

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

ORIGINAL

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Anthony Neese vs. Pennsylvania :
Electric Company. Service Dispute: Docket No.
Initial Telephonic Hearing. : C-20066063
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Pages 1 through 67

Hearing Room #2
Pittsburgh State Office Bldg.
300 Liberty Avenue
Pittsburgh, Pennsylvania

DOCKETED
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Wednesday, June 14, 2006

Met, pursuant to notice, at 10:00 a.m.

BEFORE:

John H. Corbett, Jr., Administrative Law Judge

APPEARANCES:

Anthony Neese (pro se)
1776 Route 110 Highway
Indiana, Pennsylvania 15701

Matthew A. Totino, Esq.
Ryan, Russell, Ogden & Seltzer LLP
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(For Pennsylvania Electric Company)

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1 ADMINISTRATIVE LAW JUDGE JOHN CORBETT: This
2 is the time and place scheduled for the telephonic
3 hearing on the complaint of Anthony Neese versus Penn
4 Electric Company at Docket C-20066063. I am
5 administrative law judge John Corbett and I have been
6 assigned to hear this case and render an initial
7 decision.

8 We have on the telephone Anthony Neese
9 representing himself, and Matthew Totino representing
10 Pennsylvania Electric Company. Mr. Totino also has a
11 couple of witnesses for Penn Electric Company: Charles
12 Heming and Paul Grasser on the line also.

13 I should note for the benefit of the parties and
14 the record that I am sitting in a hearing room in
15 Pittsburgh with a court reporter who is taking down
16 stenographically everything we say while we are on the
17 record, but she is also running a tape recorder backup,
18 so I alert all the parties to the fact that everything
19 we say while we are on the record is being tape
20 recorded. I ask the parties to get as close to the
21 speaker phone as they can and speak loudly and clearly,
22 and let only one party at a time talk. If you don't
23 hear something that is said, please feel free to
24 interrupt and ask me to ask the parties to repeat what
25 was said.

1 Mr. Neese, I read your Complaint and the Answer in
2 New Matter filed by Penn Elec in this case. As I
3 understand it, there seems to be a service dispute
4 concerning who should pay for a line extension to
5 residential property that you own. Before we begin to
6 hear the testimony and the merits of your complaint,
7 what I ususally like to do at this point is ask the
8 parties if they would like to take one last oppportunity
9 to discuss this matter between themselves off the
10 record to see if the two sides can come together to
11 reach some kind of a resolution or settlement. At this
12 point, Mr. Neese and Mr. Totino, would you like to take
13 a few minutes to do that?

14 MR. NEESE: I contacted you yesterday and I
15 didn't hear anything back from anybody, so I am willing
16 to discuss anything informally.

17 JUDGE CORBETT: Very good. Then, what I will
18 do is in a minute I will leave the hearing room and the
19 court reporter will remain in the hearing room to
20 monitor the telephone equipment, but she will not be
21 taking down anything you say while you are discussing
22 this matter informally. The Commission encourages
23 settlement, particularly in cases like this. I
24 personally believe it's better for the parties to
25 resolve it among themselves rather than abide by my

1 decision which neither party may be happy with. So I
2 encourage you to settle this case, if at all possible.
3 The court reporter's name is Anne Thompson and she will
4 be here in the hearing room. As I said, when you are
5 ready for me to return to the hearing room, let her
6 know and she will summon me from another part of the
7 offices. At this point -- it is approximately ten
8 minutes after ten and we will take a short recess while
9 you discuss this matter. Please give me a minutes to
10 leave the hearing room. Thank you. We are in recess
11 at this point. (A short recess was taken.)

12 JUDGE CORBETT: This is Judge Corbett once
13 again. We are back on the record. It is
14 approximately, let's call it 10:29. Have the parties
15 been able to resolve this matter?

16 Mr. Totino: No, we have not, Your Honor.

17 JUDGE CORBETT: Then we will begin to hear some
18 testimony. First of all, are there any preliminary
19 matters that we need to address?

20 MR. TOTINO: There are not, Your Honor. I do
21 have a witness with me as well.

22 JUDGE CORBETT: And that witness' name?

23 MR. TOTINO: Gary Preiss, P-r-e-i-s-s.

24 JUDGE CORBETT: Okay. Thank you. One
25 moment, please. Okay. We are back on the record.

1 Mr. Neese, will you be testifying on your own
2 behalf, sir?

3 MR. NEESE: Yes.

4 JUDGE Corbett: All right. Will you raise
5 your right hand and be sworn. (Witness was sworn in.)

6 ANTHONY W. NEESE
7 having been duly sworn, testified under oath as
8 follows:

9 DIRECT EXAMINATION

10 BY JUDGE CORBETT:

11 Q Would you begin by giving us your full name.

12 A Anthony Wayne Neese.

13 Q I am going to ask you a number of questions,
14 Mr. Neese, about your complaint in order to bring out
15 as much information as I can about your situation so
16 that I understand what is going on. I am going to
17 ask you a lot of questions that may repeat a lot of the
18 information that was in your Complaint, and that is
19 because the Answer to the Complaint filed by Pennn Elec
20 is not evidence in the case. The evidence that we are
21 going to hear today will make up the record that I will
22 use to draft a decision in this case.

23 Where do you live, Mr. Neese?

24 A My formal address is 1776 Route 110 Highway,
25 Indiana, Pennsylvania 15701.

1 Q How long have you lived at that address, sir?

2 A Approximately 12 years.

3 Q And as I understand it, the electric service
4 that you are requesting from the Pennsylvania Electric
5 Company is for a different location; correct?

6 A Correct.

7 Q And let me ask you, sir, are you a current
8 customer of Pennsylvania Electric Company at the
9 location on 1776 Route 110 Highway?

10 A No, I'm not.

11 Q And what service do you receive there?

12 A I believe it is Southeast or Southeastern
13 REA.

14 Q And where is the location that you wish to
15 have the service provided by Penn Electric Company?

16 A The formal address is 572 Blue Spruce Road,
17 Indiana, Pa.

18 Q Is the zip there 15701?

19 A Correct.

20 Q And how long have you owned that piece of
21 property, sir?

22 A I purchased that property in, I believe it
23 was May or June of 2002.

24 Q And does anyone else own that property with
25 you?

1 A My wife.

2 Q And her name?

3 A Sandra Michelle Neese.

4 Q And can you explain to me when did you first
5 contact Pennsylvania Electric Company about supplying
6 electric to your property?

7 A When I first contacted them would have been
8 in February or March in 2002.

9 Q And who did you contact?

10 A I contacted their 1-800 number. I believe it
11 was the New Line Service Department. It wasn't the
12 Engineering Department that I spoke to. The guy's name
13 that I wrote down, I believe it was Matt. I believe it
14 was in the Reading, Pa. office.

15 JUDGE CORBETT: I may have indicated it was
16 Penn Elec. Was it Penn Elec or GPU?

17 MR. TOTINO: I believe it was GPU.

18 BY JUDGE CORBETT:

19 Q Okay. You may continue.

20 A I spoke to them basically during an
21 exploratory prior to purchasing the property. There
22 was no existing home sites on it so I wanted to
23 investigate possible costs for developing it as a home
24 site. I contacted the electric utility, I contacted
25 the phone utility, and I went as far as I had a septic

1 test done. I had a well drilled, just to make sure
2 that all the possible costs could be covered were
3 determined.

4 At that time, when I spoke to the people at the
5 utility for the electric, they indicated to within a
6 thousand feet -- now, they are claiming in their
7 resonse that it is 1500 feet, but I can remember the
8 thousand feet comment in my discussions with them. And
9 anything thereafter was going to be a charge. There
10 was no discussion on how much to charge and so on and
11 so forth. What I determined was where I was going to
12 put the home site at that point. And at that point,
13 that determined where I was drilling wells and getting
14 the septic permit done and so on.

15 Q Let me interrupt you just a second. You
16 indicated a thousand feet, and just to make sure that
17 the record is clear, you understand that the
18 conversation was that if the home site was within a
19 thousand feet of existing facilities of GPU, that you
20 would not be charged for the line extension; is that
21 correct?

22 A That was my understanding, yes.

23 Q Okay. Let me ask you, how large of a piece
24 of property did you purchase?

25 A It's 49.94 acres.

1 Q And just a little background information on
2 the location. Where is your nearest neighbor, how
3 close?

4 A Probably from Indiana County Blue Spruce
5 Park, I'll throw a number of 2500 feet. I'm not real
6 comfortable with that, but it's a distance.

7 Q Fair enough. What kind of terrain? Is this
8 farm land or is this --

9 A No, it was basically forrest. It was
10 timbered out a number of years ago, so it's the whole
11 hilltop.

12 Q Did your home site have to be cleared in
13 order to put the home in?

14 A Yes.

15 Q And this Blue Spruce Road, does it have a
16 township number or a state route number?

17 A I believe it does have a township number but
18 I am not privy to that. According to Penn Elec's
19 exhibits, it's T 488.

20 Q Okay. I'm sorry to interrupt your narrative
21 on what happened. So you contacted GPU and did someone
22 come out to the site?

23 A No. At that time, the person that I spoke
24 to, or the office that I spoke to, basically said
25 here's the short and sweet of it, and if you want to

1 connect up the service, we will send out an engineer to
2 give you some definite yes's or no's. But basically my
3 understanding was, as long as I was within that
4 thousand feet, and it wasn't anything extraordinary,
5 with mountains to cross or rivers to cross, or anything
6 like that, there really wouldn't be any issues. At
7 that point, I don't even own the property yet, so I
8 don't want anybody coming out wasting their time to
9 tell me, hey, there's not going to be a problem.

10 Q So you called them prior to purchasing the
11 property?

12 A Exactly, yes.

13 Q How far in advance to purchasing the property
14 did you call?

15 A It was probably two to three months.
16 Everything happened rather quickly. I had the well
17 drilled, my perk test, my survey, my appraisal.
18 Everything had happened right there before the purchase
19 of the property.

20 Q And what happened next?

21 A I contacted them. Like I said, there was
22 really no concern in my mind at that point. I started
23 clearing for the home site. That took a little bit
24 longer than I anticipated. I anticipated building in
25 the spring, so I contacted the Penn Elec office to

1 start the process of getting a temporary construction
2 service erected on the home site so I could start
3 construction on the project.

4 Q This was when, sir?

5 A It was the fall of last year: September,
6 October.

7 Q I think in the Complaint it says that in
8 August, you contacted Penn Elec.

9 A Yes. It was starting to get close to my time
10 that if I started to do something, I wanted to do it
11 prior to winter. I anticipated giving them a month or
12 two prior to winter setting in.

13 Q And who did you contact?

14 A Ultimately, I ended up talking to Chuck
15 Heming. It was through, once again, a number of
16 different offices, and when they determined where it
17 was and the distance that I had to go, they referred me
18 to Chuck.

19 Q And was this a conversation that you had with
20 Mr. Heming over the phone?

21 A There was. I spoke to him prior to his site
22 visit. He indicated some pole numbers and indicated
23 some approximate distances in kind of the direction
24 that I wanted to go. At that point, he wanted to set
25 up a meeting actually at the site to see what obstacles

1 or what problems could occur. And at that point he
2 indicated to me that there were some charges involved.
3 We didn't talk about how much, because we didn't know
4 at the time. He just indicated that there is charges
5 involved now. And I reiterated back to my 2002
6 conversation and I was told that GPU was bought out by
7 Penn Elec and the tariffs have changed and a number of
8 things have happened since that 2002 date.

9 Q And did you meet with Mr. Heming?

10 A Yes, I did.

11 Q When did that occur, approximately?

12 A That would have been shortly thereafter the
13 phone conversation, within a week or two.

14 Q Okay. Did he come out to the site?

15 A He came out to the site.

16 Q There is still no house or structure built?

17 A There is no structure but the septic is put
18 in and the well is drilled.

19 Q What were you using to power the well?

20 A I don't. I just drilled the well. There is
21 no power there.

22 Q So the pump is in?

23 A The pump is in my garage. There is no need
24 to put the pump in because I had no power.

25 Q So Mr. Heming comes out and looks at the

1 situation and what was the conversation and what was
2 the result?

