

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

ORIGINAL

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 :
Pennsylvania Public Utility Commission :
versus PPL Electric Utilities Corporation. : Docket No.
 Supplement No. 54 to Tariff Electric - : R-00072155
 Pa. P.U.C. No. 201 Proposing a :
 Distribution Only Rate Increase. :
 :
 Public Input Hearing :
 :
 -----X

Pages 24 through 56

Bethlehem Town Hall
City Center Rotunda
10 East Church Street
Bethlehem, Pennsylvania

**DOCUMENT
FOLDER**

Friday, June 22, 2007

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

BEFORE:

DAVID SALAPA, Administrative Law Judge

APPEARANCES:

PAUL RUSSELL, Esquire
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 (For PPL Electric Utilities Corporation)

DOCKETED
JUN 27 2007

J.M.

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 (For Office of Trial Staff)

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14

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FORM 1

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE DAVID SALAPA: Let's go on
3 the record.

4 This is the time and the place that the Pennsylvania
5 Public Utility Commission has set for a public input hearing
6 in the case captioned, Pennsylvania Public Utility
7 Commission, et al. versus PPL Electric Utilities Corporation
8 at Docket No. R-00072155.

9 I am Administrative Law Judge David Salapa. I am
10 sitting in place of Administrative Law Judge Susan Colwell
11 for this public input hearing.

12 As you know, this case is a proposed rate increase of
13 \$83.6 million. The effective date of the new rates will be
14 January 1, 2008. First I'm going to give a little bit of
15 background regarding this matter and what will happen and
16 how you can participate in this hearing.

17 After that, the lawyers for PPL, Consumer Advocate,
18 Small Business Advocate and Office of Trial Staff will make
19 short opening statements and explain what roles they play in
20 this case.

21 The court reporter that you see over there is here to
22 transcribe everything that is said, so please remember, if
23 you're going to speak, you cannot talk over each other. Two
24 people cannot talk at once. Also during the hearing, I
25 would appreciate it if you would turn off any cell phones,

1 pagers, beepers or anything else that makes noise that would
2 disrupt the proceeding.

3 If you need to speak to someone, I would appreciate
4 it also if you would conduct that conversation outside the
5 hearing room.

6 PPL filed this proposed increase on March 29, 2007,
7 and it affects only the distribution rates for PP&L. Your
8 electric bill now comprises several different parts or
9 components. These components include a distribution charge
10 which includes the cost of facilities for billing, meter
11 reading, maintenance and the wires themselves; a generation
12 cost, which is the cost of the electricity itself; and
13 transmission costs, which are the charge for moving
14 electricity from a generation facility to the distribution
15 lines of the company.

16 This particular case is limited to the cost that PP&L
17 can charge you for distribution or the cost for delivering
18 the electricity to your home or business.

19 On May 30, 2007, the Commission suspended the
20 effective date of this rate request until January 1, 2008
21 and directed that an investigation and hearings be held.
22 The investigation will be mostly carried out by the parties
23 and persons who have intervened or filed complaints. That
24 would be the Office of Consumer Advocate, which represents
25 the interests of the residential customers as a whole; the

1 Office of Small Business Advocate, which represents the
2 interests of small commercial and industrial consumers; PP&L
3 Industrial Consumers Alliance, which represents large
4 consumption consumers; the Commission's Office of Trial
5 Staff, which represents the public interest as a whole; and
6 the Commission on Economic Opportunity which assists low
7 income populations in Luzerne County to deal with rising
8 utility costs through counseling, payment assistance and
9 energy conservation measures as well as the Sustainable
10 Energy Fund which represents the promotion, research and
11 investment in clean and renewable energy technologies,
12 energy conservation, energy efficiency and sustainable
13 energy enterprises, which provides opportunities and
14 benefits for PP&L ratepayers. These are the parties to this
15 particular rate investigation.

16 At the pre-hearing conference that was held on May
17 31, 2007, a schedule was set forth for hearings, discovery
18 meetings and settlement meetings. The parties have already
19 had one informal discovery conference with the company and
20 there has been one settlement meeting.

