

**ORIGINAL**

COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

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In the Matter of: :  
Pennsylvania Public Utility : Docket No. R-00072155  
Commission vs. PPL Electric  
Utilities Corporation. :  
Rate increase. :  
Public input Hearing. :  
-----

Pages 203 through 268 King's College  
McGowan School of Business  
Burke Auditorium  
Corner of North River  
and West Union Streets  
Wilkes-Barre, Pennsylvania  
Thursday, June 28, 2007

**DOCUMENT  
FOLDER**

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

BEFORE: SUSAN D. COLWELL,  
Administrative Law Judge

APPEARANCES:

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(For - PPL Electric Utilities Corporation)

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P-R-O-C-E-E-D-I-N-G-S

1  
2 JUDGE COLWELL: Good evening, everyone.  
3 I'm Susan Colwell, the Administrative Law Judge  
4 assigned to conduct this public input hearing and  
5 prepare a recommended decision for the Commission's  
6 review and approval.

7 As you know, probably because you're  
8 here, the case is a proposed rate increase of PPL  
9 Utilities Corporation for 83.6 million dollars. And  
10 the effective date of the new rates is set for January  
11 1st, 2008.

12 I'll start by telling you what's happened  
13 so far in the investigation, what will happen and how  
14 you can participate tonight.

15 After that, the lawyers for PPL Electric  
16 and the public advocate offices will make opening  
17 statements to explain what rules they each play in the  
18 rate cases before the Public Utility Commission.

19 The court reporter that you see up here  
20 is going to transcribe everything that is said. So  
21 please remember, you cannot talk over another person,  
22 two people can't talk at once. She can only get one of  
23 you down.

24 During this hearing, I ask that you turn  
25 off your cell phones, or set them to silent mode so as

1 not to interrupt any witness or counsel that is  
2 speaking. And any conversations you might want to have  
3 between yourselves, please go outside.

4 PPL filed its proposed rate increase on  
5 March 29, 2007 and it affects only its distribution  
6 rates. Your electric bill has gotten a lot more  
7 complicated over the last ten years.

8 While we used to see one amount, which  
9 represented all of the different parts of the service  
10 added up, now the utility companies are required to  
11 break down the final bill to show you how much each of  
12 the components costs.

13 And these components include  
14 distribution, which is the use of the facilities for  
15 billing, meter reading, maintenance and the wires  
16 themselves. Generation, which is the cost of the  
17 electricity; and transmission, which is the charge for  
18 moving the electricity from the generation facility to  
19 the distribution lines of the company.

20 This case is limited to the cost the  
21 company can charge you for distribution for the cost of  
22 delivering the electricity to your home or business.

23 on May 30th, 2007, the Commission  
24 suspended the effective date of the rate request until  
25 January 1st, 2008 and directed that an investigation

1 and hearing be held. The investigation will mostly be  
2 carried out by the parties and persons who have  
3 intervened or filed complaints. These parties include  
4 the Office of Consumer Advocate, which represents the  
5 interest of residential customers as a whole; the  
6 Office of Small Business Advocate, which represents the  
7 interest of small commercial and industrial customers;  
8 the Office of Trial Staff, which is the Commission's  
9 office, which represents the public interest as a  
10 whole.

11 There are also a couple of others,  
12 including the PPL Industrial Customers Alliance, which  
13 represents large consumption customers, excuse me, the  
14 Commission on Economic Opportunity, which assists  
15 low-income population of Luzerne County to deal with  
16 rising utility costs through counseling, payment  
17 assistance and energy conservation measures and the  
18 Sustainable Energy Fund, which represents the  
19 promotion, research and investment in clean and  
20 renewable energy technology, energy conservation,  
21 energy efficiency and sustainable energy enterprises,  
22 which provide opportunities and benefits for PPL  
23 ratepayers.

24 These are the main parties to the rate  
25 investigation. There are also some individuals who

1 have intervened and filed complaints. At a prehearing  
2 conference on May 31st, 2007, a schedule was set for  
3 hearings, discovery meetings and settlement meetings.

4 The parties have already held one  
5 informal discovery conference with the company. There  
6 has been one settlement meeting.

7 Public input hearings were held on June  
8 22nd in Bethlehem and Allentown, last night in  
9 Harrisburg, this afternoon in Scranton and, tonight,  
10 here we are in Wilkes-Barre.

11 The hearings to take technical evidence  
12 are to be held the week of August 13th in Harrisburg.  
13 Before those hearings occur, the parties will submit  
14 their testimony in writing.

15 And at the hearings, the witness who  
16 submitted that testimony, will be cross-examined by the  
17 other parties. The parties will then file briefs on  
18 September 5th being and reply briefs on September 17th.

19 I will write a recommended decision,  
20 which is due out on or before October 21st. The  
21 parties will then be able to file written exceptions if  
22 they do not agree with my recommended decision.

23 And after that, the Commission will  
24 evaluate the evidence, along with my recommendation and  
25 the exceptions of the parties before they enter their

1 final order, probably at their December 20th, 2007  
2 public meeting.

3 But the purpose of this public input  
4 hearing is to hear from you regarding the utility's  
5 existing and proposed rates and service.

6 The Commission's policy regarding public  
7 input hearings gives you three different options for  
8 doing so. The first one is the best one. you may  
9 testify formally, under oath or affirmation. That puts  
10 you subject to cross examination. But the cross  
11 examination that you get here would not be anything  
12 like anything you see on television and would be just  
13 to clarify certain things. Most of the time, no  
14 questions are asked by the lawyers.

15 The second one is, you may make an  
16 unsworn or unaffirmed statement. It will be off the  
17 record and not subject to cross examination. But the  
18 reporter will not transcribe your statement, and I  
19 cannot consider it in my recommended decision. And the  
20 Commission can't consider it in its decision.

21 Number 3, you may provide information  
22 separately to the Commission's Office of Trial Staff,  
23 to the Consumer Advocate or the Small Business Advocate  
24 for their possible use at the evidentiary hearings in  
25 Harrisburg at their discretion.

1 I do encourage you to testify under oath,  
2 so that I and the Commission can use your testimony to  
3 the extent that it meets its rules of evidence. I have  
4 a sheet here for people who have signed up.

5 If anyone in addition has come in and  
6 hasn't signed up, please come forward and sign the  
7 sheet right there so that I can call on you.

8 Before we begin with the opening  
9 statements, there are just a few more points. If you  
10 are reading from a prepared statement, and if you have  
11 brought an extra copy, please give it to the court  
12 reporter before you begin to read because that makes it  
13 a lot easier for her to record what you're saying and  
14 much easier for her to refer to later.

15 This is a legal hearing. Everyone who  
16 testifies as the member of the public has the right to  
17 give that testimony free from interruptions, comments  
18 on heckling of any kind. But I do ask that you limit  
19 your comments to the subject of this case.

20 If you have questions, you can talk to  
21 any of the attorneys after the hearing. Or we will  
22 have a short question and answer session where you can  
23 ask questions off the record, and we'll explain what we  
24 can do for you.

25 When it's your turn to speak, I will ask

1 your name and address and place of employment. This is  
2 information that is necessary in order for your  
3 testimony to be considered.

4 Now I will ask counsel for the parties  
5 who have come here tonight to make their brief remarks  
6 and introduction. And we'll start with the counsel for  
7 the company. Mr. Russell.

8 MR. RUSSELL: Thank you, Your Honor. My  
9 name is Paul Russell. I'm one of the in-house lawyers  
10 at PPL, and I'm one of the lawyers that's handling this  
11 case for the company.

12 At the outset, I'd like to thank  
13 everybody for coming to the public input hearing  
14 tonight. Public input hearings are a very critical  
15 aspect of the Commission's ratemaking process, and they  
16 give the Commission a very valuable consumer  
17 perspective on ratemaking issues.

18 Your testimony tonight will be reviewed  
19 by the company, by the other parties you see here to  
20 night, by the Judge and, ultimately, by the Commission.  
21 And for that reason, I would urge you to testify if you  
22 have thoughts on the rate case.

23 The purpose of the hearing tonight is to  
24 get your thoughts and your concerns, so I'll be very  
25 brief in summarizing what the company has filed.

1           As Judge Colwell indicated, we've  
2 requested an increase of about 83.6 million dollars.  
3 No change in our rates will become effective before  
4 January 1st, 2008.

5           Our filing also includes a number of  
6 proposals to address concerns and assist our customers  
7 and the communities we serve.

