

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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 :
 DONALD AND PATTY TAYLOR, :
 :
 v. : Docket No.
 : F-01482857
 :
 PECO ENERGY COMPANY, :
 Billing dispute. Further :
 hearing on remand. :
 -----X

Pages 71 through 134

Hearing Room 1
State Office Building
1400 Spring Garden Street
Philadelphia, Pennsylvania

Thursday, May 25, 2006

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

BEFORE:

HERBERT SMOLEN, Administrative Law Judge

APPEARANCES:

LISA LUTZ, Esquire
2301 Market Street
Philadelphia, Pennsylvania 19101
(For the Claimant)

DONALD TAYLOR
4907 Parkside Avenue
Philadelphia, Pennsylvania 19131
(Pro Se)

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<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Renee Tarpley	77	81	-	-
Richard W. King	93	--	-	-
John Kratzinger	105	127	-	-

E X H I B I T S

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PECO's

7	No. 5 (Updated Account Statement)	132		132
8	No. 8 (Packet)	132		132

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1 two issues which are to be considered on remand.

2 Let the record further show, and I want to
3 re-emphasize, that the question or issue of liability is not
4 at issue in this case, and evidence on the question of
5 liability will not be heard because that has already been
6 decided by the Commission. The only two questions are the
7 method of -- the amount of the rebilling and the method for
8 the rebilling and whether or not the utility violated the
9 Commission's regulations in the meter reading practices.

10 Anyone want to make any statements,
11 Mr. Taylor, any statement that you want to make before we
12 go ahead with evidence?

13 MR. TAYLOR: No. The only statement I have
14 is basically, like I said the last time, I understand we are
15 responsible; but I wanted to say last time I think with this
16 type of action that we are going through, I just feel as
17 though PECO should have some responsibility for the
18 customers -- for any rate payer or new renter to check
19 properties.

20 JUDGE SMOLEN: Let me say this, and it's been
21 held many times by the Commission as well as by the courts,
22 an individual complainant can speak only on behalf of
23 themselves. You cannot speak on behalf of all rate payers.
24 You are not a lawyer. I understand your concerns. The
25 Commission has already made its ruling on the responsibility

1 for back payment. The two issues: Did they compute the back
2 billing properly and did they properly observe the
3 Commission's regulations on reading the meter, and if they
4 did not, why not. Those are the two issues and that's what
5 we are faced with. That's the Commission's order. I know
6 you are an intelligent person, you read it and you showed up
7 so you are here today.

8 Now having said is that, let me call on
9 counsel for the company to proceeds on those two issues,
10 Ms. Lutz.

11 MS. LUTZ: Yes, your Honor. We would like to
12 proceed at this time through testimony.

13 JUDGE SMOLEN: Go ahead.

14 MS. LUTZ: At this time I would like to call
15 to testify Ms. Renee Tarpley.

16 JUDGE SMOLEN: Mr. Taylor, you will be able to
17 ask questions of the witness. If you want to testify
18 afterwards you can.

19 Raise your right hand, please.

20 Whereupon,

21 RENE E TARPLEY

22 having been duly sworn, testified as follows:

23 JUDGE SMOLEN: State your full name and
24 address.

25 THE WITNESS: Renee Tarpley, 2301 Market

1 Street, Philadelphia, Pennsylvania 19101.

2 JUDGE SMOLEN: Ms. Lutz.

3 MS. LUTZ: Thank you, your Honor. May I
4 approach with the exhibits?

5 JUDGE SMOLEN: Yes, and make sure Mr. Taylor
6 gets a copy.

7 MS. LUTZ: Yes, your Honor.

8 JUDGE SMOLEN: How many exhibits do you have?

9 MS. LUTZ: At the initial hearing we had four
10 exhibits. Today we have exhibits five through eight.

11 JUDGE SMOLEN: So they are in two separate
12 packets?

13 MS. LUTZ: Yes. Exhibit 8 is a stand alone
14 document that was not stapled.

15 JUDGE SMOLEN: We'll have these marked for
16 identification as PECO Exhibits five, six, seven, and eight
17 respectively. Go ahead.

18 MS. LUTZ: Thank you, your Honor.

19 BY MS. LUTZ: DIRECT EXAMINATION

20 Q. Ms. Tarpley, did you testify at the initial hearing
21 held on this matter on January 12th, 2005?

22 A. Yes.

23 Q. May I refer you to what has been marked as PECO
24 Exhibit No. 5. Did you, in fact, prepare and testify to the
25 account statement that was presented at the hearing on

1 January 12th and marked as Exhibit 1?

2 A. Yes.

3 Q. Have you reviewed your records and prepared an
4 updated account statement?

5 A. Yes, I have.

6 Q. Is that updated account statement what has been marked
7 as PECO Exhibit 5?

8 A. Yes.

9 Q. Does this account statement include the date that you
10 submitted on PECO Exhibit 1, and it also includes data since
11 the January '05 hearing, correct?

12 A. That is correct.

13 Q. Can you generally again explain this exhibit?

14 A. This exhibit is an account statement for Donald and
15 Patty Stewart Taylor for 4907 Parkside Avenue. It covers
16 the billing period from September 2001 to the most recent
17 payment that was made on the account posted May 17th, 2006.

18 Q. Again, would you verify the type of service at this
19 property?

20 A. Residential electric.

21 Q. Would you confirm that it is not electric heat at this
22 property?

23 A. No.

24 Q. It's residential electric?

25 A. That is correct.

1 Q. Could you please identify and describe for us where
2 it's indicated where the meter change was on January 11th
3 the 2002?

4 A. If you refer to the first page of this document
5 somewhere near the bottom it indicates January 11th, 2002
6 meter change, the removed meter number of 61215866 and a
7 meter reading index of 11807, and the meter that was
8 installed at that time of 9G3745924 and set at a zero index.

9 Q. On this account statement, Ms. Tarpley, on the period
10 of 9/26/01 through 1/11/02, there are meter readings listed
11 and the types in which column, please?

