

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

ORIGINAL

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U.S. Department of Defense and Federal : Docket No.
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Industrial Customer Alliance (C0002), : R-00049255
Office of Small Business Advocate (C0003), : C0001-C0005
Office of Consumer Advocate (C0004), :
Eric Joseph Epstein (C0005) v. PPL :
Electric Utilities Corporation. :

Public Input Hearing
Afternoon Session

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Monday, July 19, 2004

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

BEFORE:

ALLISON K. TURNER, Administrative Law Judge

APPEARANCES:

PAUL E. RUSSELL, Esquire
2 North Ninth Street
Allentown, Pennsylvania 18101
(For PPL Electric Utilities Corporation)

J.M.

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Commonwealth Reporting Company, Inc.
700 Lisburn Road
Camp Hill, Pennsylvania 17011

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APPEARANCES (Continued):

RICHARD A. KANASKIE, Esquire
P.O. Box 3265
Harrisburg, Pennsylvania 17105
(For Office of Trial Staff)

ARON J. BEATTY, Esquire
Forum Place, Fifth Floor
555 Walnut Street
Harrisburg, Pennsylvania 17101
(For Office of Consumer Advocate)

STEVEN C. GRAY, Esquire
300 North Second Street, Suite 1102
Harrisburg, Pennsylvania 17101
(For Office of Small Business Advocate)

-0-

Commonwealth Reporting Company, Inc.

700 Lisburn Road
Camp Hill, Pennsylvania 17011

(717) 761-7150

1-800-334-1063

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FORM 1

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE ALLISON K. TURNER: Let's go
3 on the record. Now is the time and place for a public input
4 hearing in the case of Pennsylvania Public Utility
5 Commission, et al. versus PPL Electric Utilities, Inc. I
6 think that's the correct name. The docket number is
7 R-00049255, and then the complaints seriatim.

8 I am Allison Turner, the Administrative Law Judge
9 assigned to hear this case and produce a recommended
10 decision for the Commission's review.

11 This case is PP&L's proposed increase. It's the
12 first increase in many years. In fact, I believe their last
13 rate increase case was ten years ago. In the interim,
14 there's been a restructuring case, but that was a different
15 kind of case.

16 In fact, in the restructuring case, the Commission
17 and the company put in place two rate caps, one for
18 transmission and distribution which expires December 31st of
19 this year and the rates proposed here, in whatever form they
20 are approved, will go into effect January 1st, and the other
21 is a generation rate cap which will go into effect at the
22 very end of 2009 -- excuse me, will expire.

23 I'm going to tell you what has happened in the case
24 so far, and what will happen now and how you can participate
25 in this hearing. After that, counsel for PP&L and the other

1 parties who are here today will make short opening
2 statements.

3 The court reporter that you can see here is
4 transcribing all the testimony today, in fact everything
5 that is said, so please remember that you cannot talk over
6 another person because he cannot take down two people at
7 once.

8 Also, during the hearing, please turn off all cell
9 phones or set them on vibrate so that you don't interrupt a
10 witness. And if you are going to have a conversation,
11 please conduct it in the hall.

12 Now, just a brief history. On March 29th, PP&L
13 proposed its rate proposal tariff to become effective June
14 1, 2004. They want to increase retail distribution rates by
15 \$164.4 million and they are projecting an increase in
16 transmission charges of \$57.2 million, which would produce
17 an overall increase of \$221.6 million. Overall, that's an
18 increase in annual revenues of 8.1 percent.

19 Under the combined proposal, the average monthly bill
20 for a residential customer using 900 kilowatt-hours of
21 electricity will increase approximately \$7.62, from \$77.47
22 to \$85.09. The increase would affect 1.3 million customers
23 in 29 counties.

24 On May 7, 2004, the Commission suspended the
25 effective date of this rate request until January 1, 2005

1 and directed that an investigation and hearings be held.

2 The investigation will be mostly carried out by the
3 parties and persons who have intervened or filed complaints.
4 Those would be the Office of Consumer Advocate, which
5 represents residential customers; the Office of Small
6 Business Advocate, which represents the interests of small
7 commercial and industrial customers; PP&L Industrial
8 Customers, which represents large consumption customers; the
9 union, IBEW; and the Office of Trial Staff, which represents
10 the public interest as a whole as they see it.

11 There are individual complaints, one of whom is Eric
12 Epstein, who represents himself, and we've had a few
13 additional complaints.

14 Since PP&L has not filed a rate case for a number of
15 years, the parties have not had a chance to scrutinize its
16 operations and rates to see if its actions are prudent and
17 its expenses and revenues and rate of return are fair and
18 reasonable. The parties will examine all these things to
19 find out if there are matters they want to challenge.

20 In addition, PPL has proposed some basic changes that
21 the parties may oppose, for instance the distribution system
22 improvement charge, which would allow PPL to cover costs
23 associated with system upgrades between rate proceedings.

24 We held a prehearing conference on May 19th and
25 established a schedule of hearings. The parties have

1 already held one informal discovery session and two if not
2 more settlement conferences.

3 The public input hearings have been held on June
4 28th, June 29th and June 30th in Wilkes-Barre/Scranton,
5 Lancaster and Harrisburg, and Allentown/Bethlehem, and then
6 this one today.

7 The hearings to take technical evidence are to be
8 held August 9th through 13th in Harrisburg. Before these
9 hearings, the parties will submit their testimony in writing
10 and at the hearings the witnesses who submitted testimony
11 will be cross-examined.

12 The parties will file briefs on September 2nd and
13 September 13th. My decision is due to the Commission in
14 Harrisburg on October 7th -- October 7th, not October 1st --
15 and the Commission will issue it on or about October 14th,
16 and that is the important date, the Commission issuance
17 date.

18 The parties will be able to file written exceptions,
19 and after that the Commission will review everything and
20 issue a final order.

21 The purpose of this public input hearing is to hear
22 from you, the customers, regarding PPL's existing and
23 proposed rates and service.

24 The Commission's policy regarding public input
25 hearings, which is in our published regulations, gives you

1 three options. You may testify formally under oath or
2 affirmation and be subject to cross-examination. You may
3 make an unsworn or unaffirmed statement off the record and
4 it will not be presented to the Commission. You may provide
5 information to the Commission's Office of Trial Staff or the
6 Consumer Advocate or the Small Business Advocate for their
7 possible use hearings in Harrisburg at their discretion.

8 Also, I believe the company has consumer service
9 representatives here or some personnel here who can talk to
10 you if you have a specific problem you want to raise.

11 I urge you to testify under oath so that I and the
12 Commission on review can use your testimony to the extent it
13 meets the rules of evidence.

14 If there were more people here, I might have to
15 impose time limits, but as far as I can tell, we don't have
16 more than five or six, and at this point I just ask you to
17 be considerate.

18 If you want to testify, please sign up on the list on
19 the clipboard at the back of the room. OCA also has some
20 materials back there, and at one point in time PPL was
21 putting a statement of reasons out. Is that still true, Mr.
22 Russell?

23 MR. RUSSELL: No, Your Honor.

24 JUDGE TURNER: Okay. Now I'd like counsel for the
25 parties, beginning with PP&L, and then moving on to OTS, to

1 make brief remarks. Mr. Russell?

2 MR. RUSSELL: Thank you, Your Honor.

3 Good afternoon. My name is Paul Russell. I'm one of
4 PP&L's in-house lawyers and I'm one of the lawyers
5 representing PPL Electric in this proceeding.

6 At the outset, I'd like to thank you for appearing at
7 today's hearing. Public input hearings are an important
8 part of the Commission's ratemaking process and often
9 provide valuable customer perspective on a broad range of
10 issues that arise in rate cases.

11 Your testimony today will be carefully scrutinized by
12 PPL Electric, many of the other parties, the Administrative
13 Law Judge and ultimately by the Commission, so if you have
14 any views on the case, I would urge you to testify today.

15 The purpose of today's hearing is to listen to the
16 public, so I won't take valuable time summarizing our case.
17 However, I would like to make two points about the 1996
18 Customer Choice Act and the impact that it has on this case.

19 First, as discussed by Judge Turner, the competition
20 act established rate caps and PPL Electric's distribution
21 rate cap ends December 31, 2004. We're proposing that the
22 rates in this case go into effect at the end of that cap
23 period, January 1, 2005.

24 Second, the Act made the generation of electricity
25 competitive and required electric utilities to unbundle

1 their operations.

2 Because of that change, the rate request now before
3 the Administrative Law Judge and the Commission involves
4 only PPL Electric Utilities, the company that delivers
5 electricity to 1.3 million customers in central and eastern
6 Pennsylvania.

7 The case has nothing to do with PPL's other companies
8 or other operations, generation of electricity, sale of
9 electricity to other utilities or its international
10 investments.

11 In conclusion, I want to mention two housekeeping
12 items. First, you can review the entire filing on line at
13 www.pplrateinfo.com.

14 Second, there is another PP&L employee with me today,
15 about halfway back, Don Stringfellow. Don can answer any
16 questions you might have about your individual service or
17 your individual rates. Please see him during a break or at
18 the end of today's hearings.

