

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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 Pennsylvania Public Utility : Docket No.
 Commission v. Duquesne Light : R-00061346
 Company, Requested general rate :
 increase of \$162,700,000. :
 Public Input Hearing : **DOCKETED**
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Pages 23 through 58

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Wednesday, July 12, 2006

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

BEFORE:

MICHAEL A. NEMEC, Administrative Law Judge *J.M.*

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P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE MICHAEL A. NEMEC: Ladies and
3 gentlemen, we're going to get started. Now, if you can't
4 hear -- and I tend to drop; I tend to mumble -- just raise
5 your hand if you can't hear me or you can move up closer.
6 Don't be afraid.

7 This evening we have the first of three public input
8 hearings being held in conjunction with a rate filing by
9 Duquesne Light Company Docket R-00061346. My name is
10 Michael Nemec.

11 I'm an administrative law judge with the Pennsylvania
12 Public Utility Commission. I've been assigned to conduct
13 the public input hearing tonight. Administrative Law Judge
14 Larry Gesoff will be conducting two more public input
15 hearings tomorrow, one in Shaler and one in Castle Shannon.

16 Public Utility Commission regulations determine the
17 conduct of this proceeding tonight, and in accordance with
18 those regulations I will explain the rate-making process,
19 hopefully briefly. I'll tell you what has happened so far
20 in this case. I'll tell you what's going to happen after
21 this hearing tonight. I'll explain your options at the
22 hearing tonight.

23 I'll introduce the attorneys who are seated to my
24 right, and each of them may have statements that they wish
25 to make. After that we'll hear from anyone who wishes to

1 present testimony or statements.

2 First we're going to talk about the rate-making
3 process. To stay in business, a public utility must collect
4 enough money from its customers to cover expenses. These
5 expenses are operating expenses, depreciation expenses, and
6 taxes.

7 Operating expenses are the cost of labor, maintenance,
8 materials, and supplies. Depreciation expense is the loss
9 of service value of the utility's property through its use
10 in providing service. In other words, property that wears
11 out and has to be replaced, there's an accounting method
12 that's used for that. Taxes are the state, federal, and
13 local taxes that the utility must pay to stay in business.

14 Added to this the Commission adds a reasonable return
15 on the value of the property the utility uses to provide
16 service. The utility is permitted to earn this rate of
17 return, but it is not guaranteed. It's up to the utility to
18 earn it. The expenses and the return are called the
19 utility's revenue requirement, and that is the amount the
20 utility needs to collect to meet the cost of providing
21 service.

22 Once the Commission determines the amount of the
23 revenue requirement, the utility service must be priced.
24 This means the designing schedules of rates intended to
25 produce the revenue the utility is permitted to collect.

1 This is not an easy process. It requires the exercise of
2 seasoned and informed judgment regarding economic,
3 financial, accounting, and engineering considerations.

4 In terms of what's happened so far in this case, back
5 on April 7th, 2006, Duquesne Light filed with the Commission
6 a request to change its distribution rates. Duquesne Light
7 wants to collect approximately \$143.7 million in additional
8 annual revenues. In addition, Duquesne Light told the
9 Commission that it expects transmission service charges
10 reflected in retail rates to increase by about \$19,000,000.

11 Duquesne Light requested that the increase go into
12 effect on June 1st, 2006. On May 4th, 2006, the Commission
13 opened an investigation into the proposed rate increase and
14 suspended it until January 6th, 2007.

15 The following have filed complaints against the
16 proposed increase: Duquesne Industrial Interveners, The
17 Industrial Energy Consumers of Pennsylvania, The Office of
18 Consumer Advocate, The Office of Small Business Advocate,
19 The Pennsylvania Large Energy Users Coalition.

20 The following entities have asked to participate in
21 the cases as interveners: The International Brotherhood of
22 Electrical Workers Local 29; Consolidation New Energy,
23 Incorporated; NRG Energy Center Pittsburgh; Citizens Power,
24 Incorporated; Citizens for Pennsylvania's Future; Retail
25 Energy Supply Association; Strategic Energy, L.L.C.; Direct

1 Energy L.L.C.; Reliant Energy, Incorporated; Comcast of
2 California/Pennsylvania/Utah/Washington, Incorporated;
3 Community Action Association of Pennsylvania; and last, but
4 not least, Wal-Mart Stores East L.P.

5 The Commission's Office of Trial Staff filed a notice
6 of appearance and is participating in this case. Duquesne
7 Light today has filed the testimony of 14 witnesses. The
8 other parties filed testimony recently on July 7th.

