

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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:
Pennsylvania Public Utility Commission : Docket No.
vs. PPL Electric Utilities Corporation : R-00072155
Rate Increase. :
:
Public input hearing. :
:
-----X

Pages 57 through 71

Allentown City Hall
City Council Chambers
435 Hamilton Street
Allentown, Pennsylvania

Friday, June 22, 2007

Met, pursuant to adjournment, at 7:10 p.m.

BEFORE:

DAVID SALAPA, Administrative Law Judge
Substituting for ALJ SUSAN D. COLWELL

APPEARANCES:

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(For the Office of Trial Staff)

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WITNESSES

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(None.)

FORM 2

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE DAVID SALAPA: This is the
3 time and the place that the Pennsylvania Public Utility
4 Commission has set for a public input hearing in the case
5 captioned Pennsylvania Public Utility Commission, et al. vs.
6 PPL Electric Utilities Corporation at Docket No. R-00072155.

7 My name is David Salapa. I am the Administrative Law
8 Judge that has been assigned to this proceeding due to the
9 incapacity at the moment of Administrative Law Judge
10 Susan Colwell.

11 As you are aware, this case has a proposed rate
12 increase of \$83.6 million. The effective date of the
13 proposed new rates will be January 1, 2008.

14 First I'm going to give a little bit of background on
15 this rate investigation and what will happen, and how you
16 can participate in the hearing.

17 I will then ask counsel for the various entities here
18 with me to make a short statement and explain the roles that
19 they play in a rate case before the Public Utility
20 Commission.

21 The court reporter that you see here is going to
22 transcribe everything that is said. So remember that you
23 cannot talk over one another. Two people cannot talk at
24 once.

25 Please turn off all cell phones, pagers, or other

1 electronic devices that make beeping noises and will
2 interrupt the hearing. Please conduct any conversations you
3 may wish to have outside of this courtroom.

4 PPL filed its proposed rate increase on March 29,
5 2007. And it affects only its distribution rates.

6 Right now your electric bill comprises three separate
7 components. These components are a distribution component,
8 which includes all of the facilities for billing, metering
9 and maintenance in the wires themselves.

10 Second, generation, which is the cost of the
11 electricity itself. And third is transmission; the charge
12 for moving electricity from the generation facility to the
13 distribution lines of the company.

14 This case is limited to the cost that PPL can charge
15 you for distribution, or the cost of delivering the
16 electricity to your home or business.

17 On May 30, 2007, the Commission suspended the
18 effective date of the rate increase request until January 1,
19 2008, and directed an investigation and hearings be held.

20 The investigation will be carried out by parties and
21 persons who have intervened or filed complaints. Among
22 those are the following.

23 The Office of Consumer Advocate, which represents the
24 interests of residential customers as a whole; the Office of
25 Small Business Advocate, which represents the interests of

1 small commercial and industrial customers; PPL Industrial
2 Customers alliance, which represents large consumption
3 customers; the Commission's Office of Trial Staff, which
4 represents the public interest as a whole; the Commission on
5 Economic Opportunity, which assists the low-income
6 population of Luzerne County to deal with rising utility
7 costs through counseling, payment assistance and energy
8 conservation measures; and the Sustainable Energy Fund,
9 which represents the promotion, research and investment in
10 clean and renewable energy technologies, energy
11 conservation, energy efficiency; and Sustainable Energy
12 Enterprises, which provide opportunities and benefits for
13 PPL ratepayers.

14 These are the parties to this rate investigation.

15 At the prehearing conference that was held on May 31,
16 2007, a schedule was set for hearings, discovery meetings
17 and settlement meetings.

18 The parties have already had one informal discovery
19 conference with the company, and there has been one
20 settlement meeting.

21 Public input hearings are being held today in
22 Bethlehem and Allentown, June 27 in Harrisburg, and June 29
23 in Scranton and Wilkes-Barre.

24 Hearings to take technical evidence are to be held
25 the week of August 13, in Harrisburg.

FORM 2

1 Before these hearings, the parties will submit
2 testimony in writing. And at the hearings, the witnesses
3 who submitted the testimony will be cross-examined.

4 Parties will file briefs on September 5 and
5 September 17, and the recommended decision on this case is
6 due on October 21.

7 The parties will be able to file written exceptions
8 if they do not agree with the recommended decision. After
9 that the Commission will evaluate the evidence, the
10 recommended decision, and any exceptions of the parties, and
11 will enter a final order at the December 20, 2007, public
12 meeting.

13 That order will become the final Commission order in
14 this proceeding.

15 The purpose of this public input hearing is to hear
16 from the public regarding the utility's existing and
17 proposed rates and service.

18 The Commission's policy gives the consumer three
19 options. First, the consumer may testify formally under
20 oath or affirmation, and be subject to cross examination.

21 Second, the consumer may make an unsworn or
22 unaffirmed statement. It will be off the record, and will
23 not be subject to cross examination. The court reporter
24 will not transcribe the statement, and it will not be
25 considered by the Commission in its decision.

1 Third, the consumer may provide information to the
2 Commission's Office of Trial Staff, the Consumer Advocate,
3 or the Small Business Advocate for their possible use at the
4 hearings in Harrisburg, at their discretion.

5 I would encourage anyone who wants to, to testify
6 under oath so that the Commission can use the testimony to
7 the extent that it meets the rules of evidence.

8 I will now ask if anyone wants to testify at this
9 point, please sign the sheets that are outside, on the table
10 outside the door in the hallway.