3 A Basically our determination was the distance
4 that we needed to go. We walked the distance and we
5 draped some tape measures to know where if we were
6 going to go overhead to set the poles and he set some
7 numbers down where we were going, where I was wanting
8 to do the house, and he went back to the engineering
9 office to get some numbers for me.

10 Q Did he supply those estimates to you?

11 A Through a phone call. I never got anything in
12 writing.

13 Q And what did he tell you?

14 A In the phone call it was 300 overhead and 300
15 underground. It was approximately 9600 dollars. For
16 the footage overhead, it was going to be 7800 dollars.
17 I'm sorry, underground was going to be 7800 dollars.
18 And for the overhead service, it would be 75 hundred
19 dollars. And there was something about a rebate for
20 the underground service, a fifty foot rebate, \$390
21 for the underground service. I wasn't real clear on
22 that. I was pretty much blown away by the other
23 numbers.

24 Q So you were dissatisfied with the numbers
25 that you received?

1 A At that point, I pretty much was. I
2 understand inflation and I understand costs, but this
3 was roughly an eight thousand dollar jump that I hadn't
4 anticipated on.

5 MR. TOTINO: Your Honor, I just want to
6 interject briefly an objection. This \$390 rebate
7 concept, this is the first I am hearing of it. I don't
8 remember seeing that in the Complaint.

9 JUDGE CORBETT: Well, we will deal with that
10 as we go along.

11 Q Mr. Neese, what is the nature of your
12 dissatisfaction? Is it that you believe the charges to
13 be unreasonable or that you should not be paying any
14 charges at all?

15 A Well, I have issues with both. Originally I
16 was told that there is not going to be any charge. But
17 I do understand that companies are bought out for
18 whatever reason, profits or losses, and such, so that
19 is irritating to me, but that is way beyond anybody
20 that we are speaking about's control. The second part
21 of it is the amount of the charge to run the line.
22 That, to me, seems to be -- and believe me, I do
23 realize there are costs incurred and man hours involved
24 and so on and so forth, but it just seems to be a large
25 portion of money to pay the utility service, which I

1 will be paying the rest of my life as long as that home
2 is there. I am not saying it's my right to have
3 electric power, I'm just saying that for the next
4 hundred years, they are going to be making a profit off
5 of my utility. I am answering both of your questions.

6 Q You are saying yes to both.

7 A I am saying yes to both. I don't have a
8 problem paying a portion because there are costs
9 involved, but I was also told there would be no charge
10 in 2002.

11 Q All right. Going to the second question, as
12 to the reasonableness of the charge, do you have
13 anything that you want me to consider as to what would
14 be a reasonable charge for this line extension?

15 A I have nothing, because that is not my
16 specialty as far as a dollars and cents figure. I
17 would very seriously entertain the charges being in
18 half because of what they incur, and from what they
19 will incur from my paying my utility bill for the next
20 how many years that I will live there. I don't know if
21 that's a doable thing. It's still a large chunk of
22 money, you know, a four thousand dollar bill, but I
23 would entertain that.

24 Q That brings up a point, Mr. Neese. What is
25 your occupation?

1 A I work for the Indiana University of
2 Pennsylvania.

3 Q What is your job title?

4 A My job title is -- my formal job title is
5 building trades forman. And I work with the landscaping
6 and the Maintenance Department of the university.

7 Q Are you familiar at all with the costing of
8 electric service?

9 A I am familiar with it. By no means am I an
10 expert. I realize that the costs have gone up recently
11 and there are man hours involved in any project or any
12 work that is performed.

13 Q Fair enough.

14 A I have some twenty some people underneath me
15 so I am very familiar with what it takes to get a job
16 done.

17 Q How long have you been in this position?

18 A Approximately six years.

19 Q And the only other question I have for you is
20 -- this may be rather obvious, but it is something I
21 want to make clear for the record. You and your wife
22 intend to live in a house that is constructed at this
23 site?

24 A Yes.

25 Q This is for your personal residence and not

1 for resale later?

2 A No. It took long enough to find it.

3 Q Is there a structure at this location now?

4 A There is -- I have commenced construction.
5 It is not completed, but I have commenced.

6 Q How far are you into it? Is it rough
7 framing?

8 A It will be constructed this week. The
9 construction is up.

10 Q Are you able to obtain a power source for
11 that construction?

12 A I am using Gary right now for construction
13 purposes.

14 Q Okay. What is the relief that you are asking
15 from the Commission?

16 A If the cost can be somehow reduced -- I don't
17 want to say -- to what I feel is a reasonable level.
18 And it considerably would help me if I could go on some
19 kind of a payment plan. I don't want to sound poor
20 here, but that definitely is a cost that it wasn't
21 budgeted for.

22 Q All right. Is there anything else that you
23 want me to understand about your situation or about
24 your complaint that we have not covered so far?

25 A Just a couple of things as I was reading

1 through the tarrifs, and I am not an attorney that
2 understands the tariffs and all the Pa. codes, but
3 there is some things that were indicated as far as non
4 speculative single phase line extensions.

5 Q Okay. Perhaps before we get into that, I
6 think it might be better if you hold off on that. We
7 have a witness from Penn Elec who might be able to
8 answer some questions with regard to that, and if you
9 have something that you want to testify about that, we
10 will allow you to come back and testify after you hear
11 the tesimony from Penn Elec.

12 A Okay.

13 Q Is there anything else, sir?

14 A Not at this time.

15 JUDGE CORBETT: Then we will ask Mr. Totino
16 if he has any questions for you?

17 MR. TOTINO: I do not have any questions for
18 the witness, Your Honor.

19 JUDGE CORBETT: Mr. Neese, is there anything
20 else you want me to consider? Do you have any other
21 witnesses or evidence that you want me to look at?

22 MR. NEESE: No, not at this time.

23 JUDGE CORBETT: Then we will turn to Mr.
24 Totino.

25 MR. TOTINO: Can I have five minutes just to

1 confer with one of my witnesses?

2 JUDGE CORBETT: Five minutes, okay. That is
3 rather unusual on a telephonic, but all right. Let me
4 do this. We will take a recess until eleven o'clock
5 and you can talk to your witness and I will leave the
6 hearing room.

7 MR. TOTINO: Great. Thank you.

8 JUDGE CORBETT: Just let the court reporter
9 know if you need me before then. I will be back in
10 here to start at eleven o'clock. We are in recess at
11 this point. It is now approximately six minutes to
12 eleven. We are in recess.

13 JUDGE CORBETT: This is Judge Corbett once
14 again. We are back on the record. It is 10:59 and the
15 parties have summoned me back in the hearing room, and
16 they indicate that they are ready to proceed.

17 Mr. Totino, do you have a witness to call?

18 MR. TOTINO: Yes. It is Mr. Paul Grasser.

19 PAUL GRASSER

20 having been duly sworn, testified under oath as
21 follows:

22 DIRECT EXAMINATION

23 JUDGE CORBETT: Would you begin, sir, by
24 giving us your full name?

25 THE WITNESS: Paul Grasser.

1 JUDGE CORBETT: And how do you spell your
2 last name for the court reporter?

3 THE WITNESS: G-r-a-s-s-e-r.

4 JUDGE CORBETT: Thank you. Mr. Totino, you
5 may proceed.

6 BY MR. TOTINO:

7 Q Mr. Grasser, what is your business address?

8 A 2355 Oakland Avenue, Indiana, Pennsylvania.

9 Q By whom are you employed and in what
10 capacity?

11 A I am employed by Penn Elec as a planner.

12 Q How long have you been employed by Penn Elec
13 in your current position?

14 A Since 1982.

15 Q Will you describe your job duties and
16 responsibilities as a planner?

17 A I am involved in the design, planning, and
18 construction of the facilities necessary to accomodate
19 new service requests and new service upgrades, and
20 service relocation requests for all classes of
21 customers. My duties include engineering, mapping and
22 pricing.

23 Q And what is the purpose of your testimony
24 here today?

25 A To discuss Mr. Neese's line extension request

1 and my communications with the complainant regarding
2 his request.

3 Q Were you present at Mr. Neese's testimony
4 this morning regarding his line extension request to
5 Penn Elec in August of 2005 for his property in
6 Indiana, Pennsylvania?

7 A Yes.

8 Q I'm sorry, I didn't hear the response.

9 A Yes.

10 Q On what date did Mr. Neese contact Penn Elec
11 regarding his line extension request?

12 A August 24th, 2005.

13 Q And what specifically was Mr. Neese's
14 request?

15 A He wanted electric service for a new house
16 that he was building in Indiana, Pa.

17 Q Please describe the company's line extension
18 service or how it works when a customer wants to apply
19 for new service?

20 A The customer submits an application for new
21 service. The application is assigned internally to a
22 Penn Elec designer. The Penn Elec designer typically
23 contacts the customer to obtain information regarding
24 the extension. After obtaining the necessary
25 information, the designer prepares a design and an

1 estimate. If the customer agrees, the company issues a
2 bill and right-of-way documents for the customer to
3 obtain the necessary right-of-ways. Upon receipt of
4 payment and right-of-way documents, the line is
5 constructed and energized.

6 Q And how did you become involved with Mr.
7 Neese's request?

8 A I was assigned to follow up Mr. Neese's
9 request for service on August 24th, 2005.

10 Q And how, if at all, did you follow up with
11 Mr. Neese's request?

12 A On August 25th, 2005, I contacted Mr. Neese
13 to obtain information about the property that was
14 relevant to his request. Mr. Neese told me that he was
15 constructing a 3200 square foot home with oil heat and
16 hot water on a fifty acre parcel of land. At that
17 time, I told Mr. Neese that there would be a charge for
18 the line extension, and that he would have to obtain
19 the necessary right-of-way prior to construction. I
20 also asked Mr. Neese to provide the closest Penn Elec
21 pole number to his property.

22 Q After speaking with Mr. Neese, what action
23 did you take, if any, regarding his request?

24 A Based on the conversation that I had with Mr.
25 Neese and the location of the company's facilities, I

1 estimated the length of the line extension to be up to
2 a thousand feet. Because of the length of the line
3 required to serve the property, the project was
4 forwarded to Penn Elec Engineering for design. At that
5 point, my involvement in the process ended.

6 Q Are you familiar with the allegations based
7 on the Complaint and in the hearing today that Mr.
8 Neese contacted Penn Elec in 2002 and was told that the
9 company would connect electricity to his property at no
10 charge because his home was within one thousand feet of
11 Penn Elec's facility?

12 A Yes.

13 Q Did you have any such conversation with Mr.
14 Neese in 2002?

15 A I remember a prior conversation with Mr.
16 Neese several years ago concerning a line extension
17 request, however, I do not remember the exact date of
18 the conversation.

19 Q Do you have any recollection of what was said
20 during the conversation with Mr. Neese?

21 A Not specifically. However, regarding the
22 line extension, I would have told him whatever the
23 applicable line extension rule was at that time.

24 Q Now, based on his testimony, he testified
25 that he had contacted the company somewhere around

1 February or March of 2002; is that not so?

2 A No. The company has no records of any prior
3 line extension request from Mr. Neese other than his
4 request for service on August 24th, 2005.

5 Q I just want to take you back to 2002 briefly,
6 Mr. Grasser. Mr. Neese testified earlier that he
7 contacted the company in either February or March of
8 2002 regarding a possible line extension. Do you
9 recall that testimony?

10 A Yes.

11 Q At that time, what would have been the
12 company's line extension rule in February or March of
13 2002?

14 A I believe it would have been on the
15 residential line extension, it would have been 1500
16 feet.

17 Q Now, did Mr. Neese make any other line
18 extension requests for his property in Indiana, Pa.
19 other than the August 24th, 2005 request?

20 A Can you repeat the question, please?

21 Q Sure. Did Mr. Neese make any other line
22 extension request to Penn Elec for his property in
23 Indiana, Pa. other than the August 24th, 2005 request?

24 A No.

25 Q Mr. Grasser, do you have anything further to

1 add to your testimony?

2 A No.

3 MR. TOTINO: The witness is available for
4 cross.

5 JUDGE CORBETT: Mr. Neese, do you have any
6 cross examination for Mr. Grasser?

7 MR. NEESE: No. That is just what I
8 understood.

9 JUDGE CORBETT: Okay. One point of
10 clarification, Mr. Grasser, if I may. In 2002 -- first
11 of all, are you familiar with where Mr. Neese's
12 proposed residence is located?