9 As I stated earlier, a public input hearing like this
10 one will be held tomorrow morning in Shaler Township and
11 tomorrow afternoon in Castle Shannon. After these two
12 public input hearings the parties will again file additional
13 testimony in written form on August 2nd and August 16th.

14 At least 36 witnesses ultimately will testify in this
15 case. The Commission will hold hearings in Harrisburg
16 beginning on August 21st and ending, hopefully, on August
17 25th so that all of these witnesses can be cross-examined.

18 The parties to this proceeding will file briefs on
19 September 18th and October 10th. The recommended decision
20 will be sent to the parties on or about October 31st, and
21 they will be able to file exceptions and reply exceptions.
22 The Commission will issue its opinion and order on or before
23 January 6th of 2007 next year.

24 Any party who feels aggrieved by the Commission's
25 opinion and order may file an appeal to the Pennsylvania

1 Commonwealth Court.

2 Now I want to briefly discuss what your options are at
3 this hearing tonight. There are three ways you can
4 participate in this hearing. You can testify formally under
5 oath or affirmation and be subject to cross-examination. If
6 so, to the extent the testimony is relevant, material, and
7 competent, your testimony will be considered evidence in the
8 proceedings and will be transcribed by the court reporter
9 sitting to my left. It may be used by the administrative
10 law judge and by the Commission in their decision-making
11 process.

12 The second choice would be to make an unsworn or
13 unaffirmed statement. This will be off the record and not
14 subject to cross-examination, will not be transcribed by the
15 court reporter, and will not be considered or used in the
16 Commission decision-making process.

17 The third option is to not testify or make a statement
18 but to provide information directly to the Commission's
19 Office of Trial Staff Attorney, The Consumer Advocate
20 attorney who is present tonight, or the Small Business
21 Advocate attorney who is present tonight for possible use by
22 them in the hearings at their discretion.

23 At this time what I'd like to do is introduce the
24 attorneys who are present and have them, if they wish to
25 make statements, have them do so. On behalf of Duquesne

1 Light, we have Attorneys Gary Jack and David MacGregor.

2 MR. MacGREGOR: Thank you, Your Honor. I'm David
3 MacGregor. I'm one of the attorneys for Duquesne Light
4 Company in this proceeding. I want to thank all of you for
5 coming tonight to share your concerns both positive and
6 negative about the proposed rate increase.

7 Those of you who may not know, this is the first
8 distribution rate increase that's been filed by Duquesne
9 since 1987. It's almost 20 years since we last filed a
10 distribution rate case, which we think is a remarkable
11 achievement.

12 As the judge indicated, there are a long list of
13 parties who have intervened in this proceeding. They have,
14 believe me, thoroughly investigated this case. They've
15 asked hundreds and hundreds of interrogatories of the
16 company. We've provided volumes and boxes and boxes of
17 information to the Commission and to the parties in this
18 case so they can fully investigate and evaluate the
19 reasonableness of our filing.

20 We don't have a formal presentation to make tonight.
21 The purpose of this is for us to listen to your comments and
22 concerns. I encourage all of you who are here to step
23 forward and speak and express your concerns here tonight.

24 We do have several people here from the company. In
25 the back, Fred Eichenmiller, who is head of the rates

1 department at Duquesne Light; a number of others from
2 Duquesne Light as well. I won't introduce them all. My
3 co-counsel in the case here is Gary Jack.

4 We also have several important people here. If you
5 have any concerns individually about your bill or about the
6 service you're receiving from Duquesne, we have Vern Edwards
7 here tonight from the customer service department; Joe
8 Cornibe, the manager of the service center if you have any
9 questions about the reliability of your service; and Gary
10 Brockman from bill payment assistance.

11 So separately from any testimony you might get
12 tonight, if you have any specific complaints or concerns
13 about your Duquesne Light bill or Duquesne Light service,
14 they're here to answer those questions.

15 Thank you again for coming, and we look forward to
16 hearing from you.

17 JUDGE NEMEC: Thank you, Mr. MacGregor. Mr. Eckenrod?

18 MR. ECKENROD: Good evening. My name is Robert
19 Eckenrod. I'm here representing the Office of Trial Staff
20 with the Commission. The Office of Trial Staff was created
21 in 1986 and charged with the representation of the public
22 interest in rate cases such as this.

23 Currently I have a team of accountants, engineers, and
24 financial analysts that are reviewing this filing to make
25 sure that all the adjustments, if there are any adjustments

1 to be made, be made within the context of this proceeding.
2 Now, tonight is the opportunity for you the ratepayers, the
3 customers of Duquesne, to come here and give us your opinion
4 about the rate filing, and we welcome you to come out here
5 and do that.

