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Rep. Phyllis Mundy  
Rep. Eddie Day Pashinski  
Rep. Mike Carroll  
June 28, 2007  
PPL testimony 120<sup>th</sup>-121<sup>st</sup>-118<sup>th</sup>

Good evening. My name is Rich Pronesti and I am here tonight to deliver testimony on behalf of State Representatives Phyllis Mundy, Eddie Day Pashinski, and Mike Carroll. We represent the 120<sup>th</sup>, 121<sup>st</sup>, and the 118<sup>th</sup> legislative districts. The members apologize for their absence, as the legislature is engaged in voting session and budget deliberations as we speak. We in Luzerne County appreciate your holding this hearing in Wilkes-Barre, allowing our citizens to comment on this rate increase proposal in our own community.

We are opposed to the rate hike proposed by PPL for one very simple reason: the burden is placed too heavily on average citizens who went through this just two short years ago.

This time around, PPL says they need to raise rates to produce additional annual operating revenues of \$83.6 million. Of the \$83.6 million, **\$78 million will be paid by residential customers – that's 93% of the total increase.**

**By contrast, a typical commercial customer faces only a 0.5% increase – while a typical industrial customer will actually be given a 0.3% decrease. Commercial and industrial customers have some ability to recover these costs through the price of their products. But where do retired citizens, residential customers, who thought they had saved and provided for their retirement find the additional money every month to pay these significant increases?**

The common Residential Service class customer faces an average overall increase of 6.8% - which is an approximate 20% increase in residential distribution rates. An RS customer, using 1000 Kilowatt hours per month, will see their bill go up \$6.62 a month. PPL is also proposing to raise their monthly Customer Charge for residential Service under Rate Schedule RS from \$7.96 to \$10.00.

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Wilkes-Barre  
Pronesti  
Exhibit #1  
6/28/07 JES

As I referenced earlier, residential customers went through this two years ago. In their 2004 request, PPL asked for a \$164.4 million increase in retail distribution operating revenues, yet that increase would have raised the average RS customer's bill by just 9.67% or \$7.58 monthly.

This means that PPL's 2004 request was twice as large as the current request, but the monthly increase for Residential Service customers was about the same as what they're proposing now. It doesn't make sense... if they're asking for half as much as they did last time, why is the increased monthly burden on residential customers the same as it was two years ago?

The big difference last time was that commercial and industrial customers also had to pay more. It makes sense – if you need to raise rates, raise rates for all classes, so that the financial burden can be shared.

But, it's not surprising that PPL went this route. In the 2005 increase, PPL put forth that no residential customer would face more than a 10% increase. That ensured the increase would, as said earlier, be spread more evenly. Big business, industry, and the small business advocate filed suit in Commonwealth Court over their share of the increase. Last year, the Court, in what we consider a dreadful decision, ruled that state regulators must set “nondiscriminatory reasonable rates.” So the PUC had little choice but to agree to a settlement with PPL which, as of August 1, raises residential rates by nearly 4%, while lowering commercial and industrial rates by as much as 5%!

That's right – **residential customers are facing a double increase, a “double whammy.”** A hit in August, and then another, should this rate increase be approved. Not **commercial or industrial customers**, who will have their tiny proposed increase eliminated, and their **rates actually reduced**, by this settlement. And that's why regular folks are bearing the brunt.

Besides taking more of the money from residential customers instead of commercial and industrial customers, PPL wants to put nearly \$4 million of this rate increase, over 3 years, into its brand new Sustainable Development Program (SDP). PPL is a public utility... not an economic development company. They should not charge one penny more than they absolutely

need to. **Pennsylvanians already fund economic development through a variety of state programs – paid for by their tax dollars. They shouldn't be asked to fund economic development through their electric bills as well, and PPL should not be given the power or authority to do so.**

PPL claims a rate increase is needed to handle costs. Costs are the same for all electric providers. One might ask: why haven't any other companies tried to **raise their rates by \$248 million over 3 years?**

We oppose this rate increase and urge the PUC to consider denying or at least dramatically reducing and redistributing the amount more fairly over the various consumer classes. We thank you for your consideration.

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My name is Michael F. Basta, my address is 3924 Crestwood Drive, Schnecksville, Pa.  
I have a Bachelor of Science degree in Electrical Engineering from the Pennsylvania  
State University a Masters of Science degree in Electrical Engineering from Lehigh  
University. I am also a registered Professional engineer and a Certified Safety  
Professional, certified by the Board of Certified Safety professionals. I have over 37  
years of experience in the Electric Utility Business.

I would like to thank you for the opportunity to provide feedback to you on PP&L Rate  
Increase Request:

How much profit does a company need? In 2006, PPL reported annual profit of  
\$868,000 million. James Miller PPL's chief executive officer had a paycheck worth  
about \$5.6 million. They are pushing rate hikes on people (residential) who can't afford  
it, there is a significant question of affordability of the rates proposed. There was a rate  
increase of 8.3% in 2005; 5.3% in 2006; 3.8 % in August of 2007 and finally a 6.85 %  
proposed in 2008. An aggregate of approximately 26% increase in the residential rates.

How many residential customers can afford these increase, these increase exceed the rate  
Of inflation.

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Michael F.  
Basta  
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WTC/June  
Exhibit #1  
6/28/07 JES

At my residence I have had a number of interruptions, the interruptions did not occur in periods of storms. My last interruption occurred on June the 13,2007 at 7:40 AM, I called PPL to get a sense of what caused the interruption, because it was sunny day with no wind. I still haven't received an explanation for the interruption.

I do have some digital pictures which might, give you some insight of the possible issue, You can see the primary electric line going through a tree, tree trimming is an necessity here.

There is another picture which shows a transformer and you can see the tree is into the transformer and also into primary distribution line. Last year 2006 we had interruption from squirrels in the primary distribution line, a squirrel guard could help resolve the issue.

On June 13, 2007 I requested a copy of a class cost-of-service study, which I still haven't received. I wanted to comment on the study this evening, but it is difficult with out having the study.

My last topic is Power Factor: Power Factor is the ratio of Work Energy (KW) to total Energy (KVA), it's really a measure on how effectively you use your power.

PP&L has installed AMR meters which have a short pay back period and eliminates the need for meter readers. These new meter have the capability of recording load profiles, power factors etc. I am disappointed that PPL has not requested to change the tariff so that company's that have a good power (nominally 90%) and use power more efficiently would not be penalized the same way as company's that have a bad low

factor and are not using energy efficiently.

Those costs are distributed across the rate base. By not addressing the power factor issue there are increases energy-related costs, reduces the efficiency of the electric distribution system and increases line losses which all costs more money and is passed on to the rate payers.

There is no reason for a customer to correct the power factor unless there are incentives in the tariff. PPL corrects power factor on distribution line which is not efficient as if the customer corrected power factor at the customer's site.

I would hope that PPL would consider making this tariff change, for the sake of efficiency and the environment.

Since I have not received the class cost-of-service study, I ask that the record be kept open, till I get the study and have an opportunity to review the study and make comments.

Thank you for the opportunity of speaking here this evening.



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R-00072155 Michael Basta  
Wilkes-Barre 6/22/07 JES  
Exhibit #2