8           Let me summarize three, very quickly, the  
9 first is new energy and demand side management  
10 programs. The second is expanded universal service  
11 programs for our low-income customers. And the third  
12 is the sustainable development program for local  
13 communities.

14           If you're interested in the details of  
15 any of these programs or any other aspect of our  
16 filing, you can view the entire filing on line at  
17 [WWW.PPLelectric.com](http://WWW.PPLelectric.com).

18           In conclusion, I want to mention one  
19 housekeeping item. Rich Beasley is in the audience.  
20 Rich, if you can put up your hands. If you have any  
21 questions about your rates or your service or anything  
22 else that has to do with PPL Electric, please see  
23 either Rich or me at a break or after the hearing, and  
24 we'll be happy to try to help.

25           Again, thank you for attending. And I

1 look forward to hearing your comments. Thank you.

2 JUDGE COLWELL: Miss Santolla.

3 MS. SANTOLLA: Good evening, ladies and  
4 gentlemen. My name is a Jennedy Santolla. I'm an  
5 assistant consumer advocate with the Office of Consumer  
6 Advocate, otherwise known as the OCA.

7 The OCA is an independent branch of  
8 Attorney General's Office, and we're the statutory  
9 representatives for consumers, residential consumers in  
10 all utility law in Pennsylvania.

11 Our office deals, as I said, with all  
12 forms of utility law. If you would like any  
13 information about our office, I put some pamphlets out  
14 on the outside table, as well as a sign-in sheet if you  
15 would like to be included in our mailing list.

16 Additionally, our office is investigating  
17 every aspect of the company's filing. And we have  
18 hired a team of experts to do so. We're in the process  
19 of reviewing everything, as the other parties are  
20 sitting here this evening.

21 I would encourage you to testify on the  
22 record so that your testimony may become part of the  
23 record and used by not only the Commission but also the  
24 statutory parties in formulating our legal arguments  
25 and briefs.

1           Once again, we appreciate you coming out  
2 tonight and testifying for us. Thank you.

3           JUDGE COLWELL: Mr. Shields.

4           MR. SHIELDS: Thank you, Your Honor.

5 Good evening, folks. Thanks very much for being here.  
6 My name is Charles Daniel shields. My title is senior  
7 prosecutor with the Commission's Office of Trial Staff.

8           the other senior prosecutor, Kenneth  
9 Mickens, he and I, together, with our engineers and  
10 financial analysts, we have a cadre of professionals  
11 who get assigned to a big case and big case like this,  
12 and what they'll do is sit down with the four or five  
13 feet of filing that we receive. And they will pour  
14 over every page, send written interrogatories,  
15 questions to the company.

16           We will look at every -- we do and will  
17 look at every document. The Office of Trial Staff, our  
18 responsibilities are to balance the interest of you the  
19 customers with the company, to make sure that the  
20 company remains a viable operation. Make sure, in this  
21 particular case, the wires company, the electric  
22 company, that safety is a prime consideration, as is  
23 the efficient operations of the business.

24           That's the type of things that my office  
25 looks at, the other statutory parties look at and some

1 of the other attorneys representing other interests in  
2 the party. And, ultimately, we present our briefs to  
3 the Judge, who renders a recommended decision, as Her  
4 Honor mentioned. And then it goes to the Commission.

5 So, again, I encourage you to speak on  
6 the record. Looks like a number of folks signed up.  
7 it's very encouraging. And we anxiously await your  
8 comments. Thank you, Your Honor.

9 JUDGE COLWELL: Mr. Gray.

10 MR. GRAY: Thank you, Your Honor. Good  
11 evening. My name is Steve Gray. I'm an attorney with  
12 the Office of Small Business Advocate. We represent  
13 small businesses across Pennsylvania, typically, small  
14 commercial and industrial customers.

15 If you happen to be a representative of a  
16 small business of any type, please do testify on the  
17 record tonight. It's very helpful to my office, to  
18 Your Honor and also to the Commission. And thank you  
19 for coming.

20 JUDGE COLWELL: Thank you. Okay. At  
21 this point, I'm going to start asking you to come  
22 forward and to give your comments to us. I'm going to  
23 start with Rich Pronesti, who is here on behalf of  
24 Representative Phyllis Mundy, Representative Pashinski  
25 and Mike Carroll.

1 He has given us a statement which I'm  
2 going to mark as an exhibit and admit to the record.

3 (Pronesti Exhibit Number 1 was marked and  
4 admitted in evidence.)

5 JUDGE COLWELL: Go ahead, sir.

6 Whereupon, RICHARD PRONESTI, testified as  
7 follows:

8 **DIRECT TESTIMONY**

9 THE WITNESS: Thank you, Your Honor.

10 Good evening, my name is Rich Pronesti and I'm a staff  
11 member of State Representative Phyllis Mundy in  
12 Harrisburg.

13 I'm here tonight to deliver testimony on  
14 behalf of Representative Mundy and Representatives  
15 Eddie Day Pashinski and Mike Carroll, who represent the  
16 120th and 121st and 118th Legislative Districts.

17 The members apologize for their absence, as the  
18 Legislature is engaged in voting session and budget  
19 deliberations as we speak.

20 We, in Luzerne County, appreciate you  
21 holding this hearing in Wilkes-Barre, allowing our  
22 citizens to comment on this rate increase proposal in  
23 our own community.

24 We are opposed to the rate hike proposed  
25 by PPL for one very simple reason; the burden is placed

1 too heavily on average citizens who went through this  
2 just two short years ago. This time around, PPL says  
3 they need to raise rates to produce additional annual  
4 operating revenues of 83.6 million dollars.

5 Of the 83.6 million, 78 million will be  
6 paid by residential customers. That's 93 percent of  
7 the total increase. By contrast, a typical commercial  
8 customer faces only a 0.5 percent increase. While a  
9 typical industrial customer will actually be given a  
10 0.3 percent decrease.

11 Commercial and industrial customers have  
12 some ability to recover these costs through the price  
13 of their products. But where do retired citizens,  
14 residential customers, who thought they had saved and  
15 provided for their retirement, find the additional  
16 money every month to pay these significant increases?

17 The common residential service class  
18 customer faces an average overall increase of  
19 6.8 percent, which is an approximate 20 percent  
20 increase in residential distribution rates. An RS  
21 customer, using a thousand kilowatt hours per month,  
22 will see their bill go up \$6.62 per month.

23 PPL is also proposing to raise their  
24 monthly customer charge, for residential service, on  
25 the rate schedule RS, from \$7.96 to \$10.00. As I

1 referenced earlier, residential customers went through  
2 this two years ago.

3 In their 2004 request, PPL asked for a  
4 164.4 million dollar increase in retail distribution  
5 operating revenues. Yet, that increase would have  
6 raised the average RS customer's bill by just 9.67  
7 percent or \$7.58 monthly.

8 This means that PPL's 2004 request was  
9 twice as large as the current request, but the monthly  
10 increase for residential service customers was about  
11 the same as what they're proposing now.

12 It doesn't make sense. If they're asking  
13 for a half as much as they did last time, why is the  
14 increase monthly burden on residential customers the  
15 same as it was two years ago?

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

21 But it's not surprising that PPL went  
22 this route. In the 2005 increase, PPL put forth that  
23 no residential customers would face more than a 10  
24 percent increase. That ensured the increase would, as  
25 said earlier, be spread more evenly.

1           The big business industry and the small  
2 business advocate filed suit in the Commonwealth Court  
3 over their share of that increase. Last year, the  
4 court, in what we considered a dreadful decision, ruled  
5 that state regulators must set none-discriminatory  
6 reasonable rates.

7           So the PUC had little choice but to agree  
8 to a settlement with PPL which, as of August 1st,  
9 raises residential rates by nearly 4 percent, while  
10 lowering commercial and industrial rates by as much as  
11 5 percent.

12           That's right, residential customers are  
13 facing a double increase, a, quote, double whammy. A  
14 hit in August and then another, should this rate  
15 increase be approved. Not commercial or industrial  
16 customers, who will have their tiny proposed increase  
17 eliminated and their rates actually reduced by this  
18 settlement. And that's why regular folks are bearing  
19 the brunt.

20           Besides taking more of the money from  
21 residential customers instead of commercial and  
22 industrial customers, PPL wants to put nearly 4 million  
23 dollars of this rate increase, over three years, into  
24 its brand new sustainable development program or SDP.