13 MR. GRASSER: Yes.

14 JUDGE CORBETT: In 2002, would that have been
15 in the territory of GPU?

16 MR. GRASSER: Yes.

17 JUDGE CORBETT: Okay. I have no further
18 questions of you. Mr. Totino, anything further of this
19 witness?

20 MR. TOTINO: No, Your Honor.

21 JUDGE CORBETT: Okay. You may call your next
22 witness.

23 MR. TOTINO: My next witness is Charles
24 Heming.

25 CHARLES HEMING

1 A To discuss Mr. Neese's line extension request
2 and my communications with him.

3 Q Mr. Heming, were you present for Mr. Neese's
4 testimony regarding his line extension request in
5 August of 2005?

6 A Yes.

7 Q How did you become involved with Mr. Neese's
8 request?

9 A As Mr. Grasser stated, due to the length of
10 the extension, it is the policy of the Engineering
11 Department to provide that design.

12 Q And were you the engineer assigned to design
13 the project?

14 A Yes, I was.

15 Q And when, if at all, did you meet with Mr.
16 Neese to discuss this service request?

17 A I tried to call him back a couple of times on
18 his cell phone and I had a little bit of problems, and
19 when I did contact him, we made arrangements and met at
20 the property on September 1st, 2005.

21 Q And what happened during this meeting?

22 A We went over a couple of different options
23 after we determined the pole number that he was to come
24 from, and discovered the distance to be approximately
25 750 feet, of which 600 feet of it would be primary line

1 extension, and the remaining 150 feet would be service.
2 And he would prefer that service to the underground.
3 The three options that we discussed were all overhead
4 with an underground service, all underground with
5 underground service, and any half overhead half
6 underground with an underground service. At that point
7 I told him that there would be charges for the line
8 extension, and I agreed that I would give him estimates
9 on the three options, and he was going to call me back
10 within a week and let me know which option he was going
11 to take.

12 Q Please identify the document that should be
13 in front of you that is marked as Penn Elec Ch 1
14 revised.

15 A Okay. That's the all overhead option for the
16 customer service line.

17 JUDGE CORBETT: We will have this document
18 marked and identified as Penn Elec Exhibit 1.
19 (Whereupon, Penn Elec Exhibit No. 1 was marked for
20 identification.)

21 THE WITNESS: There is actually three there
22 because there are three options. The second is the all
23 underground option, and the third would be your half
24 overhead half underground option, Your Honor.

25 JUDGE CORBETT: Okay. That's very good.

1 Thank you.

2 Q So in other words, Mr. Heming, this document
3 contains the diagrams of the three proposed service
4 options that were presented to Mr. Neese?

5 A Yes.

6 Q Are you sponsoring this exhibit for purposes
7 of today's hearing?

8 A Yes.

9 Q Was this document prepared by you?

10 A Yes, it was.

11 Q Is this document part of the company's
12 business records?

13 A Yes.

14 Q Now, if you could, for each option, just
15 describe the exhibit.

16 A The first exhibit is the overhead option.
17 What it shows you is the take off from the original
18 pole that is in the field currently, the line extension
19 of 300 feet to a pole, another line of 300 feet to
20 another pole, an overhead transformer on that pole,
21 with an underground service of 150 feet off of it. Also
22 included in it would be anchoring of both ends of the
23 line to hold the overhead facilities. The second
24 option is the underground option. It shows the same
25 take off pole. And in this case, the facilities is all

1 underground, 600 feet of underground primary cable to a
2 pad mounted transformer and 150 feet underground
3 service to the house. The third option was half
4 overhead, half underground. Basically what that was,
5 it was the same thing at the beginning, starting with
6 the same take off with an anchor behind it, 300 feet
7 overhead to a pole with an anchor, and the reason that
8 it is 300 feet is because that is the maximum span
9 distance that we can go overhead. Then the remaining
10 300 feet was underground to a pad mounted transformer
11 again with 150 underground service.

12 I just wanted to make it clear to you that this
13 line that we are coming off of, nowhere anywhere on
14 this line basically do we have other customers coming
15 off. It's just what we call a subtransmission line and
16 it's used to move power from one substation to another,
17 but, you know, it can serve people too.

18 JUDGE CORBETT: What is the voltage on that,
19 Mr. Heming?

20 THE WITNESS: 35,000. Also, there are no
21 facilities distributions close that any other customers
22 are on.

23 JUDGE CORBETT: So this is a transmission
24 line?

25 THE WITNESS: Yes. We call it

1 line extension and it included the applicable span
2 allowance.

3 Q And these are direct costs?

4 A Yes.

5 Q And what do you mean my material costs?

6 A Basically that is the hardware. That would be
7 the transformers, wires, poles, whatever is needed to
8 complete the job.

9 Q And how about labor costs, what are they?

10 A Labor is the travel and setup time, the
11 number of crew members, and that would account for the
12 number of man hours to complete the job.

13 Q And would the labor costs be based on what
14 type of labor rates; are they contract rates, union
15 rates?

16 A Yes. That is based on the negotiated
17 contract agreement with the local union.

18 Q And what do you mean by equipment costs?

19 A That would be the equipment that is used to
20 construct the line extension such as the different
21 vehicle costs, whether it be a bucket or a bigger
22 truck.

23 Q And what is the span allowance?

24 A The span allowance is the portion of the line
25 extension that the customer is not charged for, and in

1 subtransmission, Your Honor.

2 JUDGE CORBETT: That is the proper
3 terminology. Thank you.

4 BY MR. TOTINO:

5 Q Regarding the cost estimate that you
6 previously mentioned, and Mr. Neese mentioned in his
7 testimony as well, what, if at all, did you provide to
8 Mr Neese?

9 A That would have been provided on September
10 8th, 2005. That was a week after the site visit.

11 Q And what were the estimates that you provided
12 Mr. Neese?

13 A They were the estimate of \$7500 for the
14 overhead, \$7800 for the underground, and \$9600 for the
15 combination underground/overhead.

16 Q Did you charge Mr. Neese for the design fees
17 associated for these estimates?

18 A No, I did not. The company typically
19 provides one estimate for free and then charges design
20 fees for the additional estimates. However, in an
21 attempt to work with Mr. Neese, I did not charge him
22 for the additional estimates.

23 Q And upon what did you base your estimates?

24 A The estimates were based on the projected
25 labor, material, and equipment costs to complete the

1 this case, it would be the service portion of the line,
2 150 feet of underground.

3 Q And just briefly describe the process of how
4 you calculated the labor, material, and equipment
5 charges for purposes of the estimate.

6 A Okay. We have a material system here called
7 crews, and I come back and I place the materials based
8 on the different options: the poles, the transformers,
9 the wires onto my crews system, and it generates the
10 materials charges and the labor charges associated with
11 those materials. Also, the question comes into about
12 the traveling, there is also a place in there where I
13 put the one-way traveling miles to the job, and in that
14 it calculates based on the total man hours of the job
15 how many trips that the equipment and the men will have
16 to make out to the job, and that also becomes part of
17 the total estimate.

18 Q Now, back to the labor charges. I am trying
19 to think of an analogy. Would these charges associated
20 with the materials, are they based upon Penn Elec's
21 past experiences, for example, how long it takes to
22 install a pole or to install 600 feet of underground?

23 A Yes, they are. For poles is a good example.
24 You know, over the years they have installed numerous
25 poles and thousands and thousands of them, and they

1 have calculated an estimated time that it takes to do a
2 normal pole. And that would be what's in the system
3 and used to generate the labor hours associated with
4 that particular piece of equipment or material.

5 Q Now, what were the direct materials needed
6 for this project?

7 A Now, there are three options, of course.
8 Briefly, the overhead, there were two anchors and
9 guides, two poles, six hundred feet of underground,
10 primary and neutral overhead, a 25 kva overhead
11 transformer, 30 feet of conduit on the pole, and 150
12 feet of underground service.

13 For the underground option, we had 30 feet of
14 conduit down the pole, six hundred feet of underground
15 primary, a 25 kva pad mounted transformer, and 150 feet
16 of underground service. For the total option of the
17 two combined, half overhead and half underground, it
18 was two anchors and guides again, one pole, three
19 hundred feet of overhead primary neutral, 30 feet of
20 conduit down the pole, three hundred feet of
21 underground primary, 25 kva pad mounted transformer,
22 and 150 feet of underground service.

23 Q And am I correct then that based on your
24 prior testimony, the estimated labor charges were based
25 upon how long it would take to install these materials

1 that you just mentioned?

2 A Yes, that's correct.

3 Q Now, the estimated equipment charges, what
4 were they based upon for this job?

5 A It goes back to what I said prior. The crews
6 automatically calculate the charges based on the
7 estimated number of trips, and that's from the distance
8 that I implied in there for the runway miles to the
9 site.

10 Q We have identified a document that should be
11 in front of you that is marked Penn Elec CH-2.

12 A Yes. This is the estimated cost breakdown for
13 the three service options that I provided to Mr. Neese
14 regarding his line extension request.

15 JUDGE CORBETT: We will have this document
16 marked and identified as Penn Elec Exhibit 2.
17 (Whereupon, Penn Elec Exhibit No. 2 was marked for
18 identification.)

19 Q Are you sponsoring this exhibit?

20 A Yes.

21 Q Was this document prepared by you or under
22 your direction?

23 A Yes, it was.

24 Q Is the information contained in these records
25 found in the company's business records?

1 A Yes.

2 Q If you could, just briefly describe the
3 exhibit.

4 A Okay. If you could look at the exhibit, it
5 has the three different options, and it breaks each of
6 those down into labor, materials and equipment
7 necessary for that option. Okay, for the materials, I
8 can give you three jobs in the big ticket items that we
9 are talking about. For the overhead options, the three
10 big ticket items would be the overhead transformer,
11 approximately \$450, two 45 foot wooden poles at \$353
12 each, and also the overhead wire, the total being \$225,
13 approximately, for the total wire.

14 For the second option, the underground option, the
15 two big ticket items are the pad mounted transformer at
16 approximately a thousand dollars, and your underground
17 cable at \$1200.

18 Now in the third option, you have three big ticket
19 items again: the transformer again, the pad mounted
20 transformer again at approximately a thousand dollars;
21 a 45 foot wood pole, approximately \$353; and the
22 overhead wire of \$112, approximately; and if I am not
23 mistaken here, there is actually one other big ticket
24 item here because we also have included the underground
25 cable for approximately six hundred ten feet, six

1 hundred ten dollars.

2 Q Now, in addition to those big ticket items,
3 I assume that the material charges included various
4 miscellaneous hardware needed to perform the
5 installation?

6 A Yes. Bolts, washers, all of the miscellaneous
7 hardware, whatever is needed.

8 Q After you provided the estimate, did Mr.
9 Neese contact Penn Elec to let the company know the
10 service options that he would be choosing?

11 A No, I was waiting for a response back to one
12 of the options that he would have chosen.

13 Q And what is the current status of the
14 project?

15 A Well, due to the lack of no response, the
16 project was basically closed on Jan. 31st, 2006 due to
17 the inactivity, and if Mr. Neese would like to proceed
18 with the project, he will have to reapply at this time.
19 That is the normal procedure.

20 Q Are you familiar with the allegations raised
21 in the Complaint that Mr. Neese was told he had to dig
22 a ditch, purchase conduit, and provide a 16 foot
23 right-of-way and pay \$7800?

24 A Yes.

25 Q And are you also familiar that in the

1 Complaint, Penn Elec told him the conduit would cost
2 approximately a thousand dollars?

3 MR. NEESE: That wasn't told by them.

4 JUDGE CORBETT: I'm sorry, Mr. Neese, I
5 believe you jumped in there. If you disagree with
6 anything that they say, then you will have a right to
7 come back and cross examine. At this point, unless
8 there is an objection, we will listen to the testimony
9 from the witness. Thank you.

10 THE WITNESS: Will you repeat the question,
11 Matt?

12 MR. TOTINO: Sure.

13 Q Are you familiar with the allegations raised
14 in the Complaint that Mr. Neese was told he had to dig
15 a ditch, purchase conduit at an estimated cost of a
16 thousand dollars, provide a 16 foot right-of-way at the
17 cost of \$78 for, I believe, the underground service
18 option?