12 A. The meter readings and the types are listed in the
13 third column on the document.

14 Q. Could you tell us if those were actual readings or
15 estimated readings?

16 A. They are noted as actual readings.

17 Q. Prior to the meter change, there are meter readers
18 that obtain actual readings at the property, correct?

19 A. That is correct.

20 Q. So all the months indicated on your statement, they
21 were actual reads contained by meter readers, correct?

22 A. In the early part, yes.

23 Q. Ms. Tarpley, if I can refer you to the update on this
24 account statement, page 5 of 5, could you please tell us
25 when was the last payment made on this account?

- 1 A. We posted a payment for May 17th, 2006 for \$580.77.
- 2 Q. What is the current balance on this account?
- 3 A. Zero.
- 4 Q. The account is paid in full, correct?
- 5 A. That is correct.
- 6 Q. And that includes the back billing after the meter
- 7 change, correct?
- 8 A. Yes. The account is paid in full.
- 9 Q. Ms. Tarpley, when you were reviewing your records and
- 10 in the Commission's order adopted on March 16th of '06, it
- 11 addressed a payment plan offered to the customers. Do your
- 12 records indicate that a payment plan was offered to the
- 13 customers?
- 14 A. The payment plan was offered due to the rebilling.
- 15 Q. Did the customers indicate that they wanted to accept
- 16 or decline that payment agreement?
- 17 A. They declined the offer at the time.
- 18 Q. At this time there is no outstanding charges?
- 19 A. No. The account is paid in full.
- 20 MS. LUTZ: Thank you, Ms. Tarpley.
- 21 Those are all the questions I have on the
- 22 account statement, your Honor.
- 23 JUDGE SMOLEN: Go ahead, Mr. Taylor.
- 24 CROSS-EXAMINATION
- 25 BY MR. TAYLOR:

1 Q. I just have a question on the rebilling part of it.
2 Is there a time period for us to be paid -- I mean we were
3 offered a payment plan prior to us coming here because we
4 wanted to appeal it obviously. I guess according to the
5 Utility Commission's rules, is there a certain time period
6 that we have to pay that outstanding bill?

7 A. We offer the time period for the length of accrual of
8 the bill. For instance, if you billed it for two years, we
9 offer you 24 months installments or something like that.
10 It's spread out over a period of time.

11 Q. So for the amount of money that we owed, what would
12 be the average repayment plan that you would give your
13 customers? In other words, we had over a \$5,000 bill. We
14 were told that we had to pay it in a 12-month period, and I
15 understood that we should have had four years to pay for it.

16 A. Let me clarify something: From my understanding and my
17 knowledge, usually in a tampering case that offer is
18 extended, but I'm not sure if it's actually -- if it's like
19 something that you are eligible for per se, but I do know
20 with rebilling periods, however long it took for it to
21 accrue, that's how many months you get it. But I'm not sure
22 if it's a case where it was supposedly irregular activity at
23 the property, but we do extend it to the customer because we
24 know it's a hardship getting a bill like that. And if it
25 went from 2002 and we finally billed you in 2004, we offer

1 you that 24-month period. And then we also attempt to
2 obtain financial information to see if maybe your financial
3 status allows you to have a lower installment than just the
4 flat dividing by 12 or dividing by that accrual period.

5 Q. How do you determine the financial status?

6 A. You would have to give us your information.

7 Q. You are talking about salaries and things like that?

8 A. Yes, the gross amount.

9 Q. We've never been offered that. But, going back to the
10 hardship, you are absolutely right. It was a severe
11 hardship for my wife and I because we thought it would be
12 reasonable to --

13 JUDGE SMOLEN: Mr. Taylor, you are testifying.
14 We'll give you a chance to testify.

15 MR. TAYLOR: I'm sorry, your Honor.

16 JUDGE SMOLEN: Let me ask a question: In this
17 opinion and order of the Commission, what did the Commission
18 decide concerning a repayment plan?

19 THE WITNESS: I believe it was four years or
20 a four-year period.

21 JUDGE SMOLEN: So the Commission, itself,
22 offered or decided that PECO should offer a four-year
23 repayment plan?

24 THE WITNESS: Right.

25 JUDGE SMOLEN: Was that offered?

1 THE WITNESS: Yes. The letter that was
2 submitted or given to the customer on July 3rd, 2003 is a
3 standard letter by the Revenue Protection Department when
4 they do that to call for the payment terms.

5 JUDGE SMOLEN: Was it offered?

6 THE WITNESS: I don't know if it was four
7 years that was offered.

8 JUDGE SMOLEN: I'm talking about pursuant to
9 the Commission's order, was that offered to Mr. and Mrs.
10 Taylor?

11 THE WITNESS: Let me check my records.
12 Actually, I see a payment arrangement that was offered
13 within \$150 installments.

14 JUDGE SMOLEN: Is that before?

15 THE WITNESS: That's before.

16 JUDGE SMOLEN: After the Commission's order
17 came out, your testimony was that they declined the payment
18 offer. Now, was it the Commission's payment offer that was
19 declined?

20 THE WITNESS: No. It was our offer before
21 the complainant.

22 JUDGE SMOLEN: I understand, but listen to my
23 question: The opinion order came out and said give them four
24 years. Did you tell them that they have four years?

25 THE WITNESS: No. We just processed the

1 decision as we normally do when we get the decision from the
2 Commission. I need a calculator.

3 JUDGE SMOLEN: Go ahead.

4 THE WITNESS: Now, according to our records,
5 payment terms were offered at \$150 installments which was
6 actually 36 months prior to the order. When we received the
7 order for the four years, it wasn't necessary because the
8 account was current. We didn't need any terms at that
9 time --

10 JUDGE SMOLEN: That's important. When was the
11 account made current so that -- let me strike that question.
12 When were the arrears paid in full so that the account
13 become current; is that before or after the Commission's
14 order?

15 THE WITNESS: Your Honor, are we talking
16 about the remanded order or the first order?

17 JUDGE SMOLEN: That's the only order there is.

18 MS. LUTZ: It's March 16th.

19 THE WITNESS: March 16th, '06, the customer
20 had a balance of \$1,562.78.

21 JUDGE SMOLEN: Now, according to the
22 Commission, they had four years to pay that out?

23 THE WITNESS: Right.

24 JUDGE SMOLEN: And what would be the --

25 THE WITNESS: We understood the four years

1 were supposedly based on the \$5,400, the rebilling, the
2 \$5,400 billing plus dollars.