25           PPL is a public utility, not an economic

1 development company. They should not charge one penny  
2 more than they absolutely need to. Pennsylvanians  
3 already fund economic development through a variety of  
4 state programs paid for by their tax dollars. They  
5 shouldn't be asked to fund economic development through  
6 their electric bills as well. And PPL should not be  
7 given the power or authority to do.

8 PPL claims a rate increase is needed to  
9 handle costs. Costs are the same for all electric  
10 providers. One might ask, why haven't other companies  
11 tried to raise their rates by 248 million dollars over  
12 three years?

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

18 JUDGE COLWELL: Mr. Pronesti, I neglected  
19 to swear you in. I apologize for that. Let's make it  
20 retroactive. Would you raise your right hand?

21 **Whereupon, RICH PRONESTI**, having been  
22 duly sworn that the testimony he provided was truthful,  
23 as previously provided:

24 JUDGE COLWELL: Anyone have any questions  
25 for Mr. Pronesti?

1 MR. RUSSELL: No, Your Honor.

2 JUDGE COLWELL: Thank you very much.

3 That will be made part of the record. Thank you for  
4 coming.

5 (witness left the stand.)

6 JUDGE COLWELL: Next on my list is Mike  
7 Basta. Will you be sworn?

8 MR. BASTA: yes.

9 **Whereupon, MICHAEL BASTA**, having been  
10 duly sworn, testified as follows.

11 **DIRECT TESTIMONY**

12 JUDGE COLWELL: Thank you. Could you  
13 state your name and spell it for the record?

14 THE WITNESS: Michael F. B-a-s-t-a,  
15 Basta.

16 JUDGE COLWELL: Could we have your  
17 address too, please?

18 THE WITNESS: 3924 Crestwood Drive,  
19 Schnecksville Pennsylvania 18078.

20 JUDGE COLWELL: Are you employed, sir.

21 THE WITNESS: Yes, I am.

22 JUDGE COLWELL: Could you tell me where.

23 THE WITNESS: Exelon Energy.

24 JUDGE COLWELL: Go ahead and tell us what  
25 you want us to know.

1 THE WITNESS: First I want to apologize  
2 for two things. My glasses, the screw fell off on  
3 North Street, so I'm using glasses that are about ten  
4 years prescription. And I've taken over-the-counter  
5 medications, it dries up my sinuses. I'm going to keep  
6 this here, dries up my sinuses and dries everything  
7 out.

8 JUDGE COLWELL: Fine. I want you to be  
9 comfortable. What do you have for me.

10 THE WITNESS: I have my testimony.

11 JUDGE COLWELL: Mark it as Michael F.  
12 Basta Exhibit 1.

13 **(Michael F. Basta Exhibit Numbers 1 and 2**  
14 **were marked and admitted in evidence.)**

15 MR. GRAY: Any extra copies for us?

16 JUDGE COLWELL: I'll have them made.

17 THE WITNESS: Is it okay to start?

18 JUDGE COLWELL: Yes, it is. Thank you.

19 THE WITNESS: My name is Michael F.  
20 Basta. My address is 3924 Crestwood Drive,  
21 Schnecksville, Pennsylvania.

22 I have a bachelor of science degree in  
23 electrical engineering from the Pennsylvania State  
24 University. I have a master's degree in electrical  
25 engineering through Lehigh University. I am also a

1 registered professional engineer and a certified safety  
2 professional, certified by the Board of Certified  
3 Safety Professions.

4 I also have over 37 years of experience  
5 in the electric utility business. I would like to  
6 thank you for the opportunity to provide feedback to  
7 you on PPL's rate increase request.

8 I have to start out with this statement,  
9 how much profit does a company need? In 2006, PPL  
10 reported an annual profit of 868 million dollars. Mr.  
11 James Miller, PPL chief executive officer had a  
12 paycheck in the neighborhood of a little over 5 million  
13 dollars.

14 They were pushing rate hikes on people,  
15 residents, who can't afford it. There is a significant  
16 question about the affordability of these rates that  
17 are being proposed.

18 There was a rate increase of around 8  
19 percent in 2005; around 5 percent in 2006. There's  
20 going to be one now of 3.8 percent in August of 2007,  
21 because of the court case. And, finally, another  
22 increase of 6.85 percent proposed in 2008.

23 It's a near aggregate of over a 26  
24 percent increase in residential rates. How many  
25 residential customers can afford these increases?

1 These increases exceed the rate of inflation  
2 significantly.

3 I'd like to change the topic a little  
4 bit. At my residence, I've had a number of  
5 interruptions. There are interruptions that did not  
6 occur during a storm period or wind storm. My last  
7 interruption occurred on June 13th, 2007 at 7:40 a.m.

8 I called PPL to get a sense of what  
9 caused the interruption. But it was a sunny day.  
10 There was no wind. And I still didn't receive an  
11 explanation of that interruption.

12 I called again today and they said they  
13 hadn't finished the research. And this goes back to  
14 June 13th. You can see, I have some pictures to share  
15 with you, where you might be able to sort of guess what  
16 caused the interruptions.

17 One for the record. I have to that I  
18 one. You could have my two when I'm done. Let's take  
19 a look at the first picture.

20 JUDGE COLWELL: Could you tell me where  
21 that is located?

22 THE WITNESS: That is located in North  
23 White Owl Township, Lehigh County.

24 JUDGE COLWELL: Could you be more  
25 specific? I need to know the location of it.

1 THE WITNESS: Let me think for a second.  
2 I do not have a pole number, because I couldn't get  
3 close enough to it because of the poison ivy.

4 JUDGE COLWELL: How about a street  
5 address?

6 THE WITNESS: It's on Washington Street  
7 in North White Owl Township. And this is construction  
8 in a rear lot. So, there's really not a street  
9 address.

10 JUDGE COLWELL: Okay.

11 THE WITNESS: As you can see from the  
12 picture, the little can that's on the pole is called a  
13 transformer. And the wire up above it is an arrester,  
14 in case lightning hits it. And above that is the  
15 primary line.

16 As you can see, that primary line of 13.2  
17 thousand volts goes right through that tree. And the  
18 tree and branches of the tree make contact with that  
19 primary line, and it caused interruptions for us.

20 JUDGE COLWELL: Is that the line that  
21 provides service to your home?

22 THE WITNESS: This line does provide  
23 service to my home, yes. The primary line that you see  
24 here does provide service to my home. The second  
25 picture is another shot. And you can see the primary

1 line here, going right through the tree. No tree  
2 trimming.

3 An obvious fix for this would be to have  
4 these two trees trimmed. And I think that would take  
5 care of a lot of our issues. Let me give these two  
6 copies to Mr. Russell, if that's okay with you.

7 JUDGE COLWELL: That's a good idea.

8 MR. RUSSELL: Thank you.

9 THE WITNESS. Last year, in 2006, we also  
10 had some interruptions from squirrels in the primary  
11 distribution line. I would hope and recommend that a  
12 squirrel guard would be installed where the fuse is and  
13 where the line makes a connection, and I think that  
14 would resolve that issue.

15 On June 13th of 2007, I requested a copy  
16 of a class cost of service study, which I still haven't  
17 received. I wanted to comment on the study this  
18 evening but it is difficult without having the study. I  
19 did request that copy from PPL Electric Utilities.

20 My last topic this evening has to do with  
21 power factor. And, Judge, if there's anything that I  
22 say that doesn't make sense to you, please ask me.

23 JUDGE COLWELL: I will.

24 THE WITNESS: Okay. Power factor is the  
25 ratio of work energy, which is kilowatts, to the total

1 energy which is kVA. It's really a measure of how  
2 effectively you use your power. The better power  
3 factor you have, the more efficient use of your plant  
4 and facilities.

5 PPL has installed AMR meter reads that  
6 have a very short payback period and eliminate the need  
7 for meter readers. The new meters have the capability  
8 of recording load profiles and the power factors, among  
9 a bunch of other things.

10 I was disappointed with the PPL filing  
11 that they did not request a change in the tariff so  
12 that companies that have a good power factor,  
13 nominally, 90 percent normally, and use more power more  
14 efficiently would be penalized the same way as  
15 companies that have a bad load factor.

16 JUDGE COLWELL: What do you mean by  
17 penalized, sir?

18 THE WITNESS: Right now, as I read the  
19 tariff, say you're an LP4 customer, you have a real  
20 good power factor. Paul Russel is another customer.  
21 He has a terrible load factor. So, instead of trying  
22 to point out the folks who have a bad power factor,  
23 distribute that increased cost across the whole rate  
24 base of the LP force.