19 A Yes.

20 Q Do you agree with this allegation?

21 A Only in part. During the on-site visit on
22 September 1st of 2005, I informed Mr. Neese of the
23 right-of-way and trenching the right-of-way with the
24 underground service option, and I provided him with the
25 estimate of approximately \$7800 for that option.

1 However, I did not tell him that the conduit cost was a
2 thousand dollars. I don't know what the cost is for
3 conduit.

4 Q Are you familiar with the allegations raised
5 in the Complaint that Mr. Neese was told that if this
6 was a commercial line extension, there would be no
7 charge?

8 A Yes.

9 Q And do you agree with this allegation?

10 A No, I did not tell him that there would be no
11 charge for the commercial extension. Rather, I said
12 that with the commercial extension, the company applies
13 low credit to offset some of the line extension charges
14 and that is consistent with Rule 7 of Penn Elec's
15 tariffs.

16 Q Now, were you present this morning for Mr.
17 Neese's testimony when he discussed a \$390 rebate with
18 respect to the underground service option?

19 A Yes.

20 Q And do you have any knowledge of what that
21 \$390 rebate is?

22 A He was told there would be a service credit,
23 and at the time, it was \$319.

24 Q What does that service credit represent?

25 A That would have been the service line, the

1 underground 150 feet portion of his job at that time.

2 Q That would be the span allowance that you
3 previously referenced?

4 A Yes.

5 Q Do you have anything further to add to your
6 testimony?

7 A No, I do not.

8 MR. TOTINO: Mr. Heming is available for
9 cross.

10 JUDGE CORBETT: Mr. Neese, do you have any
11 cross examination for Mr. Heming?

12 MR. NEESE: Not at this time.

13 MR. CORBETT: Okay. Thank you, Mr. Heming.
14 I have no questions. Mr. Totino?

15 MR. TOTINO: My third and final witness is
16 Gary Pleiss.

17 GARY PLEISS

18 having been duly sworn, testified under oath as
19 follows:

20 DIRECT EXAMINATION

21 JUDGE CORBETT: Would you begin, please, by
22 giving us your full name and spell your last name for
23 the court reporter.

24 THE WITNESS: My name is Gary Pleiss,
25 P-l-e-i-s-s.

1 JUDGE CORBETT: Mr. Totino, you may proceed.

2 MR. TOTINO: Thank you, Your Honor.

3 BY MR. TOTINO:

4 Q Please give us your business address for the
5 record.

6 A 1800 Pottsville Pike in Reading, Pennsylvania
7 19605.

8 Q By whom are you employed and in what
9 capacity?

10 A I am employed by First Energy Services as a
11 senior business analyst in the Rates and Regulatory
12 Affairs Department.

13 Q Would you describe briefly the relationship
14 of First Energy Services and Penn Elec?

15 A First Energy Services does rates and
16 regulatory affairs work for all First Energy companies,
17 one of which is Penn Electric Company.

18 Q How long have you been with the company?

19 A Twenty-six years.

20 Q How long have you been in your current
21 position?

22 A About ten years.

23 Q Will you describe your job duties and
24 responsibilities in your current position?

25 A I am basically responsible for tariff

1 interpretation and rates design for Metropolitan Edison
2 Company, Pennsylvania Electric Company, and
3 Pennsylvania Power Company, in addition to electric
4 generation of our tariffs.

5 Q Based on your work experience, is it fair to
6 say that you have a working knowledge and expertise in
7 the interpretation and implementation and enforcement
8 of Penn Elec's tariffs?

9 A Yes.

10 Q Are you familiar with the allegations made by
11 Mr. Neese in the hearing today?

12 A Yes.

13 Q What is the purpose of your testimony?

14 A To discuss Penn Elec's rules set forth in the
15 company tariff.

16 Q Please identify the document that is in front
17 of you that will be marked Penn Elec Exhibit 3.

18 A Rule 7 of Penn Elec's retail service tariff.

19 JUDGE CORBETT: This document will be so
20 marked and identified.

21 (Whereupon, Penn Elec Exhibit No. 3 was marked for
22 identification.)

23 Q Are you sponsoring this exhibit for the
24 purposes of today's hearing?

25 A Yes, I am.

1 Q Does Penn Elec's tariff contain a rule
2 regarding right-of-way extensions?

3 A Yes.

4 Q And what rule is that?

5 A That would be Rule 7.

6 Q Has Rule 7 been approved by the Commission?

7 A Yes.

8 Q When did the current provision of Rule 7 take
9 effect?

10 A On April 12, 2002.

11 Q At this point, I would like to direct your
12 attention to some of the provisions of Rule 7. What is
13 the subject of Rule 7 a. 1?

14 A Rule 7 a. 1 lists the definitions that are
15 used throughout the rest of the line extension rules.

16 Q And how about 7 a. 2, what does this section
17 cover?

18 A This covers the request for a non-speculative
19 single line extension which are requests for line
20 extensions to a permanent residential house. That
21 would apply in this case to Mr. Neese's request.

22 Q And what does Rule 7 require generally in
23 terms of costs for the line extension?

24 A As a result of a line extension or any other
25 request that results in expansion of a company's

1 facilities, a portion of a system upgrading or any
2 other change or modification to a company's electric
3 system, the applicant or customer shall pay all costs
4 set forth as specified in Rule 7. Rule 7 further
5 defines the obligation of the applicant or the customer
6 as well as the company.

7 Q If Penn Elec did not charge customers the
8 cost of line extensions, how would the company recover
9 the cost of line extensions?

10 A You would have to socialize the rates of all
11 customers. In that case, all customers would share the
12 cost for a few customers requesting the line extension.

13 Q And what are the company's line extension
14 obligations under Rule 7?

15 A Under Rule 7, under page 31 of Rule 7,
16 essentially the company's obligation is to own all line
17 extensions. The company is also required to provide
18 the applicable span allowance to the customer. The
19 company does the engineering layout and estimation of
20 the construction costs. And the company cannot begin
21 construction until all the proper right-of-way is
22 received and payment is received from the customers.

23 Q And are these obligations the same for both
24 overhead and underground line extensions?

25 A Yes, they would be.

1 Q What are the customer's obligations with
2 respect to non-speculative line extensions?

3 A The customer would be required to pay the
4 company's direct material and direct labor costs
5 associated with the line extension except for the fee
6 span allowance, and that would be the case for
7 underground and overhead line extensions. The customer
8 would have to provide all of the trenching, excavating
9 and backfilling for underground line extensions. The
10 customer would be responsible for any rough grading and
11 tree trimming that would be necessary to construct the
12 line extension and that would be the case for
13 underground and overhead line extension. And the
14 customer would also provide all the necessary right-of-
15 way for any overhead or underline extension.

16 Q And what are all the direct material costs as
17 defined by the tariff?

18 A If I could direct your attention to page 29,
19 the direct material costs are essentially the direct
20 material such as the direct cost, purchase price of
21 materials viewed by the company in the line extension.
22 This would include things like wires, hardware, etc.

23 Q And how about direct labor costs? How is
24 that defined by the tariff?

25 A Again, if I could direct your attention to

1 page 29 of the tariff, the direct labor costs would be
2 the pay and expenses of company employees directly
3 attributable to work performed, excluding construction,
4 overheads or payroll taxes, workmen's compensation
5 expenses or similar expenses.

6 Q By the way, Mr. Pleiss, why are customers
7 responsible for trenching and backfilling underground
8 extensions?

9 A Especially if the company's standard design
10 is overhead, it is more cost effective to install and
11 maintain.

12 Q Mr. Pleiss, you just mentioned that Rule 7 a.
13 2, which deals with non-speculative line extension
14 pipe, was in Mr. Neese's request; isn't that so?

15 A Yes.

16 Q And why is that the case?

17 A Mr. Neese bought service for a permanent
18 residential house which is considered a non-speculative
19 single phase line extension under the tariff.

20 Q Based on the testimony presented today, and
21 your knowledge surrounding this question, and your
22 knowledge of the terms, did Penn Elec comply with Rule
23 7 here?

24 A Yes, it did.

25 Q And please explain your basis for your

1 conclusion that Penn Elec complied with Rule 7 in this
2 case.

3 A Well, Penn Elec properly concluded this was a
4 non-speculative line extension. It engineered the
5 project and provided an estimate of the costs based on
6 labor and material, and applied the applicable span
7 allowance. However, no construction ever commenced
8 because Mr. Neese did not follow through with the
9 application.

10 Q Under Rule 7, under what circumstances is
11 the applicant charged for the conduit?

12 A When the expenses exceed the allowance listed
13 by the tariff.

14 Q And was this the case with this request?

15 A Yes.

16 Q I notice that Mr. Neese was not provided an
17 itemized breakdown of the estimated costs in terms of
18 labor, material, etc. Does Penn Elec require that the
19 company provide such a breakdown as part of the
20 estimate?

21 A No.

22 Q Are you familiar with the allegations raised
23 in the Complaint and at this hearing today that back in
24 2002 Penn Elec told Mr. Neese it would connect
25 electricity at the property at no charge?

1 A Yes, I am.

2 Q And was Penn Elec's Rule 7 in effect back in
3 2002?

4 A For most part of the year. The current rule
5 became in effect April 12, 2002.

6 Q So were you also here for Mr. Neese's
7 testimony this morning where he indicated he contacted
8 Penn Elec in February or March of 2000?

9 A Yes.

10 Q And at that time, would the current Rule 7
11 have been in effect?

12 A No. That was not in effect until April of
13 2002.

14 Q And prior to the current Rule 7, was the
15 company's prior line extension different?

16 A Yes, it was.

17 Q And how was the prior rule different than the
18 current version?

19 A The prior Rule 7 gave the residential
20 customer, in this case, the non-speculative customer,
21 an allowance of 1500 feet.

22 Q And how does that compare to the current
23 version?

24 A The current version, the customer gets two
25 spans and the private right-of-way.

1 Q And were the revisions that were in effect in
2 April 12, 2002, were they publically filed with the
3 Commission?

4 A Yes, they were.

5 Q And what was the rationale for the change in
6 the line extension rule?

7 A The Commission requested the company to
8 review the change in the line extension policy and at
9 that point the customer used the line extension policy,
10 Rule 7, and decided it could not subsidize the cost of
11 the line extension and it should therefore be provided
12 by the customer.

13 Q Was the company required to notify the public
14 of the changes in the line extension?

15 A No. However, all of the filings made by the
16 company regarding the revisions were publically
17 available at the Commission. It would be difficult to
18 know how many potential customers may one day need a
19 line extension.

20 Q Did other electric companies also revise
21 their line extension rule?

22 A Yes, they did, but I am not directly familiar
23 with the details of such revision.

24 Q So based on the substantive timing of the
25 changes to Rule 7, if Mr. Neese would have contacted

1 Penn Elec and applied for service before April 11 of
2 2002, the prior Rule 7 would have been applicable?

3 A Yes.

4 Q And that would have meant that his line
5 extension would have been done at no charge if it was
6 1500 feet of Penn Elec's facility?

7 A That is correct.

8 Q And for line extension credit submitted on or
9 after April 12, 2002, such as Mr. Neese requested in
10 August of 2005, am I correct that the current Rule 7
11 would apply?

12 A Yes.

13 Q That would mean that the customer's
14 responsibility was to pay the cost of the line
15 extension in excess of the fee allowance?

16 A That's correct.

17 Q And do you have anything further to add to
18 your testimony?

19 A No, I do not.

20 MR. TOTINO: The witness is available for
21 cross.

22 JUDGE CORBETT: All right. Mr. Neese, do you
23 have any questions of Mr. Pleiss?

24 MR. NEESE: No.

25 JUDGE CORBETT: One moment, please.

1 Do you have anything further, Mr. Totino?

2 MR. TOTINO: No, Your Honor.

3 JUDGE CORBETT: Are you moving into evidence
4 your exhibits?

5 MR. TOTINO: I move into evidence Penn Elec's
6 Exhibits 1, 2 and 3.

7 JUDGE CORBETT: Mr. Neese, do you have any
8 objection to their admission?

9 MR. NEESE: No.

10 JUDGE CORBETT: All right. Penn Elec's
11 Exhibits 1, 2 & 3 are hereby admitted into the record.
12 (Whereupon, Penn Elec's Exhibits 1, 2 & 3 were admitted
13 into evidence.)