19 Again, thank you for attending and I look forward to
20 hearing your comments. Thank you.

21 JUDGE TURNER: Mr. Kanaskie?

22 MR. KANASKIE: Thank you, Your Honor.

23 Good afternoon, ladies and gentlemen. My name is
24 Rick Kanaskie and I'm with the Commission's Office of Trial
25 Staff. The Office of Trial Staff is best described as a

1 semi-independent arm of the Commission.

2 I'm here as an advocate like every other party. I
3 don't advocate on behalf of the Commission. I advocate
4 before the Commission.

5 We file testimony through our expert witnesses that
6 are on staff opposing significant aspects of this rate
7 filing, from the monetary amount to some of the programs
8 they'd like to introduce.

9 We have engineers and financial analysts and
10 currently they have evaluated the filing. We've asked
11 interrogatories, gotten additional information and are
12 making our recommendation based on that.

13 However, that's only part of the rate case. The
14 other part of the rate case which is equally as important is
15 the input that we receive from the public.

16 You are affected by the positions and the decisions
17 that are made and I believe it's very important that we hear
18 your point of view and your thoughts and ideas.

19 I believe as the Judge had mentioned, there's a
20 couple different ways you can do it. You can talk to any of
21 the advocates here afterwards. You can make an unsworn
22 statement where we'll be off the record and you can make
23 your comments heard, or you can make a sworn statement on
24 the record which becomes part of the record, can be used by
25 all the parties in formulating their cases.

1 Again, thank you for coming out. As counsel had
2 mentioned, this session is about hearing your views, and I
3 urge you to testify on the record. Thank you again. Thank
4 you, Your Honor.

5 JUDGE TURNER: Mr. Beatty?

6 MR. BEATTY: Good afternoon. My name is Aron Beatty
7 and I'm an attorney with the Pennsylvania Office of Consumer
8 Advocate. Our office represents the interests of utility
9 consumers, residential consumers in particular, in matters
10 before the PUC.

11 Our office has filed a complaint against the
12 company's request for a rate increase in order to help
13 insure that any rate increase that may be awarded is
14 reasonable and fully supported.

15 We've hired expert witnesses in the utility field to
16 analyze the company's case, and these experts are presenting
17 testimony challenging portions of the company's request.

18 The purpose of this afternoon's hearing is to hear
19 from members of the public. We want to hear your opinions
20 and your concerns, and I would also encourage you to speak
21 on the record so that we can refer to your testimony when we
22 submit our written briefs to the PUC.

23 Also, I have brought with me some brochures that
24 further describe the functions and services of our office.
25 If you'd like to be on our mailing list and receive

1 information about your local utilities, there's a form that
2 you can fill out and I'd be happy to take it from you after
3 the hearing. Thank you for coming this afternoon. I look
4 forward to hearing your comments.

5 JUDGE TURNER: Mr. Gray?

6 MR. GRAY: Good afternoon. My name is Steve Gray.
7 I'm with the Office of Small Business Advocate. We
8 represent small businesses, whether they are commercial or
9 industrial, throughout the Commonwealth of Pennsylvania. To
10 dovetail with what my fellow attorneys have said, if you
11 happen to be a small business representative, I specifically
12 encourage you to please testify on the record this
13 afternoon. Thank you. Thank you, Your Honor.

14 JUDGE TURNER: Okay. Before I call the first
15 witness, I'd like to say two things. First of all, there
16 have been several comments about the accessibility of this
17 location, and if you have any comments about whether it was
18 difficult for you to find this place or difficult to get
19 here and any recommendations for a location for hearings in
20 the future, I'd like you to state that and state it on the
21 record so we'll have it.

22 Second of all, because this is a judicial hearing and
23 not an open meeting, witnesses do not have to be
24 photographed if they don't want. However, there is news
25 coverage here, so you will have to say that you don't want

1 to be photographed, otherwise you'll be part of the
2 coverage.

3 Now, the first witness I have here is Roger Clark.

4 Would you take the stand, Mr. Clark?

5 MR. CLARK: Is that considered the stand?

6 JUDGE TURNER: Yes, it is.

7 MR. CLARK: Here are nine copies of that.

8 JUDGE TURNER: Will you take the podium?

9 (Pause.)

10 JUDGE TURNER: Mr. Clark, I notice that your address
11 is 718 Arch Street in Philadelphia.

12 MR. CLARK: Yes, it is, Your Honor.

13 JUDGE TURNER: Okay. So are you a customer of PP&L?

14 MR. CLARK: We are a customer in the sense that we do
15 business with the Sustainable Energy Fund of Central and
16 Eastern Pennsylvania.

17 JUDGE TURNER: Okay. I consider that to be an
18 evasive answer.

19 MR. CLARK: Yes.

20 JUDGE TURNER: Do you receive electricity from PP&L?

21 MR. CLARK: No, I do not.

22 JUDGE TURNER: Okay. Does your organization receive
23 electricity from --

24 MR. CLARK: No. We are in the PECO Energy service
25 territory.

1 JUDGE TURNER: Okay. Normally, I would rule that you
2 do not have standing, which of course is why I denied your
3 petition to intervene, but if the company has no objection,
4 I will take your testimony.

5 MR. RUSSELL: No objection, Your Honor.

6 JUDGE TURNER: So --

7 MR. GRAY: Actually, the OSBA has an objection, Your
8 Honor.

9 JUDGE TURNER: Do you?

10 MR. GRAY: Yes. We have submitted testimony on this
11 particular subject, and I just got handed this testimony by
12 Mr. Clark and under different circumstances, if the SDF was
13 part of this case, obviously it would be a lot easier to
14 frankly deal with this testimony.

15 But there's a lot in here supporting the SEF which is
16 at issue here, so it does seem inappropriate, if the SDF was
17 denied intervention in this case, they should not be allowed
18 to put in testimony through this methodology.

19 JUDGE TURNER: Do any of the other parties have an
20 objection?

21 MR. KANASKIE: Yes, Your Honor. The Office of Trial
22 Staff echoes Mr. Gray's concern. We received testimony
23 that's going to be part of the record with a lot of
24 statistical information and things obviously requiring more
25 than a cursory glance to address.

1 Today's opportunity to cross-examine would be
2 woefully insufficient to validate the numbers or the claims
3 that are made in this.

4 MR. CLARK: Your Honor, I have not submitted anything
5 in terms of statistical information that's not already been
6 addressed through interrogatories, and the Office of Small
7 Business Advocate has seen both of these tables and charts
8 in the past.

9 I would just say that the standard for intervention
10 as a party is higher than the standard for intervening as a
11 witness, and I think there's some perspectives I have,
12 working closely with the Sustainable Energy Fund of Central
13 and Eastern Pennsylvania, that would be worth getting on the
14 record. And that's what I would be addressing today.

15 JUDGE TURNER: Okay. I would like to reserve a
16 ruling on those objections.

17 MR. CLARK: Sure.

18 JUDGE TURNER: I would like you to have a seat.

19 MR. CLARK: Okay.

20 JUDGE TURNER: And I will read your testimony at some
21 break that we take and we can deal with this at the end of
22 the other witnesses.

23 MR. CLARK: Okay.

24 JUDGE TURNER: Okay, thank you.

25 Our next witness is Edward A. Essl, Jr. Would you

1 approach the podium, sir? Would you raise your right hand?

2 Whereupon,

3 EDWARD A. ESSL, JR.

4 having been duly sworn, testified as follows:

5 **DIRECT TESTIMONY**

6 JUDGE TURNER: Would you state your name and spell it
7 for the record?

8 THE WITNESS: My name is Edward A. Essl, that's
9 E-S-S-L, Jr. My address is 310 Orrs Bridge Road, Camp Hill,
10 PA, 17011.

11 JUDGE TURNER: And your occupation?

12 THE WITNESS: I'm retired. I'm a former personnel
13 administrator.

14 JUDGE TURNER: And you represent an organization?

15 THE WITNESS: Yes. I'm representing AARP.

16 JUDGE TURNER: I have been told at a public input
17 hearing in another case that that's no longer an acronym,
18 that's just the name?

19 THE WITNESS: It's like Coke.

20 JUDGE TURNER: Okay. Well, would you proceed to give
21 your testimony on behalf of AARP?

22 THE WITNESS: Yes, I would. I'd like to make some
23 personal comments ahead of time. I moved to the Harrisburg
24 area some 27 years ago and moved into what was called, and
25 it has a brass plaque outside on the wall, a PP&L

1 Powerhouse.

2 At the time I moved in, my completely electric house
3 was costing me a small fortune to operation. I was a dumb
4 buyer. After some \$49,000 of reinsulating, changing my
5 windows, changing my doors, adding a solar application to
6 the rear, I have now reduced my electric bills to
7 approximately \$100 a month in the winter and about \$50 to
8 \$60 a month in the summertime, and that's both heat, air
9 conditioning, light -- thank you, I just lost my train of
10 thought.

11 JUDGE TURNER: Heat, air conditioning, light --

12 THE WITNESS: Cooking, the whole works. So I think
13 that I have certainly done something on the consumer side to
14 control my costs. And I have been most satisfied now with
15 my house, and as a retiree, I'm certainly making ends meet,
16 with an occasional trip.

17 I do not believe that the cost of generating power
18 has risen to the extent that we're talking some eight
19 percent plus to the average consumer.