21 There are public input hearings that are being held
22 today in Bethlehem and Allentown; on June 27th in
23 Harrisburg, and on June 28th in Scranton and Wilkes-Barre.

24 The actual hearing on technical evidence to take the
25 actual, factual evidence will be held the week of August

1 13th in Harrisburg. Before these hearings, the parties will
2 submit their testimony in writing, and at the hearing the
3 witnesses who submitted the testimony will be cross-
4 examined. The parties will file briefs on September 5th and
5 September 17th, and a recommended decision is due on October
6 21st. The parties will be able to file written exceptions
7 if they do not agree with the recommended decision. After
8 that, the Commission will evaluate the evidence, the
9 recommended decision, the exceptions of the parties and they
10 will enter a final order at the December 20, 2007 public
11 meeting.

12 The purpose of this public input hearing is to hear
13 from you regarding the utility's existing and proposed rates
14 and services. The Commission's policy regarding public
15 input hearings gives you three options in order to make your
16 testimony known.

17 Number one, you may want to testify formally under
18 oath and be subject to cross-examination by counsel seated
19 here. Number two, you may make an unsworn statement. It
20 will be off the record and not subject to cross-examination.
21 The court reporter will not transcribe your statement and
22 the Commission will not consider it in any decision that it
23 makes. Number three, you may provide information to the
24 Commission's Office of Trial Staff, the Consumer Advocate or
25 Small Business Advocate for their use at the hearings in

1 Harrisburg at their discretion.

2 I would encourage you to testify under oath so that
3 the Commission can use your testimony to the extent that it
4 meets the Rules of Evidence.

5 I don't know that I'm going to have to impose time
6 limits. There doesn't appear to be a large number of people
7 present who are at this point willing to testify, but please
8 keep your remarks concise and to the point.

9 If someone has said something prior to you testifying
10 and you were going to say the same thing, you can simply say
11 that you agree with what the prior witness has said.

12 If you want to testify and have not already done so,
13 there is a list, I think it's on the table outside the door,
14 and I believe Consumer Advocate's Office and PP&L have some
15 materials as well. I think the Commission has brought along
16 some materials as well explaining the whole ratemaking
17 process.

18 Now, before we begin with the statements of counsel,
19 there are a few points that I want to make. First, if you
20 are reading from a prepared statement and you have an extra
21 copy of your statement with you, please give it to the court
22 reporter before you begin to read. It will make it a lot
23 easier for the court reporter and a lot easier for reference
24 later.

25 Second, this is a legal hearing. Anyone who

1 testifies is entitled to the respect and consideration that
2 that engenders. Persons should be free from interruption,
3 comments of others or heckling of any other kind. If there
4 are interruptions, I will stop the hearing until order is
5 restored. If the disruption continues, I will terminate the
6 hearing.

7 I would ask that anybody testifying limit their
8 remarks to the subject of the case. If you have questions,
9 you can talk to any of these illustrious counsel here after
10 the hearing. You may also contact the Commission's Bureau
11 of Consumer Services or the Office of Consumer Advocate.

12 When it is your turn to speak, I will ask for your
13 name, address and place of employment. This is necessary in
14 order for your testimony to be considered in this
15 proceeding.

16 Now I will turn to counsel for the parties, beginning
17 with Mr. Russell, to make some brief remarks. Mr. Russell?

18 MR. RUSSELL: Thank you, Your Honor.

19 My name is Paul Russell. I'm one of PPL's in-house
20 lawyers and I'm one of the lawyers representing the company
21 in this case.

22 At the outset, I'd like to thank everyone for
23 attending today's hearings. Public input hearings provide
24 valuable input to rate cases. Your testimony today will be
25 carefully reviewed by the company, by the Advocates' office,

1 by the Trial Staff, ultimately by the Judge and by the
2 Commission. So if you have any views on the case, I would
3 urge you to testify today.

4 The purpose of today's hearing is to get your
5 thoughts and concerns, so I'll be very brief in summarizing
6 our filing. As Judge Salapa has already said, the company
7 is asking for \$83.6 million. The effective date would be
8 January 1, 2008.