3 JUDGE SMOLEN: Well, did you bill them that
4 way?

5 THE WITNESS: That wasn't the balance at
6 that time.

7 JUDGE SMOLEN: So what did you do?

8 THE WITNESS: He was still on the informal
9 decision; he was still complying with the informal decision.

10 JUDGE SMOLEN: Wasn't the informal decision --
11 well, that's a legal question. The Commission's order in
12 your view and PECO's view, take precedence over an informal
13 decision? I don't know whether you understand my questions
14 or not?

15 THE WITNESS: I think I understand your
16 question that when we received the order dated March 17th,
17 2006, that we should have -- whatever the balance was at
18 that time, regardless of \$5,400 or whatever, we should have
19 renegotiated the informal decision and apply it for four
20 years.

21 JUDGE SMOLEN: What do mean by renegotiated?

22 THE WITNESS: I'm sorry, I'm just using PECO
23 jargon.

24 JUDGE SMOLEN: Did you do that?

25 THE WITNESS: No, we didn't do that.

1 JUDGE SMOLEN: Why?

2 THE WITNESS: Because according to this here,
3 the customer --

4 JUDGE SMOLEN: He had a thousand dollar
5 balance in arrears, did he not?

6 THE WITNESS: Not in arrears because he was
7 up-to-date.

8 JUDGE SMOLEN: What were the arrears, were
9 there zero arrears as of March 17th of '06 zero?

10 THE WITNESS: I would have to say it was
11 around \$485.62 that was actually in arrears or in the
12 unbilled portion of the agreement of the existing informal
13 decision.

14 JUDGE SMOLEN: You keep going back to an
15 informal decision. My specific question is as of March
16 17th, 2006 what was the arrearage?

17 THE WITNESS: I'm looking at the current
18 bill, your Honor, just taking into consideration --

19 JUDGE SMOLEN: Think to yourself.

20 THE WITNESS: I'm not looking at the actual
21 numbers. I would say the past due amount is \$9,059.01.

22 JUDGE SMOLEN: Now, that's three numbers you
23 gave me. You gave me a four hundred number; you gave me a
24 nine hundred number; you gave a thousand number. What's the
25 correct answer?

1 THE WITNESS: Nine fifty-nine zero one. I'll
2 tell you how I got to that.

3 JUDGE SMOLEN: I didn't ask you that.

4 THE WITNESS: Well, you are going to.

5 JUDGE SMOLEN: Maybe. Nine fifty-nine zero
6 one was the arrearage when the Commission's order came out?

7 THE WITNESS: That is correct.

8 JUDGE SMOLEN: Under the Commission's order it
9 said four years to pay the arrearage?

10 THE WITNESS: That is correct.

11 JUDGE SMOLEN: And the arrearage at the time
12 of the hearing was how much, four or five thousand?

13 THE WITNESS: \$5,411 and some change.

14 JUDGE SMOLEN: Now, if you divided that in
15 four years, what would the monthly payment be?

16 THE WITNESS: Which figure do you want me to
17 divide?

18 JUDGE SMOLEN: The big one. The Commission
19 said pay the big one out over four years.

20 THE WITNESS: That would have been, like, \$113
21 installment plus the current charges.

22 JUDGE SMOLEN: And they had a \$959.

23 THE WITNESS: Right. At that time when we
24 got the order.

25 JUDGE SMOLEN: Now, did you bill them \$113 a

1 month on the arrears?

2 THE WITNESS: No.

3 JUDGE SMOLEN: What did you do?

4 THE WITNESS: We just kept the informal
5 decision in place. We did not bill him on the --

6 JUDGE SMOLEN: And the informal decision was
7 how much per month?

8 THE WITNESS: That informal decision, I think
9 that was a rather large sum. . . .

10 JUDGE SMOLEN: Did the informal decision even
11 offer a payment arrangement?

12 THE WITNESS: No. It didn't offer a payment
13 arrangement at all.

14 JUDGE SMOLEN: So what did you bill him?

15 THE WITNESS: He was on a decision that was
16 issued back in May of 2005 for \$473.69 plus the current
17 bill. He was still on that particular payment arrangement.

18 JUDGE SMOLEN: Why didn't you change it to the
19 Commission's order of March 17th?

20 THE WITNESS: Your Honor, to be honest, I
21 didn't even see that in there.

22 JUDGE SMOLEN: Didn't see what in there?

23 THE WITNESS: I wasn't aware of that four
24 year -- the Commission's order.

25 JUDGE SMOLEN: So what were you actually

1 billing him?

2 THE WITNESS: They were billing him on the --

3 JUDGE SMOLEN: Tell me the amount.

4 THE WITNESS: Installments of \$473.69 plus
5 the current bill of \$131.71 at the time this order was
6 issued on March 16th, 2006.

7 JUDGE SMOLEN: Yes, but you continued that
8 after that?

9 THE WITNESS: That continued.

10 JUDGE SMOLEN: What is it today?

11 THE WITNESS: Zero.

12 JUDGE SMOLEN: Well, what was it last month?

13 THE WITNESS: It was \$617.24.

14 JUDGE SMOLEN: Was it still \$473?

15 THE WITNESS: The last bill installment was
16 \$473.48 and he paid that with that payment of May 17th,
17 2006.

18 JUDGE SMOLEN: So in order to cut it short,
19 PECO did not place this customer on a four-year monthly
20 budget bill for the arrears?

21 THE WITNESS: No, not according to this.

22 JUDGE SMOLEN: Now my question is why? If you
23 don't have an answer say no.

24 THE WITNESS: First I wasn't aware but I can
25 tell you the process, it would have started with the bill

1 that was due May 2006, but we did not do it. The agreement
2 would have just began with the bill due May 2006.

3 JUDGE SMOLEN: You know it may be confusing to
4 a customer when any utility witness, including yourself,
5 always talks in terms of an agreements. With respect to the
6 Taylors or any other customers, it's not an agreement. It's
7 what was ordered; is that correct?

