 dominating the grocery business and pressure on prices is
25 high. Our other competition including Giant, Redners and

1 Weis Markets are all low price operators.

2 We would probably have to absorb any electricity
3 price increase and along with rising insurance costs, our
4 bottom line would shrink. Since labor is a large part of
5 our expense, we would probably not have to lay off employees
6 due to a rate increase, but employee hours would probably
7 need to be cut.

8 In conclusion, I'd like to thank Judge Turner for
9 allowing me the opportunity to testify and I urge her not to
10 approve PPL's request for a price increase. Thank you very
11 much, Your Honor.

12 JUDGE TURNER: Thank you, Mr. Boyer, and thank you
13 for coming to testify.

14 THE WITNESS: You're welcome.

15 JUDGE TURNER: Do you have questions, Mr. Kanaskie?

16 MR. KANASKIE: I have no questions, Your Honor.

17 JUDGE TURNER: Do you have questions, Mr. Sparks?

18 MR. SPARKS: No, Your Honor. Thank you.

19 JUDGE TURNER: Ms. Jones?

20 MS. JONES: Yes, I do, Your Honor. Thank you.

21 CROSS-EXAMINATION

22 BY MS. JONES:

23 Q. Mr. Boyer, in your statement, you allude to the
24 fact that you have shopped for electricity in the past.
25 Were you shopping for a supplier of electricity?

1 A. Yes.

2 Q. Okay. And you indicate that competitive
3 shopping has not existed lately. When was the last time
4 that you investigated a competitor?

5 A. We employ a firm by the name of Utili-Tech who
6 is very involved in utilities, trying to find savings for
7 utility costs for businesses.

8 And they have a price watch system I believe where
9 they are constantly monitoring markets and looking for those
10 opportunities to buy.

11 For me to try to shop my electricity myself, I
12 couldn't do it. I would need to go back to school, because
13 it's a daunting task to try to understand it, first of all,
14 and to monitor it is just -- so we have used Utili-Tech, who
15 has been very good to us, to try and monitor those rates or
16 those opportunities and make us aware of when those
17 opportunities arise. And they have not arisen in the last,
18 I'm not sure of the exact time period, but they have not
19 arisen in probably six months to a year, I don't believe
20 we've been able to competitively shop our electricity.

21 MS. JONES: Okay. Thank you, Your Honor.

22 JUDGE TURNER: Can you spell Utili-Tech for the
23 record?

24 THE WITNESS: U-T-I-L-I slash T-E-C-H, capital
25 T-E-C-H.

1 JUDGE TURNER: Thank you. And Mr. Russell, have you
2 got questions?

3 MR. RUSSELL: No questions, Your Honor.

4 JUDGE TURNER: Okay. Thank you very much, Mr. Boyer.

5 THE WITNESS: If I could speak to Mr. Tommor's, if I
6 could, take another minute? We --

7 JUDGE TURNER: It's a little unusual, but yes, go
8 ahead.

9 THE WITNESS: We are in fact a bill -- we take bills
10 for PPL as one of our services in our stores. In some of
11 our stores, we are authorized agents of PPL, and in other
12 stores we are not authorized agents of PPL where we take it
13 through a secondary bill paying service.

14 In fact, where we are an authorized taker of those
15 bills, there is no charge, and where we use the secondary,
16 there is that dollar charge that he was alluding to, so
17 hopefully that can clear some of that up.

18 JUDGE TURNER: Okay. Is it your perception that
19 PPL's policy changed in July of 2002?

20 THE WITNESS: I cannot answer that.

21 JUDGE TURNER: Okay. And do you give receipts?

22 THE WITNESS: I cannot answer that.

23 JUDGE TURNER: Okay.

24 THE WITNESS: I know with the secondary bill paying,
25 I believe there is a receipt.

1 JUDGE TURNER: Okay.

2 THE WITNESS: Yes.

3 JUDGE TURNER: Okay. Any questions about the
4 additional testimony?

5 (No response.)

6 JUDGE TURNER: Hearing none, okay. Thank you very
7 much, Mr. Boyer.

8 THE WITNESS: Thank you, Your Honor.

9 (Witness excused.)

10 JUDGE TURNER: Is there anyone else in attendance who
11 would like to give testimony?

12 (No response.)

13 JUDGE TURNER: What I will do is take a recess for
14 about 15 minutes to see if anyone else appears, but I guess
15 I would like to ask people in attendance if you think this
16 is a good location. There aren't many people here today,
17 and I wonder if there is a problem with the location, if we
18 should look for someplace else to locate our public inputs.
19 But right now, let's take a recess for 15 minutes.

20 (Recess.)

21 JUDGE TURNER: Good afternoon. I think it's time to
22 go back on the record. I think it's actually been longer
23 than a 15 minute recess.

24 I do want to check if there's anybody here who hasn't
25 testified who wants to testify. I would invite you to do so

1 at this point.

2 (No response.)