25 I'm suggesting that if you have a good

1 power factor, you shouldn't have to pay for the full  
2 distributed cost. Mr. Russell may have a bad power  
3 factor, he's the one that should be paying for that  
4 additional cost and line losses that are caused because  
5 of poor power factor.

6 JUDGE COLWELL: Whose responsibility is  
7 the power factor?

8 THE WITNESS: Whose responsibility? The  
9 power factor is controlled by the customer. He can  
10 take corrective actions, as far as the power factor.  
11 But he needs an incentive.

12 Some of the utilities in Pennsylvania,  
13 they have what's called a power factor adjustment. If  
14 your power factor falls below a certain level, you're  
15 paying some extra money because of load losses, other  
16 things, including your poor performance and poor use of  
17 energy.

18 JUDGE COLWELL: Do you know if the  
19 company has that?

20 THE WITNESS: At least two other  
21 companies and possibly three or more.

22 JUDGE COLWELL: Could you tell me who  
23 they are?

24 THE WITNESS: Sure. Duquesne Light, PECO  
25 Energy. And one of the -- I think it's Penelec. That

1 one is an iffy.

2 JUDGE COLWELL: Okay. Thank you.

3 THE WITNESS: Your Honor, have I  
4 explained the power factor?

5 JUDGE COLWELL: I understand. And you're  
6 recommending that they break down their rate schedules  
7 to particular customers?

8 THE WITNESS: Yes.

9 JUDGE COLWELL: Okay.

10 THE WITNESS: In essence, we're all  
11 paying for those capacitors. There's no reason for a  
12 customer to correct the power factor, unless there's  
13 incentives in the tariff.

14 If you don't have a proper power factor,  
15 you're not using energy as efficiently as you can, you  
16 should be paying more for it.

17 PPL corrects power factors and  
18 distribution lines, which is not the most efficient way  
19 to correct the power factor, as if a customer had  
20 corrected the power factor at the source.

21 The best way to correct the power factor  
22 situation is not on the distribution lines, but right  
23 where the machine is. You correct the power factor  
24 with the machine that's causing the power factor issues  
25 in your plant. That's the most efficient way to do it.

1 When you do it out in the distribution lines, it's more  
2 costly and not as efficient.

3 My last statement is, since I did not  
4 receive the class cost of service study, I ask that the  
5 record be kept open till I get the study and have an  
6 opportunity to review the study and make comments.

7 I want to thank you for your the  
8 opportunity for speaking here this evening.

9 JUDGE COLWELL: Mr. Russell, can we have  
10 a cost of service study sent to Mr. Basta?

11 MR. RUSSELL: Yes, Your Honor, we can. I  
12 was going to make that commitment. If I could get his  
13 address off the record, I'll have it go out from the  
14 company, in fact, the entire filing we can send  
15 tomorrow.

16 THE WITNESS: Thank you, Paul.

17 MR. RUSSELL: You should get it, well,  
18 either Saturday or Monday.

19 THE WITNESS: Any questions?

20 JUDGE COLWELL: Anybody have any  
21 questions?

22 THE WITNESS: Thank you very much.

23 MR. RUSSELL: Your Honor, if I could make  
24 one other suggestion.

25 JUDGE COLWELL: Sure.

1 MR. RUSSELL: Mr. Beasley may be able, if  
2 you can talk to him, address some of the outage and  
3 tree trimming issues.

4 THE WITNESS: That's not his territory.

5 MR. RUSSELL: But we can put you in touch  
6 with the right people.

7 THE WITNESS: Put me in touch with the  
8 right people. I'd like to bring them out to the pole  
9 locations and where the squirrel guard should go and  
10 where the primary is going through the trees.

11 MR. RUSSELL: Okay.

12 THE WITNESS: I'm always concerned that  
13 you might have some children climb that tree and not  
14 see that primary there. It would not be a good effect.

15 JUDGE COLWELL: All right.

16 THE WITNESS: Thank you very much.

17 JUDGE COLWELL: Thank you very much.

18 THE WITNESS: Even without the glasses.

19 JUDGE COLWELL: I appreciate your  
20 comments and your time.

21 (Witness left the stand.)

22 JUDGE COLWELL: Thomas Dombroski. Good  
23 evening, sir.

24 **Whereupon, THOMAS DOMBROSKI**, having been  
25 duly sworn, testified as follows:

**DIRECT TESTIMONY**

1  
2 THE WITNESS: If the information in here  
3 is correct, then I'm going state the truth.

4 JUDGE COLWELL: Fair enough. Would you  
5 state your name and spell it for the record, please?

6 THE WITNESS: Thomas Dombroski,  
7 T-h-o-m-a-s, D-o-m-b-r-o-s-k-i, 222 Terrace Avenue,  
8 Trucksville, Pennsylvania 18708.

9 JUDGE COLWELL: Are you employed, sir?

10 THE WITNESS: Partially. I'm more or  
11 less retired.

12 JUDGE COLWELL: Could you tell me from  
13 where?

14 THE WITNESS: Excuse me.

15 JUDGE COLWELL: From where.

16 THE WITNESS: A business that I owned  
17 called D and L Consultants. I've been a consultant for  
18 41 years. And I'm impressed by the testimony so far.  
19 I hope I can do as well as the previous two people.

20 JUDGE COLWELL: So far, you're doing  
21 fine. Go ahead, sir, tell us what you want us to know.

22 THE WITNESS: Well, I'm very concerned  
23 about what these two gentlemen have said that it be in  
24 the record and it be looked over very carefully.

25 I listened very carefully to both of

1 their testimony. I compliment the gentlemen from  
2 Representative Mundy's office and Mike Carroll. He  
3 gave a very good presentation. I'm dismayed that the  
4 other representatives did not send someone here to this  
5 meeting, and I'd like to make that a note in the  
6 record, that I complained about that.

7 JUDGE COLWELL: Okay. But before you get  
8 too upset, I want to point out that this afternoon in  
9 Scranton, we also had a public input hearing. And this  
10 gentleman sitting right over here spoke on behalf of  
11 several other representatives, so we have heard from  
12 some of the others.

13 THE WITNESS: I understand that there may  
14 have been. But I don't know why the local  
15 representatives, other than Representative Mundy, are  
16 not here complaining about that. For example, the  
17 senators and representatives that are in our area are  
18 not here. And I'm concerned about that. I'm concerned  
19 for the senior citizens.

20 We have, in our business, commercial  
21 operations too. And I'm not speaking on behalf of the  
22 commercial operations because, as Representative  
23 Mundy's representative here so eloquently pointed out,  
24 they are not getting any kind of increases. As a  
25 matter of fact, they're getting a 0.3 decrease in their

1 commercial rates. And I'm sure they're happy and  
2 probably why they're not here.

3 But I'm also concerned about 248 million  
4 over three years. I've testified in a number of other  
5 rate cases previously. And I'm not as prepared as I  
6 should be for this one because I did not receive a  
7 prior letter from the Office of Consumer Advocate. And  
8 I wish they would send me one, whenever there's a rate  
9 case in our area.

10 MS. SANTOLLA: Absolutely, we will do  
11 that. I'm sorry. There's a sign-up sheet outside.  
12 Put you on our mailing list. List the utilities that  
13 you belong to, whenever there's a rate case.

14 THE WITNESS: I'm already on it. I've  
15 been a thorn in the side of both the Office of Consumer  
16 Advocate in past hearings and also the Judge and the  
17 PUC.

18 For example, they offered answers through  
19 Mr. Shields that don't answer the proper questions.  
20 You know, they give answers that don't really give --  
21 I'm not going into them. But I'll be glad to go over  
22 them with Mr. Shields.

23 They're supposedly experts in there. But  
24 they haven't on caught on to one thing in the consumer  
25 advocate's office, that I testified in three previous

1 rate case hearings. There's a gimmick. And in my  
2 consulting, I've seen it happen in other areas.

3           You ask for twice as what you want,  
4 settle for half. It looks like the consumer advocate  
5 has done its job, the PUC has done their job and the  
6 utility is happy.

7           Because I said to Sonny in a previous  
8 rate case, you're giving them a hundred percent  
9 increase. And they couldn't figure out why. They  
10 said, we have a hundred accountants. I said, I don't  
11 care if you have 150. You didn't figure out why. You  
12 know, why you gave them a hundred percent increase.