8 THE WITNESS: That is correct. It's
9 definitely an order March 2006.

10 JUDGE SMOLEN: But that's the Commission's
11 order, but even the informal order, informal decision or a
12 prior decision, all utility witnesses talk about an
13 agreement when in essence it's an order. It's not an
14 agreement. They were ordered to do it?

15 THE WITNESS: Okay.

16 JUDGE SMOLEN: That's a comment that I have in
17 general based on an agreement. It wasn't an agreement; it
18 was an informal decision and a prior decision before that
19 and the Commission's decision in this case. So they were
20 ordered to pay and PECO is ordered to put them on a
21 four-year payout. Now, they paid it out before that which
22 is commendable. I know PECO likes it; the Commission likes
23 it. It's a headache off of the Taylors.

24 Go ahead.

25 BY MS. LUTZ:

1 Q. So Ms. Tarpley, just to recap, when the BCS decision
2 was rendered and was a payment arrangement offered to the
3 customer?

4 A. According to the decision they are saying the payment
5 offer was declined.

6 Q. Are your records consistent that a payment arrangement
7 was offered and declined?

8 A. Yes.

9 JUDGE SMOLEN: But isn't a BCS decision the
10 witness testified that there was no payment arrangement and
11 it was a liability issue, are they responsible for it.

12 BY MS. LUTZ:

13 Q. And now when the order came out from the Commission on
14 March 16th, 2006, your testimony is a payment arrangement of
15 four years was not offered to the customer; is that correct?

16 A. Not at this time we did not.

17 JUDGE SMOLEN: You say at that time. Was it
18 ever offered?

19 THE WITNESS: No. I say it was offered due
20 to the letter that was sent to the customer. They never
21 responded to it. The letter states if you need a payment
22 arrangement or what have you it's there for you.

23 JUDGE SMOLEN: You didn't listen to your
24 lawyer's question. Based on the May 16th order of the
25 Commission, which remanded the case here, she asked did you

1 make the offer for a four-year payout?

2 BY MS. LUTZ:

3 Q. On the arrears at that time?

4 A. They made an offer.

5 Q. On March 16th of 2006?

6 A. No. That was an order.

7 Q. Payment arrangement of four years was not offered on
8 the arrears on March 16 of 2006?

9 A. March 16th, no, that was an order.

10 Q. And prior thereto an offer was made but it was
11 declined, correct?

12 A. Yes.

13 MS. LUTZ: Thank you, your Honor.

14 JUDGE SMOLEN: Mr. Taylor?

15 MR. TAYLOR: I'm okay.

16 JUDGE SMOLEN: Does that cover it?

17 MR. TAYLOR: That covers it.

18 JUDGE SMOLEN: The witness is excused. Thank
19 you very much.

20 MS. LUTZ: Thank you, your Honor.

21 (Witness excused.)

22 MS. LUTZ: Your Honor, at this time I would
23 like to call Mr. Rich King to testify.

24 JUDGE SMOLEN: Before I swear in Mr. King, are
25 you going to have a witness to testify as to how the arrears

1 were computed?

2 MS. LUTZ: Yes. Mr. King is going to testify
3 as to the billing.

4 And Mr. King if I could give you this for your
5 reference.
6 Whereupon.

7 RICHARD W. KING

8 having been duly sworn, testified as follows:

9 JUDGE SMOLEN: Please have a seat, keep your
10 voice up. State your full name and business address.

11 THE WITNESS: Richard W. King, 2301 Market
12 Street, Philadelphia PA 19101.

13 JUDGE SMOLEN: Ms. Lutz.

14 MS. LUTZ: Thank you.

15 DIRECT EXAMINATION

16 BY MS. LUTZ:

17 Q. Mr. King, by whom are you employed?

18 A. PECO Energy.

19 Q. How long have you been employed by PECO Energy?

20 A. Thirty-four years.

21 Q. What is your current business title?

22 A. Senior supervisor of billing and revenues protection
23 group.

24 Q. Would you generally describe your duties in the
25 billing department as a senior supervisor?

1 A. We oversee analytical reports on test cases and we
2 plan what fieldwork needs to go out to the field, and then
3 we review the information once it comes back from the field
4 to calculate the rebilling on test cases.

5 Q. Mr. King, in the course of your employment have you
6 had the opportunity to review and become familiar with the
7 complainant's account Mr. and Mrs. Taylor?

8 A. Yes, I have.

9 Q. Can I please refer in the packet of information what
10 has been marked as PECO Exhibit-6?

11 A. I think I have it here.

12 Q. It's a three page document.

13 A. Right. Yes, I have it here.

14 Q. Would you please describe this document?

15 A. This is a generated letter out of our group which is
16 sent out to every customer. When we have to rebill, we give
17 them a high level view of what we found, the period of time
18 that was in question, the daily average usage that we
19 computed as the rebilling factor, and then we break it out
20 and we send it out to the customer. That's the letter that
21 is showing up as Exhibit-6.

22 Q. Would you please review for us the second paragraph
23 where it explains how the rebilling was generally
24 calculated?

25 A. The account was adjusted for the winter periods by

1 using a 26.3 daily average usage obtained from the periods
2 2/25/02 to 4/26/02. The account was adjusted for the summer
3 period using a 62.0 daily average usage obtained from the
4 period 6/26/02 to 8/27/02.

5 Q. Mr. King, can you confirm for us the meter was
6 actually changed in January of '02, would this have been a
7 February 25 of '02 the first period that the data was
8 obtained, the first full month of data for actual usage,
9 correct?

10 A. Yes. Normally when a meter is set in January it takes
11 a little bit of time to initiate the AMR meter and it will
12 start communicating with our company. And then from that
13 point out, we give a period of time to try to get a good
14 average usage.

15 Q. So on this statement could you also indicate what
16 period the charges cover and in what amount?

17 A. The charges for this back billing of \$5,411.30 was
18 between 3/27/1998 to 1/11/02 to when the meter was changed
19 out.

