

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

In the Matter of:

Pennsylvania Public Utility Commission, U.S. Department of Defense & Federal Executive Agencies (C0001), PPL Industrial Customer Alliance (C0002), Office of Small Business Advocate (C0003), Office of Consumer Advocate (C0004), Eric Joseph Epstein (C0005) v. PPL Electric Utilities Corporation. Public input hearing.

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Met, pursuant to notice at 7:00 p.m.

BEFORE: EMBER JANDEBEUR,
Administrative Law Judge

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NUMBER:	MARKED	ADMITTED
(None.)		

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P R O C E E D I N G S

ADMINISTRATIVE LAW JUDGE EMBER JANDEBEUR:

Let's go on the record. This is the time and the place for a public hearing, public input hearing in the matter of a variety of parties versus PPL Electric Utilities Corporation.

And as I'm sure you are aware, this public input hearing is in response to a flyer that PPL included in their mailer. And they are -- you can't hear me.

VOICE: Hear you better if you're closer.

JUDGE JANDEBEUR: How's that? I can put it up here. I had lowered it. I'm sorry. The hearing is about the rate request of PPL for a rate increase.

Okay. My name is Ember Jandebaur. I am the PUC Administrative Law Judge in the Scranton office. I am not the judge that is assigned to decide this case. That Judge is Allison Turner out of our Philadelphia office.

And what we have done, because this is a large case and it's all over the Commonwealth, is a number of judges will be hearing them locally. They will be transcribed by the court reporter to my right. And all of the transcriptions will go back to Miss Turner. Okay. Just so you know that.

1 This case is PPL's proposed rate
2 increase. It's PPL's first rate increase in many
3 years. Because when the electric industry was
4 restructured and competition was introduced, PPL and
5 the Commission put a rate cap in place.

6 That rate cap expires on January 1st,
7 2005, the effective date of the proposed new rates.
8 I'm going to tell you what has happened so far in this
9 case and this investigation. I'm going to telling you
10 what will happen, going forward and how you can
11 participate in tonight's hearing.

12 After that, counsel for PPL and the
13 counselors that are to my left will give you an idea of
14 why they are here, their input into the matter, what
15 their offices do. And then we will actually be able to
16 get on with the public input hearing itself.

17 Janet Smith, the court reporter to my
18 right, is going to transcribe everything that is said
19 on the record. And, as I mentioned, she will then type
20 it out and it will go to Miss Turner in Philadelphia..

21 I will ask that you speak one at a time.
22 Don't speak over one another, because, obviously, Janet
23 will not be able to transcribe that if you do. She can
24 only get one of you at a time.

25 If you have cell phones on you, I'll ask

1 you to put them either on vibrate, turn them off or put
2 them on mute. If you do have a need to take a
3 telephone call, I ask that you step out in the hallway
4 and close the door so as not to disturb the testimony.

5 As far as history, on March 29th, 2004,
6 PPL filed its rate case proposal tariff to become
7 effective June 1st, 2004, to raise its retail
8 distribution rates by 164.4 million.

9 Additionally, PPL informed the Commission
10 that transmission charges reflected in retail rates are
11 expected to increase by approximately 57.2 million.
12 These charges arise under FERC regulated PJM open
13 access transmission tariffs.

14 The combination of the two will produce
15 an overall increase of 221.6 million dollars,
16 representing an increase in annual revenues of 8.1
17 percent.

18 According to a PUC spokesman, quote,
19 Under the combined proposal, the average monthly bill
20 for a residential customer using 900 kilowatt hours of
21 electricity would increase approximately \$7.62 from
22 77.47 to 85.09. This is the first base rate increase
23 PPL has requested since 1995. The increase would
24 affect 1.3 million customers in 29 counties. Unquote.

25 On May 7th, 2004, the Commission

1 suspended the effective date of the rate request until
2 January 1, 2005 and directed that an investigation and
3 hearings be held.

4 That is the part which we are at right
5 now. We are conducting an ongoing investigation. And
6 as you know, there have been several input hearings.
7 And as I mentioned earlier, I had one earlier today in
8 Scranton and then you have this one this evening.

9 On May 7th, 2004, the Commission
10 suspended the effective date of the rate request until
11 January 2005. The investigation will mostly be carried
12 out by parties and persons who have intervened or filed
13 complaints. Those are, the Office of Consumer
14 Advocate, to my left, which represents the interest of
15 residential customers as a whole; the Office of Small
16 Business Advocate, who is to my left, which represents
17 the interest of small commercial and industrial
18 customers; PPL Industrial Customers Alliance, which
19 represents large consumption customers; the
20 Commission's Office of Trial Staff, to my left, which
21 represents the public interest as a whole; the union,
22 the IBEW, which is the International Brotherhood of
23 Electrical Workers; and Eric Epstein, who represents
24 himself as a customer.

25 Several of the utilities and various

1 other public interest and special interest groups,
2 including competitors, have all intervened in this
3 matter.

4 Since PPL has not filed a rate increase
5 for a number of years, the parties have not had a
6 chance to scrutinize their operations and try to see if
7 their actions are prudent and their expenses and
8 revenues and rate of return are fair and reasonable.

9 The parties will examine all of these
10 things to find out if there are matters that they would
11 like to challenge. In addition, PPL has proposed some
12 basic changes that the parties may oppose. For
13 instance, the distribution system improvement charge,
14 which would allow PPL to recover costs associated with
15 system upgrades between base rate proceedings.

16 The parties held a prehearing conference
17 on May 19th, 2004 and established a schedule of
18 hearings, discovery meetings and settlement meetings.
19 The parties have already held one informal discovery
20 conference with PPL. And there has been one settlement
21 meeting with another scheduled in July.

22 Public input hearings were held on June
23 28th, June 29th, today, June 30th. And there are two
24 more to be held on July 19th, which will be in
25 Williamsport. The hearings to take technical evidence

1 are scheduled to be held the week of August 9 through
2 13, 2004 in the Harrisburg offices of the PUC.

3 Before these hearings, the parties will
4 submit their testimony in writing. And at the
5 hearings, the witnesses who submitted testimony will be
6 cross-examined.