3 JUDGE TURNER: Hearing nothing, I will assume there's
4 no more public input testimony. I do want to tell counsel
5 something and I don't know if it's necessary to do this on
6 the record, but Judge Colwell brought up with Mr. Russell
7 how to handle letters in the public comment file that seem
8 to be complaints, that actually are similar in nature to
9 cases that come before the ALJs, and also how to handle
10 complaints that come up at the public input hearings, either
11 with a PP&L employee or on the record.

12 And Mr. Russell agreed that for those complaints that
13 came up at the public input hearing, PP&L would investigate
14 them and get back to the ALJs within ten days.

15 As to those letters in the public comment file, Judge
16 Colwell went through and did a summary of each document,
17 which I think is admirable, and at this point I have talked
18 to Dave Lewis or I've e-mailed him and Mr. Lewis and Judge
19 Colwell are going to get down and talk about those letters
20 because some of them may actually have already been assigned
21 to a BCS investigator. Many of the letters come through
22 BCS, and those that did not may be assigned to BCS as a
23 result of this inquiry.

24 Otherwise, eventually, I think the judges and PP&L
25 will work out an agreement whereby the complaints or what

1 are considered to be complaints are investigated and then
2 PP&L reports back to the judges.

3 Now, is there any other counsel that is interested in
4 that process? Mr. Sparks?

5 MR. SPARKS: If I may just ask that the OCA have
6 access to any reports, documents that may be generated
7 through that process. I don't know if we will request them
8 at all. I would just request that we have access to that
9 information.

10 JUDGE TURNER: Okay. You don't want to get copies,
11 you just want access?

12 MR. SPARKS: That's what I would ask for at this
13 point in time.

14 JUDGE TURNER: Access, all right. And you would get
15 access through PP&L?

16 MR. SPARKS: Well, either -- if PP&L is serving the
17 document, of course, we would get it that way. I don't know
18 if there would be any restriction on it. But we can
19 certainly address our request to PP&L, yes.

20 JUDGE TURNER: It seems to me that perhaps the
21 easiest way to do that would be for PP&L to serve you a
22 copy.

23 MR. SPARKS: Then that is how we will do it.

24 JUDGE TURNER: Okay. Is that acceptable to you, Mr.
25 Russell?

1 MR. RUSSELL: Yes, Your Honor.

2 JUDGE TURNER: Okay. But at least you know the
3 process is going on and if you want to participate,
4 otherwise you can contact Mr. Russell or Judge Colwell, and
5 it will be arranged at this point that OCA -- should we send
6 them to you, Mr. Sparks?

7 MR. SPARKS: They would probably be better to go to
8 James Mullins or Tanya McCloskey.

9 JUDGE TURNER: Okay. So either James Mullins or
10 Tanya McCloskey will be receiving them.

11 I don't believe there's any other --

12 MS. JONES: Yes, Your Honor.

13 JUDGE TURNER: Yes, there is.

14 MS. JONES: The matter of the statement of Mr. Boyer.

15 JUDGE TURNER: Yes. Thank you. Mr. Boyer, I
16 believe, is gone?

17 MS. JONES: No, he's still here.

18 JUDGE TURNER: Hi, Mr. Boyer. Thank you. The way
19 that doorway is set up, I can't see the first two people,
20 but that's okay. Let me see if I can do it right, and Ms.
21 Jones will correct me if I don't.

22 First of all, the two exhibits from Mackin and Tommor
23 were marked and then received simultaneously. Now, with Mr.
24 Boyer, we started to mark his exhibit but eventually the
25 exhibit was withdrawn.

1 And his testimony, which includes certain numbers,
2 will be shown with those numbers redacted by the court
3 reporter, and that way I believe his proprietary information
4 will be protected.

5 Are you satisfied with that, Mr. Boyer?

6 MR. BOYER: I am, and I thank you for that.

7 JUDGE TURNER: Okay. And Ms. Jones, is that all
8 correct?

9 MS. JONES: Yes. Thank you.

10 JUDGE TURNER: Okay. So I believe that deals with
11 everything. Are there any other off the record
12 conversations or agreements that we need to put on the
13 record? Mr. Russell, have we covered everything?

14 MR. RUSSELL: As far as I know, Your Honor.

15 JUDGE TURNER: Okay. And all other counsel are
16 satisfied?

17 MR. KANASKIE: Yes, Your Honor.

18 MR. SPARKS: Yes, Your Honor.

19 MS. JONES: Yes, Your Honor.

20 JUDGE TURNER: Okay. In that case, we will adjourn
21 for this afternoon and then I will see those of you who are
22 going to come to Allentown this evening in Allentown. Thank
23 you all for patience, and thank the members of the public
24 for coming. We really appreciate it. Adjourned.

25

1 (Whereupon, at 3:17 p.m., the hearing was adjourned,
2 to be reconvened at 7:00 p.m., this same day, in Allentown,
3 Pennsylvania.)

4 C E R T I F I C A T E

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

10
11 COMMONWEALTH REPORTING COMPANY, INC.

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13 John A. Kelly,
14 Certified Verbatim Reporter

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