20 And I think that the comments that I'm going to
21 provide for AARP generally ask that the PUC take a rather
22 close look at what's happening. Now, if I may give my
23 testimony.

24 JUDGE TURNER: Just so long as you understand that
25 the costs of generation are not in this case.

1 THE WITNESS: Yes, I do.

2 JUDGE TURNER: Okay.

3 THE WITNESS: Thank you. Good afternoon. My name is
4 Edward A. Essl and I'm a member of AARP Pennsylvania's
5 Consumers Issues Task Force. AARP has 1.8 million members
6 age 50 or over in Pennsylvania, many of whom are ratepaying
7 customers of the PPL Electric Utilities Corporation.

8 AARP Pennsylvania appreciates the opportunity to
9 share our views with regard to PP&L's proposal to raise
10 electric rates by eight percent.

11 Although all those served by PPL will be affected,
12 older Americans are particularly vulnerable to unexpected
13 rapid increases in energy prices. Despite the fact that
14 they may consume approximately the same amount of energy as
15 do younger people, older Americans devote a higher
16 percentage of total spending to residential energy, and they
17 are acutely sensitive to summer heat and winter cold.

18 Older people also spend a greater portion of their
19 income on home heating costs, even after adjusting for
20 weather and home size. Low income older households spend an
21 average of 13 percent of their income on residential energy.
22 However, about one out of every four low income older
23 households spends 19 percent or more of their entire income
24 on home energy bills.

25 Too often, low income older people must choose

1 between risking their health and comfort by cutting back on
2 energy expenditures and spending for other vital issues.

3 In the communications industry, federal laws and
4 other state laws have broadly defined "universal service" to
5 include the concept of affordability.

6 The requirement of affordability means that all
7 consumers should be able to purchase a level of service that
8 meets their daily needs at an affordable price and that no
9 one should have to forego necessities of life such as
10 medicine, food, in order to use the necessary
11 telecommunications services.

12 Moreover, this concept recognizes that just and
13 reasonable rates may still be unaffordable to some
14 customers. Although they should, lawmakers have not adopted
15 a similar policy for consumers of household energy services.

16 PP&L has in the past acted with concern for its
17 senior and low income customers. The magnitude of this
18 requested rate increase reverses the company's conservative
19 rate structure and jeopardizes the health and welfare of
20 many of their faithful customers, many of whom reside in
21 rural central Pennsylvania, PP&L's service core area.

22 When reviewing a rate increase proposal such as
23 PP&L's, we ask that you look at the impact of such a request
24 on all customers and particularly on low and fixed income
25 consumers. An increase of this magnitude can mean the

1 difference between paying electric bills and meeting other
2 basic needs such as buying groceries and filling a necessary
3 prescription or having telephone service or paying for
4 health care.

5 AARP urges the Commission to vigilantly review this
6 expensive rate and with an eye towards protecting those most
7 economically vulnerable from suffering further erosion in
8 living standards. You have the power to make it better. We
9 urge you to use it in protecting low income customers.

10 Thank you.

11 JUDGE TURNER: Okay. Before you leave the stand, I
12 believe we were going to mark this AARP Statement 1.

13 THE WITNESS: That's to my knowledge, yes.

14 JUDGE TURNER: Okay. So unless there's an objection,
15 I'll consider it marked and admitted.

16 MR. RUSSELL: No objection, Your Honor.

17 (Whereupon, the document was marked
18 as AARP Statement No. 1 for
19 identification and received in
20 evidence.)

21 JUDGE TURNER: Do you have any cross-examination, Mr.
22 Russell?

23 MR. RUSSELL: No cross, Your Honor.

24 JUDGE TURNER: Okay. Mr. Kanaskie?

25 MR. KANASKIE: I have no questions, Your Honor.

1 JUDGE TURNER: Mr. Beatty?

2 MR. BEATTY: No questions, Your Honor.

3 JUDGE TURNER: Mr. Gray?

4 MR. GRAY: Nothing, Your Honor, thank you.

5 JUDGE TURNER: Thank you very much for coming out
6 this afternoon.

7 THE WITNESS: Thank you, Your Honor.

8 JUDGE TURNER: Okay. You may have a seat.

9 (Witness excused.)

10 JUDGE TURNER: The next witness that I have listed is
11 Mr. Michael Ochs.

12 MR. OCHS: Good afternoon, Judge. I am Michael
13 Ochs --

14 JUDGE TURNER: Wait.

15 MR. OCHS: Sorry.

16 JUDGE TURNER: I need to swear you in. You do want
17 to give sworn testimony?

18 MR. OCHS: Please.

19 JUDGE TURNER: Good afternoon, Mr. Ochs. Mr. Ochs is
20 the reason we're here. He wanted to have the public input.
21 He felt there was interest in this area and he called us to
22 tell us so, and things worked out this way.

23 So, will you raise your right hand?

24 Whereupon,

25 MICHAEL OCHS

1 having duly affirmed, testified as follows:

2 **DIRECT TESTIMONY**

3 JUDGE TURNER: Your address is?

4 THE WITNESS: I'm Michael Ochs, O-C-H-S. I live at
5 1633 Scott Street in Williamsport, and I am a PP&L
6 residential customer.

7 JUDGE TURNER: And your occupation is part-time
8 substitute teacher?

9 THE WITNESS: Correct.

10 JUDGE TURNER: Okay. Will you please give your
11 testimony?

12 THE WITNESS: Thank you, Your Honor.

13 In regard to the question you asked that we could
14 address regarding the accessibility, I think this is an
15 accessible site. There are sites in Williamsport that are
16 even more accessible, and I encourage the PUC in the future
17 to find someplace that would be more on street level rather
18 than in the middle of a campus that many Williamsporters
19 don't know how to maneuver to.

20 JUDGE TURNER: Do you have any suggested locations?

21 THE WITNESS: Nine years ago when PP&L asked for a
22 rate hike, the hearing was at the South Williamsport
23 Volunteer Fire Company in South Williamsport. They have a
24 parking lot adjacent to their volunteer fire department.

25 When the deregulation hearings occurred since then,

1 the hearing was in Williamsport City Council Chambers. Both
2 of those would be more accessible, or at a hotel.

3 JUDGE TURNER: And they're both handicapped
4 accessible?

5 THE WITNESS: The volunteer fire company is. There
6 are elevators at City Hall, yes.

7 JUDGE TURNER: Okay. Thank you.

8 THE WITNESS: I will also like to ask about something
9 you said earlier regarding the time line that you proposed
10 is cogent in this case. You said that there would be some
11 decision by the PUC and yourself by mid-autumn.

12 JUDGE TURNER: That's correct.

13 THE WITNESS: In the April PP&L bill insert, when the
14 proposed rate changes were given to the customers, it says,
15 and I quote, "All complaints should be filed with the PUC
16 before January 1, 2005."

17 Now, it occurs to me that is not a timely time line,
18 and anyone who proposes a complaint in December or November
19 or October would be providing a complaint after the decision
20 has been made.

21 If I'm correct, I would like the PP&L to issue a
22 corrected statement, although even now it may be too late
23 for that. May I submit this in the record --

24 JUDGE TURNER: Certainly.

25 THE WITNESS: -- as an exhibit?

1 JUDGE TURNER: Yes. We'll call it Ochs 1.

2 (Whereupon, the document was marked
3 as Ochs Exhibit No. 1 for
4 identification.)

5 JUDGE TURNER: You need two for the court reporter
6 and one for me and I guess one for each other party.

7 THE WITNESS: Would photocopies be sufficient?

8 JUDGE TURNER: Yes. Just as a general response,
9 customers may file continuously, but if they file more than
10 60 days after the rate case is filed, they then have the
11 burden of proof.

12 And you're absolutely correct, if they filed in
13 December, it would be completely difficult to take their
14 complaints into account because the Commission would already
15 be working on the decision.

16 So you are correct that that is not a good time line,
17 and when you're finished, if Mr. Russell wants to respond,
18 I'll let him do so. So go ahead.

19 THE WITNESS: Also, Judge Turner, I had some other
20 questions. I'm wondering, should I just mention throughout
21 my testimony and hope that I get a response when my
22 testimony is over, or should I simply list them ad seriatim
23 in Q-and-A format?

24 JUDGE TURNER: Okay, Mr. Ochs, we're here to get your
25 testimony.

1 THE WITNESS: All right. I thought --

2 JUDGE TURNER: And we will answer your questions, but
3 first I want you to give your testimony.

4 THE WITNESS: Okay.

5 JUDGE TURNER: And if you want to include questions
6 in that, at some point off the record we can try to answer
7 some of the questions. But please, move on with your
8 testimony.

9 THE WITNESS: Thank you.

10 Welcome to Penn College. In a recent issue of the
11 Sun Gazette, Penn College is raising tuition 5.5 percent. I
12 appreciate Senator Madigan is on the Board here at Penn
13 College arranging for this meeting here today, and perhaps
14 he could address the question as to whether or not the
15 increase in the educational cost to students in Pennsylvania
16 would go up by a certain percentage should this PP&L rate
17 increase be approved by the PUC.

18 First, regarding pricing structure, as I understand
19 it, an approved proposal -- an approved proposed change
20 would result in the customer being charged a certain amount
21 of money for the first 200 kilowatt-hours being used.