6 So thank you for coming out and make sure if you have
7 something to say that you put it on the record, please.

8 Thanks.

9 JUDGE NEMEC: Mr. Evrard?

10 MR. EVRARD: Good evening everyone. My name is Dave
11 Evrard. I'm an attorney with the Office of Consumer
12 Advocate.

13 MR. DeSIMONE: I can't hear him.

14 JUDGE NEMEC: You have to speak up, sir.

15 MR. EVRARD: I'm sorry. I'm an attorney with the
16 Office of Consumer Advocate. The Office of Consumer
17 Advocate was created about 30 years ago and given the
18 responsibility to represent the interests of all consumers
19 in rate matters and other matters that come before the
20 Public Utility Commission and Federal Utility Regulatory
21 Commissions.

22 The OCA, the office that I represent, in large cases
23 like this where there is often representation by commercial
24 or on behalf of commercial interests or the Office of Small
25 Business Advocate who is representing small commercial

1 customers or large industrial customers are represented by
2 counsel typically. In large cases like this it often falls
3 to our office to represent the interest of typically our
4 residential ratepayers, folks such as yourselves. So you
5 are the very people that we're representing, and we would
6 really like to hear from you tonight.

7 In terms of our representation thus far, I think the
8 judge said we filed a formal complaint against the rate
9 increase. We have retained experts at the Office of Trial
10 Staff and others here to help us analyze the case and just
11 last week filed testimony recommending a much reduced
12 increase for Duquesne, much reduced from the 143 million
13 that they requested.

14 As I said, we would really like to hear from you. I
15 would encourage you to take advantage of the opportunity or
16 the option of putting your testimony on the record because
17 it is often useful to us in terms of filing our briefs and
18 creating further testimony in the case to be able to cite
19 the things that you say.

20 So thank you for coming and we look forward to hearing
21 from you.

22 JUDGE NEMEC: Last, but not least, Ms. Webb from the
23 Office of Small Business Advocate.

24 MS. WEBB: Thank you, sir. Good evening everyone. My
25 name is Sharon Webb, and I'm here on behalf of The Office of

1 Small Business Advocate. Our office represents the class of
2 small business customers in rate proceedings before the
3 Commission and other regulatory agencies.

4 As it's already been said, this is your opportunity to
5 talk, get your issues out on the record. I encourage you to
6 testify under oath because the material may assist us in
7 going forward with the case. We have economists that are
8 helping us evaluate this. We filed testimony and will go
9 forward.

10 If anyone has concerns that you don't want to put on
11 the record and you want to talk afterwards, I'll stick
12 around for a while. That's all. Thanks for coming.

13 JUDGE NEMEC: Thank you, Ms. Webb. Now we get to the
14 heart of this. We're going to start. Pronounce your last
15 name for me.

16 MS. SICHAKE: Sichak.

17 JUDGE NEMEC: Thank you. Come on up here. I know
18 you're not shy.

19 MS. SICHAKE: I'm not.

20 JUDGE NEMEC: We'll use as an example of how to do
21 this. Stand here. Let's make sure the microphone is turned
22 on. Do you wish to present a sworn statement?

23 MS. SICHAKE: I do, yes.

24 JUDGE NEMEC: Please raise your right hand.

25 Whereupon,

1 customers who have difficulty paying their bills because of
2 limited or fixed incomes have access to affordable energy.

3 The main CAP goal is to have low income households
4 receive affordable energy while being assisted towards
5 self-sufficiency in making timely electric payments. To
6 qualify for CAP, the electric account must be in the name of
7 an adult 18 years or older who lives in the household, the
8 monthly/yearly income of the household must fall within the
9 annually adjusted federal poverty income guidelines, and
10 there should be a balance on the account.

11 On this payment plan a ratepayer can have his or her
12 account balance completely forgiven if the monthly CAP
13 payments are made on time and in full for three consecutive
14 years. As of June 30th, 2006, there were 24,318 customers
15 enrolled in the CAP.

16 Advantages of the CAP include protection against loss
17 of electric service, reduced monthly payments based on the
18 ratepayer's income and household size, arrearage forgiveness
19 over a specific period of time, and the access to and
20 personal attention of a CAP case manager, like me.

21 Other benefits include information about reducing
22 electric usage, toll-free numbers for questions and
23 information, and referrals to other energy assistance
24 programs and community services.