13           So, if you settle, Judge, if you settle  
14 for half this increase and then allow them a year  
15 later, as it was pointed out here two years ago, they  
16 already got an increase, by Representative Mundy's  
17 person, you're, in effect, giving them hundred percent  
18 increase as of this day.

19           Because if you rejected their total  
20 increase now and then gave them an increase of 50  
21 percent two years or a year from now, you've done the  
22 proper job. And they haven't figured it out in the  
23 OCA.

24           And I'm telling them on the record today  
25 how the gimmick works. So that they can figure out,

1 from now on, what's happening with these utility rate  
2 increases. Do you understand, Judge, what I'm saying?

3 JUDGE COLWELL: Yes, I do, sir.

4 THE WITNESS: Yeah. So the 248 million  
5 dollars, over three years, as was pointed, out is a  
6 ridiculous increase. It's too high.

7 Now, as the gentleman before me pointed  
8 out, they're back for another increase. So they say,  
9 it's a small increase. And I heard -- I see on the  
10 document I have here, it's 83.6 million. Is that  
11 correct? Because I thought I heard 86.2, Judge. Did I  
12 hear you incorrectly?

13 JUDGE COLWELL: 83.6.

14 MR. RUSSELL: 83.6.

15 THE WITNESS: Okay. I thought I heard  
16 86.2, when you made your opening statement.

17 JUDGE COLWELL: If I said that, I  
18 apologize. I wrote 83.6 here.

19 THE WITNESS: So, I ask the Consumer  
20 Advocate's, people Mr. Shields and Miss Santolla, take  
21 that back to Sonny and understand when you give 50  
22 percent or 40 percent increase and then give them a  
23 short time again to come back in to go back at another  
24 increase, you're going to, in effect, giving them a  
25 hundred percent increase, not a 50 or 40 percent

1 increase.

2 MS. SANTOLLA: If I can interrupt, I will  
3 definitely take this back to Sonny for you. I  
4 appreciate you testifying. I want to clarify. Mr.  
5 Shields and I do not work for the same company or part  
6 of the state. I work for the Attorney General's  
7 Office. And, Mr. Shields, if you want to say who you  
8 work for.

9 MR. SHIELDS: Yeah, the Office of Trial  
10 Staff. And if I provided you with inaccurate  
11 information, I'm prepared to correct it right now. If  
12 you'd be a little more specific about what  
13 misrepresentations I made to you.

14 What was the context in which I gave you  
15 misleading information?

16 THE WITNESS: I'll write to you and tell  
17 you, because I don't want to hold up this hearing. It  
18 concerns two other rate increase in utilities, in  
19 water, and a sale of Pennsylvania-American Water, where  
20 I first caught on to this gimmick. I don't want to  
21 take up all this time.

22 MR. SHIELDS: I've never prosecuted a  
23 Pennsylvania-American Water case.

24 THE WITNESS: I didn't say you did. I'm  
25 talking about your organization, who you represent.

1 MR. SHIELDS: So, just for the record,  
2 I --

3 THE WITNESS: Aren't you with the PUC?

4 MR. SHIELDS: Yes, sir, that's correct.

5 THE WITNESS: That's who I'm talking  
6 about.

7 MR. SHIELDS: I understand that. But  
8 just for the record, I want to be clear and take an  
9 opportunity, if I've said something in the context  
10 related to this case, that you consider  
11 misrepresentation, I'm now offering to correct that.  
12 If you could give me the specifics on that.

13 THE WITNESS: No, I did not say that. I  
14 said previously. I never said today. Because you  
15 haven't said anything yet, except introduce yourself.

16 MR. SHIELDS: I apologize. If, some  
17 other case or some other time, I've provided you with  
18 inaccurate information, perhaps we can discuss it  
19 later.

20 THE WITNESS: Yeah, I'll be glad to send  
21 you the exact docket number.

22 MR. SHIELDS: That would be very helpful.

23 THE WITNESS: In fact, I'm still fighting  
24 the case. Let me get back to -- in the 1, 2, 3, 4, 5th  
25 paragraph down, the company is saying that it would

1 affect only distribution rates, which make up one-third  
2 the total electric bill for residential customers.

3 JUDGE COLWELL: Sir, what are you reading  
4 from?

5 THE WITNESS: PPL Utility's request 2.7  
6 percent revenue increase.

7 JUDGE COLWELL: Okay. I just need to  
8 keep the record clear, so you referred to a document  
9 and didn't tell us what it was.

10 THE WITNESS: I'm sorry.

11 JUDGE COLWELL: That's okay.

12 THE WITNESS: I'm sorry. Most of my  
13 comments are related to this March 29th, 2007 PPL  
14 Electric Utilities request 2.7 percent revenue  
15 increase.

16 JUDGE COLWELL: Is that a press release?

17 MR. RUSSELL: I think it is, Your Honor.

18 JUDGE COLWELL: Go ahead, sir.

19 THE WITNESS: Says news release. So, I'm  
20 to take it that make up one-third of the bill. And if  
21 the bill, according to, again, the documentation here,  
22 is approximately 90 dollars, 3 times 30, \$99.00 a  
23 month. That's what they're saying this is what the  
24 average residential customer pays.

25 And they're saying that this is going to

1 take up, there's something wrong. If it's going to  
2 take up one-third of the 99, that's 33. Correct? And  
3 if you say 7 percent of a hundred, that's \$7.00. So,  
4 \$7.00 doesn't equate to \$33.00, unless I read something  
5 wrong here. Can you explain that, sir?

6 MR. RUSSELL: I couldn't follow what --  
7 the math you were doing.

8 THE WITNESS: Well, it says the average  
9 residential customer uses \$3.00 a day for electric.  
10 That's \$99.00 a month.

11 MR. RUSSELL: Sounds about right.

12 THE WITNESS: Take 31 and so many. If  
13 you take one-third of that bill, it says this makes up  
14 -- the company's request would only affect distribution  
15 rates which make up one-third the total bill. Is that  
16 correct?

17 MR. RUSSELL: That's about right, yes.

18 THE WITNESS: So, one-third of the bill  
19 is -- one-third of the bill is \$33.00.

20 MR. RUSSELL: Okay.

21 THE WITNESS: Approximately.

22 MR. RUSSELL: Okay.

23 THE WITNESS: And what I'm trying to  
24 figure out is, if you're saying it's only to increase  
25 by 6.8 percent, it doesn't say where you got that. The

1 residential customers increase would be 7 percent. Is  
2 it 7 percent of 33 or is it 7 percent of a hundred?  
3 Which can't -- they don't equate.

4 So, I would like to see that explained  
5 further. That doesn't seem to -- doesn't seem to agree  
6 with what they're saying.

7 MR. RUSSELL: 7 percent of a hundred.

8 THE WITNESS: It's \$7.00.

9 MR. RUSSELL: Correct, a month.

10 THE WITNESS: But you're saying you're  
11 only increasing the distribution rates, which are  
12 \$33.00. So, 7 percent of \$33.00, you should only be  
13 increasing it, what, 10 percent would be 3 point 3  
14 dollars?

15 MR. RUSSELL: Your Honor, I think this  
16 might be more proper productive if you took it  
17 off-line. Mr. Beasley and McCarthy and I could go  
18 through the press release and explain the math. It's  
19 hard for me to do without having it in front of me.

20 THE WITNESS: That's fine. I'm going to  
21 send in a document concerning all this, Your Honor.

22 JUDGE COLWELL: Okay.

23 THE WITNESS: What I'm concerned about,  
24 as the gentleman from Representative Mundy had  
25 mentioned, and I hope in Scranton that they had

1 testified similarly. We're hurting the seniors. And  
2 we're not affecting the small businesses or commercial  
3 users. And I don't say we should kill them or hurt  
4 them. As one of the people said, they can increase it  
5 in their cost and that is true. As a consultant, I  
6 know that.

7 But, right now, you're hurting the  
8 seniors, mainly. And they're being pushed out by  
9 taxes. They're being pushed out by gas increases.  
10 We're being pushed out in the Back Mountain by water  
11 increases. Pushing all these people out of their  
12 homes.

13 So, where we can, we should try, for the  
14 sake of the seniors and the low-income people, that own  
15 their own homes, middle income, low-income people,  
16 these utilities take up an important part of the  
17 operational cost of their home.

18 And they get to the point where they  
19 can't stay in the home any longer. So, every increase,  
20 whether it's from a utility, a tax or a percentage tax  
21 on goods that they buy, like the state budget is trying  
22 to push through additional increases that haven't been  
23 even mentioned, can't even find out -- none of the  
24 representatives know what they voted on for the budget.  
25 They're coming out now and explaining it.