14 Anything further then, Mr. Totino?

15 MR. TOTINO: No, Your Honor.

16 JUDGE CORBETT: Mr. Neese, I interrupted you
17 at one point indicating that you would have the right
18 to come back with any testimony that you believe may
19 need corrected. Now it is your chance to do that, sir.

20 MR. NEESE: For clarification on the thousand
21 dollars for the conduit, that was never referred to me
22 from Penn Elec. I at all points in time understood
23 that would be my cost incurred and that they would
24 provide me with specifications and I would purchase the
25 conduit.

1 JUDGE CORBETT: Okay.

2 MR. NEESE: I have another possible question
3 here. On the \$319 for the service credit, I believe it
4 was 390, but Chuck Heming's testimony indicated 319. I
5 just did some quick math here, and when I took the line
6 cost charges for the entire project, they came up with
7 like \$10.40 a foot, and what they are indicating is 150
8 foot for the house line extension, and that totals up
9 to \$1500.60. But in calculation, I'm only getting a
10 \$319 credit. I am confused on that dollar amount and
11 how it's arrived at.

12 JUDGE CORBETT: All right. It's a little
13 unusual, but I think that is a question for Mr. Heming.
14 Mr. Heming, we will call you back and ask you if you
15 can answer that question.

16 CHARLES HEMING
17 having been recalled as a witness, testified under oath
18 as follows:

19 CROSS EXAMINATION

20 MR. HEMING: Mr. Neese, you are basing that
21 on the cost I gave you for the underground cable?

22 MR. NEESE: Okay. Don't forget that is
23 underground primary cable at 35 kv. The service cable
24 to your house is a different size and a different
25 rating. It is only 600 volt. So the cost per footage

1 is considerably less. I do not have that cost per foot
2 in front of me. But we are talking about a totally
3 different kind of wire. We are talking about cable to
4 provide primary at 35 kv versus 600 volt rated cable
5 that goes to your meter box and gives you your 142
6 meter volts to your house.

7 JUDGE CORBETT: Does that answer your
8 question, Mr. Neese?

9 MR. NEESE: Yes, to a degree. I am still
10 stuck on the justification on all of the costs. What I
11 am concerned about is the \$319 for the cable that,
12 meanwhile, if I had built the house and been aware of
13 this and built the house closer to the subtransmission
14 line, the cost not only would be incurred by Penn Elec
15 for the wire, it would have been also incurred by the
16 transformer, and everything would have been incurred if
17 I would have been within that 180 feet, according to
18 their tariff. But if I am longer than that 180 feet, I
19 am required to pay for that transformer and I am
20 required to pay for the wiring costs associated with
21 that. Am I understanding that correctly?

22 JUDGE CORBETT: Okay. Again, I'm not sure if
23 that is a question for Mr. Heming, I suppose.

24 MR. TOTINO: Can I interject briefly, Your
25 Honor?

1 JUDGE CORBETT: This is whom?

2 MR. TOTINO: This is Mr. Totino.

3 JUDGE CORBETT: Okay.

4 REDIRECT EXAMINATION

5 BY MR. TOTINO:

6 Q Mr. Heming, just so we are all clear, why
7 don't you explain the \$319 credit versus the allowance
8 that you actually applied here?

9 A The \$319 credit was based on 180 foot span
10 for that wire type and that number was a number that we
11 had come up with on our interpretation of the tariff at
12 that time. The actual credit that I did give to the
13 customer was the actual underground service and that is
14 just the number that was determined by us based on the
15 average service that was the allowance.

16 RECROSS EXAMINATION

17 BY MR. NEESE:

18 Q That number is based on the first 180 feet
19 from the top transmission line?

20 A No. It's service line only.

21 Q Or from the transformer to the house?

22 A Yes. The transformer still would have been
23 your cost no matter what.

24 Q Even if I would have been within the 180
25 feet?

1 A Yes. You are the only customer served off
2 that transformer.

3 JUDGE CORBETT: And as I understand the
4 reason being that the service taken off of the
5 subtransmission line would be a 35 kv, and that would
6 have to be stepped down to at least 600 volts for the
7 distribution line.

8 MR. HEMING: That is correct in part. Six
9 hundred volts just is the rating of the cable. It's
10 actually stepped down to a 12240 volt applicable for
11 your house.

12 JUDGE CORBETT: Okay. Very good. I didn't
13 get the technical information but that's an engineering
14 thing and I am not an engineer. So that is because it
15 had to be stepped down wherever it was going to be
16 placed?

17 MR. HEMING: Correct.

18 FURTHER REDIRECT EXAMINATION

19 BY MR. TOTINO:

20 Q Just so we are clear, Mr. Heming, the \$390
21 figure that you mentioned, that is just a credit that
22 Penn Elect thought it should apply company wide across
23 the board at the time of the extension as a span
24 allowance?

25 A That is correct.

1 Q And in this case, however, you based the span
2 allowance on the actual cost of the service line?

3 A Yes.

4 MR. NEESE: Your Honor.

5 JUDGE CORBETT: Is this Mr. Neese?

6 MR. NEESE: Yes. Can I refer to Rule 7,
7 section 2, the non-speculative single phase line
8 extension?

9 JUDGE CORBETT: All right. Is this a question
10 or is this testimony?

11 MR. NEESE: It is testimony or a
12 clarification, maybe.

13 JUDGE CORBETT: All right. Reading through
14 this paragraph, which I believe pertains to me, " the
15 company shall provide to the applicant at no charge one
16 span of conductor and related materials on private
17 right-of-way for each line extension, including the
18 service line to permanent residential customers." One
19 span of conductor, which I understand how Chuck has
20 arrived at that figure, the related material, would
21 that not include a transformer, because you can't run
22 35,000 volts to my home?

23 JUDGE CORBETT: Okay. I am not sure which
24 party would be responsible for answering that question.
25 It is probably Mr. Pleiss. I will let that up to Mr.

1 Totino.

2 MR. TOTINO: Yes, Mr. Pleiss can answer that
3 question.

4 GARY PLEISS

5 having been recalled as a witness, testified under oath
6 as follows:

7 CROSS EXAMINATION

8 MR. PLEISS: If I understand the question
9 correctly, is the transformer part of the related
10 material, and the answer to that is no. The related
11 material would be directly related to the nuts and
12 bolts, and things like that, and not the transformer.

13 JUDGE CORBETT: Okay. Anything further, Mr.
14 Neese?

15 MR. NEESE: No.

16 JUDGE CORBETT: Anything further, Mr. Totino?

17 MR. TOTINO: I do have a couple of questions
18 for Mr. Pleiss because I want to clarify something.

19 REDIRECT EXAMINATION

20 BY MR. TOTINO:

21 Q Mr. Pleiss, I want to refer you to the
22 tariff, Penn Elec Exhibit No. 3, in the section that
23 you just reviewed with Mr. Neese regarding the span
24 allowance. Can you clarify the span allowance that
25 Penn Elect provides now versus at the time of Mr.

1 Neese's request?

2 A At the time of Mr. Neese's request, the
3 company interpreted the language of the tariff to be
4 only one span of wire as an allowance. The tariff
5 reads one span of conductor, including the service
6 line, and we had interpreted that to be one span of
7 wire. Subsequent to a recent decision, the company
8 changed the interpretation of that rule and now gives
9 two spans of wire in a public right-of-way.

10 Q If Mr. Neese reapplied for service, he would
11 receive the span allowance that the company is
12 currently providing?

13 A The public right-of-way; that is correct.

14 MR. TOTINO: Nothing further, Your Honor.

15 MR. NEESE: I didn't hear that last response.

16 JUDGE CORBETT: I think maybe we need to go
17 back over the question and the answer again for the
18 court reporter, and for the witness, and Mr. Neese.

19 BY MR. TOTINO:

20 Q Mr. Pleiss, if Mr. Neese reapplied for
21 service, am I correct that the company would provide
22 the span allowance that it is currently providing in
23 that span?

24 A In the public right-of-way, that is correct.

25 JUDGE CORBETT: Okay. Anything else, Mr.

1 Totino?

2 MR. TOTINO: I do actually have something for
3 Mr. Heming because it kind of relates to this issue,
4 and again, I apologize, but I want to make sure that
5 everybody understands what we did.

6 JUDGE CORBETT: I understand. We are kind of
7 jumping around a little bit. I don't normally like to
8 do that, but I think it may make sense this way. I
9 will allow you to do that. Before we jump to Mr.
10 Heming, Mr. Neese, do you have any further questions of
11 Mr. Pleiss?

12 RE CROSS EXAMINATION

13 BY MR. NEESE:

14 Q My understanding is the two spans of credit
15 allowances is based on a prior commission ruling; am I
16 understanding correctly?

17 A Yes, that is correct.

18 Q That being said, that span is based on 180
19 feet?

20 A Yes, it would be a span allowance of -- what
21 in fact we are doing right now, we are calculating the
22 average cost of two spans of wire. That will be the
23 credit that we are going to apply in all situations, so
24 whether it be overhead or underground, the customer
25 will always be credited for the span.

1 Q So that one span is tentative to 180 feet?

2 A Actually, they both would be 180 feet.

3 Q Right, 360 feet total.

4 A Right.

5 MR. NEESE: Thank you, Your Honor.

6 JUDGE CORBETT: You are welcome. Any further
7 questions of Mr. Pleiss?

8 MR. NEESE: No.

9 JUDGE CORBETT: Mr. Totino, any further
10 direct for Mr. Heming?

11 MR. TOTINO: Yes, Your Honor

12 JUDGE CORBETT: All right. Let's do that.

13 GARY PLEISS

14 having been recalled as a witness, testified under oath
15 as follows:

16 FURTHER REDIRECT TESTIMONY

17 BY MR. TOTINO:

18 Q Mr. Heming, I want to make sure we are clear.
19 When we applied the span allowance to Mr. Neese's
20 estimate, you mentioned that you had applied it for the
21 service line?

22 A Yes.

23 Q Do you know what the amount of the allowance
24 that you applied was?

25 A Yes. Actually for the overhead transformer

1 with the underground service, it was \$759. And for the
2 two options where it was an underground transformer
3 with an underground service, it was \$548.

4 MR. TOTINO: Nothing further.

5 JUDGE CORBETT: Any questions, Mr. Neese?

6 MR. NEESE: Not at this time.

7 JUDGE CORBETT: Anything further, Mr. Totino?

8 MR. TOTINO: No, Your Honor.

9 JUDGE CORBETT: Anything further, Mr. Neese?

10 MR. NEESE: No.

11 JUDGE CORBETT: I do have a question for you,
12 Mr. Neese, just to again clarify the record. Looking
13 at Penn Elec Exhibit 1, the first diagram, page 1, it
14 shows a diagram of your house and the subtransmission
15 line of Penn Elec. Do you know where your house is
16 located in relation to the subtransmission line of Penn
17 Elect? Are you familiar with where the subtransmission
18 line of Penn Elec is physically located?

19 MR. NEESE: Yes. It physically cuts right
20 across my property.

21 JUDGE CORBETT: It is on your property?

22 MR. NEESE: Correct.

23 JUDGE CORBETT: All right. Thank you very
24 much. I wanted to make sure that there were no
25 intervening property owners involved here. Thank you.

1 Mr. Totino, do you have any closing statements
2 that you would like to make?

3 MR. TOTINO: No, Your Honor.

4 JUDGE CORBETT: Any closing statement that
5 you would like to make, Mr. Neese?

6 MR. NEESE: No.

7 JUDGE CORBETT: I thank the parties for their
8 participation and cooperation, and so that you
9 understand the procedure from this point, I will wait
10 to receive a copy of the transcript of this morning's
11 hearing. I will receive the transcript within the next
12 month. As my schedule permits, I will sit down and
13 draft a decision in this case. That decision will be
14 filed with the Commission in Harrisburg within 90 days
15 after receipt of the transcript. If you disagree with
16 anything that is stated in the decision, you have the
17 right to file what are called Exceptions. There will
18 be an instructional letter that accompanies the
19 decision which outlines the procedure to follow if you
20 wish to file any Exceptions. Please note that the
21 Exceptions must be filed within the deadline that will
22 be provided in the instructional letter, otherwise the
23 Commission will not review any late filed Exceptions.
24 Does either party have any question with regard to the
25 procedure?