22 It's not clear to me whether that's \$12.20 as I've
23 seen in formats or \$26.37, so that the customer is going to
24 be charged a flat rate regardless of whether they use less.

25 The two obvious questions with me, would the amount,

1 either \$12.20 or \$26.37, be the total bottom line monthly
2 bill for that amount of consumed electricity; and second,
3 does such a pricing structure provide any incentive to
4 conserve energy.

5 The larger question is, what is the best policy for
6 electric distribution companies, to charge a flat monthly
7 fee for electricity delivery services or to charge fees
8 based on kilowatt-hours used.

9 What pricing structure punishes those who excel in
10 energy efficiency? Under the current system, I also did not
11 understand why the first 200 kilowatt-hours cost me more per
12 kilowatt-hour than any kilowatt-hour beyond 200.

13 The current pricing system seems not to reward
14 consumer conservation, nor does the proposed pricing system.
15 After all, energy efficiency is the cleanest, quickest and
16 cheapest way to get most -- to get smart about energy use
17 and cut down on waste, save money and the environment in the
18 process.

19 The second point regarding social programs. In
20 Lycoming County, PPL programs to help low income customers
21 include the Operation Help effort, the WRAP --
22 Weatherization Referral Authorization Program -- and
23 Customer Assistance Referral Service, PPL Cares, and perhaps
24 others such as the On Track Program.

25 A diagram of a pie chart showing the amount and

1 sources of money for such programs by county, contributions
2 by investors from corporate profits by employees, customers
3 and so forth would be helpful to consumers so we can better
4 understand where the projected 23 percent increase in social
5 programs to assist low income consumers comes from and goes
6 if the rate hike is approved.

7 JUDGE TURNER: I didn't hear that. Can you keep your
8 voice up, sir?

9 THE WITNESS: Thank you.

10 JUDGE TURNER: Okay.

11 THE WITNESS: Customers -- and this has been noted in
12 other hearings, that customers lack information. We lack
13 accounting information. It's very difficult to learn about
14 a profile of PP&L matters that matter most to customers.

15 I'm suggesting that if there were a pie chart about
16 the amount of money PP&L puts into social programs, it'd be
17 helpful to consumers so we can better understand where the
18 projected 23 percent increase in programs to assist low
19 income customers comes from and goes if the rate hike is
20 approved.

21 The corporation also provides money to support such
22 efforts as fine arts programs, a performing artists series
23 and so forth. What is the source and total of such funds in
24 the utility service area and from what source, investors,
25 ratepayers and so forth.

1 A similar question can be asked about their public
2 relations, their media advertisements such as those seen
3 these past few weeks on PBS, WVIA during this time period of
4 the PUC hearings.

5 The next point I'd like to make is about offsetting
6 the financial impact on consumers. To compensate for the
7 rate hike and the negative financial effect it will have on
8 some Pennsylvania residents, wouldn't it be prudent for PP&L
9 to launch a vigorous energy efficiency campaign to help
10 educate citizens about reducing electricity bills through
11 conservation?

12 Nine years ago at a similar hearing I held up a CFL.
13 A CFL is a compact fluorescent lamp. At that hearing, I had
14 electricity so this would be on. I suggested at that
15 point --

16 JUDGE TURNER: Excuse me. Is that the same thing, a
17 compact fluorescent lamp?

18 THE WITNESS: This is a compact fluorescent lamp,
19 yes.

20 JUDGE TURNER: Okay.

21 THE WITNESS: I suggested nine years ago, it's on the
22 record, that PP&L make these available to customers free of
23 charge or at their wholesale costs, as other utilities I
24 have. I repeat that request today.

25 It's very disturbing to me to read on the PP&L

1 website that the overall change in customer electric use
2 since 1986 has increased 17 percent per month, and by 38
3 percent in the summer months. The increase in electric use
4 is much greater than the increase in population in
5 Pennsylvania.

6 PP&L needs to do more in the field of demand side
7 management. I urge the PUC to have the PP&L company sign on
8 to the Energy Star program, which is endorsed by the United
9 States Department of Energy and the Environmental Protection
10 Agency, to work together to protect the environment from
11 fossil fuel based pollutant emissions by encouraging
12 customers to become more energy efficient.

13 Each home, and this is a recommendation from the
14 Energy Star program, that each home could have their five
15 most frequently used light bulbs be ones with the Energy
16 Star label, that is to say, compact fluorescent lamps, thus
17 using one-fourth to one-third less electricity per lamp.

18 These give the same output of light as a standard
19 incandescent bulb. They create less heat. They last up to
20 ten times as long as a standard incandescent bulb.

21 This leaflet from the Energy Star people, I have
22 copies of and I'd like to enter this also into the record.

23 JUDGE TURNER: If you have sufficient copies --

24 THE WITNESS: I do.

25 JUDGE TURNER: -- we can mark that as Ochs 2.

1 THE WITNESS: I do. I have 20 of each. I have two
2 things.

3 JUDGE TURNER: That's more than sufficient.

4 THE WITNESS: Yes.

5 JUDGE TURNER: The reporter needs two. I would like
6 one, and one for each of the parties.

7 (Whereupon, the document was marked
8 as Ochs Exhibit No. 2 for
9 identification.)

10 THE WITNESS: Over 40 household electricity using
11 product categories can also earn the Energy Star. The PUC
12 could also ask that PP&L try to become a 2005 Energy Star
13 award winner. In 2004, several national, state power
14 companies were so named, but not PP&L.

15 This, I'd like to enter this into the record. This
16 is a list of the 2004 Energy Star award winners. It was an
17 insert in the Time Magazine recently. And such companies as
18 Pacific Gas and Electric Company, Sacramental Municipal
19 Utility District, San Diego Gas and Electric, Sierra Pacific
20 Power Company, Southern California Edison, etcetera,
21 received this Energy Star award from that Energy Star
22 program.

23 Finally, some miscellaneous comments regarding
24 corporate personhood. This also is known sometimes by the
25 names of corporate responsibility, corporate accountability,

1 corporate ethics, codes of conduct, good corporate
2 citizenship, corporate crime, corporate reform, consumer
3 protection and so forth.

4 When you look at me as a person, my defects are
5 apparent, balding head, diminished eyesight, missing teeth,
6 overweight, etcetera.

7 PP&L is a corporate person and I ask the PUC to have
8 PP&L's defects be shared with the public. Their website
9 could specify by facility their occupational health and
10 safety record, their pollution emissions, their accidents
11 and non-routine shutdowns, their violations and fines that
12 are incurred and so forth.

13 Also, inasmuch as power plant toxic emissions cause
14 asthma attacks, non-fatal heart attacks and premature
15 deaths, the PUC could ask if the health statistics for
16 populations near the utility be displayed.

17 For more information on that subject, I suggest you
18 see the websites www.pennenvironment.org and
19 [www.cleartheair.org/dirty power](http://www.cleartheair.org/dirty%20power).

20 PP&L wishes to demonstrate its corporate
21 responsibility by proposing to extend funding of their
22 Sustainable Energy Fund. The PUC could ask PP&L to set
23 goals for moving to renewable energy sources, away from
24 fossil fuels. And we would also like to know, of course,
25 whether ratepayers or investors are paying for renewable

1 energy programs.

2 Now, I've just learned today that a bill,
3 Pennsylvania House Bill 2250, has been introduced to set a
4 10 percent goal of electricity being derived from clean
5 renewable sources in ten years.

6 I'm wondering if the parties to this case support
7 House Bill 2250 which has set this 10 percent of renewable
8 sources for electricity in Pennsylvania in ten years.

9 There's also a Pennsylvania House Bill 2035, the
10 Energy Efficiency Standards Act, which was passed July 4th
11 by the House of Representatives in Pennsylvania, 182-16, and
12 I'm wondering if there's support for that.

13 I'm also wondering, I've read on the PP&L website I
14 believe that PP&L plans to build a new power plant in
15 Pennsylvania. Where, and what energy sources will be used
16 for that?

17 Finally, in relationship to us non-corporate persons,
18 the PUC and the PP&L needs to know that although locally
19 Williamsport is known as the home of millionaires because of
20 the lumber boom in the late 19th century when some people, a
21 few people became millionaires here, the PUC and PP&L should
22 disabuse themselves of the notion that Williamsport is today
23 the home of millionaires that can afford this proposed rate
24 hike.

25 Most of here are more like the timber hicks of the

1 lumber era and the lumber boom rats who worked in the river
2 when the logs came down from upstream into this lumber
3 capital of the world.

4 In other words, we are not millionaires here. We are
5 pluggers. We plug away on the day to day from one check to
6 another. And we try to keep up with the rising real estate
7 taxes, city real estate tax, county real estate tax, the
8 school real estate taxes have all gone up.

9 And if you look at the Williamsport paper and you
10 listen to the talk radio here, people are outraged about
11 their inability to absorb these rates.

12 The water and sewerage increases have occurred
13 recently from the Williamsport Municipal Water Authority.
14 We all know that the milk prices have gone up.