1 I have no problem with what they want to  
2 do with this money that they're claiming that they  
3 want. They're trying to improve the efficiency. As  
4 the electrical engineer said, they're trying to improve  
5 the efficiency of the customer's use of the  
6 electricity. And I have no problem with that.

7 But the amount, I do have a problem with  
8 the amount. And I'm not going to go in detail. I'm  
9 going to send a letter in.

10 I am concerned about the amount that they  
11 mentioned. Nice words, but don't mean anything because  
12 they're not a very big percentage. Everything they say  
13 they're going to help, show the seniors and low-income  
14 and whoever else, residential customers, how to use the  
15 electricity more efficiently, it just doesn't -- it  
16 doesn't add up. So, I will expound on that in my  
17 documentation.

18 Does say that the average residential  
19 customer today pays a little more than \$3.00 a day for  
20 electricity? We use a lot of electricity in the Back  
21 Mountain in my home. My wife tries to keep it down.

22 I haven't seen a \$99.00 bill yet. I  
23 don't know where the \$99.00 comes from. That's UGI the  
24 territory. And I don't know, and I'm going to check to  
25 see what the differential is between UGI and PPL. I

1 was always told that UGI was higher for residential  
2 rates than PPL.

3 But, I know, as a matter of fact, on our  
4 personal usage, that it's not. So, I'm going to check  
5 into that a little further. But you'll see, in the  
6 press release that they did -- they did say 150,000  
7 grant program, 1.1 million for efficiency programs.  
8 Out of 83.6 million, all of these don't add up. I  
9 don't think they add up to 6 million dollars, out of  
10 the 83.6.

11 These efficiency, so called. So, I don't  
12 know where the rest of the money is going. It doesn't  
13 -- they don't say I'm going to use, if it's 6 million  
14 or 10 million, 73 million, I'm going to use for what?  
15 As the one gentleman said, dividends? He pointed out.  
16 More dividends for -- well, if I was a PPL stockholder,  
17 I'm not. But I'm a UGI stockholder.

18 So, I would like to see that more  
19 explained to the Judge as to what this money is going  
20 for, other than these things you mentioned but don't  
21 add up to a lot of money out of the increase.

22 And I think -- I think 248 million, and I  
23 don't know how that escaped me, over three years,  
24 that's a lot of money to hit the people with. And I  
25 don't know the breakdown. I'm going to have to look

1 into that, of what went towards commercial and what  
2 went towards residential before i send my documentation  
3 in.

4           Basically, that's -- I'm also -- I was an  
5 owner of apartments and my children own them now. I'm  
6 speaking on behalf of people who own apartments who  
7 have to pay the electric rate. And, really, they're  
8 renters. They can't afford a home.

9           So, every time you increase the water,  
10 every time you increase the taxes on the apartment  
11 building, every time you increase the electricity, the  
12 cost has to go up in the rent. That's the only way it  
13 can be paid.

14           You know, you can subsidize the rent.  
15 But somebody has still got to pay the bill, the federal  
16 government. So, you're increasing rates. All rates on  
17 utilities should be made justifiable for the person  
18 that they're raising it for, the commercial or the  
19 residential.

20           And I know that, from the press release  
21 recently, PPL is going to try to build another reactor  
22 down in Berwick. It takes a lot of money to build that  
23 reactor. Is this a ploy, that 248 million and the  
24 83.6, to build up a kitty so that they can use that  
25 money to get past the regulators at the federal level

1 to implement that reactor? Is that what the hidden  
2 agenda is? I'd like to know that, if that's the hidden  
3 agenda.

4 MR. SHIELDS: Judge, I can answer that.

5 JUDGE COLWELL: By all means.

6 MR. SHIELDS: This wires company has  
7 nothing to do with the potential of building a reactor.

8 THE WITNESS: The what?

9 MR. SHIELDS: The company that we're  
10 dealing with here, the distribution company, they --  
11 they're not in the generation business any more.  
12 Whoever is planning on building that reactor, it's not  
13 this distribution company.

14 So, these monies, rest-assured and if you  
15 heard what we talked about earlier when we said that  
16 our engineers and financial analysts go over every  
17 dollar, and my people -- and I can tell you that all  
18 the monies need to be justified from the ground up.

19 They've got to explain that much is going  
20 to material and supplies. This much is going to  
21 maintenance and this much is going to trucks. So,  
22 rest-assured that the parties here, statutory parties  
23 and the other parties of the proceeding will ultimately  
24 present all that evidence to the Judge through our  
25 briefs. And that will be thoroughly scrutinized.

1                   But the money -- that money will not be  
2 going towards the potential of building a nuclear  
3 reactor. You can put your mind to rest on that.

4                   THE WITNESS: Who owns the distribution  
5 company?

6                   MR. SHIELDS: Shareholders own it.

7                   THE WITNESS: Shareholders of PPL.

8                   MR. SHIELDS: Let me say again, the  
9 distribution company is not in the business of  
10 generation any more.

11                   THE WITNESS: No. I'm not concerned  
12 about that. Does PPL, if they don't own it, why are  
13 they making a request if PPL doesn't own it? I don't  
14 care if they own it as subsidiary or off in cloud nine,  
15 if they don't own it, sir, this meeting should be  
16 canceled right now and the rate request canceled.

17                   If PPL does not own this distribution  
18 that we're asking a rate increase for, Judge, you  
19 should cancel this meeting right now. Or someone  
20 should tell us -- sir, could you tell us, does PPL own  
21 this distribution company --

22                   MR. RUSSELL: Yes.

23                   THE WITNESS: -- that he mentioned? Yes,  
24 that's the answer.

25                   MR. RUSSELL: Mr. Shields is correct.

1 PPL Electric Utilities is a distribution-only company  
2 and owns the distribution and transmission system. And  
3 this case is about the distribution system. PPL  
4 Electric Utilities is not building any generation.

5 THE WITNESS: I'm not disputing that.  
6 But, you must know, Mr. Russell, one important thing.  
7 Figures don't lie, but liars can figure. And you can  
8 juggle figures any way you want, as long as you're the  
9 owner at the top.

10 You can take stuff here, there and  
11 everywhere. And if you don't know that, sir, and you  
12 too, Mr. Shields, 41 years of consulting experience, I  
13 know that and I can prove it. And, basically, that's  
14 all I had, Your Honor.

15 JUDGE COLWELL: All right, sir. Thank  
16 you so much for your comments.

17 MS. SANTOLLA: Mr. Dombroski, if you  
18 could stay afterwards so I can get your address down.

19 JUDGE COLWELL: Carlie Wetzel.

20 **Whereupon, CARLIE WETZEL**, having been  
21 duly sworn by the Judge, testified as follows:

22 **DIRECT TESTIMONY**

23 JUDGE COLWELL: Could you state your name  
24 and spell it for the record?

25 THE WITNESS: Carlie, C-a-r-l-i-e,

1 Wetzal, W-e-t-z-e-l. 615 Gibson Avenue, Kingston,  
2 Pennsylvania. I'm here on behalf of my office as well,  
3 which is the Luzerne County Office of Human Services.

4 JUDGE COLWELL: In what capacity?

5 THE WITNESS: Okay. I work as a block  
6 grant coordinator for the Luzerne County Office of  
7 Human Services and I've worked there for the past 20  
8 years.

9 I've presented on a number of occasions  
10 on behalf of the low-income adults that I work with. I  
11 have been involved in certain programs, working with  
12 programs, serving adults, disabled and homeless. Our  
13 community has a very strong network of services to  
14 assist vulnerable families and individuals.

15 And PPL has been a part of this concerned  
16 network. And I'm hoping that we're going to continue  
17 to work together. We have seen, recently, a dramatic  
18 increase in the prices of utilities over the past  
19 years.

20 We are seeing, in our network, a lot of  
21 people who have never been seen before because of these  
22 changes. The proposed rate increase is a large burden  
23 for residential customers.

24 As a social service professional, I'm  
25 very concerned about those on fixed incomes, especially

1 the low-income adults, low-income families and the  
2 elderly. A safety net is so necessary to avoid a  
3 possible tragedy.

4 PPL is proposing to increase programs to  
5 assist low-income customers. I request that PPL  
6 continue its commitment in working with the social  
7 services organizations in our community, a very strong  
8 network that we have here, to also participate in  
9 community forums and responding to unique situations,  
10 where the customers might find themselves in peril.