1 MR. NEESE: Yes, Your Honor, I do.

2 JUDGE CORBETT: Because I have commenced the
3 construction of this home, if I do obtain service, if I
4 do choose to obtain service at this point, and your
5 ruling would come down as possibly a refund or even
6 more charge to myself, is that a doable scenario in
7 order for me to obtain electric service to my home? Am
8 I going to interfere with anybody's proceedings or
9 anybody's rulings?

10 JUDGE CORBETT: No. Procedurally, if you wish
11 to obtain service from Penn Elec in the meantime, you
12 can do that, and any ruling I would make would not
13 jeopardize any rights that you have under this
14 proceeding. I think that is what your question was.

15 MR. NEESE: Yeah, I need to obtain service.
16 Whether it's full charge or thirty thousand dollars, I
17 need to obtain service.

18 JUDGE CORBETT: Sure. And you can't wait
19 four months to do that.

20 MR. NEESE: I can't wait for the ruling,
21 exactly. And I don't want to jeopardize anybody else's
22 procedures.

23 JUDGE CORBETT: No, you will not be
24 jeopardizing any rights that you may have in this
25 proceeding.

1 MR. NEESE: So at that point, if there would
2 be any type of a refund, you would issue some type of a
3 refund?

4 JUDGE CORBETT: I don't want to get into what
5 I may or may not do on this. I think I have taken it
6 as far as I can do anything.

7 MR. NEESE: Okay. I just don't want to spend
8 the money and find out that I have got to go to another
9 court hearing to get the money back.

10 JUDGE CORBETT: No, I understand that.
11 So any further questions or anything else?

12 MR. NEESE: While I have everybody on the
13 line, who would I contact to initiate service again?

14 MR. HEMING: I will take that, Matt.

15 JUDGE CORBETT: I believe that was Charles
16 Heming.

17 MR. HEMING: Mr. Neese, 1-800-545-7741 to
18 apply for residential use service.

19 MR. NEESE: Okay. Do I need to refer to you?

20 MR. HEMING: Yes. It's going to come back to
21 me. That's my territory.

22 JUDGE CORBETT: Anything further from the
23 parties, anything else they would like to discuss
24 before we adjourn? Okay. I thank the parties for
25 their participation and cooperation and the hearing is

1 now adjourned. Thank you all very much. Good-bye now.
2 (Whereupon, at 12:00 p.m., the hearing was concluded.)
3
4
5
6

7 C E R T I F I C A T E

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

14 COMMONWEALTH REPORTING COMPANY, INC.

15
16 BY: Anne V. Thompson
17 Anne V. Thompson
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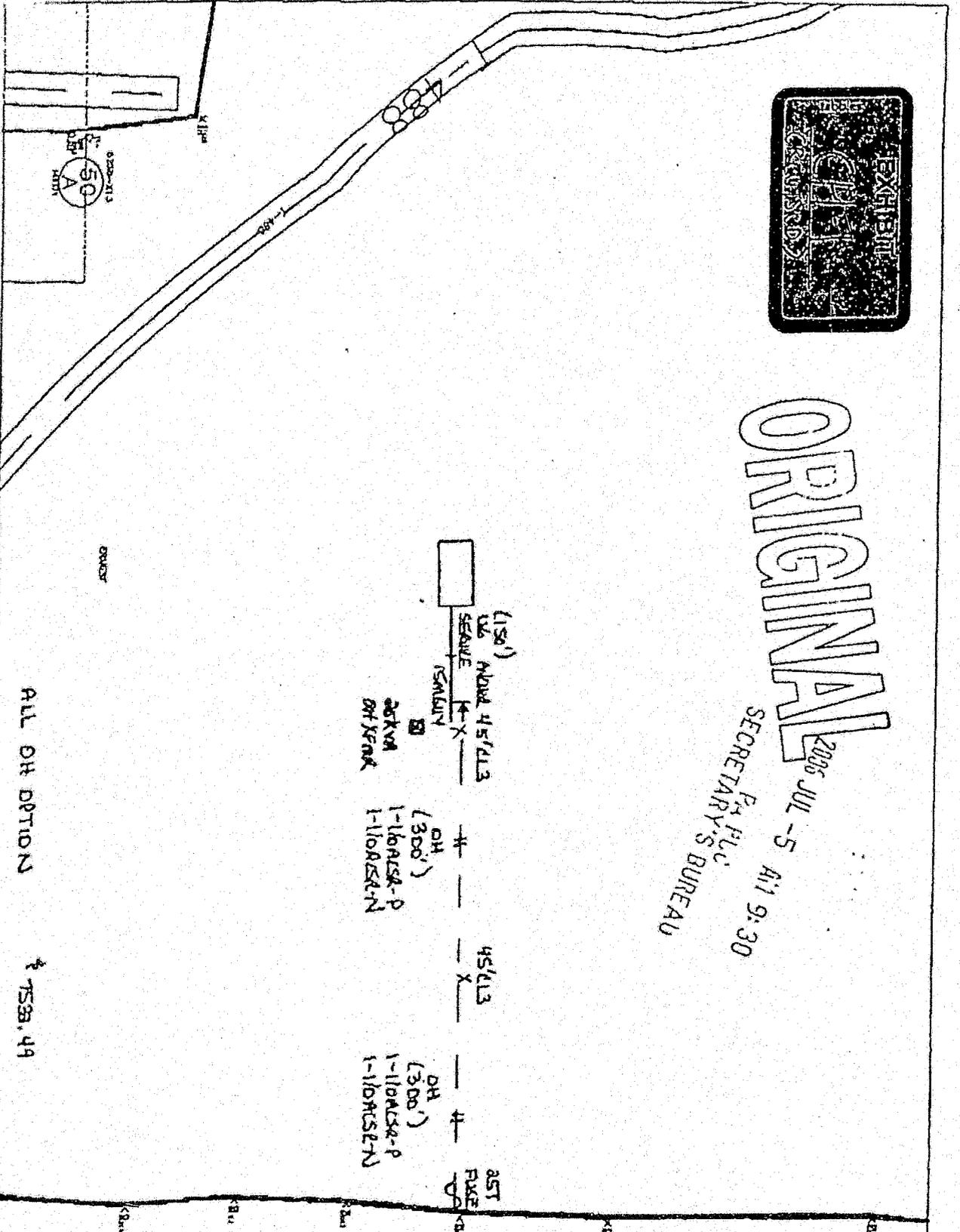
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2005 JUL -5 AM 9:30
P4 P.L.C.
SECRETARY'S BUREAU

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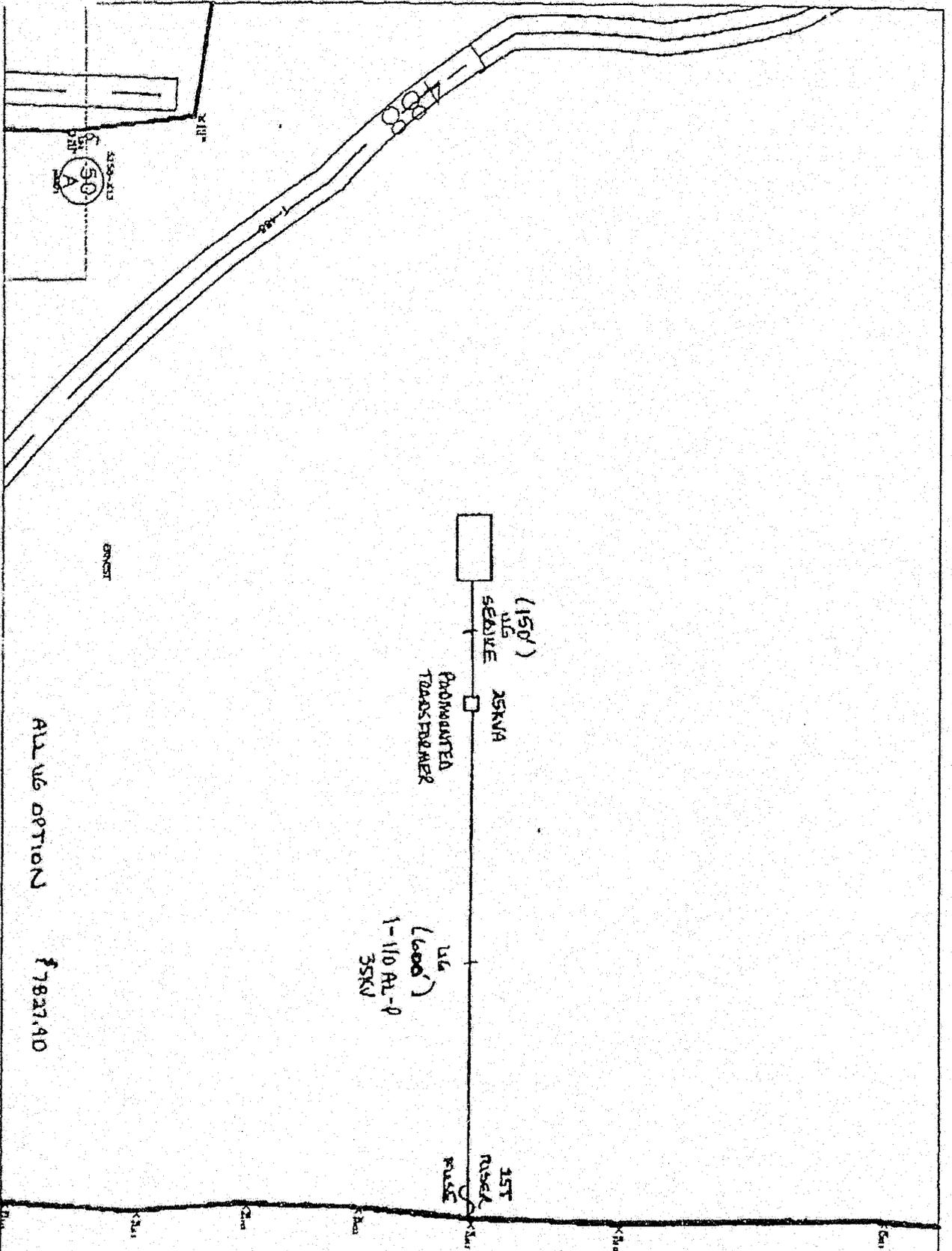
Neese

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AUG 10 2006



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*Inventory Diagrams Electric P11
6/14/08 Pgl. a.2 C-200666063*