11 There's also some material there from the Office of
12 Consumer Advocate, as well as PPL and the Commission. These
13 materials help explain the process and the roles of the
14 various parties in this process.

15 Before we begin with opening statements, if there is
16 anyone who has a written statement that they are going to
17 read from, and they have extra copies, please provide them
18 to the court reporter before you begin to read them. That
19 will make it easier for the court reporter to hear what
20 you're saying, and a lot easier to refer to later.

21 This is a legal hearing. Everyone who testifies as a
22 member of the public has a right to give testimony free from
23 interruptions, comments, or other heckling of any kind.

24 If there are any interruptions, I will recess the
25 hearing until order is restored. If there are multiple

1 interruptions, I will terminate this hearing.

2 Please limit your remarks to the subject of this
3 case. If you have questions, you can talk to any of the
4 attorneys present here after the hearing. Or you may call
5 the Commission's Bureau of Consumer Services or the Office
6 of Consumer Advocate.

7 Now, counsel for the parties, beginning with PPL,
8 will make brief statements.

9 Mr. Russell.

10 MR. RUSSELL: Thank you, Your Honor.

11 My name is Paul Russell. I'm one of PPL's in-house
12 lawyers, and one of the lawyers representing PPL Electric in
13 this rate case proceeding.

14 The purpose of today's hearing is to receive the
15 public's thoughts and concerns. So I'll just quickly
16 summarize our filing.

17 We're asking the Commission for permission to
18 increase our distribution rates by \$83.6 million. This
19 equates to an increase in total rates of about 2.7 percent.

20 Any rate change allowed by the Commission wouldn't go
21 into effect until January 1, 2008.

22 Our filing also includes a number of proposals to
23 assist our customers and the communities we serve.

24 Three of those proposals are, first, new energy and
25 demand side management programs; second, expanded universal

1 service programs for low-income customers; and third, a
2 sustainable development program for local communities.

3 Anyone who's interested in the details of any of our
4 proposals can review the company's entire filing on line at
5 www.pplelectric.com.

6 In conclusion, I want to mention one housekeeping
7 matter. Kathy Frazier, one of our regional community
8 relations directors is in the audience tonight. And she can
9 answer any questions about individual service or rates.

10 Thank you.

11 JUDGE SALAPA: Mr. Mickens.

12 MR. MICKENS: Thank you, Your Honor.

13 Good evening. My name is Kenneth L. Mickens. I'm a
14 senior prosecutor with the Commission's Office of Trial
15 Staff.

16 The Office of Trial Staff is a quasi-independent
17 office of the Public Utility Commission. And we're charged
18 under Pennsylvania law with the requirement of prosecuting
19 utility rate cases in the public interest.

20 And the public interest means that we have to
21 consider both the interests of the company and the
22 ratepayer.

23 Supporting me in this proceeding are a group of
24 accountants and engineers who are examining the company's
25 filing at this time. And we will be filing testimony with

1 regard to that filing next month.

2 But we're here tonight to hear from the ratepayers.
3 We would like to know what you think about this filing.

4 I would urge you in connection with that, that any
5 comments that you make, that you make them on the record,
6 under oath, so that your comments may be used by the
7 parties, the Administrative Law Judge, and ultimately the
8 Commission when they make their final ruling in this
9 proceeding.

10 Again, thank you for coming.

11 JUDGE SALAPA: Ms. Wong.

12 MS. WONG: Thank you, Your Honor.

13 My name is Darlene Wong. I'm from the Pennsylvania
14 Office of Consumer Advocate. And my office represents
15 residential customers of utility companies in Pennsylvania
16 before the Public Utility Commission.

17 We represent consumer interests in rate cases such as
18 this one, and also complaint cases which may have to do with
19 service quality complaints.

20 In this case, as you know, the company has proposed
21 an increase in revenues of \$83.6 million, which is 2.7
22 percent on an overall basis; or on a distribution basis,
23 that increase is 13 percent.

24 Our office will examine all elements of the company's
25 filing. And we have hired experts in the utility field to

1 help ensure that each element of service of the company
2 seeks to recover in rates is appropriate.

3 So I would encourage any consumers here to testify on
4 the record so that your input would become part of the
5 record, that we can then site to in support of our case.

6 Also I would be available afterwards for any
7 questions. And we have information outside the doors for
8 anybody who would like more information about the Office of
9 Consumer Advocate.

10 JUDGE SALAPA: Mr. Gray.

11 MR. GRAY: Thank you, Your Honor.

12 Good evening. My name is Steve Gray. I'm an
13 Assistant Small Business Advocate for the OSBA. We
14 represent small businesses across the commonwealth who are,
15 like His Honor said, typically small commercial and
16 industrial customers

17 Thank you very much.

18 JUDGE SALAPA: I do not have any people who have
19 signed the appearance sheet requesting to speak at this
20 public input hearing. I will ask if there is anyone in the
21 audience at this point that wishes to step forward and
22 testify.

23 (No audible response.)

24 JUDGE SALAPA: I hear no response, and assume that
25 there is no one present who wishes to testify at this point.

1 I don't think we have any other business to transact.
2 This public input hearing is adjourned.

3 (Whereupon, at 7:23 p.m., the hearing was adjourned,
4 to reconvene at 7:00 p.m. on June 27, 2007, in Harrisburg,
5 Pennsylvania.)

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C E R T I F I C A T E

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

COMMONWEALTH REPORTING COMPANY, INC.

By: William J. Horst
William J. Horst

2007 JUN 27 AM 9:32
SECRETARY'S BUREAU

FORM 2

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