9 Our filing also includes a number of proposals that
10 we have developed to help our customers and the communities
11 that we serve. Very quickly, we are proposing some new
12 energy and demand side management programs. We are
13 proposing to expand our universal service programs for low
14 income customers, and we have developed a sustainable
15 development plan for whole communities in our service
16 territory.

17 If you're interested in the details of any of these
18 proposals or any other part of our filing for that matter,
19 you can review the entire case on line at
20 www.pplelectric.com.

21 In conclusion, I'd like to mention one housekeeping
22 matter. We have another PPL employee with me today, Kathy
23 Frazier. Kathy is sitting in the second row in the middle
24 there. Kathy is one of our community relations directors
25 and she's here today and can answer any questions you have

1 about your rates or your service. So either at the end of
2 the hearing or if we're in a break, Kathy can help you out
3 if you have any questions.

4 Again, thanks for attending and I look forward to
5 hearing your comments.

6 JUDGE SALAPA: Ms. Wong?

7 MS. WONG: Thank you, Your Honor.

8 Hi, my name is Darlene Wong. I am an attorney from
9 the Pennsylvania Office of Consumer Advocate and our office
10 represents Pennsylvania's utility customers in proceedings
11 before the Public Utility Commission, and that can involve
12 rate increase requests by the companies. It can also
13 involve complaints about service quality. So we're really
14 interested in hearing from the consumers in this case.

15 As you know, PP&L has proposed a tariff which if
16 approved would allow the company a residential revenue
17 increase of \$83.6 million or an increase of 2.7 percent on
18 an overall basis. On a residential basis, that would be an
19 increase of 13 percent.

20 Our office is reviewing all elements of the company's
21 filing and we hired experts in the utility field to help
22 ensure that every element of that service that the company
23 seeks to recover in rates is justified and appropriate.

24 So I would really encourage you to testify on the
25 record so that your input becomes part of the evidentiary

1 record which we can then use to support our case in briefs
2 and in arguments.

3 Also, if you have any questions that I can help you
4 with at the conclusion of the hearing, please feel free to
5 let me know, come up and talk to me. I've also placed some
6 information outside the doorway by the glass doors with
7 general information about our office and also a toll-free
8 number should you need to contact us sometime in the future.

9 So thank you for coming today, and I'll look forward
10 to hearing from you.

11 JUDGE SALAPA: Mr. Gray?

12 MR. GRAY: Thank you, Your Honor.

13 Good afternoon. My name is Steve Gray. I'm with the
14 Office of Small Business Advocate. As Your Honor said
15 before, we represent the small businesses across the
16 Commonwealth, typically the small commercial and industrial
17 classes.

18 The other people here have encouraged you to testify
19 on the record this afternoon, and that is always very
20 valuable to us and particularly to my office. If you happen
21 to represent a small business in this area, please do
22 testify on the record. It is helpful for us. It's helpful
23 for the Judge and for the Commission as well.

24 Thank you very much and thank you for coming.

25 JUDGE SALAPA: Mr. Mickens?

1 MR. MICKENS: Good afternoon. My name is Kenneth
2 Mickens. I'm a Senior Prosecutor with the Commission's
3 Office of Trial Staff. We're charged under Pennsylvania law
4 with prosecuting utility rate cases in the public interest,
5 and that means that we have the responsibility of
6 considering both the interests of the utility and the
7 interests of the ratepayer.

8 In my office, we have accountants and engineers that
9 are assisting me in reviewing this filing by PPL
10 Distribution. We're going to be filing testimony next month
11 concerning the issues in this case.

12 However, today, we would like to hear from you, the
13 ratepayer, what you feel about this increase, what your
14 position is, any testimony that you have that can be helpful
15 to us.

16 As has been stated earlier, I urge you to testify on
17 the record so that I may use your testimony in my brief and
18 the Commission can consider your testimony when they make
19 their final decision in this case.

20 If you have any questions concerning my office, you
21 can see me at a break or at the conclusion of this
22 proceeding. Again, thanks for coming today.