7 The parties will file briefs on
8 September 2nd and September 13th. Judge Turner's
9 recommended decision is due to the Commission October
10 7th, 2004. When that recommended decision comes out,
11 the parties will be able to file written exceptions to
12 it, if they do not agree with Judge Turner's
13 recommended decision.

14 After that, it goes to the Commission,
15 that's the panel of five PUC Commissioners. And they
16 will enter a final order.

17 The purpose of tonight's public input
18 hearing is to hear from you, the citizens, regarding
19 PPL's existing and proposed rates and service.

20 The Commission's policies regarding
21 public input hearings, which can be found at 52
22 Pennsylvania Code Section 69.321, gives you three
23 options that you can use to participate in tonight's
24 hearing.

25 If you did not pick up one of the fliers

1 at the desk at the front, 52 PA code 69.321 is printed
2 out for you in full there, for those of you that love
3 to read boring legal citations, they are right there.
4 It's actually pretty readable and tells you exactly
5 what to expect at a public input hearing.

6 To give you the short version of it,
7 there's three ways in which you can participate this
8 evening. The first way, and the most useful way to us,
9 the PUC, is that you testify formally on the record.
10 And you will be under oath or affirmation and you will
11 be subject to cross examination by the members of the
12 parties here tonight.

13 Okay. Now, the reason that is the most
14 useful is because if you testify formally, Janet will
15 transcribe everything that you say. It then goes to
16 Judge Turner and she can consider it in her decision.

17 It also can be used by any of the parties
18 in their briefs to judge Turner. So, that is very
19 powerful. That is your most powerful voice you will
20 have here this evening.

21 If you do not wish to testify formally
22 under oath, then you can testify informally. You will
23 not be put under oath. It will not be transcribed. It
24 does not go to Judge Turner and does not ultimately go
25 to the Commission and not in the record at all. It

1 still allows you to have a voice here this evening.
2 You can avail yourself of that.

3 The third method by which you can
4 participate here tonight is, again, informal, off the
5 record. And that is your opportunity to speak with any
6 of the representatives of the various offices that are
7 beside me and/or the PPL representative that is here in
8 the audience.

9 So, those are your three ways that you
10 can participate this evening. Again, the most powerful
11 voice you have as a citizen is the first way. And I
12 will ask that you come up to the microphone. I will
13 put you under oath or affirmation. Your testimony goes
14 on the record. It can be used by the parties. It is
15 used by the Judge. Definitely, the Judge always
16 reviews the public testimony from the input hearings.

17 Okay. All right. Let me introduce the
18 members of the panel who are here with me. On my far
19 left, you have Mr. Paul Russell, counsel for PPL. And
20 I will allow Mr. Russell to make some opening remarks
21 in just a second.

22 To his right, you have Lori Herman. Miss
23 Herman is from the Office of Consumer Advocate. And,
24 again, she represents the consumer. To her right, you
25 have Miss Angela Jones. She is with the Office of

1 Small Business Advocate. And she will explain again
2 what her offices do. I'm actually stealing a little
3 thunder. I'm going to get quiet and let them explain
4 what they do.

5 To my left, Rich Kanaskie, with the
6 Office of Trial Staff. Mr. Russell, way down there, if
7 you would like to make an opening statement, sir.

8 MR. RUSSELL: Thank you, Your Honor.
9 Good evening. My name is Paul Russell. I'm one of
10 PPL's in-house lawyers. And I'm one of the lawyers
11 representing PPL Electric Utilities in this rate case.

12 At the outset, I'd like to thank you for
13 appearing at tonight's hearing. Public input hearings
14 are an important part of the Commission's ratemaking
15 process. And they often provide valuable customer
16 perspectives on a broad range of issues in a rate case.

17 Your testimony today will be carefully
18 reviewed by PPL, many of the other parties in the case,
19 the Administrative Law Judge, and ultimately the
20 Commission.

21 If you have any views on the case, I
22 would urge you to testify this evening. The purpose of
23 today's hearing is to listen to the public. So, I
24 won't take valuable time summarizing our request.

25 However, I would like to make two points

1 about the impact of Pennsylvania's 1996 Customer Choice
2 Act on this case. First, the Act established caps on
3 Pennsylvania Electric Utility's rates. PPL Electric
4 had a cap on its distribution rates through December
5 31, 2004. And it is in place today.

6 We are proposing, in this case, that new
7 rates become effective January 1, 2005, after the
8 conclusion of the rate cap. Second, the Act made the
9 generation of electricity competitive and required
10 electric utilities to unbundle their operations.

11 Because of that change, the rate request
12 now before the Administrative Law Judge and the
13 Commission involves only PPL Electric Utilities, the
14 company that provides electric delivery service to 1.3
15 million customers in Central and Eastern Pennsylvania.

16 This has nothing to do with PPL's other
17 companies or other operations, generation of
18 electricity, sales of electricity to other utilities or
19 international investments.

20 In conclusion, I want to mention two
21 housekeeping matters. First, if you're interested, you
22 can review our entire filing on line at
23 WWW.PPLrateinfo.com.

24 And, secondly, as the Judge indicated,
25 there is another PPL employee here with me tonight.

1 Rich Beasley. He's in the third row back. If you'd
2 raise your hand. Rich is here tonight to answer any
3 questions you might have about your individual service
4 or your individual rates.

5 He will be here the entire evening and
6 you can see him either during the break or at the
7 conclusion of today's hearings. Again, thank you for
8 attending and I look forward to hearing your comments.
9 Thank you, Your Honor.

10 JUDGE JANDEBEUR: Thank you, Mr.
11 Russell. Miss Herman.

12 MS. HERMAN: Thank you, Your Honor. Good
13 evening. My name is Lori Herman and I'm an attorney
14 with the Pennsylvania Office of Consumer Advocate. As
15 the Judge has explained, our office represents utility
16 consumers, particularly residential customers in
17 matters before the Public Utility Commission.

18 Our office has filed a complaint against
19 the Company's request for a rate increase in order to
20 help ensure that any rate increase that may be awarded
21 is reasonable and fully supported.