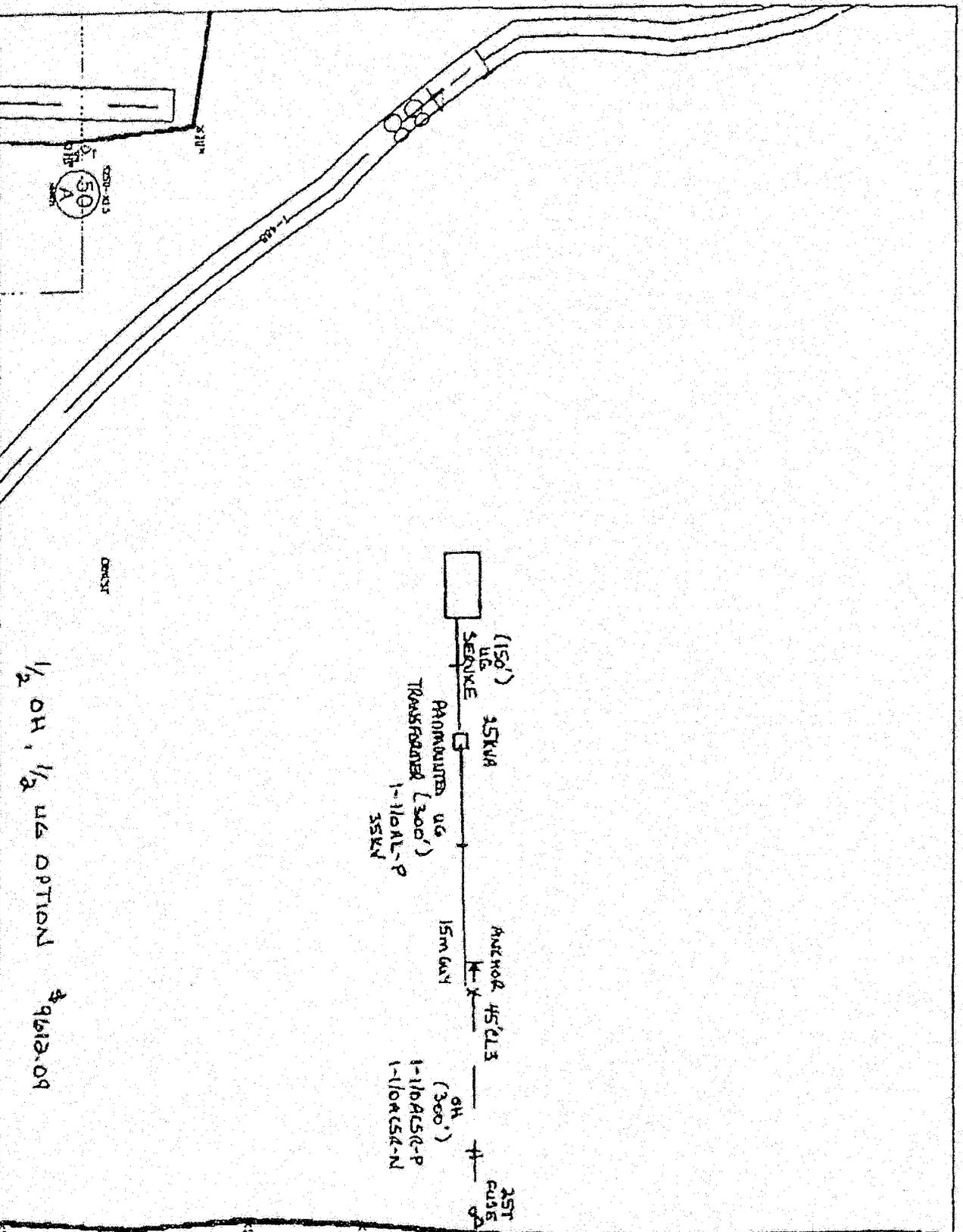
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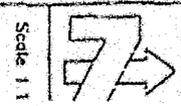




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Neese



ORIGINAL

ESTIMATED COST BREAKDOWN FOR THE THREE SERVICE OPTIONS
PROVIDED TO ANTHONY NEESE IN SEPTEMBER OF 2005



OVERHEAD SERVICE OPTION

Labor	\$4,609.88
Materials	\$2,329.80
Equipment	\$592.81
<u>Total</u>	<u>\$7,532.49</u>

DOCUMENT
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UNDERGROUND SERVICE OPTION

Labor	\$3,160.91
Materials	\$4,303.78
Equipment	\$363.21
<u>Total</u>	<u>\$7,827.90</u>

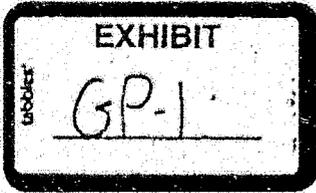
DOCKETED
AUG 10 2006

OVERHEAD/UNDERGROUND SERVICE OPTION

Labor	\$4,418.68
Materials	\$4,585.93
Equipment	\$607.48
<u>Total</u>	<u>\$9,612.09</u>

2006 JUL -5 AM 9:30
P.A. Plus
SECRETARY'S BUREAU

Pennsylvania Electric EP 1
C-20066063 6/14/06 Pgh. a.2.



GENERAL RULES AND REGULATIONS
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ORIGINAL

Rule 5 - Deposits (continued)

exclusive judgment, until the Customer discontinues service or the Company determines that the Customer has established a satisfactory payment record. Upon discontinuance of all Company service and payment in full of all charges and financial guarantees, the Company shall refund the deposit or deduct any unpaid amounts from the deposit and refund the difference, if any, to the Customer. The deposit shall no longer accrue interest upon the discontinuance of service.

Deposits from Residential Customers shall bear simple interest at the rate of the average of one-year Treasury Bills for September, October and November of the previous year, payable annually without deductions for taxes thereon unless otherwise required by law. The interest rate shall become effective on January 1 of each year. All other Customer deposits shall bear simple interest at the rate of six percent per annum, payable annually.

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AUG 10 2006

6. Right-of-Way

An Applicant (and/or any existing Customer seeking additional service) requesting service from the Company shall grant to the Company, without charge, a right-of-way for all Company facilities over, through, across and/or along the property owned or controlled by the Applicant / Customer in order to provide electric service to the Applicant / Customer, unless a valid and continuing right-of-way has already been granted to the Company by such Applicant / Customer or any predecessor.

The Company shall not be obligated to provide any electric service to an Applicant / Customer until the Company has received and/or obtained satisfactory rights-of-way and/or permits from, but not limited to, the Applicant / Customer, applicable Government agencies, railroad owners or other property owners. Any right-of-way or permit fees, either initial or recurring, or other charges in connection with rights-of-way for providing service to an Applicant / Customer, shall be paid for by the Applicant / Customer.

7. Extension of Company Facilities: System Upgrades

The standard service provided by the Company for delivery of electric energy to a Customer under this Tariff, whether Delivery Service or Full Service, regardless of delivery voltage, shall be from overhead Distribution Lines, except as noted in any Rate Schedule. Subject to

(C)

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JUL 05 2006

(C) Change

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Issued: January 3, 2002

Effective: April 12, 2002

*Pennsylvania Electric Co 3
C-2006063 6/14/06 P.H.A.J.*

GENERAL RULES AND REGULATIONS

Rule 7 -Extension of Company Facilities: System Upgrades

the requirements of this Tariff, the Company shall extend its 34,500 volt or less Distribution Lines to Applicants. Any request for electric service that requires the extension, removal, relocation or change of the Company's existing Distribution Lines shall be provided as set forth in this Rule 7. Applicants requesting a Line Extension shall, at the Company's discretion, execute the Company's standard Line Extension contract. Any Customer served by a Line Extension completed before the effective date of this Rule 7 shall be subject to the terms and conditions of its existing Line Extension contract and the Company's then-applicable Line Extension tariff, rules and regulations.

a. Line Extensions

(1) Definitions

Any capitalized term used in this Rule 7 that is not otherwise defined herein shall have the meaning set forth in Rule 3 of this Tariff. For the purpose of this Rule 7, the following definitions shall apply:

Applicant - Any person, corporation or other entity that (i) desires to receive from the Company electric or any other service provided for in this Tariff, (ii) complies completely with all Company requirements for obtaining electric or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, and (iv) is not yet actually receiving from the Company any service provided for in this Tariff. An Applicant shall become a Customer for purposes of this Tariff only after it actually starts receiving the applicable service(s) from the Company under this Tariff. (C)

Cash Advance - A refundable contribution in cash from an Applicant for those costs associated with a Line Extension, increased for applicable taxes as specified in Rule 8, which is held by the Company in a non-interest bearing account.

Contractor Costs - The amounts paid by the Company for work performed by a contractor retained by the Company.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

Contributions in Aid of Construction ("CIAC") - A non-refundable contribution in cash from an Applicant for those costs associated with a Line Extension, and/or tree trimming, brush clearance and related activities or those costs associated with Temporary Service or the relocation of Company facilities, increased for applicable taxes as specified in Rule 8.

(C)

Customer - Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the ratepayer for any premises, building or structure, etc. or (iii) is primarily responsible for payment of bills. A Customer includes anyone taking Full Service or Delivery Service under this Tariff.

Developer - The person or entity responsible for constructing and providing improvements in a Development, including, but not limited to, streets, sidewalks and utility-ready lots.

(C)

Development - A planned project which is developed by a Developer for electric service set out in a recorded plot plan of five (5) or more adjoining unoccupied lots for the construction of single-family residences, detached or otherwise, mobile homes, or one (1) or more five-unit apartment houses, all of which are intended for year-round occupancy, if electric service to such lots necessitates extending the Company's existing Distribution Lines.

Distribution Lines - An electric supply line and related equipment of untransformed voltage from which energy is delivered to one (1) or more Service Lines.

Direct Labor Costs - The pay and expenses of Company employees directly attributable to work performed, excluding construction overheads or payroll taxes, workmen's compensation expenses or similar expenses.

Direct Material Costs - The purchase price of materials used, excluding related stores (i.e. warehousing) expenses. In computing Direct Material Costs, proper allowance shall be made for unused materials recovered from temporary structures, and for discounts allowed and realized in the purchase of materials.

Line Extension(s) - The extension of the Company's distribution system from the nearest suitable and available Distribution Line to the Service Line which will provide service to the Customer.

PENNSYLVANIA ELECTRIC COMPANY
17)

Electric Pa. P.U.C. No. 77 (Supp.

First Revised Page 29
Superseding Original Page 29

GENERAL RULES AND REGULATIONS

(C) Change

Issued: April 26, 2002

Effective: May 6, 2002

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

Non-Speculative Line Extension - A Line Extension for a Permanent Residential Customer under which the Company has taken into account various factors including, but not limited to, Customer location, rate classification, projected Company revenues, permanency of use, primary residence and prospect of use by future Customers, and has deemed the cost for the Line Extension to be reasonable for the Company to incur.

Permanent Residential Customer - A Customer occupying a dwelling or mobile home on a permanent foundation which is the Customer's primary residence occupied year-round for normal living purposes and including: (i) electrical wiring conforming with the National Electrical Code and the Company's service installation policies; (ii) a permanently installed heating system; (iii) permanently installed plumbing and sewage systems and (iv) thermal insulation meeting minimum standards as contained in this Tariff in effect at the time service is provided. (C)

Private Right-of-Way - The right-of-way or easement for electric facilities on, over, under, across and/or through real or other property owned by an individual or entity which is not a governmental, municipal or other public body to provide Full Service or Delivery Service.

Public Right-of-Way - The right-of-way or easement for electric facilities, subject to reasonable permitting, on, over, under, across and/or through real or other property owned by a governmental, municipal or other public body to provide Full Service or Delivery Service.

Service Line - An electric supply line from the Distribution Line to the Customer's metering point from which electric service is delivered to the Customer.

Speculative Line Extension - A Line Extension in which the Company has taken into account various factors including, but not limited to, Customer location, rate classification, projected Company revenues, permanency of use, primary residence and prospect of limited use by future Customers, and has deemed the cost of the Line Extension to be unreasonable for the Company to incur. (C)

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

Subdivider - The person or entity responsible for dividing a tract of land into building lots, to form a Subdivision, that are not to be sold as utility-ready lots.

Subdivision - A tract of land divided by a Subdivider into five (5) or more adjoining unoccupied lots for the construction of single-family residences, detached or otherwise, or apartment houses, all of which are intended for year-round occupancy, if electric service to such lots necessitates extending the Company's existing Distribution Lines. (C)

Temporary Electric Service - A Service Line, meter and/or other work supplied by the Company to the Customer for electric service over a defined period, usually less than one (1) year.

(2) Non-Speculative Single Phase Line Extension

Company Obligations

As used in this Rule 7, a span of conductor is approximately equal to 180 feet. The Company shall construct, own and maintain all Line Extensions. The Company shall provide an Applicant, at no charge, up to three (3) spans of conductor, three (3) poles and related material on Public Right-of-Way for each Line Extension, including the Service Line. The Company shall provide an Applicant, at no charge, one (1) span of conductor and related material on Private Right-of-Way for each Line Extension, including the Service Line, to serve a Permanent Residential Customer. The number of spans provided to an Applicant / Customer at no charge shall be referred to in this Rule 7 as the span allowance. The Company's engineering layout shall be the sole basis used for determining the design of the Line Extension and/or Service Line. Any additional Line Extension and/or Service Line costs in excess of those costs assumed by the Company under this Tariff shall be borne by the Applicant / Customer.

The Company shall not commence construction of a Line Extension and/or Service Line until completion of all of the following:

- (a) The Company's receipt and acceptance of an Application for electric service.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

- (C)
- (b) Execution by the Company and the Applicant / Customer of appropriate agreements for electric service and/or Line Extensions, and the payment by the Applicant / Customer of any and all associated costs or charges.
 - (c) The Applicant / Customer requesting the Line Extension and/or Service Line has furnished to the Company rights-of-way on, over, across, under and/or through the Applicant's/Customer's property that are necessary for the construction, maintenance and operation of the Line Extension and/or Service Line in accordance with Rule 6 of this Tariff and which are in form and substance acceptable to the Company.