20 Q. Okay. Can I refer you to page two of three, which is
21 a calculation. Could you please describe this exhibit?

22 A. This goes also out with the letter to the customer
23 because we want to inform them the period of time based on
24 the rebilling. There's a comment that says: "previously
25 build KWH," and that which shows the consumption that was

1 build in the system --

2 JUDGE SMOLEN: What page?

3 THE WITNESS: Page two.

4 JUDGE SMOLEN: Go ahead.

5 THE WITNESS: We have the billing periods that
6 we back-billed, and we normally break it down by season,
7 winter/summer. We have the usage, what was billed at the
8 current time when the meter was defective or tampered with.
9 We have the amount that was previously billed and then we
10 have the revised consumption and the revised money, and then
11 the additional charges that would be charged for that period
12 of time.

13 BY MS. LUTZ:

14 Q. Mr. King, can you explain to us now when this
15 rebilling or back billings is done, is this cancelling a
16 previous bill for a usage and just issuing a new bill or is
17 it in addition to what was charged previously?

18 A. This is in addition because with the meter being
19 tampered with, we do not cancel rebills because those
20 readings would not be any good to us. So these are
21 calculated charges that we figure out after we have a good
22 period of time to get an average for the different seasons,
23 and then it's back billing, and we enter it as a debit
24 amount on the customers's bill.

25 Q. So what you are saying is that this amount is a charge

1 for usage in addition to what the customers were already
2 billed?

3 A. Correct.

4 JUDGE SMOLEN: Let me just jump in. Let's
5 take the first line of this page two where you say revised
6 usage, KWH usage 2367 billable hours; how did you get
7 that?

8 THE WITNESS: Based on what we had from the
9 front letter, the meter got set January 11th, so we are
10 letting the meter sit out there and communicate to PECO to
11 try to get some good averages for billing. Once we let the
12 meter go through the periods February to April, we took a
13 period and we calculated what we think the back billing
14 should be.

15 JUDGE SMOLEN: Well, that's my question, "what
16 you think". Didn't the Commission say tell us how you
17 arrived at that calculation; is it a guess, how did you
18 arrive at that number?

19 THE WITNESS: Can we look at page three,
20 please.

21 JUDGE SMOLEN: Oh, yes.

22 THE WITNESS: Page three is our calculated
23 sheet where now we are obtaining readings from the AMR
24 system. We make our subtractions and then we figure out --

25 JUDGE SMOLEN: Tell me how you did it. The

1 number, not the bottom line, but what did you actually do?
2 Give me one number of how you calculated one of these items?

3 THE WITNESS: Okay. On February 25th, we
4 take a reading from the system.

5 JUDGE SMOLEN: Of '02, is that correct?

6 THE WITNESS: '02. We take a reading of
7 01474. We take another reading on 4/26/02 of 03154. We
8 make a subtraction, which is 1580 and then we divided by the
9 number of days within that period. And we come up with a
10 26.3 average for that winter period.

11 JUDGE SMOLEN: At 26.3, what unit is that?

12 THE WITNESS: That's KWH per day.

13 JUDGE SMOLEN: Okay.

14 THE WITNESS: And then we go down to the
15 summer daily average usage and we take a reading on 6/26/02
16 of 04975, we take a reading of 8821 on 8/27/02, the usage
17 calculation of 3846, we divided by the number of days, 62,
18 and we come up with an average per day of 62 kilowatt hours
19 per day.

20 JUDGE SMOLEN: These other numbers which don't
21 have a unit after them, are they kilowatt hours?

22 THE WITNESS: Yes. The readings would be --

23 JUDGE SMOLEN: Well, the total difference in
24 usage?

25 THE WITNESS: Yes, that's kilowatt hours.

1 JUDGE SMOLEN: And the 3846 is the bottom
2 half, that's kilowatt hours?

3 THE WITNESS: Kilowatt hours for the summer.

4 JUDGE SMOLEN: And then it's the number of
5 days between the readings?

6 THE WITNESS: Between those dates.

7 JUDGE SMOLEN: Between the dates, all right.
8 Very good. Now you have -- let's take the winter period.
9 You have 26.3 kilowatt hours per day.

10 THE WITNESS: Correct.

11 JUDGE SMOLEN: What do you do with that
12 number?

13 THE WITNESS: So what we do is we go back to
14 page two, and if we use the period between 3/27/98 and
15 5/27/1998, we calculate the number of days in that period.

16 JUDGE SMOLEN: And how many were the number of
17 days?

18 THE WITNESS: I don't have it.

19 JUDGE SMOLEN: So you calculate the number of
20 days?

21 THE WITNESS: Correct.

22 JUDGE SMOLEN: What do you do with that
23 calculation?

24 THE WITNESS: We multiple that 26.3 times the
25 number of days within that period and that would be the

1 revised KWH that would be charged extra on top of what the
2 customer is charged.

3 JUDGE SMOLEN: That's not the revised; that's
4 the total, isn't it?

5 THE WITNESS: No. That's the difference
6 between what they were charged before, so the 26.3 is a new
7 average.

8 JUDGE SMOLEN: You said that the actual
9 readings -- let's take the upper half, the actual readings
10 showed a usage of 1580?

11 THE WITNESS: Correct.

12 JUDGE SMOLEN: Now you said "differences".
13 Isn't that really the actual usage, you take a reading date
14 start and a reading date end?

15 THE WITNESS: Right.

16 JUDGE SMOLEN: Now, why do you call that
17 difference in usage; why isn't that usage period?

18 THE WITNESS: That's usage that should have
19 been charged.

20 JUDGE SMOLEN: It's total, not difference in
21 usage. So for me to understand it, I have to see that
22 that's the total usage between those dates?

23 THE WITNESS: Correct.

24 JUDGE SMOLEN: Now you have the total usage
25 between those dates were 60 days?

1 THE WITNESS: Right.

2 JUDGE SMOLEN: Sixty times 1580 comes out to
3 what?

4 MS. TARPLEY: You said 60 times 1580?

5 JUDGE SMOLEN: Well, it's PECO's numbers, 60
6 days times 1580 kilowatt hours comes out to what?

7 MS. TARPLEY: It's divided by the number,
8 your Honor.

9 JUDGE SMOLEN: Well, then you got to explain
10 it to me again -- oh, that's right to get per day. You want
11 to get per day so how much is it per day?