22 We have hired a team of utility expert
23 witnesses to analyze the company's case. And these
24 experts have submitted testimony yesterday, challenging
25 portions of the company's request.

1 The purpose of this evening's hearing is
2 to hear from members of the public. We want to hear
3 your opinions and concerns. I would encourage you to
4 testify under oath, so that your testimony becomes part
5 of the record.

6 Our office, when we write our briefs and
7 submit them to the Public Utility Commission, we do
8 rely on your comments. And they're an important part
9 of our case. I brought with me some brochures further
10 explaining our office and its functions.

11 In one of the brochures, you can give us
12 your name and address and you can become part of our
13 mailing list. And we will inform you of any new
14 developments involving any of your utilities. Thank
15 you again for coming this evening. And I look forward
16 to hearing your comments.

17 I'd be happy to stay afterwards if anyone
18 wants to talk to me personally. Thank you.

19 JUDGE JANDEBEUR: Thank you, Miss Herman.
20 Miss Jones.

21 MS. JONES: Thank you, Your Honor. Good
22 evening. My name is Angela Jones. I represent the
23 Office of Small Business Advocate. As our office name
24 implies, we are interested in the impact of the
25 proposed increase by PPL on small businesses.

1 As the Judge said in her opening remarks,
2 that will be small commercial and small industrial
3 customers. Also as everyone has alluded to, we are
4 very -- we would very much encourage you to testify
5 under oath.

6 Again, we would use your testimony --
7 your testimony to make our arguments in front of the
8 Public Utility Commission. And it's always important
9 to have more arguments than less arguments. So, if
10 you're making an argument and we also make that
11 argument, that helps to buttress your position in front
12 of the Public Utility Commission.

13 Our office has employed an expert. We
14 did provide testimony on yesterday. Our expert has
15 estimated that the impact of the increase proposed by
16 PPL on small business customers would be about 9.9
17 percent increase.

18 We have officially opposed the
19 distribution system's improvement charge as well. But
20 that's enough about our position. We're here to hear
21 what you have to say about the proposed increase for
22 PPL.

23 I, as Miss Herman, also stated, will be
24 here after a break and after we go off the record and
25 the public input has concluded, to address any

1 questions that you may have as a small business
2 customer.

3 I look forward to hearing your testimony
4 and thank you for coming out. Thank you, Your Honor.

5 JUDGE JANDEBEUR: Thank you, Miss Jones.
6 Mr. Kanaskie.

7 MR. KANASKIE: Thank you, Your Honor.
8 Good evening, ladies and gentlemen. My name is Rick
9 Kanaskie and I'm with the Commission's Office of Trial
10 Staff.

11 One of the dangers about going last is
12 being repetitive, so I'll try to focus in on some key
13 points that I think would be important for tonight.

14 The Office of Trial Staff is best
15 described as a semi-independent arm of the Commission.
16 I'm not advocating for the Commission in this
17 proceeding. I'm advocating before the Commission.
18 We're an active party.

19 Just like everyone else here, we filed
20 testimony. We have expert witnesses. We have
21 engineers and we have financial analysts. Our office
22 was formed in the '80s with the charge of protecting
23 the public interest.

24 As such, our area of responsibility often
25 overlaps with some of the other advocates. One of the

1 key functions of protecting the public interest is
2 ensuring that the rates remain just and reasonable.
3 That's the law. That's why we're in this proceeding,
4 to voice our opinion on PPL's filing and their
5 supporting data as to what we determine as just and
6 reasonable.

7 All the information we have, all the
8 data, the filing, the computation is only part of the
9 rate case. What's equally important is the input
10 from the public, which is why we have these public
11 input hearings and why we're here tonight.

12 As the Judge has mentioned and the
13 advocates reaffirmed, there's a couple ways to do it.
14 I urge you to be sworn in and have your comments made
15 part of the record. Thank you again for coming out,
16 and we look forward to your comments.

17 JUDGE JANDEBEUR: Thank you, Mr.
18 Kanaskie. Okay. Ladies and gentlemen, what we're
19 going to do now is we will start the formal public input
20 process.

21 Now, I have the names of three
22 individuals that I understand would like to testify
23 formally. And there have been a few people that have
24 come in since I picked up the sheet. Can you raise
25 your hand if you wish to testify formally for me?

1 Okay. So, I'm missing just one. Did you
2 sign in?

3 VOICE: No, I didn't, Your Honor.

4 JUDGE JANDEBEUR: Okay. That's why I
5 don't have you. If you don't mind, could I have you
6 sign in there? I'm going to steal your pen.

7 VOICE: I'll just sit over here.

8 JUDGE JANDEBEUR: While he's doing that,
9 I'm going to explain to you what we'll do for each of
10 you that wish to testify formally. I will ask you to
11 come up to the microphone that's right here at the
12 bottom stair.

13 I'm going to ask you to raise your right
14 hand and swear or affirm to your testimony. And you
15 will give your testimony. I will ask that you stay at
16 the mic. for just a few seconds longer and see if any
17 of the advocates here or Mr. Russell have any questions
18 for you.

19 As I mentioned to you, when you testify
20 on the record, you were subject to cross examination.
21 So, they may have some questions about what you say and
22 may need to help us out a little bit with that. When
23 we're finished with that, we'll see if there are any
24 folks that would like to testify informally. Okay.

25 Thank you, sir. Okay. And we do have a

1 legislative representative here this evening. It is
2 our normal procedure that because they represent so
3 many people, we do allow them to go first. Miss Lewis,
4 if that does not bother you, I know you did come here
5 early. And if time is of the essence, I will let you
6 go first.

7 MS. LEWIS: No.

8 JUDGE JANDEBEUR: Miss Lopez, would you
9 like to come up and testify, please? Could you state
10 your name, business address and your employment?

11 Whereupon, NIKKI LOPEZ, testified as
12 follows:

13 DIRECT TESTIMONY

14 MS. LOPEZ: Sure. My name is Nikki
15 Lopez. I'm the executive director of the Northeast
16 Democratic Delegation with the Office of the Chairman,
17 Representative Phyllis Mundy. Address in Harrisburg,
18 our office address, 115 East Wing, Harrisburg, PA
19 17120.