15 JUDGE TURNER: Mr. Ochs?

16 THE WITNESS: Yes. Two more sentences.

17 JUDGE TURNER: Okay, because those are not part of
18 the rate case. Go ahead.

19 THE WITNESS: I understand.

20 JUDGE TURNER: Well, if you understand, go to your
21 next two sentences.

22 THE WITNESS: What I'm trying to convey is the
23 impact, as the gentleman from the AARP has tried, the impact
24 of what this rate would be on the people here.

25 The minimal wage of \$5.15 has remained stagnant for

1 seven years. This past week, as a last exhibit, the fare
2 increase for seniors has been introduced effective August
3 1st. Our economic future does not seem very promising, and
4 will be worsened if the PUC authorizes the full PP&L
5 request. Thank you very much.

6 JUDGE TURNER: Okay. Let's deal with your exhibits.
7 The fare increase I don't think is relevant here, so I'm not
8 going to admit that. The other three exhibits are the
9 pamphlet from the Star program --

10 THE WITNESS: Energy Star.

11 JUDGE TURNER: And the map?

12 THE WITNESS: The national announcement of the Energy
13 Star award winners.

14 JUDGE TURNER: What is the source of that?

15 THE WITNESS: This was an insert in Time Magazine.
16 It was produced by the Energy Star program. It's endorsed
17 by the Department of Energy and the Environmental Protection
18 Agency.

19 JUDGE TURNER: Normally, we would not --

20 THE WITNESS: Because other utilities have received
21 this award, I'd like to see what PP&L can do to measure up.

22 JUDGE TURNER: Well, let me take a look at it and
23 we'll see if there are any objections.

24 THE WITNESS: And the other was the bill insert that
25 says January 1st is the deadline for consumer complaints.

1 JUDGE TURNER: That, unless there's an objection from
2 PP&L or anybody else, it's going in. That's Ochs 1. And
3 the pamphlet which is from the --

4 THE WITNESS: Energy Star, suggested energy
5 efficiency measures.

6 JUDGE TURNER: That's from the U.S. Department of
7 Energy?

8 THE WITNESS: Which PP&L could endorse.

9 JUDGE TURNER: Okay, so that's two, and that's going
10 in. And --

11 THE WITNESS: The award winners of the Energy Star --

12 JUDGE TURNER: I'd like to look at that before we
13 admit it. Okay. Mr. Russell, do you have any questions?

14 MR. RUSSELL: No questions, Your Honor.

15 JUDGE TURNER: Mr. Kanaskie?

16 MR. KANASKIE: I have no questions, Your Honor.

17 JUDGE TURNER: Mr. Beatty?

18 MR. BEATTY: No questions, Your Honor.

19 JUDGE TURNER: Mr. Gray?

20 MR. GRAY: No, Your Honor.

21 JUDGE TURNER: And no objections to the exhibits?

22 MR. GRAY: None.

23 JUDGE TURNER: I do want to look at the list, please,
24 Mr. Ochs, but Ochs 1 and Ochs 2 are admitted.

25 (Whereupon, the documents marked as

Ochs Exhibits Nos. 1 and 2 were
received in evidence.)

(Pause.)

JUDGE TURNER: This is put out by the Department of
Energy or by Time?

THE WITNESS: That was in Time Magazine, as you can
see by the reverse.

JUDGE TURNER: Right.

THE WITNESS: It was produced by the Energy Star
program which is underwritten by the Department of Energy
and the Environmental Protection Agency.

JUDGE TURNER: Okay. I'll admit that, too, as Ochs
3.

(Whereupon, the document was marked
as Ochs Exhibit No. 3 for
identification and received in
evidence.)

JUDGE TURNER: I do not have additional witnesses.
Are there additional witnesses signed up? Okay.

MS. SMEDLEY: Would you like me to bring the papers
up?

JUDGE TURNER: I would. That would be very kind of
you. Thank you.

(Pause.)

JUDGE TURNER: The next witness that I have here is

1 Vicki Smedley, who was kind enough to bring me the list.
2 Ms. Smedley, I see that you've entered your name twice.

3 MS. SMEDLEY: I thought that I was supposed to do
4 that. I didn't realize until afterwards. I only want to
5 speak once.

6 JUDGE TURNER: Okay. But that means to me that I may
7 need to change this form if it misled you. I'm sorry it
8 misled you. I'll have to take a look at that.

9 MS. SMEDLEY: Okay.

10 JUDGE TURNER: Will you raise your right hand?
11 Whereupon,

12 VICKI SMEDLEY
13 having been duly sworn, testified as follows:

14 **DIRECT TESTIMONY**

15 JUDGE TURNER: Will you state your name and spell it
16 for the record?

17 THE WITNESS: V-I-C-K-I, S-M-E-D-L-E-Y, Vicki
18 Smedley.

19 JUDGE TURNER: And your address is?

20 THE WITNESS: 426 River Mill Road, Jersey Shore,
21 Pennsylvania.

22 JUDGE TURNER: Do you have a ZIP Code?

23 THE WITNESS: 17740.

24 JUDGE TURNER: And are you a customer of PPL?

25 THE WITNESS: Yes, I am.

1 JUDGE TURNER: Okay. And your occupation?

2 THE WITNESS: I'm a speech therapist. I work for the
3 Central Intermediate Unit, CIU.

4 JUDGE TURNER: Okay. And you're a member of an
5 organization?

6 THE WITNESS: Yes. I am here today to represent the
7 Pennsylvania Environmental Network, an organization that is
8 statewide and of which I have served as president in the
9 past.

10 JUDGE TURNER: Okay. Are you authorized to speak on
11 their behalf today?

12 THE WITNESS: Yes, I am.

13 JUDGE TURNER: Okay. Thank you. Will you go ahead
14 with your testimony?

15 THE WITNESS: Yes. I don't have a written testimony.
16 I do have a lot of things that I would like to present. The
17 first thing I was interested in, and I was very disappointed
18 that Mr. Russell did not provide today, was the reasons for
19 this need.

20 And what he said basically, if I understood it right,
21 was that there were two main reasons. One was having to do
22 with rate caps and one was having to do with the decision to
23 allow customers to choose.

24 As far as the rate caps go, my feeling is that if
25 PP&L is a business, if they are a corporation, a

1 multinational in fact corporation, and they can't make it by
2 good business practices, and -- then they need to look at
3 why that's happening.

4 And the customer choice issue, I think that people
5 are making different choices with their electricity these
6 days, and I've seen a lot of this. This has been an ongoing
7 issue with the Pennsylvania Environmental Network, is
8 customer choice.

9 And I think the reason most people go to other
10 sources for their electricity is because they are interested
11 in clean and green and sustainable energy. And if they're
12 not choosing PP&L to provide that, then perhaps it is
13 because PP&L is not providing those kinds of services.

14 I would like to look at little bit at some profit
15 figures. I have in my hands the financial statement of
16 PP&L's corporate 2003 annual report, and I see on here that
17 their net income -- there are a lot of different tables on
18 here and it goes by changes in auditing practices and all
19 kinds of different tables.

20 But I think I have the right table here. It looks to
21 me as though the net income for the PP&L Corporation for
22 2003 was \$734 million. And that \$734 million is an increase
23 over the year before, 2002, when it was \$208 million, and in
24 2001 when it was \$179 million. So it --

25 JUDGE TURNER: Let me interrupt you for a minute.

1 What is that document?

2 THE WITNESS: This is the PP&L Corporation's 2003
3 annual report which we downloaded off the Internet.

4 JUDGE TURNER: Okay. And is it specifically about
5 PPL Electric Utilities?

6 THE WITNESS: I believe that it is, but I'm not
7 positive. It says PP&L Corporation, and I know they do gas,
8 also, and mining issues and all kinds of other things, so
9 I'm not sure. I'm actually not sure.

10 JUDGE TURNER: Okay.

11 THE WITNESS: Okay. Also, I'm looking at -- the
12 market price per share of PP&L stock has risen from 2002, it
13 was \$34.68, to 2003, it is \$43.75.

14 JUDGE TURNER: This is for the corporation?

15 THE WITNESS: Yes. So that would indicate to me that
16 this is a healthy corporation making a very good profit on
17 their returns.

18 I would also like to point out that this is a
19 multinational corporation doing business in a whole lot more
20 places than central Pennsylvania, and it doesn't seem quite
21 right to me that they're asking for an exorbitant rate hike
22 when they are doing business all over the world, but it's
23 these customers here in Pennsylvania that are going to have
24 to pay for this rate hike.

25 The first gentleman who spoke was talking about the

1 impact this would have on retired persons. I'm 58 years
2 old. I will be retiring in four years, so I will be in that
3 group of people, and that is of great concern to me.

4 But as equally concerned, I am very distressed
5 because in my profession, I work all over Clinton County.
6 I'm a speech therapist going into people's homes. I work in
7 the preschool program, early intervention.

8 I deal with three to five year old children who
9 happen to be in their homes or at Head Start or at grammy's
10 house or wherever, day care, wherever they happen to be.

11 But I work very intensely with those families. And
12 in Clinton County, many, many, many of those families, the
13 majority of the families that I work with are low income
14 families.

15 And I would suggest that like AARP, these are people
16 who don't have a lot of choices. And like Mr. Ochs told us,
17 we can, I can and do go out and buy the fluorescent bulbs,
18 but they're eight to ten dollars a bulb.