25 Here I'm going to divert just a tiny bit by saying

1 that when somebody comes in for the CAP program, whether
2 they go through the Duquesne Light operators who then refer
3 to us or CAP case managers who are out in the community, it
4 doesn't stop there. There's always more than one thing.

5 So if a client or a customer comes to us for energy
6 help and they have other issues, they're never turned away.
7 They're always given other information or referred to other
8 agencies like ours in the North Hills Community Outreach.
9 We do outreach for all types of problems. Little diversion
10 there.

11 Over the last three years in my job I have seen the
12 need for utility assistance grow each year. At North Hills
13 Community Outreach utilities are the leading problem for
14 which clients call for assistance. As one of 11 CAP case
15 managers for Duquesne Light, I am able to provide a service
16 that can assure that the lights stay on and the food stays
17 cold and, for some, the heat and hot water remain on, too.

18 In conclusion, I would like to thank the PUC and
19 Duquesne Light for conducting these public input hearings
20 and allowing me to talk to you about the importance of
21 Duquesne Light CAP as an integral part of Duquesne Light's
22 Universal Services Program and for giving the others the
23 opportunity to voice their opinions on the rate case.

24 The CAP of Duquesne Light Company benefits low income
25 individuals and families that include the working poor, the

1 elderly on fixed incomes, people receiving disability, and
2 those experiencing temporary income loss. CAP is an
3 essential service of the Duquesne Light that provides to
4 assist those in times of financial crisis and energy need.

5 Thank you.

6 JUDGE NEMEC: Counsel, any questions? Being none,
7 thank you very much. You're excused.

8 MS. SICHAKE: Thank you.

9 JUDGE NEMEC: Now, that was easy, folks. Fred
10 Charlton, come on up, sir. Sir, do you wish to make a sworn
11 statement?

12 MR. CHARLTON: Yes, sir.

13 JUDGE NEMEC: Please raise your right hand.

14 Whereupon,

15 FRED CHARLTON,
16 having been duly sworn, testified as follows:

17 DIRECT TESTIMONY

18 JUDGE NEMEC: Please state your name for the record.

19 MR. CHARLTON: My name is Fred Charlton.

20 JUDGE NEMEC: Sir, you're a Duquesne Light customer?

21 MR. CHARLTON: Correct.

22 JUDGE NEMEC: You reside at 901 Highview Avenue?

23 MR. CHARLTON: Baden, Pennsylvania.

24 JUDGE NEMEC: At 15005?

25 MR. CHARLTON: Correct.

1 JUDGE NEMEC: I'm required to ask you whether you're
2 currently employed.

3 MR. CHARLTON: Yes.

4 JUDGE NEMEC: And by whom?

5 MR. CHARLTON: U.S. Air.

6 JUDGE NEMEC: Go ahead, sir. You may proceed.

7 MR. CHARLTON: I initially, in my bill, I received a
8 flyer about the rate increase, and upon reading it it
9 mentioned it was going to be a 19 percent, which I thought
10 was very excessive. I mean, I can see a rate increase, but
11 not to that amount.

12 Well, I filed the paperwork, I sent it to Duquesne
13 Light, and I got a response from the customer service. I
14 called them, and, upon talking to the woman there, I
15 explained to her. Well, she pulled up my bill. I'm not a
16 big user of electricity. Okay.

17 She had told me because I'm not a big user of the
18 electricity when this is all said and done my bill is going
19 to increase by as much as 24 percent, not the 19 percent,
20 which is stabbing me a little bit more. I feel I'm being
21 penalized because I'm not using a lot of power. I mean,
22 that's my complaint right there.

23 My other complaint is about the unit of energy, like
24 what you're charged for it. Like people with an all
25 electric house, they get a better rate than I do. I have

1 gas in my house. I heat with gas. I feel the price of
2 energy ought to be the same for everybody, they shouldn't
3 have a special rate for anyone.

4 Right there is really what I wanted to say. You can
5 stop me. I have one more thing. You can stop me if I'm out
6 of place on this.

7 As a small customer, I pay my bills in cash. Duquesne
8 Light does not provide me a place for me to pay cash for my
9 bills. I have to go to different, like, supermarkets or
10 whatever, and when I present my bill I'm charged an extra
11 dollar as a rule to pay my bill. Okay?

12 I feel that Duquesne Light and I think under
13 Pennsylvania law they have to provide a place for me, they
14 have to provide and furnish a place for me to go in and pay
15 my bill without me being penalized.

16 This is what my complaints are.

17 JUDGE NEMEC: With regard to the last item, sir,
18 that's something that comes up with some frequency. My
19 suggestion, if you haven't done that, would be to call the
20 Bureau of Consumer Services at the Commission. It's a
21 toll-free number. .