23 JUDGE SALAPA: Thank you, counsel.

24 At this point, I think I will go right to the list of
25 people that have signed in, and the first person that I have

1 on my list is Janet Ney, N-E-Y. Ms. Ney, if you would like
2 to step up to the podium? Do you wish to testify on the
3 record, Ms. Ney?

4 MS. NEY: I do.

5 JUDGE SALAPA: Could you please raise your right
6 hand?

7 Whereupon,

8 JANET NEY

9 having been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 JUDGE SALAPA: Could you please state and spell your
12 name for the record?

13 THE WITNESS: My name is Janet Ney, N-E-Y.

14 JUDGE SALAPA: And where do you live?

15 THE WITNESS: I live in Allentown, Pennsylvania.

16 JUDGE SALAPA: Could you give us the street address?

17 THE WITNESS: 823 North 25th Street.

18 JUDGE SALAPA: And how are you employed?

19 THE WITNESS: I am the Associate Executive Director
20 of the Community Action Committee of the Lehigh Valley.

21 JUDGE SALAPA: And are you a PP&L customer?

22 THE WITNESS: I am.

23 JUDGE SALAPA: You have a statement you wish to make?

24 THE WITNESS: Yes.

25 JUDGE SALAPA: Please go ahead.

1 THE WITNESS: I do have written copies. Do you want
2 them now? I've given copies to the reporter, but I have
3 additional copies.

4 JUDGE SALAPA: Why don't you distribute them now.
5 That will make it easier for everyone to follow along.

6 THE WITNESS: All right.

7 (Pause.)

8 JUDGE SALAPA: Please proceed.

9 THE WITNESS: Thank you.

10 As I said, my name is Janet Ney. I'm the Associate
11 Executive Director of the Community Action Committee of the
12 Lehigh Valley. As you know, our organization is dedicated
13 to problem solving in order to improve the lives of low
14 income people and, in the end, to eradicate poverty. We are
15 engaged in community economic development and the provision
16 of human services throughout the two county area.

17 Our community revitalization work is providing
18 significant enhancements to the quality of life, especially
19 in the inner city areas of Allentown, Bethlehem and Easton.
20 We have more than a 40-year track record of working with the
21 local low income population. We are grateful for the
22 opportunity to present a few insights pertinent to the rate
23 increase request before us today.

24 Low income people in the Lehigh Valley cannot afford
25 the current cost burden of living here. The fair market

1 rent of \$791 for two bedrooms requires an hourly wage of
2 \$15.21, more than double the new minimum wage that goes into
3 effect on July 1st. This hourly rate requirement has risen
4 18 percent in just two years. Rising fuel costs have had an
5 impact on people in two ways. First, it's much more
6 expensive to get to and from work; and second, the Second
7 Harvest Food Bank, one of our programs, reports that the
8 cost of food has risen about 15 percent over the past year
9 due to those fuel costs.

10 Even households earning the median income of \$48,957
11 per year are shut out of the local housing market if they
12 adhere to the standard that housing should represent 30
13 percent of your household income.

14 Recently, Community Action published two documents
15 that provide data in this regard. A total of 350 households
16 were interviewed at food pantries and soup kitchens
17 throughout the six county area served by the Second Harvest
18 Food Bank. One significant finding of that effort is that
19 54 percent of the households surveyed are paying more than
20 half of their monthly income for housing, that is, rent,
21 heat and utilities. As noted previously, a household is
22 considered cost burdened if more than 30 percent of the
23 household's income is spent on housing. A recent affordable
24 housing study revealed that more than 60 percent of very low
25 income households are cost burdened. The statistics abound;

1 the day to day existence of low income households becomes
2 more and more challenging.

3 The point is that low income people, both working and
4 unable to work, cannot afford their existing expenses.
5 Therefore, they are unable to afford any rate increase
6 whatsoever.