19 I also have appliances in my home that are very
20 energy efficient, and I can afford to buy those. I am
21 making an income well over what the average in this county,
22 these two counties is, which the last time I looked a year
23 or so ago was under \$25,000.

24 JUDGE TURNER: Which two counties are those?

25 THE WITNESS: Lycoming and Clinton Counties.

1 JUDGE TURNER: Okay.

2 THE WITNESS: Okay. So even though the Energy Star
3 options are available for people, if you're on a low income,
4 you don't have those options to go out and buy, like Michael
5 suggested, five light bulbs. It's not in your budget.

6 And this is going to impact all kinds of low income
7 households very negatively. But I'm not here today speaking
8 for me because I can afford to buy those things, but I am
9 not the majority.

10 And I don't make a lot of money. So when we're
11 talking about a lot of money, I decided to look at what some
12 of the PPL executives are making.

13 Mr. William Hecht, 61, is the chairman and president,
14 CEO. His pay is \$2.53 million, but when you include all of
15 his benefits, his exercised amount annually is \$5.5 million.

16 John Bigger, executive VP and CFO and director, makes
17 an exercised amount annually of \$1.14 million.

18 JUDGE TURNER: Excuse me a minute. Before we go on
19 with this, I need to know if those are officers of PPL
20 Electric, because if they're not, it's not relevant.

21 THE WITNESS: They are officers of the PP&L
22 Corporation.

23 JUDGE TURNER: That's different, so let's find out
24 from Mr. Russell.

25 MR. RUSSELL: Some of them are officers of both PPL

1 Corporation and PPL Electric, but their compensation is for
2 the dual role. Both Mr. Hecht and Mr. Bigger are officers
3 of PPL Corporation, the holding company.

4 JUDGE TURNER: Are they officers of PPL Electric?

5 MR. RUSSELL: Yes.

6 JUDGE TURNER: Okay.

7 THE WITNESS: Then I would like to know if Mr.
8 Russell can tell us what those officers make as part of
9 their PP&L Electric salary.

10 MR. RUSSELL: I cannot.

11 THE WITNESS: Can you get us that information?

12 MR. RUSSELL: It's not broken out that way.

13 THE WITNESS: Then I would submit that these figures
14 have to be considered, then, if it's not broken out that
15 way.

16 JUDGE TURNER: I agree.

17 THE WITNESS: The list goes on. I won't go through
18 the whole thing. But I think the point is that if PP&L is
19 asking for these rate hikes, that they should need to look
20 at why they're needing these rate hikes.

21 If they are not running a business that is fair to
22 the people, then you need to reduce these salaries before
23 they can even start to think of a rate hike. I'm sorry, but
24 I think \$5 million a year in salary and benefits is obscene.

25 I would also like to sustain, I guess, what Mr. Ochs

1 was saying about this corporation, this multinational
2 corporation doing more for sustainability.

3 And I've been very involved through the years with
4 the green energy program in Pennsylvania, and I know that
5 the bill that Michael was talking, Mr. Ochs was talking
6 about has some flaws in it as far as I'm concerned, because
7 people have different definitions of what green energy is.

8 And I would just like to make that point, that green
9 energy is not burning chicken manure or demolition debris
10 and things like that. Green energy to me means that PP&L
11 should be investing more in wind and solar, and it doesn't
12 appear to me that they are doing that.

13 So I would like to ask that the PUC deny this rate
14 increase request, and I think that they need to be
15 responsible government officials. Customers should not be
16 asked --

17 JUDGE TURNER: Excuse me. You think PP&L should
18 be --

19 THE WITNESS: No, the PUC.

20 JUDGE TURNER: Okay.

21 THE WITNESS: Customers should not be asked to help
22 this corporation improve its already obscene profits. It
23 comes down to another thing that Mr. Ochs brought up and
24 that I'd like to touch a little bit on, and that is this
25 whole idea of corporate personhood.

1 In 1886, the law in a case called Santa Clara versus
2 the railroad, the Supreme Court in its decision concerning
3 that case alluded to the fact, it was not really part of
4 their decision, but they alluded to the fact that
5 corporations should have the same rates as people.

6 It was not part of the opinion and it has not really
7 been challenged. And since then, corporations' lawyers have
8 used that to get more and more and more rights for the
9 corporations as people.

10 And I would like to submit that corporations are
11 fictitious entities and that they should not have the same
12 rights as people and certainly should not have more rights
13 than people.

14 For locals, paying for multinational corporate
15 profits, why should this corporation be guaranteed an 11
16 percent profit margin when they say they're only making 2
17 percent? If they can't make their 11 percent, they need to
18 look at why.

19 Why should people not have those same guarantees?
20 I'm not guaranteed anything on my job. I don't think
21 anybody in this room has guarantees on how much profit they
22 can make.

23 So I think this comes down to a question of, whose
24 rights are these? Are these corporate rights or are these
25 people's rights? And I think it's incumbent upon the PUC to

1 make sure that they decide in favor of people's rights.

2 Thank you, Your Honor.

3 JUDGE TURNER: Okay. Before you leave the stand,
4 when you do, will you bring that over to me, that you're
5 referring to, because I'd like to get a good reference on
6 the record to make sure we know where we can find it.

7 THE WITNESS: Sure. I did not have time to make any
8 copies. Actually, it's an 80 page report and I don't have
9 the whole, the front part of it. I didn't it. I only
10 brought what I needed.

11 JUDGE TURNER: Okay. But I don't think we want
12 copies of an 80 page report, so I'd like to at least get the
13 correct citation.

14 THE WITNESS: Sure.

15 JUDGE TURNER: And do you know any more about the
16 court case name that you cited? What railroad was it?

17 (No response.)

18 JUDGE TURNER: It was Santa Clara versus the
19 railroad?

20 THE WITNESS: It was Santa Clara versus the railroad,
21 and the case had to do with the building of the railroads
22 when they were moving west, and they wanted to go through
23 Santa Clara and Santa Clara wanted them to go around Santa
24 Clara, was my understanding.

25 JUDGE TURNER: Okay. I'd just like to be able to

1 find that. But at any rate, Mr. Russell, do you have cross-
2 examination?

3 MR. RUSSELL: No questions, Your Honor.

4 JUDGE TURNER: Mr. Kanaskie?

5 MR. KANASKIE: I have no questions, Your Honor.

6 JUDGE TURNER: Mr. Beatty?

7 MR. BEATTY: No questions, Your Honor.

8 JUDGE TURNER: Mr. Gray?

9 MR. GRAY: Nothing, Your Honor.

10 JUDGE TURNER: Thank you for your testimony. Could
11 I, as I say, could I see that?

12 THE WITNESS: Yes.

13 JUDGE TURNER: I promise to give it back to you.

14 THE WITNESS: Okay. Good. My notes are on the back.

15 (Witness excused.)

16 JUDGE TURNER: Okay. And the next witness is William
17 Smedley. Good afternoon, Mr. Smedley.

18 MR. SMEDLEY: Good afternoon, Your Honor.

19 JUDGE TURNER: Would you raise your right hand?

20 Whereupon,

21 WILLIAM SMEDLEY

22 having been duly sworn, testified as follows:

23 **DIRECT TESTIMONY**

24 JUDGE TURNER: And will you state your name and spell
25 it for the record?

1 THE WITNESS: Yes. My name is William Smedley,
2 S-M-E-D-L-E-Y.

3 JUDGE TURNER: And your address?

4 THE WITNESS: My address is 426 River Mill Road,
5 Jersey Shore, Pennsylvania.

6 JUDGE TURNER: And your occupation?

7 THE WITNESS: My primary occupation is as executive
8 director of the national non-profit organization Greenwatch.
9 I also work part-time as a duly elected certified
10 Pennsylvania state constable.

11 JUDGE TURNER: Okay. Greenwatch, Inc., right?

12 THE WITNESS: That's correct.

13 JUDGE TURNER: Okay. And you are a PP&L customer?

14 THE WITNESS: Yes. Yes, I'm a PP&L residential
15 customer.

16 JUDGE TURNER: Okay. I suppose there's no
17 relationship between you and Vicki Smedley, is there?

18 THE WITNESS: Yes, Your Honor, there's a very long,
19 30-year relationship between us.

20 JUDGE TURNER: Congratulations.

21 THE WITNESS: Thank you, Your Honor.

22 JUDGE TURNER: Would you proceed with your testimony?

23 THE WITNESS: Thank you. I wanted to come today to
24 speak to you because I thought that information that I've
25 gained from an investigation that I conducted started in

1 2001 would be relevant to your deliberations today.

2 As executive director of Greenwatch, I assist
3 communities in America with investigating environmental
4 problems of many different kinds.

5 In 2001, I began an investigation for the citizens
6 group, Organizations United for the Environment, in
7 Lewisburg on the operations of the PP&L Washingtonville
8 plant regarding their participation in a program called
9 Synfuel. And I wanted to bring this to your attention
10 today.

11 JUDGE TURNER: You might want to spell that.

12 THE WITNESS: S-Y-N-F-U-E-L.

13 JUDGE TURNER: All one word?

14 THE WITNESS: All one word. I wanted to bring this
15 to your attention today because the Synfuel tax credit
16 program has generated a tremendous amount of controversy
17 across America and it's been referred to in a recent Time
18 Magazine article as the great energy scam.