20 JUDGE JANDEBEUR: Thank you, Miss Lopez.
21 And we appreciate you're coming out. Go ahead and give
22 us your testimony.

23 MS. LOPEZ: Good evening. I'm Nikki
24 Lopez, the executive director the Northeast Democratic
25 Delegation. I will be presenting testimony on behalf

1 of the Chair of the Delegation, Representative Phyllis
2 Mundy and delegation members Kevin Blaum, Todd Eachus,
3 Jim Wansacz, Tom Tigue and Bob Belfanti.

4 The members apologize for their absence,
5 as the legislature is engaged in voting session and
6 budget deliberations as we speak.

7 All the members wanted to be here tonight
8 to address this important issue and present this
9 testimony and hear the testimony of residents and
10 business owners that are affected by PPL's proposed
11 increase. We thank you for granting our request for
12 this public input hearing here at King's College.

13 PPL has requested an increase in
14 distribution rates of 164 million dollars and an
15 increase in transmission service charges projected at
16 57.2 million, totaling operating revenues of over 221
17 million or 8.1 percent.

18 While we are mindful that PPL, which
19 serves 1.3 million customers in over a 29-county
20 service territory needs to keep its distribution system
21 and equipment in good working order, the proposal it
22 has presented to the PUC is excessive.

23 PPL president, John Sipics, recently
24 described PPL's requested rate increase, quote, as
25 modest, in a guest column published in the June 6th,

1 2004 issue of the Sunday Citizens Voice.

2 It is evident from the number of
3 interveners in this case who represent various
4 interests of the Commonwealth, from low-income
5 customers to small businesses to even large companies
6 like Walmart as well as the U.S. Department of Defense,
7 that this rate increase proposal is anything but modest
8 and will have a profound effect on the ability -- on
9 the affordability of electric service.

10 This additional cost will financially
11 impact the operations of both small and large
12 businesses. Small businesses, in particular, will face
13 cuts in other areas be such as layoffs, employee
14 salaries and even health benefits to free up the
15 necessary funds to pay for an increase in electric
16 service and to stay in business.

17 Larger companies, especially,
18 manufacturers, would feel the pinch as they are charged
19 a per kilowatt hours consumption rate. The
20 manufacturing sector is especially sensitive to the
21 cost of the utilities as they try to maintain
22 competitive in the global economy.

23 In addition, military installations,
24 including Tobyhanna Army Depot, which provides
25 significant employment for the region are currently

1 under the microscope for possible realignment and
2 closure as the BRAC committee considers overall
3 operating costs as the factor of keeping the depot
4 open.

5 The impact of this increase will be felt
6 the most by low-income customers as PPL is proposing to
7 change their rate design from the traditional method of
8 rating based on classes of user type to a system that
9 increases the monthly customer charge by including a
10 portion of electric usage in the overall customer
11 charge.

12 We believe that this proposal will hurt
13 low-income customers. Customers will be required to
14 pay this high charge every month, regardless of whether
15 they try to conserve electricity.

16 It is crucial that the PUC closely
17 consider distribution of rates among classes for
18 fairness and ability to pay.

19 Moreover, we believe that PPL should
20 continue to appropriately and adequately fund universal
21 service programs to offset the additional burden
22 imposed on low-income customers.

23 They have nowhere to go recoup the
24 expenses. They are the most at risk. We strongly
25 oppose PPL's proposal for a distribution system

1 improvement charge, otherwise known DSIC, to recover
2 the costs of new distribution facilities placed into
3 service between base rate proceedings.

4 We believe the DSIC that PPL is proposing
5 is unlawful. While water companies are permitted by
6 law to impose a DSIC, electric and gas companies have
7 not been authorized by the State Legislature to impose
8 such a charge.

9 We agree with the Office of Consumer
10 Advocate, Office of Small Business Advocate and the
11 PUC's Office of Trial Staff that the PUC does not have
12 the necessary authority to approve a DSIC for PPL
13 without the passage of legislation by the State
14 Legislature.

15 As state legislators, stress that it was
16 not the intent of the Legislature in 1996 to give broad
17 authority to the PUC to authorize a DSIC for all
18 utilities but rather limit the DSIC to water companies.

19 Consistent with this is the fact that the
20 House of Representatives has twice rejected the
21 legislation that would impose a DSIC for gas companies.
22 Not only do we believe that a DSIC approved only by the
23 PUC is unlawful, we think it is bad public policy.

24 A DSIC is essentially a single-issue rate
25 making mechanism that forces customers to be

1 involuntary investors in the company.

2 If customers want to invest in PPL, they
3 should get a return on the investment. Customers
4 should not be forced to invest in PPL's infrastructure
5 by paying through the rates for which they receive no
6 return on their investment whatsoever.

7 This DSIC would allow PPL to ignore the
8 gradual depreciation and declining base rate of the
9 company's distribution system. As a result, PPL would
10 receive higher revenues every year by simply spending
11 money on distribution costs without taking into
12 consideration the fact that other costs might be
13 decreasing.

14 PPL has also requested an increased rate
15 of return to approximately 11.5 percent. It is
16 imperative that the PUC closely consider this increase
17 to determine whether it is fair and reasonable.

18 We agree with the PUC's Office of Trial
19 Staff that I, quote, A fair and reasonable rate of
20 return is one which will allow the utility the
21 opportunity to recover those costs incurred by all
22 classes capital to finance the rate base during the
23 prospective period its rates will be in effect, end
24 quote.

25 Since inflation, interest rates and the

1 cost of capital are currently at a historic low across
2 the country, we find this rate of return to be
3 excessive. Due to changes in federal taxing laws,
4 dividends issued by companies such as PPL have the
5 effect of reducing cost of capital and allowing the
6 investors to increase the returns on their investments,
7 which leaves PPL's request for an increased rate of
8 return without merit.

9 Also, PPL's investors assume less risk
10 now than they did 10 or 20 years ago. As a result of
11 electric deregulation, the PUC need only take into
12 consideration the risk inherent in distribution service
13 rather than multi-million dollar investments in nuclear
14 power plants that made PPL a more speculative
15 investment that might warrant a higher rate of return.