12 THE WITNESS: 26.3.

13 JUDGE SMOLEN: So average per day, so we have
14 that. And you got to multiple 26.3 times 60; what does that
15 come out to be?

16 THE WITNESS: That's 1578. So it's
17 recalculating back.

18 JUDGE SMOLEN: And they were previously
19 billed?

20 THE WITNESS: This is getting a winter
21 average a 26.3 is a winter average --

22 JUDGE SMOLEN: I understand.

23 THE WITNESS: -- that is used that to
24 calculate what didn't get charged at the time the meter was
25 tampered with.

1 JUDGE SMOLEN: How do you know what didn't get
2 charged? You have to explain it to me, and I will
3 understand it, but let me walk it through the way -- this is
4 the average 26.3 kilowatt hours per day is the average usage
5 during the winter period; is that right?

6 THE WITNESS: That's what we took as the
7 calculation 3/27 to 5/27, do you consider that a winter
8 period?

9 THE WITNESS: Yes.

10 JUDGE SMOLEN: How many days in that period of
11 time?

12 THE WITNESS: Sixty.

13 JUDGE SMOLEN: I'm assuming --

14 THE WITNESS: Wait a minute. I have it here.
15 I have 90 days between 3/27 and 5/27/98 -- now, that's not
16 60 days.

17 JUDGE SMOLEN: That's two months, 60 days,
18 three to four and four to five, 60 days?

19 THE WITNESS: Uh-huh.

20 JUDGE SMOLEN: So during that 60-day period,
21 the total usage, not a difference in usage, the total usage
22 was 1580, that's your second page?

23 THE WITNESS: Right.

24 JUDGE SMOLEN: Now, how much were they
25 previously billed?

1 THE WITNESS: They were billed for 688
2 kilowatt hours.

3 JUDGE SMOLEN: And they should have been
4 billed for 1580; is that right?

5 THE WITNESS: Correct.

6 JUDGE SMOLEN: And what's the difference in
7 usage, the unbilled usage?

8 THE WITNESS: 892.

9 JUDGE SMOLEN: But you put there revised usage
10 2367, why; where does the 2367 come from?

11 THE WITNESS: I'm not sure, your Honor.

12 JUDGE SMOLEN: That's why I asked the
13 questions because I'm not sure, and it's to say we think and
14 we did this and we did that, I wanted to see how you did it.
15 So I think this exhibit may have to be redone.

16 MS. LUTZ: Yes, your Honor.

17 JUDGE SMOLEN: Am I wrong?

18 THE WITNESS: No, it doesn't look right.

19 JUDGE SMOLEN: What do we do, we don't have a
20 correct exhibit?

21 MS. LUTZ: Correct.

22 JUDGE SMOLEN: So what do we do? The Taylors
23 are here. Based on this it has to be redone; what do we do?
24 I'm looking for a suggestion. We can continue the hearing
25 and have another further hearing to give you an opportunity

1 to go over all these exhibits and do the figures.

2 MS. LUTZ: We would like to continue the
3 hearing and reserve this issue for a further hearing, and
4 I'll see if an adjustment is warranted based on an obvious
5 miscalculation on this sheet.

6 JUDGE SMOLEN: I didn't want to go through all
7 the others because --

8 MS. LUTZ: Right.

9 JUDGE SMOLEN: I'll give you the opportunity
10 to do that. So are you then now requesting that we stop at
11 this point?

12 MS. LUTZ: Your Honor, I am. PECO is prepared
13 to address the issue of the lack of reading the meter and
14 whether it was visible to the meter readers.

15 JUDGE SMOLEN: All right. We are going to,
16 then, put this issue, the recalculation of the arrears on
17 hold. We'll schedule another hearing for that. We'll
18 excuse this witness temporarily to redo whatever he has to
19 do. We'll set another hearing and we will then take the
20 next witness. Thank you very much.

21 MS. LUTZ: Thank you, your Honor.

22 (Witness excused.)

23 MS. LUTZ: At this time I would like to call
24 to testify Mr. John Kratzinger.
25 Whereupon,

1 JOHN KRATZINGER

2 having been duly sworn, testified as follows:

3 JUDGE SMOLEN: Please have a seat. Keep your
4 voice up. State your full name and business address.

5 THE WITNESS: John Kratzinger, 2301 Market
6 Street, Philadelphia.

7 JUDGE SMOLEN: Spell your last name?

8 THE WITNESS: K r - a - t - z - i - n - g - e - r .

9 JUDGE SMOLEN: Before we go on, let's go off
10 the record for a minute.

11 (Decision held off the record.)

12 JUDGE SMOLEN: Mr. Kratzinger, you stated your
13 name and did you give your business address?

14 THE WITNESS: Yes, I did.

15 JUDGE SMOLEN: Counsel.

16 MS. LUTZ: Thank you, your Honor.

17 DIRECT EXAMINATION

18 BY MS. LUTZ:

19 Q. Mr. Kratzinger, by whom are you employed?

20 A. PECO Energy.

21 Q. What is your current business title?

22 A. A senior supervisor for the revenue of protection
23 field technician.

24 Q. How long have you been employed by PECO?

25 A. Thirty-nine years.

1 Q. Mr. Kratzinger, could you explain your background
2 through those 39 years to your current position?

3 A. Yes. I started in 1967 as a line man, a trouble man,
4 electric and gas dispatcher, aerial line supervisor,
5 manager, shift manager for all emergency service for all
6 five counties, and my current position is revenue protection
7 senior supervisor.

8 Q. And in that position, Mr. Kratzinger, do you also
9 participate in the utility profession outside of your work
10 employment?

11 A. Yes, I do in two areas. I am the chairman for the
12 revenue protection task force from the Energy Association of
13 Pennsylvania, and I am also the director for the Northeast
14 Revenue Utilities Association.

15 Q. What has been marked as PECO Exhibit-8, would you
16 generally describe this exhibit, is this exhibit -- let me
17 ask -- I retract that question.