22 MR. CHARLTON: I'll have to get that number off you.

23 JUDGE NEMEC: I don't have it here, but I'll give you
24 a number you can call when you get the number. Perhaps
25 counsel for trial staff can provide it.

1 MR. CHARLTON: Maybe that gentleman in customer
2 service.

3 JUDGE NEMEC: Well, that's Duquesne. You can talk to
4 Duquesne about it, too, and see what their position is.

5 MR. CHARLTON: Right.

6 JUDGE NEMEC: But that's not part of this present case
7 is what I wanted to say.

8 MR. CHARLTON: That's why I said stop me if I'm out of
9 place.

10 JUDGE NEMEC: You're entitled. You said your peace.
11 You can talk to them about it informally. I'll give you a
12 number later if you stick around that you can call.

13 MR. CHARLTON: I have to go to work night turn, and I
14 really can't stay that late. I have to go to work.

15 JUDGE NEMEC: Counsel have any questions?

16 (No questions.)

17 JUDGE NEMEC: Call this number and ask them for the
18 toll-free number for Bureau of Consumer Services.

19 MR. CHARLTON: Thank you.

20 JUDGE NEMEC: Sure. Donna Kozlik, come on up, ma'am.
21 Do you wish to present a sworn statement?

22 MS. KOZLIK: I do.

23 JUDGE NEMEC: Please raise your right hand.

24 Whereupon,

25 DONNA KOZLIK,

1 having been duly sworn, testified as follows:

2 DIRECT TESTIMONY

3 JUDGE NEMEC: Please state your name.

4 MS. KOZLIK: Donna Kozlik.

5 JUDGE NEMEC: Ma'am, you are a residential customer of
6 Duquesne Light?

7 MS. KOZLIK: Yes.

8 JUDGE NEMEC: And that's at 64 South 19th Street,
9 Pittsburgh?

10 MS. KOZLIK: That's my business address.

11 JUDGE NEMEC: You're a scheduler for Smart Comfort
12 Program?

13 MS. KOZLIK: Correct.

14 JUDGE NEMEC: You're employed by?

15 MS. KOZLIK: Conservation Consultants.

16 JUDGE NEMEC: Go ahead, ma'am.

17 MS. KOZLIK: Good evening. My name is Donna Kozlik.
18 I am an employee of Conservation Consultants in Pittsburgh,
19 Pennsylvania. Conservation Consultants, Incorporated, or
20 CCI, is a 28-year-old nonprofit organization with the
21 mission of responsible energy use in homes and other
22 buildings.

23 As an employee of CCI, I coordinate the scheduling of
24 the Smart Comfort visits for Duquesne Light's customers. It
25 is this program that I would like to emphasize today. As a

1 regulated Pennsylvania utility, Duquesne Light's company is
2 required to assist low income customers to make their bills
3 more affordable.

4 One of the major ways that this is accomplished is
5 through the Smart Comfort Program. The goal of Duquesne
6 Light's Smart Comfort Program is to help low income
7 residents reduce their electric usage and thereby their
8 electric bills. Program benefits to the customers include
9 free conservation measures, energy education, and referrals
10 to other community programs, services, and resources.

11 These conservation measures may include the removal of
12 a waterbed mattress and heating device which is replaced
13 with inner-spring mattress; the replacement of an energy
14 inefficient refrigerator or freezer with a new efficient
15 one; and/or the repair of the vent on a dryer. Any
16 technology which will impact the energy use of any electric
17 appliance is investigated.

18 In addition, the bill is analyzed for usage patterns,
19 and energy tips are given to reduce consumption. Referrals
20 are made to, I'm sorry, are made to local natural gas
21 utilities for their free weatherization programs. Also,
22 elderly customers may be referred to neighborhood services
23 for free smoke detectors.

24 These services are delivered by Conservation
25 Consultants' energy managers. The managers are

1 customer-focused, quality-driven, and result-oriented. In
2 the initial year of the Smart Comfort Program 120 customers
3 were served. Today we visit and serve over 3,000 customers
4 annually.

5 While all regulated utilities are required to provide
6 low income services, Duquesne Light Company is to be
7 commended for its pursuit of excellence in the development
8 and implementation of these programs designed to help its
9 low income customers.

10 The commitment and diligence of the Duquesne Light
11 staff in the continued improvement of this program is
12 remarkable. Since its inception, the Smart Comfort Program
13 has received several national awards, including the Edison
14 Electric Institute's Common Goal Special Recognition Award
15 and the Pennsylvania Governor's Energy Award.