16 Electricity is essential. It is not
17 merely a convenience or a luxury. It needs to remain
18 affordable. We, the members of the Northeast
19 Democratic Delegation, strongly urge you to reject or
20 dramatically scale back the rate increase, DSIC and the
21 increased rate of return PPL is seeking to impose on
22 residents and businesses in Pennsylvania.

23 Thank you for your courtesy in allowing
24 me to testify this evening on behalf of Northeast
25 Delegation members Phyllis Mundy, Kevin Blaum, Todd

1 Eachus, Jim Wansacz, Tom Tigue and Bob Belfanti, and
2 the residents and businesses we represent in the
3 Northeast region.

4 JUDGE JANDEBEUR: If you'll wait one
5 second. Mr. Russell, questions?

6 MR. RUSSELL: No questions, Your Honor.

7 JUDGE JANDEBEUR: Miss Herman?

8 MS. HERMAN: No questions.

9 JUDGE JANDEBEUR: Miss Jones?

10 MS. JONES: No questions, Your Honor.

11 JUDGE JANDEBEUR: Mr. Kanaskie?

12 MR. KANASKIE: I have no questions, Your
13 Honor.

14 JUDGE JANDEBEUR: Thank you. Thank you,
15 Ms. Lopez. If you can, could you leave that with the
16 court reporter.

17 MS. LOPEZ: I do have a copy.

18 JUDGE JANDEBEUR: Thank you very much.
19 Carol Lewis. I'll ask you to raise your right hand.

20 Whereupon, CAROL LEWIS, having been duly
21 sworn by the Judge, was examined and testified as
22 follows:

23 DIRECT TESTIMONY

24 JUDGE JANDEBEUR: Ma'am, and I need you
25 to state your name, your address, and your employment.

1 THE WITNESS: My name is a Carol Lewis.

2 JUDGE JANDEBEUR: Would you like me to
3 raise that? I can. It's not a problem.

4 THE WITNESS: I think that's fine. I
5 think people can hear me. My name is Carol Lewis, 303
6 Stoney Mountain Road, Tunkhannock, Pennsylvania. And I
7 am the executive director of the Area Agency on Aging
8 for Luzerne and Wyoming Counties.

9 JUDGE JANDEBEUR: Thank you.

10 THE WITNESS: First let me thank you for
11 this opportunity to speak on behalf of our older
12 population. Judge, and members of your panel, thank
13 you, and the audience.

14 First, let me give you a few facts about
15 the older population in Luzerne County. Luzerne County
16 itself, according to the 2000 census, had 319,250
17 people as residents. The population that is 60 plus is
18 77,535 people or 24 percent of the total county
19 population is over the age of 60, almost one in four.

20 The income level of this population
21 group, older people in Luzerne County, is approximately
22 10 percent of the older population is eligible for
23 medical assistance. They have very limited incomes,
24 but that's 10 percent.

25 There's the other 90 percent, of course.

1 One of the other factors in the area is there is a lot
2 of out migration, so that we find 88 percent of the
3 older people we serve have actually been born here.

4 But it is the next generation that has
5 kind of moved out. Therefore, we find a lot of the
6 older people that do not have normal support systems in
7 the way of family to be able to assist them or help
8 them, either financially or in their care.

9 The housing in Luzerne County is pre
10 1939. Very few changes have been made. In fact, we
11 find we spend an awful lot of our funding on putting
12 bathrooms on the first floor. Because most of the
13 bathrooms, I swear, in this Luzerne County are on the
14 second floor.

15 We also have a very large proportion of
16 the subsidized housing units in Luzerne County. And I
17 don't have the exact figures on that. But I do know
18 that we have a lot of low-income housing units
19 available for older people and people who are disabled,
20 which indicates, I think, that people do not have
21 -- people's incomes are very limited as they age in
22 this area.

23 Affordable electricity, obviously, is
24 essential for older people. But they are also dealing
25 with very, very high costs in prescription drugs.

1 healthcare, food going up significantly. And I think
2 all of us know, especially those of you that came up
3 from Harrisburg, that gasoline and fuel oil are at
4 all-time highs.

5 They're skyrocketing. In fact, for older
6 people who have retirement and have investments on
7 which they were living, interest is extremely low at
8 this point. A lot of the older people will, if they
9 don't feel that they can afford high energy bills, will
10 go without air conditioning.

11 Or we find that we are called very often
12 to rescue people who either are overheated or are
13 suffering from hypothermia because at the same time
14 they won't supplement their heat either.

15 So, these are very real situations I
16 wanted to bring to your attention, very real concerns
17 that we have. That if a rate increase is given in this
18 amount, that this is going to be a real handicap to the
19 older people that we serve.

20 And our goal is to enable older people to
21 stay in their homes for as long as possible.

22 So, we are trying to assist people staying out of the
23 institutional care. And, so, we need to be sure that
24 staying at home is not only are we able to provide the
25 services but we also need to be sure that the people

1 are safe and comfortable in their own homes.

2 So, I would ask that if an increase is
3 given, that it be a little more reasonable than 8
4 percent. That seems to be a little bit excessive.

5 I also have a personal comment. The only
6 time one gets to say anything about the utilities is
7 when you have a hearing. I have some concerns that we
8 have, for a hundred years now, we've been stringing
9 wire all over the planet.

10 And it's certainly getting ugly. And I
11 would think, in a hundred years, we would have been
12 able to do something to put a little more underground
13 or find different ways to transmit energy.

14 And I'm very much concerned about that.
15 I had never heard of a plan to do anything like that or
16 anything that's happening in that area. I do see that
17 we have ads which boast of the achievement of being
18 there for the people.

19 And I just feel with all the
20 accomplishments that have been made in the 20th
21 Century, from flying to the moon and walking on the
22 moon and all of the other things, can't we please get
23 the wires out of the sky. And I find it very
24 discouraging to see trees with a hole through the
25 middle so the wires can go through. That's a personal

1 comment.

2 I'm sure that that's not a consideration
3 by all of the older people that I'm trying to
4 represent. But I was wondering if there is a plan and
5 if that could be shared with consumers so we have an
6 understanding of the progress the utility hopes to make
7 in the future. And are they setting money aside for
8 research and development to change the ugly landscape?