19 MR. RUSSELL: Your Honor, if I could just break in
20 for a minute, and I hate to do this in a public input
21 hearing, but I think I will object. This has absolutely
22 nothing to do with PPL Electric.

23 I'm familiar with the Synfuel project and it is being
24 pursued by another affiliate, not by PPL Electric. PPL
25 Electric has absolutely no involvement and no element,

1 revenue or expense in the rate case is associated with the
2 Synfuel project. This is totally irrelevant to the rate
3 case.

4 THE WITNESS: Your Honor, I'm not here to just speak
5 about the Washingtonville plant. PPL Electric is also
6 involved with a very extensive Synfuel plant at the
7 Somerset, Pennsylvania facility.

8 MR. RUSSELL: Again, that has nothing to do with PPL
9 Electric, Your Honor.

10 JUDGE TURNER: What does it have to do with?

11 MR. RUSSELL: PPL Genco is involved in both of the
12 Synfuel projects, a totally separate affiliate.

13 JUDGE TURNER: How do you spell it, G-E-N --

14 MR. RUSSELL: Well, that was an abbreviation, PPL
15 Generation Corporation.

16 JUDGE TURNER: Okay. So I need you to direct your
17 remarks to the rate case, and PPL Electric.

18 THE WITNESS: I can do that, Your Honor.

19 JUDGE TURNER: Thank you.

20 THE WITNESS: I'm sorry that PP&L objected to the
21 primary reason that I came here today. I thought that
22 taxpayers and everybody here should understand the benefits
23 that PP&L is getting from taxpayers already and that that
24 would be --

25 JUDGE TURNER: Excuse me.

1 THE WITNESS: -- important to your deliberations.

2 JUDGE TURNER: Excuse me. First of all, if it's not
3 part of the corporation, it's not relevant. Second of all,
4 the utility regulation doesn't depend on taxpayers. It
5 depends on ratepayers. The Commission is funded by an
6 assessment on the utilities. We are not funded by the
7 General Fund.

8 THE WITNESS: I think I understand what you're
9 saying, Your Honor. I believe ratepayers are also
10 taxpayers, are they not?

11 JUDGE TURNER: Yes, but the tax revenue doesn't
12 relate here.

13 THE WITNESS: I guess I can respectfully disagree,
14 Your Honor, but it's certainly your call.

15 JUDGE TURNER: Okay.

16 THE WITNESS: As a consumer --

17 JUDGE TURNER: Can you comply? That's the question.
18 I don't mind if you disagree with me, but you should comply.

19 THE WITNESS: I will comply.

20 JUDGE TURNER: Thank you.

21 THE WITNESS: As a consumer in this area, I have --
22 in fact, I pay the electric bills in my household. I've
23 seen PP&L's rates go up over the years.

24 And I've also seen the poverty in this area. I work
25 with low income communities, as I said, with all kinds of

1 environmental problems.

2 I'm also out in the field, serving papers on people
3 as constable, so I'm out in the mountains. I'm out, I see
4 the poverty. I see the living conditions of people. And I
5 don't believe that the majority of people in this area can
6 sustain a rate increase at this time of this magnitude.

7 I have also reviewed extensively the document that
8 was presented to you by my wife. I printed that off the
9 Internet, off of PP&L's website, and --

10 JUDGE TURNER: Off of PPL Corporation's website?

11 THE WITNESS: Yes.

12 JUDGE TURNER: Okay. She only loaned it to me, but I
13 have it in my hand. You're right.

14 THE WITNESS: Okay, good. So I have reviewed that
15 document also and I don't believe that a rate increase at
16 this time for PP&L is justified.

17 I believe that the figures in that document show that
18 this is a financially healthy corporation, and this is a
19 depressed part of Pennsylvania. I think the majority of
20 PP&L's customers in this area are low income people who are
21 quite financially strapped now, having a very hard time
22 paying their bills.

23 And their electric bill right now is already a burden
24 to them. I've heard that from a lot of people in my work
25 and I see people working increasingly more hours for less

1 money, trying to cope with their everyday life and their
2 everyday bills.

3 I believe that a rate increase at this time is going
4 to create extensive hardship for the majority of the people
5 in central Pennsylvania and I would ask you at this time to
6 deny any rate increase for PP&L.

7 JUDGE TURNER: Okay. Since you printed this off,
8 "this" being the document from the Internet, one reason I
9 asked to see it was because I was hoping it would have a web
10 address on it, but it doesn't. Could you provide that for
11 the record?

12 THE WITNESS: I believe the web address was PP&L.org.
13 I can't swear to that. To the best of my recollection, I
14 was searching for their annual report, and in the process of
15 doing a search under Google for annual report PP&L, I was
16 directed to their website and downloaded that document
17 directly from their website.

18 JUDGE TURNER: Okay. The PP&L Corporation 2003
19 Annual Report is what is on every page of this document.

20 THE WITNESS: Yes.

21 JUDGE TURNER: Usually a commercial corporation is
22 not dot org. It's usually dot com.

23 THE WITNESS: It may have been dot com, Your Honor.

24 JUDGE TURNER: I could be wrong.

25 THE WITNESS: Yeah, I believe you're correct.

1 MR. RUSSELL: Your Honor, if I can have just one
2 minute, I can confirm the web address. I don't know it, but
3 I can check it.

4 JUDGE TURNER: That would be good, okay.

5 MR. RUSSELL: Can I have just a minute, Your Honor?

6 JUDGE TURNER: Yes, you may, and I'm going to keep
7 talking. The other document that she handed me to look at
8 was yahoo finance, PPL Corp. Did you also print this up and
9 are you familiar with this as well?

10 THE WITNESS: Yes, I did, and I am familiar with that
11 document.

12 JUDGE TURNER: Okay. It has an address on it which
13 is <http://finance.yahoo.com>.

14 THE WITNESS: Yes. That document has a web address
15 because that's printed directly off. The other document was
16 downloaded as a PDF file, so that did not have the web
17 address on it.

18 JUDGE TURNER: All right. But the address there is
19 not specifically for PPL, so PPL must be one of various
20 items on the finance yahoo.com site.

21 THE WITNESS: That's correct.

22 JUDGE TURNER: Okay. Thank you.

23 MR. RUSSELL: Your Honor, the correct web address is
24 pplweb.com. You were right.

25 JUDGE TURNER: Okay. And pplweb is all one word?

1 MR. RUSSELL: Yes.

2 JUDGE TURNER: Okay. Thank you.

3 THE WITNESS: In closing, Your Honor, I'd just like
4 to also thank Michael Ochs for letting us know about this
5 meeting and for also helping to arrange this meeting in
6 Williamsport. If it were not for the meeting being arranged
7 in Williamsport, my wife and I probably would not have had
8 the opportunity to present testimony today, so thank you,
9 Michael, and thank you for conducting this public meeting.

10 JUDGE TURNER: Surely. And I think we should thank
11 Senator Madigan as well, who had a role in it.

12 Mr. Russell, do you have cross-examination?

13 MR. RUSSELL: No, Your Honor.

14 JUDGE TURNER: Mr. Kanaskie?

15 MR. KANASKIE: I have none, Your Honor.

16 JUDGE TURNER: Mr. Beatty?

17 MR. BEATTY: No, Your Honor.

18 JUDGE TURNER: Mr. Gray?

19 MR. GRAY: Nothing, Your Honor.

20 JUDGE TURNER: Thank you very much for coming out and
21 I think I can return these to you, if you don't mind taking
22 them for your wife.

23 THE WITNESS: Thank you.

24 (Witness excused.)

25 JUDGE TURNER: I do not have any other witnesses

1 signed up at this point, and I would therefore like to take
2 a recess to see if any more people arrive. We'll take a
3 recess for at least 15 minutes, and in the meantime I need
4 to look at Mr. Clark's testimony and talk to him and the
5 attorneys who objected to it, and anybody else who wants to
6 stand around can do so. But anyway, we're off the record
7 now.

8 (Discussion off the record.)

9 JUDGE TURNER: Will you all take your seats, please?

10 (Pause.)

11 JUDGE TURNER: Thank you. I did not see any more
12 persons signed up at the back of the room. Is that correct,
13 there are no more witnesses? One more witness? Oh, okay.
14 Would you approach the podium, ma'am?

15 MS. NOORDAM: Where do I sign up?

16 JUDGE TURNER: You can sign, I have a blank on this
17 piece of paper, so you can sign at the bottom of that, and
18 if you want to just go, you give that to me after you
19 testify.

20 MS. NOORDAM: Oh, you mean you're ready to hear --

21 JUDGE TURNER: Yes, I am. So, would you approach the
22 podium?

23 MS. NOORDAM: Where is the podium?

24 JUDGE TURNER: I'm sorry --

25 MS. NOORDAM: Oh, here.

1 JUDGE TURNER: May I swear you in?

2 THE WITNESS: Okay.

3 JUDGE TURNER: Would you raise your right hand?

4 Whereupon,

5 MIRIAM NOORDAM

6 having been duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 JUDGE TURNER: Can you keep your voice up or move the
9 microphone closer to you?

10 (No response.)