16 Again, I would like to salute the management and staff
17 of Duquesne Light Company for its long commitment to its
18 customers. Thank you.

19 JUDGE NEMEC: Counsel have any questions?

20 (No questions.)

21 JUDGE NEMEC: There's no questions. Thank you, ma'am.
22 You are excused. Doris Carson Williams. Good evening,
23 ma'am. I assume you wish to present a sworn statement.

24 MS. WILLIAMS: I do.

25 JUDGE NEMEC: Please raise your right hand.

1 Whereupon,

2 DORIS CARSON WILLIAMS,

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE NEMEC: Please state your name for the record.

6 MS. WILLIAMS: Doris Carson Williams.

7 JUDGE NEMEC: Are you a customer of Duquesne Light
8 Company?

9 MS. WILLIAMS: Yes.

10 JUDGE NEMEC: But you're here on behalf of the African
11 American Chamber of Commerce of Western Pennsylvania?

12 MS. WILLIAMS: Yes.

13 JUDGE NEMEC: Is this address a business address or
14 home?

15 MS. WILLIAMS: It's my home address. My business is
16 located in Downtown, Pittsburgh.

17 JUDGE NEMEC: Okay. Your home address is 1429
18 Pennsylvania Avenue, Pittsburgh, PA 15233?

19 MS. WILLIAMS: That's correct.

20 JUDGE NEMEC: Ma'am, you may present your testimony
21 now.

22 MS. WILLIAMS: Good evening. My name is Doris Carson
23 Williams. I'm president and chief executive officer for the
24 African American Chamber of Commerce of Western
25 Pennsylvania, which is a nonprofit trade association that

1 takes into account all of Western Pennsylvania. So that's
2 up to Erie, the Ohio border, down to West Virginia.

3 I'm here in support of Duquesne Light because, in my
4 opinion, they have been what we call a good neighbor. There
5 are many different initiatives that companies can engage in
6 to not only be represented throughout the community, but to
7 make their presence known to be user friendly not only to
8 the community but, in my case, the 600 small business owners
9 that we represent.

10 Over the past eight years since I have become the
11 president of the organization, Duquesne Light not only
12 supports our organization but there are many organizations
13 throughout Western Pennsylvania that they are there for.
14 They have their employees present. They sponsor different
15 events. They take care of the elderly.

16 I, too, got the rate notice, asked some of my members
17 how they felt about it. Many of my members have elderly
18 parents, and they were in support of it as well. I think
19 that Duquesne Light deserves their rate increase. I didn't
20 realize it had been 20 years. But we're all paying more and
21 Duquesne Light is still giving us more and we're still
22 getting the good service that we deserve.

23 So I'm in support of it.

24 JUDGE NEMEC: Counsel have any questions?

25 (No questions.)

1 JUDGE NEMEC: Thank you, ma'am. You're excused.
2 Jonathan Bruce. Sir, do you wish to present a sworn
3 statement?

4 MR. BRUCE: I do.

5 JUDGE NEMEC: Raise your right hand.

6 Whereupon,

7 JONATHAN BRUCE,

8 having been duly sworn, testified as follows:

9 DIRECT TESTIMONY

10 JUDGE NEMEC: Please state your name for the record.

11 MR. BRUCE: Jonathan Bruce.

12 JUDGE NEMEC: You are a customer of Duquesne Light
13 Company?

14 MR. BRUCE: A client at my company.

15 JUDGE NEMEC: Client in the sense of your employer or
16 your business?

17 MR. BRUCE: Our business, yes.

18 JUDGE NEMEC: Your business is?

19 MR. BRUCE: Electrical contracting company.

20 JUDGE NEMEC: You're located at?

21 MR. BRUCE: New Castle, Pennsylvania.

22 JUDGE NEMEC: 930 Cass Street, New Castle, PA 16101?

23 MR. BRUCE: Yep.

24 JUDGE NEMEC: You may present your statement, sir.

25 MR. BRUCE: Thank you. My name is Jonathan Bruce.

1 I'm chief operating officer for Bruce & Merilees Electric
2 Company. We're a local electrical contractor just up the
3 road in New Castle. We've been in business since 1948 and
4 in third generation. My grandfather started the company
5 well over 50 years ago now. We employ 250 plus people in
6 our company on average. Most of those people are Western
7 Pennsylvania natives. They reside in this area in our
8 communities.

9 Currently we're working on several Duquesne Light
10 substation projects, which means they're spending money
11 locally and reinvesting it locally with those dollars. The
12 families, the people -- they reinvest in our community,
13 which is important for us for living here.