9 I also have a concern about -- I recently
10 had a pole installed by my creek. And all the trees
11 were leveled, whacked. I think they were mad at me
12 because I kind of put up a fuss.

13 Anyway, it was left for me to clean up,
14 and which is a very expensive process. And I can't
15 believe I'm the only person that this has happened to.
16 When they come out to trim by the wires going by your
17 home, I do understand that they want to be sure that
18 the tree branches are not going to fall. This was an
19 extremely expensive process that I was held responsible
20 to take care of.

21 And my final point is that they are now
22 running ads for tree trimming business, so that you can
23 contact them to get your trees pruned. My concern is
24 that even the whacking that they're doing, very
25 shortly, may be the responsibility of the consumer to

1 contract with their tree company to have branches
2 removed. And this is a little bit discouraging.

3 As I said, we are making a sincere
4 effort to help people stay at home as long as they can.
5 But some of these obstacles would be extremely
6 difficult. So, I would be anxious to ask the utility
7 company to take those into consideration.

8 And, finally, my final statement, I would
9 like to say that we do support the testimony, the
10 written testimony that's been provided to you by the
11 Commission on Economic Opportunity.

12 JUDGE JANDEBEUR: Thank you, Miss Lewis.
13 Wait one second, if you wouldn't mind. Mr. Russell?

14 MR. RUSSELL: No questions, Your Honor.

15 JUDGE JANDEBEUR: Miss Herman?

16 MS. HERMAN: No questions, Your Honor.

17 JUDGE JANDEBEUR: Miss Jones?

18 MS. JONES: No questions, Your Honor.

19 JUDGE JANDEBEUR: Mr. Kanaskie?

20 MR. KANASKIE: None, Your Honor.

21 JUDGE JANDEBEUR: Thank you very much for
22 your testimony. And Ronald Serafin. How do you do,
23 sir? Thank you. Would you raise your right hand?

24 Whereupon, RONALD SERAFIN, having been
25 duly sworn by the Judge, was examined and testified as

1 follows:

2 DIRECT TESTIMONY

3 JUDGE JANDEBEUR: Would you state your
4 full name, your address, and your employment?

5 THE WITNESS: My name is Ronald Serafin.
6 I live at 2 Michelle Street in Hudson. And I am a
7 retired person.

8 JUDGE JANDEBEUR: Thank you, sir. Go
9 ahead with your testimony.

10 THE WITNESS: Off to a bad start already.
11 I have the dropsies.

12 JUDGE JANDEBEUR: You're doing fine.

13 THE WITNESS: As a matter of fact, the
14 first thing that came up to my mind, I happen to read
15 in the local paper and stuff and they said that PPL,
16 that this is the 234th consecutive quarter that they
17 have paid out substantial dividends to their
18 stockholders.

19 And I also seen in the paper where they
20 had said that this rate was only going to be 5 percent.
21 And then I hear you people say it was \$7.00. And then
22 it turns around, I called up PPL, like they said, she
23 told me my bill is going to go up \$17.00 per month.
24 This is what she had told me, the representative of
25 PPL.

1 And as far as investing, doing this, that
2 and the other thing, I see that PPL stated that 240
3 million dollars they spent on improvements since 1999,
4 including electronic meter and reading system.

5 As far as I'm concerned, their reading
6 system and stuff, that is not benefitting me. The
7 company went ahead, they did away with their meter
8 readers, the trucks and everything else. That's no
9 benefit to me whatsoever as a ratepayer.

10 Why I say that is because here they are,
11 in front of you at the present time looking for an
12 increase in the rates. So, it didn't save anything,
13 nothing whatsoever.

14 And, also, I'd like to state, the people
15 that are here, it goes to show everyone here that
16 people do not have faith whatsoever in the PUC to look
17 out for the consumer, not whatsoever.

18 I talked to five or six individuals.
19 They said, what are you crazy going down there? Every
20 time it comes up, the utility companies get what they
21 want or practically everything they want. That's why
22 you have -- look at the people here.

23 Luzerne County, what did the lady say,
24 300 some thousand people live in Luzerne County. Who
25 is our representative? It's asinine, really. That's

1 about all I have to say at the present time.

2 JUDGE JANDEBEUR: Questions, Mr.
3 Russell?

4 MR. RUSSELL: No, Your Honor. No
5 questions.

6 JUDGE JANDEBEUR: Miss Herman?

7 MS. HERMAN: No questions, Your Honor.

8 JUDGE JANDEBEUR: Miss Jones?

9 MS. JONES: None, Your Honor.

10 JUDGE JANDEBEUR: Mr. Kanaskie?

11 MR. KANASKIE: No questions, Your Honor.

12 JUDGE JANDEBEUR: Thank you for your
13 testimony, Mr. Serafin.

14 THE WITNESS: Thank you, Your Honor, and
15 folks.

16 JUDGE JANDEBEUR: And Michael Stair.
17 Would you raise your right hand for me?

18 Whereupon, MICHAEL STAIR, having been
19 duly sworn by the Judge, was examined and testified as
20 follows:

21 JUDGE JANDEBEUR: Go ahead with your
22 testimony.

23 DIRECT TESTIMONY

24 THE WITNESS: My name is Michael Stair.
25 I'm a self-employed individual. I reside in

1 Mountaintop, 219 South Main Road. And I reside in a
2 home where I don't pay the rate, the utility bill. But
3 the homeowner does pay the utility bill. That's my
4 dad.

5 So, I would like to say that this request
6 for a rate hike, I believe, will be approved. And it's
7 a foregoing conclusion, perhaps not the full increase
8 that the company is expecting. But perhaps a partial
9 rate increase.

10 I firmly believe that Judge Turner will
11 approve some sort of a rate increase when the cap is
12 lifted in January.

13 But suppose something astounding happens,
14 suppose something astonishing happens, suppose that the
15 Utility Commission does not approve the rate increase.
16 What's going to happen?

17 The company will still be there. Perhaps
18 they may have to trim the work force a bit. Perhaps
19 some of the executives may have to trim back their
20 compensation. And perhaps a competitive bidding
21 process would have to be reconstituted to satisfy the
22 goods and services that are needed to make the company
23 operate.