11 Their community outreach needs to also  
12 ensure that public awareness is pushed forward so that  
13 people are aware that there are assistance programs  
14 available and how they might access them.

15 Thank you for your consideration and the  
16 opportunity to present testimony.

17 JUDGE COLWELL: Thank you very much for  
18 coming. Any questions for Miss Wetzel?

19 MR. RUSSELL: No, Your Honor.

20 JUDGE COLWELL: Thank you, ma'am.

21 (Witness left the stand.)

22 JUDGE COLWELL: Ellen -- I'm afraid I  
23 don't know how to say your last name.

24 MS. CECELON: Cecelon.

25 JUDGE COLWELL: Thank you. Would you

1 step forward, please?

2                   **Whereupon, ELLEN CECELON**, having been  
3 duly sworn, testified as follows.

4                   **DIRECT TESTIMONY**

5                   JUDGE COLWELL: Could you state your name  
6 and spell it for the record.

7                   THE WITNESS: C-e-c-e-l-o-n.

8                   JUDGE COLWELL: And your address?

9                   THE WITNESS: 352 North Main Street,  
10 Plains 18705.

11                   JUDGE COLWELL: Are you employed, ma'am.

12                   THE WITNESS: No.

13                   JUDGE COLWELL: Go ahead and tell us what  
14 you want us to know.

15                   THE WITNESS: I'm 64 years old. And I've  
16 been raising kids for 45 years. I'm currently raising  
17 my two grandkids. If I start crying, it's because I'm  
18 thinking of my daughter.

19                   JUDGE COLWELL: Take your time, ma'am.

20                   THE WITNESS: I've been raising my  
21 granddaughter for 16 years. My daughter was killed in  
22 a car accident. I'm raising my grandson because his  
23 stepmother didn't want him in her home.

24                   I had to take my Social Security at age  
25 60 because I couldn't raise my kids on \$800.00 a month.

1 I have three more years to get my granddaughter through  
2 college. She graduated this year. My grandson won't  
3 be going to college. He thinks he knows it all.

4 I'm telling you right now, between  
5 everybody raising their rates, I can't do it. I buy my  
6 clothes at the Salvation Army. I don't buy my kids'  
7 there. I buy secondhand fruit. I buy secondhand  
8 vegetables.

9 I have to explain to my grandkids why I  
10 can't buy them a lot of stuff. You people do not  
11 understand how hard it is to live. I've remortgaged my  
12 house twice. I've got my credit card almost maxed by  
13 buying food and clothes.

14 I had to quit work at Lowe's because I  
15 fractured my kneecap. And then I was going to have my  
16 toe removed, because I'm a diabetic. I've gone off my  
17 medicine. I'm only on insulin. My diabetes is  
18 superhigh. Now it's 600.

19 And everybody keeps telling me I  
20 shouldn't be stressed out. Tell me why I should be  
21 happy? Give me a reason. Somebody, look it,  
22 Parkinson's runs in my family. I think I'm coming down  
23 with it.

24 I was two years without insurance because  
25 I took my Social Security to raise my -- pardon me, my

1 grandkids. And you're going to raise our rates. I  
2 don't have anything in my house that is new. My stove,  
3 I've had for 20 years.

4 I can't afford anything. My grandkids  
5 are my life. Somebody has got to do something to help  
6 the lower-class people. There has to be solutions.  
7 I can see you getting a rate increase, but I don't  
8 think you need that much.

9 Nobody is giving me a rate increase.  
10 Nobody is helping me with my kids or my grandkids.  
11 That's all I have to say.

12 JUDGE COLWELL: Ma'am, I think there's a  
13 gentleman back there you need to talk to. Wave to the  
14 woman so she knows who you are. Thank you very, very  
15 much for coming forth tonight. Ronald Serafin.

16 **Whereupon, RONALD SERAFIN**, having been  
17 duly sworn, testified as follows:

18 **DIRECT TESTIMONY**

19 JUDGE COLWELL: Could you state your name  
20 and spell it for the record?

21 THE WITNESS: Ronald, R-o-n-a-l-d,  
22 S-e-r-a-f-i-n. I reside at 2 Michelle,  
23 M-i-c-h-e-l-l-e, Street, Hudson 18705.

24 JUDGE COLWELL: Are you employed, sir?

25 THE WITNESS: No, ma'am, I am retired. 67

1 years old.

2 JUDGE COLWELL: Well, you look very  
3 youthful. What are you retired from, sir?

4 THE WITNESS: From the federal  
5 government.

6 JUDGE COLWELL: Okay. Thank you.

7 THE WITNESS: 36 years.

8 JUDGE COLWELL: Congratulations.

9 THE WITNESS: Military time and other  
10 time.

11 JUDGE COLWELL: Tell us what you want to  
12 say.

13 THE WITNESS: First of all, I look around  
14 this room, right here, 102,000 people in Luzerne  
15 County, PPL customers. Look at what we have? Nobody  
16 is worried.

17 It's disheartening. It really is. Part  
18 of it is, they always say, the PUC, they give the  
19 utilities whatever they want.

20 Now, like the gentleman stated here, you  
21 look for 20 percent. You knock it down to 15. Hey,  
22 all they wanted was 10 to begin with anyway. So,  
23 they're ahead of the ball game. This is it. They're  
24 all shot down.

25 Let me get back to what I have to say.

1 Mr. Basta hit on one of them. In 2006, they had 868  
2 million dollar profit, which was 27 percent more than  
3 they had in 2005.

4 Then the dividend rate, PPL, 130 percent  
5 in five years. That's a pretty good return, 130  
6 percent in five years. Where else am I here?

7 A lot of it was covered by the gentleman  
8 that spoke here also about what's going on. And the  
9 lady from the county, she's going to hate me. But I  
10 can't see why I got to subsidize these people paying  
11 more for my money, so they can give them more money to  
12 bring these people up to snuff. I really can't see it.

13 I mean, I'm bent over already. How much  
14 more can I carry? And I was going to ask about the  
15 CEO's pay for PPL. But one of the gentleman stated  
16 it's 5 million dollars or so, plus. So, needless to  
17 say, he's well taken care of.

18 That's part of the reason why I am  
19 totally opposed to any raise at all for PPL. And  
20 another thing, I don't know, is it a coincidence or  
21 what?

22 First of all, this rate come up. And  
23 then the next thing it is, I'm reading, we want another  
24 nuclear reactor down in Berwick. All right.

25 Then, all of a sudden, we got to run

1 lines across Pennsylvania, run all of this stuff, which  
2 our governor is totally against, from what I have read  
3 so far and stuff. I don't know. What is really  
4 happening in the big picture?

5 Is it just a coincidence these three  
6 major things just crop up in a short period of time?  
7 Mr. Russell, maybe you can help me out.

8 MR. RUSSELL: Well, they are three  
9 separate issues.

10 THE WITNESS: Yes.

11 MR. RUSSELL: We have a request here for  
12 an increase in distribution rates.

13 THE WITNESS: I understand that, sir,  
14 yes.

15 MR. RUSSELL: Another company is looking  
16 at the possibility of constructing a third unit at  
17 Susquehanna, not PPL Electric.

18 THE WITNESS: No. You are supposed to go  
19 partnership with them from what I read.

20 MR. RUSSELL: Not PPL Electric.

21 THE WITNESS: PPL Electric Utilities?

22 MR. RUSSELL: Not PPL Electric Utilities.  
23 Another PPL company is looking at it. PPL Generation  
24 is a totally separate corporate entity.

25 THE WITNESS: It's under the same

1 umbrella, PPL's umbrella?

2 MR. RUSSELL: Same holding company.

3 THE WITNESS: Okay. All right.

4 MR. RUSSELL: Totally different company.

5 And the third issue is, I think you're talking about  
6 the PJM announcement?

7 THE WITNESS: Yes.

8 MR. RUSSELL: And that is a pool-wide  
9 Northeast issue of having sufficient transmission  
10 capacity to serve reliably throughout the Northeast  
11 portion of the country.

12 THE WITNESS: Which includes, what,  
13 Jersey, New York, Delaware, would you say?

14 MR. RUSSELL: And Pennsylvania, and as  
15 far West as Illinois. PJM is very large, 13 states  
16 now. And this is a regional transmission enhancement  
17 that's required for reliability. It's a transmission  
18 line that will be reviewed by the PUC before it's  
19 constructed and sited.