The Company shall be under no obligation to construct the Line Extension and/or Service Line in the event it is unable to acquire all necessary rights-of-way and other consents from any parties other than the Applicant / Customer, in such form and substance acceptable to the Company.

Applicant Obligations

Where the Non-Speculative Line Extension and/or Service Line exceeds the span allowance, the Applicant / Customer shall make a CIAC or Cash Advance to the Company equivalent to the Company's estimated Direct Labor Costs and Direct Material Costs and/or Contractor Costs for construction of that portion of the Line Extension and/or Service Line which is in excess of the span allowance. All Line Extension and/or Service Line costs in excess of the span allowance shall be charged to the Applicant / Customer.

In the event that an Applicant / Customer makes a Cash Advance to the Company for construction costs in excess of the span allowance, refund(s) shall be made to the initial Line Extension Applicant / Customer for each new Permanent Residential Customer added to the initial Line Extension. The refund(s) shall be calculated by the average cost per foot of the Line Extension in excess of the span allowance. Refunds shall be made only for Customer additions made within five (5) years from completion of the initial Line Extension and the sum of any refund(s) shall never

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

(C)

exceed the initial Line Extension Applicant's / Customer's Cash Advance. Any balance from the Cash Advance remaining after five (5) years shall be retained by the Company. In lieu of paying a Cash Advance to the Company, the Applicant / Customer may elect to pay a CIAC to the Company.

If the Applicant / Customer requests, and Company approves, Line Extensions and/or Service Lines may be installed underground. Where a Customer requests underground service from overhead distribution facilities, the Company shall install such service upon receipt of a contribution, in the form of a CIAC, from the Customer equal to the amount the underground service costs exceed the overhead service costs. These costs will not be part of any Cash Advance or refund to a Cash Advance. The Company shall own, operate and maintain such underground facilities. In such case, the Applicant / Customer shall provide all necessary trenching, excavation, backfilling and grading in accordance with Company specifications in the prevailing Service and Meter Installation Requirement handbook, and shall bear all costs thereof.

Residential Customers electing to use conduit for their underground Service Line shall pay all related costs associated with such conduit.

The Applicant / Customer shall perform or arrange and pay for all Company-directed rough grading in accordance with the Company's specifications for underground lines and facilities, as said specifications shall be modified by the Company from time to time.

The Applicant / Customer shall pay the cost of all tree trimming, brush clearance and related activity associated with the establishment of the right-of-way for the Line Extension and/or Service Line.

If Applicant / Customer requests any deviation from the Company's specifications, the Company may, in its sole and exclusive discretion, approve such request. Any Company-approved deviations from its construction practices shall be at the Applicant's / Customer's sole expense.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

(3) **Underground Electric Service in New Residential Developments**

(C)

Company Obligations

The Company shall install underground facilities inside new Developments; however, should the lot owner or owners in a Subdivision desire underground service, such service shall be provided by the Company if such lot owner or owners, at their option, comply with Rule 7.a.(2) (Non-Speculative Single Phase Line Extensions) and 7.a(4) (Speculative Single Phase and All Three Phase Line Extensions and Service Lines).

(C)

The Company shall require for Developments which qualify under this Rule 7.a (3) (Underground Electric Service in New Residential Developments) and Rule 7.a.(4), (Speculative Single Phase and All Three-Phase Line Extensions and Service Lines) a CIAC or Cash Advance from the Applicant covering the Company's total estimated direct and indirect costs associated with the Line Extension to the tract of land being developed or within 100 feet of the boundary of Development. After the connection of Customers, external to the Development, to the Line Extension, a refund of the Cash Advance shall be made to the Applicant in accordance with Rule 7.a(4) (Speculative Single Phase and All Three-Phase Line Extensions and Service Lines).

The Company or its agent shall install the necessary service-related facilities that may include the installation of padmount transformers.

(C)

The Company shall, at the request of the Developer, install underground street lighting lines at the time of the original request for service to the Development or thereafter within the same Development. All street lighting shall be provided in accordance with this Tariff.

The Company shall have the right to perform its own excavating and backfilling.

If the Company elects to perform its own excavating and backfilling, there shall be no other charges to the Developer or to any other utility sharing the same trench.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

(C)

Developer Obligations

A Developer shall pay the cost of providing the Company with a copy of the recorded development plot plan identifying property boundaries and with easements satisfactory to the Company for occupancy by distribution, service and street lighting lines and related facilities.

The Developer or its agent shall provide all excavating, rough grading and backfilling required by the Company and shall meet the Company's specifications as they may be in effect from time to time. The Company upon request shall provide copies of the specifications to the Developer.

A Developer shall pay the Company for any necessary and additional costs incurred by the Company as a result of the following:

- (a) Installation of underground facilities that deviate from the Company's underground construction standards and specifications if such deviation is requested by the Developer.
- (b) A change in the plot plan by the Developer for electric service after the Company has completed engineering for the project and/or has commenced installation of its facilities.
- (c) Physical characteristics such as, but not limited to, oversized lots or lots with extreme setback.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

(C)

Exceptions

Whenever the Company or any affected person believes that the application of this Rule 7.a.(3),(Underground Electric Service in New Residential Developments) works an undue hardship, involves a physical impossibility, or is otherwise inappropriate, they may request an exception from the Commission in accordance with 52 Pa. Code §§ 57.81-57.88 by providing the Commission with the following:

- (a) A copy of the recorded plot plan of the Development for which the exception is being sought; and
- (b) A letter petition setting forth the name of the Applicant, the location and size of the development involved, the names of the electric utility and telephone utility which shall provide service to that development, the date on which construction began or shall begin, whether the development is a new development or one phase in a development to be completed in several phases, and whether facilities in the area surrounding the development have been installed underground or overhead.

Upon the filing of an exception request, the Commission's staff shall notify the utilities involved and the appropriate local government authority, review the facts stated in the request and issue to the Applicant and the utility an informal written report and decision within 180 days of the request for an exception. Failure of the party requesting an exception to supply sufficient data within the 180 day period shall result in the automatic denial of the request.

The Company or any affected person may appeal the informal decision rendered by Commission staff by filing a letter petition with the Secretary of the Commission stating the facts in question and requesting a hearing. All such appeals shall be referred to the Commission's Office of Administrative Law Judge for hearing and decision.

If an exception request initiated by an Applicant for electric service is granted, and such Applicant thereafter desires underground electric service, 52 Pa. Code §§ 57.82 and 57.83 shall apply as if no exception had been granted.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

(4) **Speculative Single Phase and All Three-Phase Line Extensions and Service Lines**

(C)

When the Company is requested to increase capacity, expand facilities or construct Speculative Single Phase Line Extensions and/or Service Lines or Three-Phase Line Extensions and/or Service Lines, the Company shall determine from the circumstances of each case the nature and level of financing and/or guarantee of revenue required of the Applicant / Customer prior to construction or installation of Company facilities. The Company shall employ a five-year revenue guarantee in order to offset the initial construction costs. The five-year revenue guarantee includes five (5) years of forecasted distribution revenues less certain incremental delivery costs including, but not limited to, distribution operation and maintenance expenses, depreciation expenses, gross receipts taxes, state and federal income taxes, and a reasonable return component. The Company may require the Applicant / Customer to make (i) a CIAC equivalent to the Company's total estimated costs associated with the construction of facilities necessary to render service in excess of the amount not covered by the revenue guarantee or (ii) a Cash Advance for the total construction costs to render service. The Company shall refund all or a portion of a Cash Advance previously provided by the Applicant in the event that the Company's revenue analysis for any newly connected Non-Residential Customer indicates that there are revenues in excess of the costs to provide service to that newly connected Non-Residential Customer, within five (5) years from the completion of the initial Line Extension.

Where an application for an overhead Line Extension for a tract of land being developed or proposed to be developed, in whole or in part, for residential, commercial or industrial purposes not covered by Rule 7.a.(3), (Underground Electric Service in New Residential Developments) is received from an entity that is not expected to be a Customer, the Company, prior to construction, shall require payment of a CIAC or a Cash Advance from the Applicant covering the Company's total estimated costs associated with the construction of said overhead extension (i) to the tract of land being developed and (ii) within the boundary of the tract of land necessary to serve prospective Customers in the tract.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

After the connection of a Non-Residential Customer to the Line Extension, a refund of the Cash Advance shall be made to the Applicant in accordance with this Rule 7.a(4) (Speculative Single Phase and All Three-Phase Line Extensions and Service Lines).

Applications for Speculative or Three-Phase Line Extensions and/or Service Lines shall be subject to all other Rules and Regulations of this Tariff.

In addition to the Line Extension costs described above, Non-Residential Customers shall also provide, install and pay for conduit, cable, metering conduit associated with their underground installation, including the Service Line, and such other costs specified in the Company's prevailing Service and Meter Installation Requirement handbook.

The Applicant / Customer shall pay the cost of all tree trimming, brush clearance and related activity associated with the establishment of the right-of-way for the Line Extension and/or Service Line

b. Temporary Service

Temporary installations for Residential and Non-Residential Customers, requiring special service, meter or other work shall provide electric service for a defined period, usually less than one (1) year ("Temporary Service"). Temporary Service, such as for construction purposes or exhibits of short duration, etc. shall be installed and removed at the Applicant's / Customer's expense. The Company shall provide the Temporary Service upon application from an Applicant / Customer. The Company shall provide the Temporary Service, provided that the Applicant / Customer reimburses the Company for all costs of installing and removing the service installation, including both material and labor, less the salvage recovered from all materials and equipment removed after termination of service. In all such cases, the Applicant / Customer shall make an advance payment to the Company sufficient to cover the estimated charges for installation and removal of the Temporary Service. (C)

For Temporary Service for residential single-unit house construction where both the temporary Service Line and meter can be transferred to the completed building, the Temporary Service shall be provided by the Company upon the Applicant's / Customer's payment of the Company's estimated costs to provide this service.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

c. **Relocation of, or Modification to, Company Facilities; Service Interruptions**

(C)

If as a result of a Line Extension or any other request that results in an expansion of the Company's facilities, an increase in the Company's facilities, construction of a system upgrade or any other change to or the modification of the Company's electric system, the Applicant / Customer shall pay all costs for such work as specified in this Rule 7

Company Obligations

The Company shall remove, relocate or change the Company's facilities or temporarily interrupt service to a Customer's premises, upon the Customer's request, where such removal, relocation, change or interruption is acceptable to the Company.

The Company shall provide the Residential Customer with an estimate of the costs of removing, relocating, changing or interrupting the Customer's service, and the Residential Customer shall pay that amount to the Company prior to performing the work.

The Company shall bill the Residential Customer based upon the Contractor Costs and/or Direct Labor and Direct Material Costs associated with the removal, relocation or change of distribution facilities or interruption, less an amount equal to any maintenance expenses avoided as a result of such work.

The Company may, in its sole discretion, request a Non-Residential Customer or other person or entity to pay to the Company in advance the estimated cost to perform such work. The Company shall bill Non-Residential Customers or other person or entity the total cost of the work, including the total direct and indirect costs.

After completion of the work, the Company shall bill or refund to the Non-Residential Customer or other person or entity, the difference between the estimated cost and the total direct and indirect cost of such work.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 - Extension of Company Facilities: System Upgrades (continued)

(C)

Customer Obligations

A Customer desiring the removal, relocation or change of Company facilities or interruption shall submit a request to the Company.

The Company may accept or reject said request in its sole and exclusive discretion. If the Company accepts said request, the Customer shall pay in advance the Company's total estimated cost for any Customer requested temporary interruption in the Customer's service due to construction, maintenance or other activities.

All Customers or other parties that request the removal, relocation or change of Company facilities shall furnish, without expense to the Company, satisfactory rights-of-way acceptable to the Company for the construction, maintenance and operation of the relocated facilities.

Non-Residential Property Owner

A non-residential property owner shall not be relieved or excused from paying all costs associated with the relocation or modification of the Company's facilities or temporarily interrupt electric service to a Non-Residential Customer's property under this Rule 7(c) if such relocation or modification of Company facilities or temporary service interruption is the result of any order, rule, regulation or other direction to said property owner from any governmental or public authority.

(C) Change