14 All of our employees in this project, like I
15 mentioned, live in Western Pennsylvania. Since the
16 inception of these projects, we've had to hire anywhere from
17 20 to 40 additional field employees for staffing on these
18 projects and anywhere from two to five office employees from
19 time to time as additional part-time to staff and support
20 these projects.

21 When you look at the ramifications of what happens,
22 you know, we employ 20, 40, 50 people and, of course, the
23 equipment, the materials that we have to purchase, we're
24 purchasing from local suppliers. So it's exponential in
25 that the growth in dollars that are spent in this market.

1 That's very positive, and the reason for it I believe
2 is even more important. When you look at, take your house,
3 for instance, and if you have a house that's 60 years old
4 and you may have an electrical service in there and you look
5 at it, you might not be able to get parts for that. You may
6 not be able to get breakers or fuses for it anymore. If it
7 breaks on you, you're out of power.

8 That's what happens, and that's what Duquesne Light is
9 being proactive about in upgrading their equipment because
10 if they don't then we're without power. Nobody wants that.
11 The reliability and consistency that they're working on
12 right now to make sure it's upgraded.

13 So I'm very in favor of their upgrade because they're
14 making, like I said, they're reinvesting in the community,
15 making sure that we just don't have the capacity, because
16 obviously, we all want power.

17 We have computers, we have air conditioning, we have
18 lights, we have refrigerators, we have all things that all
19 of us tend to add more of that stuff, not decrease it. So
20 the power demands keep increasing as well as the
21 reliability. When we have a blackout or a problem, nobody
22 likes that. I know I have a wife and kids, and I don't want
23 them to be home at night and not knowing that they have
24 power.

25 So we certainly support the upgrades that they are

1 doing within their system and being proactive and that.

2 Thank you.

3 JUDGE NEMEC: Counsel have any questions?

4 (No questions.)

5 JUDGE NEMEC: No questions. Thank you, sir. You're
6 excused. I'm going to ask you to pronounce your name, sir.
7 First name is Tom?

8 MR. KARCZEWSKI: Karczewski.

9 JUDGE NEMEC: Karczewski? You wish to present a sworn
10 statement?

11 MR. KARCZEWSKI: Yes, I do.

12 JUDGE NEMEC: Please raise your right hand.

13 Whereupon,

14 TOM KARCZEWSKI,

15 having been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 JUDGE NEMEC: You may proceed. Oh, first of all, are
18 you a customer of Duquesne Light?

19 MR. KARCZEWSKI: I am in the sense that I'm a resident
20 of the city of Beaver Falls. But that's not why I'm here
21 tonight.

22 JUDGE NEMEC: You're here on behalf of Big Beaver
23 Falls Area School District?

24 MR. KARCZEWSKI: That's correct.

25 JUDGE NEMEC: Is this your work address, 3223 Fifth

1 Avenue?

2 MR. KARCZEWSKI: No, that's my home address.

3 JUDGE NEMEC: What would your work address be?

4 MR. KARCZEWSKI: It's 1701 8th Avenue, Beaver Falls,
5 Pennsylvania.

6 JUDGE NEMEC: The ZIP code?

7 MR. KARCZEWSKI: 15010.

8 JUDGE NEMEC: You may proceed, sir.

9 MR. KARCZEWSKI: Thank you. As I stated, my name is
10 Tom Karczewski. I am here as a representative of the Big
11 Beaver Falls Area School District. But I am not at liberty
12 to state whether I am in favor of the rate increase or not
13 in favor of the rate increase.

14 I'm the principal of Beaver Falls High School. I was
15 asked by a representative of Duquesne Light pretty much to
16 reiterate what the last speakers stated to all of you about
17 what Duquesne Light does in our community. So, again, I
18 just want to stress that I'm not at liberty to state whether
19 I'm for or against the rate increase.

20 The Big Beaver Falls Area School District has an
21 extremely positive relationship with Duquesne Light.
22 Duquesne Light has been involved in and has been extremely
23 supportive of a variety of our efforts in the Big Beaver
24 Falls Area School District.

25 Over the last six years that I've been the principal

1 of Beaver Falls High School, we have had donated to us from
2 Duquesne Light a large number of teacher desks and chairs
3 for their classrooms. Duquesne Light has supported us
4 monetarily in all of our schools in the school district --
5 that's two elementary schools, the middle school, and Beaver
6 Falls High School -- well in excess of over \$100,000 over
7 the last five years.