7 We deeply appreciate the company's recognition of
8 this harsh reality as evidenced by the significant increase
9 in their array of intervention programs noted in their rate
10 request. In the interest of full disclosure, I should note
11 here that our agency has long administered some of these
12 programs. We work closely with PPL and can attest to the
13 sincerity of the company's commitment to these valuable
14 programs.

15 Until recently, we administered PPL's Operation Help
16 program. Currently, we operate OnTrack, PPL's Customer
17 Assistance Program and WRAP, PPL's Weatherization Program.
18 During the last few years, we have also been responsible for
19 PPL's Solar Water Heating Program. In the last 12 months,
20 we served more than 6,500 income eligible households in the
21 OnTrack program. In the coming year, we expect to enroll
22 4,650 new participants in this program for payment troubled
23 customers. At the same time, we anticipate weatherizing 350
24 housing units occupied by low income families through the
25 PPL WRAP program.

1 MR. GRAY: No objection.

2 (Whereupon, the document was marked
3 as Ney Exhibit No. 1 for
4 identification and received in
5 evidence.)

6 JUDGE SALAPA: The next person that I have on my list
7 of people who wish to testify is Judi Monacelli, if you
8 would come on down and stand at the podium. Do you wish to
9 testify on the record?

10 MS. MONACELLI: Yes.

11 JUDGE SALAPA: Please raise your right hand.

12 Whereupon,

13 JUDI MONACELLI

14 having been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 JUDGE SALAPA: Please state and spell your name.

17 THE WITNESS: My name is Judi Monacelli, J-U-D-I,
18 M-O-N-A-C-E-L-L-I.

19 JUDGE SALAPA: And where do you live?

20 THE WITNESS: I live at 400 Gaffney Hill Road in
21 Easton, Pennsylvania.

22 JUDGE SALAPA: And how are you employed?

23 THE WITNESS: I'm self-employed.

24 JUDGE SALAPA: And what is the nature of your self-
25 employment?

1 THE WITNESS: I am co-owner of Freewheel Services.
2 We are a residential electrician and handyman company.

3 JUDGE SALAPA: And are you a customer of PP&L?

4 THE WITNESS: Yes.

5 JUDGE SALAPA: If you have a statement to make for
6 the record, proceed.

7 THE WITNESS: I don't have anything formal in
8 writing. I wanted to say first off that I made a complaint
9 to the PUC about this, saying that I felt some of our lines
10 to our residential area had not been updated, and claiming
11 to get money to pay for updates, well, it just wasn't being
12 done in my area.

13 I did get an amazingly quick response from PP&L, and
14 a gentleman who is in the audience here came out to my
15 house, saw my concerns and they've been addressed except for
16 the matter of the rate increase which he, of course, could
17 not say anything about.

18 Basically, you know, it says, under the law, the
19 utility is entitled to recover reasonable incurred expenses,
20 and I just don't think that PPL has proven that they need to
21 increase the rates this much this quickly after the last
22 rate increase, and in the face of this looming huge increase
23 that we're going to see in 2010.

24 If my Pennsylvania rates go up, I am going to face a
25 hardship. Being self-employed, I don't make a tremendous

1 amount of money, even though I work a tremendous amount of
2 hours, and I am not working today which means I don't get
3 paid today to attend this hearing.

4 I have rental properties where my tenants pay
5 electric heat, and I have to keep my rents extremely
6 moderate in order to keep a good tenant. I cannot increase
7 my rent to pay for other Bethlehem utility services, water
8 and sewer, that go up consistently, taxes, and keep them
9 because they won't be able to afford their heat.

10 It's a little ridiculous to see consistently in the
11 local papers how PP&L has made consistently very excellent
12 profits and the whole issue of the \$20 million to one of the
13 executives. People have written into the paper about that.
14 I've seen several comments in the letters to the editor.
15 They pay their people very well, which is wonderful, one of
16 the few Valley industries that still exist that do pay
17 people well. But I just don't think that this is justified
18 at this time and it's going to be a hardship in the face of
19 increasing costs, as the woman who spoke before me said,
20 with gasoline prices, oil prices. I mean, I'm paying five
21 times as much in heating oil as I paid just six years ago.
22 That's a tremendous amount difference, and this is going to
23 become a hardship.