20 THE WITNESS: Well, I guess that should  
21 about take care of it. Besides the point, I'm a  
22 hostage investor in the rates of PPL. What can I do  
23 about it? I don't have no other choice. That's it.

24 Thank you very much for your time, ladies  
25 and gentlemen.

1                   JUDGE COLWELL: Thank you, Mr. Serafin.  
2 There's something that we had done at the last two  
3 public input hearings that we haven't managed to do yet  
4 tonight.

5                   I'm going to ask Mr. Russell, you can't  
6 leave yet, to give an explanation of why we're here  
7 versus some of the things you've seen in the newspaper.  
8 Go ahead.

9                   MR. RUSSELL: Thank you, Your Honor.  
10 What I've tried to do at the last two public input  
11 hearings, and I'll see if I can do tonight as well.

12                   There's really three issues that have  
13 been discussed in the media and, to some extent, in  
14 some of these input hearings. And I'd like to discuss  
15 each of them separately and try to explain how maybe  
16 they inter-relate.

17                   The first is what we refer to as the  
18 remand case, and that really has to do with PPL  
19 Electric's rate case that was decided by the PUC in  
20 2004.

21                   And after that decision, several parties  
22 appealed to the Commonwealth Court. And the  
23 Commonwealth Court reversed a portion of the  
24 Commission's decision, ruling that we had not allocated  
25 the rates properly, and that the commercial and

1 industrial customers were paying too high of a portion  
2 of the rates and residential customers were paying too small a  
3 portion of the rates.

4 Both the PUC and PPL appealed that  
5 decision to the Supreme Court. And the Supreme Court  
6 refused to hear the case. The result of that refusal  
7 is that the case was returned or remanded back to the  
8 PUC. And the PUC had the obligation to implement the  
9 Commonwealth Court's decision, which again,  
10 fundamentally, was a reallocation of the rates.

11 The case was assigned to Judge Colwell.  
12 The parties met for several weeks, and we were able to  
13 work out a settlement, included Small Business  
14 Advocate, Consumer Advocate and Trial Staff and the  
15 company and others.

16 In that settlement, in order to implement  
17 the Commonwealth Court decision, we had to agree to  
18 increase rates for residential customers, decrease  
19 rates for commercial, industrial.

20 And I think one of things I'd like to  
21 emphasize is this remand case does not produce any  
22 additional revenue for PPL. In fact, because of  
23 another adjustment, we lose some revenue. But the  
24 fundamental part of the case is just taking the part of  
25 the revenue that was allowed by the Commission in the

1 last rate case and redistributing it among customers.

2 That settlement has to be reviewed by  
3 Judge Colwell. That's pending with her. After her  
4 review, she'll issue a recommended decision, which will  
5 then be reviewed by the PUC.

6 We've ask that the settlement become  
7 effective August 1st, but there's no requirement that  
8 it be effected on that date.

9 The second case and separate, really,  
10 from the remand, is the distribution rate case we're  
11 here tonight to discuss. As we've talked about this  
12 evening, it's a request for an 83.6 million increase.  
13 It won't be effective until January 1st, 2008.

14 And I think a couple speakers have  
15 pointed out. In our filing, we have allocated that  
16 increase, between residential customers and  
17 non-residential customers, in a way that complies with  
18 the Commonwealth Court decision. That is, more of the  
19 increase has been allocated to residential and less to  
20 commercial and industrial.

21 The third issue is not a case yet,  
22 really, is the rates that PPL charges for generation  
23 for our provider-of-last-resort generation. Just a  
24 little background, which I frankly neglected to give in  
25 the last public input hearing.

1           In 1999, the electric utility industry in  
2 Pennsylvania was restructured. Generation became  
3 unregulated. The distribution function remained  
4 regulated by the PUC. And the rationale for that  
5 restructuring was that competition would be more  
6 effective than regulation in controlling costs. And  
7 that, over time, rates for generation would decline.

8           At that time, PPL Electric sold its power  
9 plants to PPL Genco, an affiliate under the PPL holding  
10 company. We agreed to a cap on our generation rates  
11 over 10 years, through December 31, 2009.

12           And under the statute, we also had the  
13 obligation to serve, to provide electricity to any  
14 customers who don't shop with an alternative supplier.

15           So, that all comes together at the end of  
16 2009. A rate cap on generation ends December 31, 2009.  
17 Our current contract for purchasing electricity ends  
18 December 31, 2009. And we're going to have to go to  
19 the competitive market to find electricity beginning  
20 January 1st, 2010.

21           Now, what we've seen is over the past ten  
22 years, while our generation rates have been capped, the  
23 cost of generation has been increasing. Cost of fuel,  
24 cost of pollution control, cost of construction, wages,  
25 everything has been running up. But that's not been

1 reflected in the price of our POLR, provider of last  
2 resort supply, because of the rate caps. We expect  
3 when we go to market, January 1st, 2010, we will see an  
4 increase in our cost of generation, which will be  
5 flowed through to customers because the rate caps will  
6 be off at that point.

7 Now, we're concerned about that. And  
8 we're working to keep that increase as low as we can.  
9 And we presented a proposal to the Commission earlier  
10 this year, where we asked for permission to begin  
11 purchasing the electricity we need in 2010, to begin  
12 those purchases in 2007 and 8 and 9.

13 And we propose to purchase twice in each  
14 of those three years for a total package of six  
15 procurements. We're due to go to market for the first  
16 time in July, again in October of this year and twice  
17 in 2008 and twice in 2009.

18 What we're trying to do is level out the  
19 price, to avoid spikes, to be able to have sort of an  
20 averaging of price over six solicitations to avoid  
21 hitting the market at a bad time and getting a high  
22 price and being stuck with that.

23 At this point, if I could predict the  
24 market price, I probably wouldn't be here this evening.  
25 I'd be working somewhere and getting rich. We don't

1 know. We don't know. But the prices have been going  
2 up recently. And we're just going to try to do the  
3 best we can to purchase over these six procurements to  
4 level out.

5 So, those are the three -- well, two  
6 proceedings and then the POLR rate issue that are going  
7 on currently.

8 MR. DOMBROSKI: Thomas Dombroski. Mr.  
9 Russell, did you ever hear of futures? Is PPL allowed  
10 to purchase futures?

11 MR. RUSSELL: Futures in the generation  
12 market?

13 MR. DOMBROSKI: Yes. You're not aware of  
14 it?

15 MR. RUSSELL: I'm aware of it.

16 MR. DOMBROSKI: Why wouldn't you purchase  
17 futures if they're economical now for delivery in 2009?

18 MR. RUSSELL: That's exactly --

19 MR. DOMBROSKI: That's what the gas  
20 company is doing. You said purchase not futures. So,  
21 when you say purchase, that could be an inside deal  
22 between you and me as partners.

23 But when you buy futures, that's in the  
24 market. That depends on what the market is selling  
25 that future at. And you're taking a chance. I admit

1 that. But if it's low and you can buy futures, I  
2 assume, I don't know the electric utility market, but  
3 gas, for example, UGI took over Pennsylvania Gas and  
4 Water, every January through February, March, they buy  
5 the gas through futures, not through purchases.

6 And the futures are there to give them that gas  
7 in September so that they don't kill the consumer in  
8 September. Just trying to explain that, if you don't  
9 mind. I would take that back to the company.

10 MR. RUSSELL: What we are purchasing is  
11 futures. The power will be delivered in 2010 is being  
12 purchased in 7, 8 and 9. The purchases are  
13 competitively bid. It's a request for proposals,  
14 overseen by the PUC and administered by NERO.

15 MR. DOMBROSKI: That's not a future, sir.

16 MR. RUSSELL: Well, that's what we're  
17 purchasing.

18 MR. DOMBROSKI: I agree with your answer,  
19 what you're doing. That is not a future. Future is in  
20 the market.

21 JUDGE COLWELL: Thank you, sir. At this  
22 point, I will ask if anyone else wants to give  
23 testimony. If not --

24 VOICE: Can I ask one question?

25 JUDGE COLWELL: Why don't we go off the

1 record, finish the record. And then we can ask Mr.  
2 Russell more questions. Okay. Anybody have anything  
3 else we need to put on the record? Then for the  
4 record, thank you all very much for coming out, for  
5 caring enough to tell us what you think and taking time  
6 out of what we know are busy schedules. We are off the  
7 record.

8 (Whereupon, at 8:15 p.m, the hearing was  
9 concluded.)

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CERTIFICATE

I hereby certify, as the stenographic reporter,  
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