18 Mr. Kratzinger, is this generally a summary of the
19 testimony you are going to present here today?

20 A. Yes.

21 Q. Was this prepared with your participation under my
22 supervision?

23 A. Yes, it was.

24 Q. Mr. Kratzinger, would you please generally describe
25 the AMR project or purpose?

1 A. Yes. An AMR was a business decision by PECO Energy to
2 automate the readings of all the electric and gas meter
3 readings in the system on the system territory. The
4 automation created efficiencies in that each AMR record was
5 used at the property to transmit readings every five minutes
6 and to give more efficient accuracy and billing.

7 In addition to that, this project started in 2000 and
8 replaced over two point five million electric and gas
9 meters. We also had the opportunity to have safer
10 conditions for both the customer and PECO Energy in
11 obtaining the meter readings and getting accurate meter
12 readings.

13 Some of the safety concerns that we had was access to
14 various meters, running into various problems, access to the
15 meters, whether it's an outside meter with a fence around it
16 or dogs around it or indoor meters and no one around to read
17 the meter. So we were able to eliminate that with the AMR
18 system.

19 Some of the other benefits from AMR was we did not
20 need meter readers anymore. An AMR meter is read and
21 recorded by way of a computer system, and we are able to
22 transmit the readings from the usage to go to the proper
23 billing -- correct billing.

24 Meter alterations and tampering used to depend on
25 meter readers, but now we are able to depend on our

1 technology, and we are able to see certain flags to indicate
2 that there is something wrong with the meter reading that
3 could be a maintenance issue or a theft issue depending on
4 how the information is interpreted. That's basically it.

5 Q. Prior to the AMR initiative, when PECO had meter
6 readers that actually went to the property, can you
7 generally explain what they did and how they read the
8 meters?

9 A. Yes. Traditionally the meter readers would visit
10 approximately two million properties on a regular basis, and
11 they would go to each meter and visually read the meter. It
12 took approximately 15 to 30 seconds and they would record
13 the reading. That's all they were allowed to do; they
14 weren't allowed to touch the meter or move the meter or
15 anything like that.

16 Q. Can I refer you to page four of twelve?

17 A. Yes.

18 Q. Can you describe this picture that's on this page?

19 A. That is a typical meter. This is a brand new meter so
20 all the dials are pointing to the 12 spot position so it's a
21 zero read. It's for demonstration purposes. They would be
22 reading what we call the registered, and that's the five
23 dial pointing straight up, that's what they would be
24 reading. For AMR purposes, the bottom section of that looks
25 like half of a moon, that is the AMR module.

1 Q. And the AMR module what does that exactly do?

2 A. That's the part that transmits the readings every five
3 minutes and takes the daily readings that we record.

4 Q. How is that transmitted; is it a computerized system?

5 A. It is a computerized system, radio-controlled, and it
6 goes to various controllers throughout the system, and then
7 those controllers report back to the main system.

8 Q. So when the meter readers were actually visiting each
9 property, they were reading those five individual dials on
10 the property?

11 A. That is correct.

12 Q. Would they be permitted to remove that meter or
13 disassemble the meter in any way?

14 A. No, not at all.

15 Q. Now, Mr. Kratzinger, could you please explain the
16 types of meter and meter board setups that are at
17 residential properties?

18 A. Yes. Traditionally there are two meter boards out
19 there: one is a ring meter board. That would be the meter
20 board on the left-hand side that has a ring attached to the
21 meter itself.

22 Q. Mr. Kratzinger, are you on page five of twelve
23 referring to the pictures?

24 A. Yes, I am. So that's called a ring board, and then on
25 the right-hand side is the ringless board where you don't

1 have to put a ring around it, and the meter goes in first
2 and then you put that plate over top of it.

3 Q. Okay.

4 A. These boards both have locks which we often refer to
5 as a barrel lock to keep the ring locked. This ring and
6 lock are PECO's equipment. The lock is visible below by the
7 hanging part down there that we put the lock through there.
8 You'll also see that the blue on the left-hand picture is
9 sealed, so there's a lock and a seal.

10 Q. Mr. Kratzinger, could there have been tampering to
11 meters that --

12 JUDGE SMOLEN: Wait. Which kind of meter was
13 in the Taylor's property?

14 THE WITNESS: The one on the right-hand side,
15 your Honor. It's the ringless board.

16 MS. LUTZ: Your Honor, Mr. Kratzinger
17 actually has representative meters with him today if that
18 would assist.

19 JUDGE SMOLEN: Present the case however you
20 want.

21 BY MS. LUTZ:

22 Q. Mr. Kratzinger, do you have with you today a sample of
23 a ring and a ringless --

24 A. Yes, I do.

25 Q. -- a meter in a ring and a ringless meter board?

1 A. Yes. The first board I'll show you is a ringless
2 board.

3 Q. Mr. Kratzinger, is that the type of board that's at
4 the Taylor property?

5 A. Not this exact type, but at their property is also a
6 ringless board. This notch down here (indicating) is where
7 you would put your seal and barrel lock ring lock, which is
8 a very small heavy duty steel pin. We have a specific tool,
9 a barrel lock key. We open it up, it comes apart, and you
10 would put it in here and lock it back up, and then you would
11 put your seal on it. This is an example of a ringless
12 (indicating) and this is an example -- I don't have the
13 meter in this one of a -- you put your meter in and then you
14 put a securing ring around or you use the heavy-duty ring or
15 a lighter ring.

16 Q. Mr. Kratzinger, the type at the Taylor property is a
17 ringless meter board; is that correct?

18 A. That is correct. That would be similar to this
19 (indicating).

20 Q. At that property, when the meter readers actually went
21 to the property, they would be looking at those five dials
22 on the front; is that correct?

23 A. That is correct.

24 Q. They are looking at those five dials and they would
25 see if there's any kind of instruments or tools or anything

1 put into that big board, correct?

2 A. That is correct. What they are taught whether it's a
3 ringless or ring board, they would be looking at the meter
4 to see if there was water in it, to see if the meter was
5 fogged up, to see if there was a hole drilled into the
6 meter inserted there to slow down the gears inside.