24 I already am at extremely conservative electricity
25 use. I pay my bill on time. I pay it in full every month,

1 and I actually get one of those little "thank you for being
2 a good customer" at the end of the year from PP&L, and I
3 have for 20 years.

4 So I just don't think at this point in time that what
5 you're asking for, PPL, is justified. I know that you might
6 want to make some more money. That's okay. What I'm asking
7 you is to consider lowering what you're asking for so we can
8 try to moderate that just a little bit more. Thank you.

9 JUDGE SALAPA: Any cross-examination for this
10 witness, counsel?

11 MR. RUSSELL: No, Your Honor.

12 MR. GRAY: No, Your Honor.

13 MS. WONG: No, Your Honor.

14 MR. MICKENS: No, Your Honor.

15 JUDGE SALAPA: Very well. Thank you for coming and
16 testifying.

17 THE WITNESS: Thank you, sir.

18 (Witness excused.)

19 JUDGE SALAPA: Next on my list I have Matt Vrabel, if
20 you would please step up to the podium. Do you wish to
21 testify on the record?

22 MR. VRABEL: Yes, please.

23 JUDGE SALAPA: Please raise your right hand.

24 Whereupon,

25 MATTHEW VRABEL

1 having been duly sworn, testified as follows:

2 DIRECT TESTIMONY

3 JUDGE SALAPA: Please state and spell your name for
4 the record.

5 THE WITNESS: It's Matthew Vrabel, V as in Victor
6 R-A-B-E-L.

7 JUDGE SALAPA: And your address?

8 THE WITNESS: 4129 Wilson Avenue, Bethlehem Township.

9 JUDGE SALAPA: And how are you employed?

10 THE WITNESS: I work at PP&L, actually, at Martin's
11 Creek Power Plant. In fact, I work tonight.

12 JUDGE SALAPA: And I assume you're a customer of PPL?

13 THE WITNESS: Yes, I am.

14 JUDGE SALAPA: And do you have a statement you'd like
15 to make?

16 THE WITNESS: Yeah. I felt --

17 JUDGE SALAPA: Proceed.

18 THE WITNESS: Thank you. I agree with Ms. Ney that
19 certainly there's a lot of hardships out there, and I kind
20 of -- as an employee, I was embarrassed to the point that
21 with the bonuses the executives got and the rate increases
22 coming up besides the one you're asking for now, I think
23 it's not only embarrassing, I just think it's -- how much
24 profit does a company need in the past couple years. They
25 had record profits, our company.

1 I love working for PP&L. I like doing what I'm
2 doing, but to me, I think you have a certain responsibility
3 to people who not just importantly the poor people, but
4 there's people on the borderline. There's so many on the
5 borderline. And then there's that big jump where the
6 executives are entitled to the big money, and the poor
7 people, you're still asking more for residents to pay rather
8 than businesses.

9 And the small businesses, to me, two and three
10 million dollar businesses isn't really a small business, but
11 they claim it as a small business. And to push it on people
12 that can't afford it the least is -- to me, I guess that's
13 what I'm talking about. I guess I'm really embarrassed
14 about the company doing that. That's all I have. Thanks.

15 JUDGE SALAPA: Does any counsel have cross-
16 examination for this witness?

17 MR. RUSSELL: No, Your Honor.

18 MR. GRAY: No, Your Honor.

19 MS. WONG: No, Your Honor.

20 MR. MICKENS: No, Your Honor.

21 JUDGE SALAPA: Thank you for appearing and
22 testifying.

23 THE WITNESS: Thank you.

24 (Witness excused.)

25 JUDGE SALAPA: Next I have Jean Vrabel. Do you wish

1 to testify on the record?

2 MS. VRABEL: I do.

3 JUDGE SALAPA: Please raise your right hand.

4 Whereupon,

5 JEAN VRABEL

6 having been duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 JUDGE SALAPA: Please state and spell your name for
9 the record.