24 Also, I would like to bring up a topic
25 that is conventional wisdom in the financial field. A

1 utility is characteristic of generating their own debt
2 through bond issues. My question to everyone present
3 here is, why can't the rate increase be absorbed by a
4 corporate bond issue?

5 This is something that I would ask the
6 corporation to consider. And that's about the extent
7 of my statement. I have a rhetorical question that I
8 would like to ask the group that's here.

9 Why is the rate cap going to be removed
10 in January of 2005? Perhaps that question can be
11 addressed during this meeting. And that concludes
12 my testimony, Your Honor.

13 JUDGE JANDEBEUR: Thank you, sir.
14 Questions, Mr. Russell?

15 MR. RUSSELL: No questions, Your Honor.

16 JUDGE JANDEBEUR: Miss Herman?

17 MS. HERMAN: No questions, Your Honor.

18 JUDGE JANDEBEUR: Miss Jones?

19 MS. JONES: No questions, Your Honor.

20 JUDGE JANDEBEUR: Mr. Kanaskie?

21 MR. KANASKIE: No questions, Your Honor.

22 JUDGE JANDEBEUR: Okay. Thank you for
23 your testimony, sir. Do I have anyone else in the
24 audience that wishes to testify on the record formally?

25 MS. DEGENNARO: Your Honor, I filled my

1 name.

2 JUDGE JANDEBEUR: I'll get it. That's
3 fine. You can go to the microphone. Okay. Miss
4 DeGennaro, can I ask you to raise your right hand for
5 me?

6 Whereupon, ELIZABETH DEGENNARO, having
7 been duly sworn by the Judge, was examined and
8 testified as follows:

9 DIRECT TESTIMONY

10 JUDGE JANDEBEUR: Would you give us your
11 name and spell it for the court reporter, your address
12 and employment?

13 THE WITNESS: Elizabeth DeGennaro, 259
14 Parsonage Street, Pittston, 18640. I didn't come as
15 prepared as everyone else. I didn't realize that I was
16 going to have a chance to say anything.

17 Most of my things are questions more
18 than, you know, giving a testimony. But one of the
19 things is, I have a total electric home. And when my
20 mother did that in 1960, she told me at the time that
21 she was getting a discount because of a total electric
22 home.

23 Well, five or six years ago, we came here
24 to take care of mother. And I saw that the bills were
25 high. And I called the PPL. And they said, no, no,

1 they haven't had that in a long time. They took that
2 away.

3 And I was wondering, you know, perhaps we
4 could get that back for people who have total electric
5 homes. It might help them with their bills. If this
6 rate increase goes through, my bills are going to be at
7 least \$250.00 a year more.

8 And we've been -- I'm not crying poverty,
9 because we can afford that. But we are on a fixed
10 income. And, you know, we don't get that kind of a
11 raise every year. And the raise that we get seems to
12 go to Medicare.

13 But we do not abuse it. We keep our home
14 at 68 to 70 in the winter, never over 70. And in the
15 summer, if we use our little air-conditioner, we keep
16 it from 74 to 76.

17 MR. DEGENNARO: Only two days.

18 THE WITNESS: We don't abuse it. This
19 year, I think we used it two days so far. But it's
20 pretty high for us. I was wondering if the electric
21 company -- and I don't know whether they do it or not,
22 if they do any kind of co-generation or if they thought
23 about wind power.

24 Now, I know people are going to get upset
25 when I safety nuclear. But a lot of the countries in

1 the world have been doing nuclear and, you know,
2 considering the few accidents that they had, if they
3 really take care of it, it might not be such a bad
4 idea, you know, to do something like that.

5 As far as, I don't know whether they do
6 any rebates. Like, I have around elderly aunt that I
7 give advice to. And I noticed that she does get a heat
8 rebate from the gas company.

9 And I see Miss Lewis was talking about
10 senior citizens who are on low income and can't afford
11 some of these things. I don't know if PPL gave any
12 kind of rebate for the really low income people.
13 That's just about all that I have to say.

14 I was more concerned with my little
15 problem of total electric house and if I could get any
16 kind of a discount. The raise does seem a little
17 exorbitant. And I know that things go up. And I'm
18 sure their costs have gone up.

19 But people have pointed out some good
20 things. Maybe a bond issue, people can make some money
21 on that. And a lot of companies, including the federal
22 government, sometimes would rather raise rates, raise
23 taxes than try to see where they can save some money.

24 And I really cannot say definitely with
25 PPL, because I don't know what they do in that area.

1 Sometimes we have to look to tighten our own belts a
2 little bit. That's about all I have to say.

3 JUDGE JANDEBEUR: Thank you, Mrs.
4 DeGennaro. Stay one second. Questions, Mr. Russell?

5 MR. RUSSELL: No questions.

6 JUDGE JANDEBEUR: Miss Herman?

7 MS. HERMAN: No questions, Your Honor.

8 JUDGE JANDEBEUR: Miss Jones?

9 MS. JONES: No questions, Your Honor.

10 JUDGE JANDEBEUR: And Mr. Kanaskie?

11 MR. KANASKIE: No questions, Your Honor.

12 JUDGE JANDEBEUR: Okay. Miss DeGennaro,
13 I will ask you to stay after and you will be able to
14 check with Mr. Russell and his representative on some
15 of the questions you had.

16 THE WITNESS: Thank you, very much.

17 JUDGE JANDEBEUR: Actually, it's going to
18 going be -- it's difficult to try and answer each
19 individual question in the context of a public input
20 hearing, which is why the PUC asks that they bring a
21 representative because it is common that people do have
22 questions.

23 So, if you wait until we finish the
24 public input portion, you will have an opportunity.

25 THE WITNESS: Thank you very much.

1 JUDGE JANDEBEUR: Anyone else in the
2 audience. Sir, I don't have you signed in, correct?

3 MR. ROSENBAUM: No.

4 JUDGE JANDEBEUR: Would you mind doing
5 that for me? And we'll go off the record just for a
6 second to give him a chance to do that.