8 This money has been used to purchase daily planners or
9 homework organizers in our elementary and middle schools,
10 elementary schools and middle school. We've used the money
11 to purchase materials for our Accelerated Reader Program at
12 the elementary school and calculators in our math department
13 across the school district.

14 The monies that Duquesne Light has donated to the
15 district have provided for student incentive programs,
16 including perfect attendance and summer school incentives.
17 We've used the monies for Family Science Night,
18 instructional displays at Central Elementary School, and the
19 monies have also been used to take students on field trips
20 to the Science Center at Carnegie Science Center in
21 Pittsburgh and for, in particular, high school students to
22 have the opportunity to go and witness Broadway musicals in
23 Pittsburgh.

24 In particular to the high school, Duquesne Light has
25 also provided money to run our Diversity Program, which is

1 extremely important in our school district, and just this
2 past year gave us a little over \$8,000 to start a video
3 production course at the high school that we will hopefully
4 match up with Geneva College to provide our students with
5 the opportunity to be involved in video productions.

6 This past year they also issued to two seniors at my
7 high school two \$5,000 scholarships to attend school this
8 year. With that said, I would again want to reiterate that
9 we do have a great relationship with Duquesne Light. We
10 appreciate their support of our schools and the different
11 programs that we're running.

12 But, again, I just want to stress that as a
13 representative of the high school and of the school district
14 I cannot state whether I would be in favor of or not be in
15 favor of the rate increase.

16 I appreciate the opportunity to speak to y'all. Thank
17 you.

18 JUDGE NEMEC: Thank you, sir. Counsel have any
19 questions?

20 (No questions.)

21 JUDGE NEMEC: Thank you very much, sir. You're
22 excused. Eugene DeSimone. Sir, do you wish to present a
23 sworn statement?

24 MR. DeSIMONE: I do, sir.

25 Whereupon,

1 EUGENE DeSIMONE,
2 having been duly sworn, testified as follows:

3 DIRECT TESTIMONY

4 JUDGE NEMEC: You live at, you are a customer of
5 Duquesne Light?

6 MR. DeSIMONE: That's correct, sir.

7 JUDGE NEMEC: At 314 17th Street in Beaver Falls, PA?

8 MR. DeSIMONE: That's correct, sir.

9 JUDGE NEMEC: 15010?

10 MR. DeSIMONE: Yes.

11 JUDGE NEMEC: And you are retired?

12 MR. DeSIMONE: That is correct, sir.

13 JUDGE NEMEC: Sir, go ahead with your statement.

14 MR. DeSIMONE: My name is Gene DeSimone, and I live
15 here in Beaver Falls as a customer of Duquesne Light. I
16 have several questions I would like to ask.

17 Number one, when the atomic power concept was first
18 conceived and brought to our attention, it was sold
19 primarily on the basis that we were to have so much
20 electricity generated by this atomic concept that we would
21 have lower rates. Has that ever materialized? Question
22 number one.

23 Number two, how much tax monies went into the concept
24 of the atomic power plant -- federal taxes, state taxes,
25 community taxes, local, Beaver, whatever? If that was the

1 case, then we, the consumer, double-dipped; Duquesne did,
2 that is. Not only did we help supply them to put the plant
3 in, but we also had to pay for the electricity.

4 The third question is, the electrical lines that was
5 one time an idea that they wanted to extend it all the way
6 through the state of Pennsylvania, the high tension lines,
7 to feed electricity to New Jersey, I believe it was, and
8 they were to sell electricity to New Jersey at a cheaper
9 rate than we were paying for it, why could that have been?
10 I'd like to know that.

11 This morning when I checked the newspapers I find that
12 the Duquesne Light stock market was pretty healthy, and I
13 see no reason why they should be complaining to
14 stockholders. The first quarter of 2006 showed a very
15 healthy report. I think the report was somewhere in the
16 neighborhood of \$35 or \$40 million better than it was last
17 year.

18 So I just want to know how much is too much. Thank
19 you.

20 JUDGE NEMEC: Sir, hold on a second. See if counsel
21 have any questions.

22 (No questions.)

23 JUDGE NEMEC: Thank you, sir. You're excused. Is
24 there anybody who signed the sheet back there who I have
25 missed? Is there anyone who didn't sign who would like to

1 make a statement tonight? No response to either question.
2 That being the case, we will adjourn at this time.

3 I want to thank you all for your participation and for
4 being here. If any of you have any questions you'd like to
5 ask any of us, we will stick around for a while and be
6 available to try and answer them for you.

7 Thank you again.

8 (Whereupon, at 7:42 p.m., the hearing adjourned.)

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