10 THE WITNESS: My name is Jean, J-E-A-N, Vrabel,
11 V-R-A-B-E-L.

12 JUDGE SALAPA: And where do you live, Ms. Vrabel?

13 THE WITNESS: 4129 Wilson Avenue in Bethlehem.

14 JUDGE SALAPA: And how are you employed?

15 THE WITNESS: I work for the Bethlehem Area School
16 District.

17 JUDGE SALAPA: And you are a customer of PPL as well?

18 THE WITNESS: Yes.

19 JUDGE SALAPA: I would assume that you are some
20 relation to the previous witness?

21 THE WITNESS: That's my husband.

22 JUDGE SALAPA: Very well. If you have a statement
23 you wish to make, proceed.

24 THE WITNESS: I do. I would just like to state for
25 the record that I agree with the previous testimony that's

1 been given by the witnesses and the impact, not just on poor
2 people but people at the lower middle income. I see that in
3 my profession as a school counselor, and especially in the
4 Bethlehem Area School District where a lot of our families
5 are, as my husband described, living on the edge of poverty.
6 They may not meet the guidelines that the government has set
7 up, but many, many families face a lot of economic hardship.

8 And I believe that this rate increase, which I agree
9 is exorbitant in my view, will certainly impact that piece.
10 In addition, I agree also about high salaries, high bonuses.
11 How much profit does a utility company need to make? I
12 understand that that's a result of deregulation, but I don't
13 necessarily agree with it.

14 JUDGE SALAPA: Does any counsel have cross-
15 examination for this witness?

16 MR. RUSSELL: I do not, Your Honor.

17 MR. GRAY: No, Your Honor.

18 MS. WONG: No, Your Honor.

19 MR. MICKENS: No, Your Honor.

20 JUDGE SALAPA: Thank you for coming and testifying,
21 Ms. Vrabel.

22 THE WITNESS: Thank you.

23 (Witness excused.)

24 JUDGE SALAPA: I have next Al Siess. Do you wish to
25 testify on the record, Mr. Siess?

1 MR. SIESS: Yes, I do.

2 JUDGE SALAPA: Please raise your right hand.

3 Whereupon,

4 ALFRED A. SIESS, JR.

5 having been duly sworn, testified as follows:

6 DIRECT TESTIMONY

7 JUDGE SALAPA: Please state and spell your name for
8 the record.

9 THE WITNESS: My name is Alfred A. Siess, Jr., and
10 that's spelled S-I-E-S-S.

11 JUDGE SALAPA: And where do you live, Mr. Siess?

12 THE WITNESS: 6460 Blue Church Road, Coopersburg,
13 Upper Saucon Township, Pennsylvania.

14 JUDGE SALAPA: And how are you employed?

15 THE WITNESS: I'm employed presently as self-employed
16 environmental economic consultant.

17 JUDGE SALAPA: And are you a customer of PPL?

18 THE WITNESS: Yes, I am.

19 JUDGE SALAPA: And do you have a statement you wish
20 to make on the record?

21 THE WITNESS: Yes, I do.

22 JUDGE SALAPA: Proceed, please.

23 THE WITNESS: I would point out that I'm also a very
24 small stockholder in PP&L. On the plus side, PP&L embarked
25 on nuclear technology some 30 years ago, and at that time I

1 had an opportunity to speak with the then-chairman of PP&L
2 who was very well informed on the dangers of nuclear
3 technology.

4 At that time, PP&L had plans to build another plant
5 down along the Delaware, and they had plans of getting
6 involved with a consortium of power companies in building a
7 nuclear park in Pennsylvania.

8 I and other directors of our environmental
9 organization were able to dissuade the well-informed
10 chairman from building further nuclear power plants. I
11 think as a result of our meeting and his subsequent actions,
12 PP&L on the good side has shown very responsible building
13 and operation of the Berwick plant.

14 However, nuclear power is a 20th century technology.
15 It's failed technology because we cannot control the
16 emissions or the wastes, and nuclear wastes are presently
17 finding their way into our sewage treatment plants, and then
18 the leachate from those plants is finding its way into
19 landfills, and ultimately we're finding nuclear waste being
20 distributed throughout the continent in sewage sludge and in
21 farm products that are grown with sewage sludge.