7 (Off the record.)

8 JUDGE JANDEBEUR: Back on the record.
9 Mr. Rosenbaum, I'll ask you to raise your right hand.

10 Whereupon, ALAN ROSENBAUM, having been
11 duly sworn by the Judge, was examined and testified as
12 follows:

13 JUDGE JANDEBEUR: Thank you, sir. Go
14 ahead with your testimony.

15 THE WITNESS: Okay.

16 DIRECT TESTIMONY

17 JUDGE JANDEBEUR: I'm sorry. I do need
18 you to put on the record your address and your
19 employment.

20 THE WITNESS: Self-employed, 322 Hazel
21 Street, Wilkes-Barre, PA.

22 JUDGE JANDEBEUR: Thank you.

23 THE WITNESS: Like the one lady, she
24 mentioned that they're not cutting the brush properly.
25 PPL, they cut back and employees. Mr. Russell, how

1 many employees does PPL have now?

2 MR. RUSSELL: Approximately, 3,000.

3 THE WITNESS: How many?

4 MR. RUSSELL: 3,000.

5 THE WITNESS: The last time, you had, I
6 believe, don't quote me, 7,000.

7 MR. RUSSELL: Electric utility never had
8 that many. You have to be careful. We've unbundled
9 the corporation into different operating groups. I was
10 just talking about the electric utility. Total PPL
11 corporation, and I need to double check this, I think
12 is 11,000.

13 THE WITNESS: Okay. Because I got -- I
14 was, you know, nine years ago, I went to the last
15 hearing. But in the year 2000, I took a few classes at
16 LCC.

17 So, we learned about the future. With
18 all the fluorescent lights and computers are using
19 electricity more efficiently. So, what does Enron and
20 PPL do? They raise all the business rates.

21 They're using electricity more
22 efficiently with the computer knowledge and the
23 fluorescents. So, what happens? They get punished for
24 actually being very efficient.

25 So, then again, what happens is, on the

1 future, they're kind of deregulating a lot of their
2 people. I remember when I had power turned on a dozen
3 years ago, two guys came out.

4 Right. Now, one gentleman came out in
5 the year 2000, when we moved up to Hazel Street. This
6 is a man doing a dangerous job, collecting, I think,
7 35,000 volts come out of the transmitter a block away.

8 And one guy is doing it. What happens if
9 a little slip or a little pop, a little arc? You never
10 know. He's there by himself in the bucket truck. No
11 one down below. PPL is not as safe as it used to be.

12 And this is -- and they're going to be
13 unsafe in the future because I believe, like I say, in
14 2005, they're going to deregulate more. And PPL
15 doesn't want to connect the power any more. They feel
16 that's going to happen.

17 This is -- these are people that are in
18 the business. They teach at LCC. They feel that PPL
19 is going to get away at connecting power altogether.
20 It is going to really jump up electricians' insurance
21 rates if they have to connect the high power lines to
22 homes. It's a very dangerous job.

23 But that might be in the future after
24 2005. And that's what we have to worry about. Because
25 I think PPL is taking their -- you know, they're

1 learning from Enron. And we have to be aware of what
2 happened in California.

3 Because they're really -- like I said,
4 they punished all the businesses in the last decade and
5 for using power more efficiently. And I feel they're
6 going to punish all the population because they're not
7 going to be doing their job. They're trying to
8 downsize their company.

9 And you shouldn't downsize electricity
10 too much. Like I say, you don't work with electricity
11 in a bad mood. If you're depressed, stay home. Do not
12 work with electricity because it's dangerous.

13 And I feel that PPL, using one gentleman
14 to connect power is dangerous. They're only sending --
15 look, they have one person here. They downsized. I
16 remember -- I think they had three people at the last
17 PUC meeting ten years ago.

18 And now they downsize. They send you by
19 yourself. It's not funny. But I'm just saying,
20 they're being -- they're doing things on the cheap,
21 it's called.

22 And for PPL should not be so cheap just
23 to make better profits. So, and that's all I have
24 to say. Thanks.

25 JUDGE JANDEBEUR: Thank you. Mr.

1 Rosenbaum, ask you to wait one second to see if there's
2 any questions. Mr. Russell?

3 MR. RUSSELL: No questions.

4 JUDGE JANDEBEUR: Miss Herman?

5 MS. HERMAN: No questions.

6 JUDGE JANDEBEUR: Ms. Jones?

7 MS. JONES: None, Your Honor. Thank you.

8 JUDGE JANDEBEUR: Mr. Kanaskie?

9 MR. KANASKIE: No questions.

10 THE WITNESS: I have faith. I do a
11 Christian radio show at King College. I have very much
12 faith that the PUC will do the right thing.

13 JUDGE JANDEBEUR: Anybody else that
14 wishes to testify formally in the audience that I have
15 not called upon? Is there anyone in the audience that
16 wishes to testify off the record?

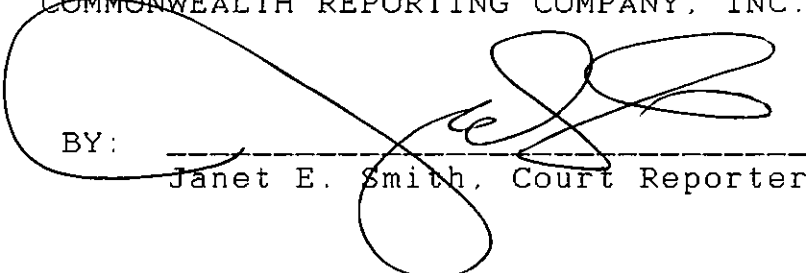
17 Okay. That concludes this evening's
18 public input hearing. For those of you that would like
19 to speak to the PPL counsel and the representative or
20 any member of this panel, feel free to do that now.
21 Thank you for coming.

22 (Whereupon, at 8:08 p.m., the hearing was
23 concluded.)

CERTIFICATE

1
2
3 I hereby certify, as the stenographic reporter,
4 that the foregoing proceedings were reported
5 stenographically by me, and thereafter reduced to
6 typewriting by me or under my direction; and that this
7 transcript is a true and accurate record to the best of
8 my ability.
9

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