11 JUDGE TURNER: Say "yes" again.

12 THE WITNESS: Yes.

13 JUDGE TURNER: Ah, okay. What is your name and how
14 do you spell it?

15 THE WITNESS: Miriam, M-I-R-I-A-M, Noordam,
16 N as in Nancy O-O-R-D as in David A-M as in Mary.

17 JUDGE TURNER: Okay. And where do you live?

18 THE WITNESS: In Lehigh County, Emmaus, Pennsylvania.

19 JUDGE TURNER: Can you give us an address?

20 THE WITNESS: 2850 Farr Road, F-A-R-R Road.

21 JUDGE TURNER: Okay. And there's a ZIP Code there?

22 THE WITNESS: 18049.

23 JUDGE TURNER: All right. And you're a customer of

24 PP&L?

25 THE WITNESS: Yes.

1 JUDGE TURNER: And are you here because you're a
2 member of an organization or are you testifying on your own
3 behalf?

4 THE WITNESS: On my own behalf.

5 JUDGE TURNER: Okay. I think we had some public
6 inputs a little closer to you, but I thank you for making
7 the effort to come down here.

8 THE WITNESS: I'm helping care for an elderly parent,
9 and so I'm more frequently in Williamsport than in Emmaus at
10 the present time.

11 JUDGE TURNER: Okay. So what is your testimony about
12 this proposed rate increase?

13 THE WITNESS: Just a couple brief comments. I'm
14 hoping that PP&L is aware of a particular electricity
15 project that will be using Tesla technology. And I'm
16 interested, as far as this rate increase, I will be happy to
17 pay the rate increase if PP&L might acknowledge that PP&L is
18 doing everything possible to close the nuclear power plants
19 that PP&L operates.

20 And I understand that this particular electricity
21 project, which I believe PP&L is aware of although I haven't
22 heard that publicly yet, I'm hoping that -- I mean, I
23 understand that this project will be having a detailed,
24 fully detailed, practical plans to close every one of the
25 103 or so nuclear power plants, and the ones that PP&L

1 operates. I'm just interested in seeing those closed down
2 gradually as soon as possible in a practical, smooth
3 transition way.

4 And I just wonder if PP&L will be acknowledging this
5 project or any activity toward closing the nuclear power
6 plants.

7 JUDGE TURNER: Okay. First of all, can you spell
8 "Tesla"?

9 THE WITNESS: T as in Tom E-S-L-A.

10 JUDGE TURNER: Okay. And that's the last name of the
11 inventor?

12 THE WITNESS: Yes, Nikolai Tesla, who lived like from
13 1843 to 1945 or so.

14 JUDGE TURNER: Okay. And can you give us any more
15 details about this project, where it is? Does it have a
16 name?

17 THE WITNESS: Well, it's affiliated with the
18 International Tesla Electricity Company, and I wouldn't be
19 an articulate spokesperson to explain the technology,
20 although I've read all about it and I can understand it when
21 I read it, but to articulate it --

22 JUDGE TURNER: Okay. Where is it located?

23 THE WITNESS: Well, their head office is in Butler,
24 New Jersey, but it's a national project and apparently it's
25 now backed and promoted by President Bush and Homeland

1 Security Department Head Tom Ridge.

2 JUDGE TURNER: And what do they know about it?

3 THE WITNESS: Well, I'm not privy to know exactly
4 what their understanding is, but --

5 JUDGE TURNER: Okay.

6 THE WITNESS: I just know that --

7 JUDGE TURNER: So it doesn't have a single location?

8 THE WITNESS: No, no.

9 JUDGE TURNER: Or a plant or anything of that nature?

10 THE WITNESS: No. There's not a plant yet. It's
11 very -- it's unique technology that's -- I don't think it's
12 appropriate to discuss that here, but I just wanted to
13 mention that that particular project has detailed plans that
14 the government is aware of as far as closing the nuclear
15 plants, and I just wondered if PP&L is doing some activity
16 to close the nuclear plants. Whether it's related to this
17 electricity project or not doesn't matter to my personal
18 interest.

19 JUDGE TURNER: And how would you suggest that PPL
20 acknowledge that, when you say acknowledge it?

21 THE WITNESS: Well --

22 JUDGE TURNER: You want to see some sign?

23 THE WITNESS: Yeah, not any -- I don't have a
24 particular way of -- I just think that there might be --
25 maybe in an environmental report, I don't know. But if

1 there's some percentage or some portion of this rate
2 increase that is going to be going toward phasing out of the
3 nuclear plants, I just think many people would be interested
4 in learning that there will be a certain percentage of the
5 rate increase that would go toward that, you know, totally
6 separate from this Tesla project.

7 That would not necessarily need be mentioned at all,
8 but just -- I know it's related at the present time because
9 at least it's a plan that's a viable plan that's on the
10 books that can help close the plants.

11 So if this particular rate increase is related to
12 that project, then fine, and if not, if PP&L is making other
13 activity towards closing the nuclear plants, that's what I'm
14 interested in.

15 JUDGE TURNER: Okay. Thank you very much for your
16 testimony. Wait a minute, I want to see if they have
17 questions. Mr. Russell, do you have questions?

18 MR. RUSSELL: No questions, Your Honor.

19 JUDGE TURNER: Mr. Kanaskie?

20 MR. KANASKIE: I have no questions, Your Honor.

21 JUDGE TURNER: Mr. Beatty?

22 MR. BEATTY: No, Your Honor.

23 JUDGE TURNER: Mr. Gray?

24 MR. GRAY: One question, Your Honor.

25 **CROSS-EXAMINATION**

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BY MR. GRAY:

Q. Ms. Noordam, is there a website that describes this Tesla project in detail?

A. There are several, but I wouldn't know which one to recommend. I'm not computer literate, and I'm sorry. I could get that for you, though. I could get that for you by the end of today. Would that be okay?

Q. That would be fine. Thank you.

JUDGE TURNER: Sounds like an excellent idea. And we do have the name of the organization. You gave us that, International whatever it is, in the transcript. Okay.

THE WITNESS: Okay.

JUDGE TURNER: Thank you. We will expect that.

(Witness excused.)

JUDGE TURNER: Now, let's turn to Mr. Clark and his proposed testimony. I have read this testimony over quickly, and I have several remarks to make, and I will allow Mr. Clark to make an argument in response to them, also other counsel.

Basically, I am swayed by the fact that counsel did not see this in advance and were not prepared to cross-examine. All the rest of the testimony is set up and filed in such a way, pre-filed testimony. Mr. Clark is familiar with that method, and I think that that's true, that they are at a disadvantage.

FORM 1

1 Second of all, it does to seem to me, as he said in
2 his off the record remarks, that it does set a context. A
3 lot of the information in it is about other states and about
4 trends in the United States. It's not really directed
5 towards this case that much.

6 Thirdly, I think that there are at least two other
7 parties addressing this, and one is Pennsylvania Future.
8 The witness is going to be John Hanger, and it's going to be
9 about the Sustainable Energy Fund. And then there is the
10 Sustainable Energy Fund itself, which is PPL's version of
11 that.

12 So, alas, Mr. Clark, I think I'm going to agree with
13 the objections and sustain them. Now, would you like to
14 take some time on the record to tell me why I'm wrong?

15 MR. CLARK: No, Your Honor. What I would like to
16 suggest is, may I offer these comments off the record, not
17 under oath, and just have that conversation for a few
18 moments? If I wanted to become a rebuttal witness for the
19 Sustainable Energy Fund of Central and Eastern Pennsylvania
20 or have these ideas come formally into the record, we can do
21 that, but still have the opportunity today to talk about
22 these ideas?

23 JUDGE TURNER: You can do that with the other
24 parties, but I think it would be improper for me to listen
25 to off the record persuasive remarks, because then I might

1 make a decision based on information that's not in the
2 record.

3 MR. CLARK: Okay.

4 JUDGE TURNER: But I'm certainly willing to allow the
5 other parties, should they be interested, in spending some
6 time talking with you. And yes, if you want to -- I'm not
7 sure you can become a rebuttal witness anymore. I think the
8 deadline for filing -- oh, tomorrow?

9 MR. KANASKIE: I believe it's tomorrow.

10 JUDGE TURNER: Oh. You have 24 hours. So, I do have
11 one more thing. Ms. Smedley, Vicki Smedley came up to me
12 during the recess and said that she felt that this was a
13 good location, and she felt it was much better than City
14 Hall, that City Hall, even though there are elevators
15 inside, you have to go up some steps outside to get to the
16 level of the elevators, and she was there recently.

17 Parking was difficult, and she found that it was --
18 she felt it was not a good place. She did like the West
19 Williamsport Fire Hall. She thought that was very
20 accessible, and I told her that I would put this on the
21 record.

22 So there being no other witnesses at this point, I am
23 going to adjourn this public input session, and we will
24 reconvene at six.

25 And while we are off the record, I believe the

1 parties are going to discuss with me proposals about
2 scheduling witnesses; is that correct?

3 MR. RUSSELL: That's correct, Your Honor.

4 MR. KANASKIE: Yes, Your Honor.

5 JUDGE TURNER: Okay. So we are adjourned.

6 (Whereupon, at 3:48 p.m., the hearing was adjourned,
7 to be reconvened at 6:00 p.m., this same day, in
8 Williamsport, Pennsylvania.)

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

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John A. Kelly,
Certified Verbatim Reporter

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