22 So another good thing on the economic side, and we
23 are talking economics here with the rate increase, is that
24 it is proper for PP&L's valid costs of producing power, that
25 to pass these costs on to consumers rather -- and, you know,

1 consumers who are ratepayers, rather than on to the general
2 public.

3 However, because of the dangers of this technology
4 and because of PP&L's past practices of not paying or
5 including the cost of building pollution control equipment
6 into their plants, they are presently obtaining an invalid
7 subsidy by externalizing their costs to the general public.

8 Instead of putting the cost of producing the power on
9 making sure that we have clean power, they are allowing
10 their coal fired power plants to ignore the Clean Air Act
11 requirements for new source review, and they are, in
12 addition to that, continuing to lobby and follow policies to
13 increase demand for electric energy instead of coming up
14 with new forms of producing energy and following
15 conservation methods to avoid increasing the pollution
16 that's caused by energy production.

17 They presently are talking about building another
18 nuclear plant at the Berwick location. The only plus there
19 is that it's just one more probable target for terrorism or
20 proliferation of dispersal of nuclear materials, and at
21 least it's not at another location.

22 However, my bottom line is that PP&L should not be
23 able to get subsidies, either invalid subsidies by passing
24 on the costs of pollution to the general public or, in the
25 case of nuclear power, direct subsidies from the taxpayers

1 of the entire United States.

2 My take on this rate increase is that it's excessive
3 and probably not necessary. It should not be allowed so
4 long as PP&L is able to obtain subsidies for building
5 nuclear power plants which amount to the entire value of the
6 power that's produced.

7 And this, you might say, is a valid subsidy, and as a
8 stockholder, I should probably be applauding the fact that
9 they're passing it on, by getting subsidies from the United
10 States government rather than from raising my electric
11 utility bills.

12 However, as a conscientious stockholder, I feel that
13 they're making a terrible mistake, furthering the growth of
14 unsafe technology. And if it had not been for the caution
15 of their management in the past to operate their plant
16 safely, they very likely could have been in the position of
17 the owners of Three Mile Island, which was definitely not in
18 the best interests of the taxpayers.

19 So my recommendations would be that no rate increases
20 that are based on invalid expenses such as building
21 outdated, unsafe technology, or inflated CEO compensation
22 for a stockholder's corporation. I don't think that we
23 should be allowing these rate increases to go without them
24 justifying them, and I do believe that they should be
25 spending the corporation's money on building sustainable,

1 safe electrical generation plants such as wind power and
2 solar energy, and they should be paying attention to their
3 inflated CEOs' salaries.

4 That is the bottom line for me. I don't think this
5 amount of rate increase can be justified, and I would like
6 to see the regulators impose some restrictions on the power
7 companies to make them obey the pollution control laws and
8 invest in 21st century technology for the good of everyone.
9 Thank you.

10 JUDGE SALAPA: Does any counsel have cross-
11 examination for this witness?

12 MR. RUSSELL: No, Your Honor.

13 MR. GRAY: No, Your Honor.

14 MS. WONG: No, Your Honor.

15 MR. MICKENS: No, Your Honor.

16 JUDGE SALAPA: Thank you for coming and testifying.

17 THE WITNESS: You're welcome.

18 (Witness excused.)

19 JUDGE SALAPA: I do not have anyone else on the sign-
20 in sheets who has indicated a desire to testify. Is there
21 anyone else in the audience at this point who did not sign
22 in who would like the opportunity to testify?

23 (No response.)

24 JUDGE SALAPA: Hearing no response, I will take that
25 as a negative. That being the case, I would like to thank

1 all of you for turning out and attending and observing this
2 hearing, and I would like to wish you a happy weekend, enjoy
3 the weather, and we are adjourned.

4 (Whereupon, at 2:45, the proceedings were
5 concluded.)

6 C E R T I F I C A T E

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

12
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15 John A. Kelly,
16 Certified Verbatim Reporter

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