7 JUDGE SMOLEN: When the seal is in the one
8 that you just showed, in the ringless --

9 THE WITNESS: The metal part, your Honor?

10 JUDGE SMOLEN: The bottom.

11 THE WITNESS: This part here (indicating)?

12 JUDGE SMOLEN: Yes. Can you insert it in your
13 example that you have there?

14 THE WITNESS: Yes, I can.

15 JUDGE SMOLEN: Is it visible to the eye?

16 THE WITNESS: (Indicating).

17 JUDGE SMOLEN: So it is visible?

18 THE WITNESS: Yes, it is.

19 JUDGE SMOLEN: And you agree that it's
20 visible?

21 THE WITNESS: Yes.

22 JUDGE SMOLEN: Go ahead.

23 BY MS. LUTZ:

24 Q. Mr. Kratzinger, when the meter readers are coming to
25 actually read the meter, they are focusing on the dials,

1 correct?

2 A. That is correct.

3 Q. And they are focusing on any outstanding tools,
4 instruments, or some kind of changes to the meter box
5 itself, correct?

6 A. To the meter.

7 Q. To the meter. So on this particular property, did the
8 meter readers ever report back to your department that
9 there was anything that tampered with the actual meter at
10 the property?

11 A. Not to my knowledge.

12 JUDGE SMOLEN: I have to stop you again, and
13 I'm sorry for interrupting your train of thought. You said
14 that they had a ringless?

15 THE WITNESS: A ringless board and a ring
16 board.

17 JUDGE SMOLEN: No, the Taylors?

18 THE WITNESS: They had this type -- not
19 exactly this type but it was a ringless board.

20 JUDGE SMOLEN: I'm reading from -- I'm going
21 to direct counsel's attention to page 12 of the Commission's
22 order.

23 MS. LUTZ: Yes, your Honor.

24 JUDGE SMOLEN: And it's the middle paragraph
25 and sort of the middle sentence. And it says: "Furthermore,

1 for 46 months of actual meter reads, PECO employees did not
2 notice that the meter box was unsealed, the heavy-duty
3 sealing ring was missing." Now, there is no sealing ring on
4 this meter?

5 THE WITNESS: No, there isn't.

6 JUDGE SMOLEN: Are you sure that that's the
7 kind of meter that was at the Taylor's or the right-hand
8 one?

9 THE WITNESS: I did go to the property,
10 itself, and this is what they have.

11 BY MS. LUTZ:

12 Q. So, Mr. Kratzinger, could you explain how there could
13 have been a type of error or that terminology used by
14 Mr. Walker in a previous hearing?

15 A. Yes. Mr. Walker is one of my employees. When he
16 referred to a heavy-duty locking ring --

17 JUDGE SMOLEN: The Commission refers it to a
18 heavy-duty sealing ring was missing.

19 THE WITNESS: You can put it on but it
20 doesn't do any good because it's a ringless board.

21 JUDGE SMOLEN: So you are saying that the
22 prior witness's statement that the heavy-duty sealing ring
23 was missing, in the sense that it wasn't there, because your
24 testimony is it wasn't there because it's not supposed to be
25 there in that type of meter?

1 THE WITNESS: That is correct.

2 JUDGE SMOLEN: Ms. Lutz, you'll have to
3 remember all this to put in your brief so we can make sense
4 out of it until the second initial decision on remand.

5 MS. LUTZ: Yes, your Honor.

6 JUDGE SMOLEN: Did you notice that the meter
7 box was unsealed? I'm addressing what the Commission said,
8 and I previously asked you and you said that is visible, the
9 seal is visible if you look at it.

10 THE WITNESS: This is not a seal.

11 JUDGE SMOLEN: Did not notice that the meter
12 box was unsealed. Can that meter box be unsealed; what does
13 that mean?

14 THE WITNESS: Your Honor, this is unsealed
15 right now the way you look at it, we consider unsealed.
16 By just putting this on there without the heavy-duty lock,
17 and if I closed it it would be locked; it would be
18 sealed.

19 JUDGE SMOLEN: Okay.

20 THE WITNESS: This is a locking ring so we
21 have two items that we can put on here.

22 JUDGE SMOLEN: So a locking ring can be in
23 there and the meter is yet unsealed?

24 THE WITNESS: That is correct, sir.

25 JUDGE SMOLEN: A locking ring doesn't have to

1 be put in there and the meter can be sealed?

2 THE WITNESS: That is correct.

3 JUDGE SMOLEN: Or both can be in there?

4 THE WITNESS: You definitely have to have
5 this (indicating), and then times you do put the heavy-duty
6 locking ring pin in it.

7 JUDGE SMOLEN: What's the barrel lock?

8 THE WITNESS: This is a barrel lock and this
9 is a barrel lock ring. So oftentimes our technician calls
10 them one in the same, the barrel lock ring. It's just their
11 terminology. In this case my employee was referring to this
12 (indicating) was not there.

13 JUDGE SMOLEN: If it were in there you could
14 see it if you looked at it?

15 THE WITNESS: Absolutely.

16 JUDGE SMOLEN: And the Commission is
17 questioning why the PECO employee did not notice that the
18 meter box was unsealed or that the barrel lock had been
19 removed. Those are the two issues which are open. The
20 Commission also asks about the heavy-duty sealing ring that
21 was missing, but your testimony was that type of meter
22 doesn't take one?

23 THE WITNESS: That is correct, your Honor.

24 BY MS. LUTZ:

25 Q. Mr. Kratzinger, when the meter readers go to read the

1 meter, at this property they didn't observe any damage to
2 the actual board or the exterior of the board, correct?

3 A. That is correct.

4 JUDGE SMOLEN: Stop, just so we are clear on
5 the record. When you refer to "board," what do you mean?

6 THE WITNESS: The board is this whole
7 object or this whole object (indicating).

8 JUDGE SMOLEN: The whole thing is the board or
9 just the front of it?

10 THE WITNESS: The sides.

11 JUDGE SMOLEN: The whole thing is considered
12 the body?

13 THE WITNESS: Yes.

14 BY MS. LUTZ:

15 Q. So that the whole box that contains the meter they saw
16 no damage to that, correct?

17 A. Nothing was recorded. That's correct.

18 Q. And they are actually looking at those five dials on
19 the meter and focusing on the meter?

20 A. Yes. That's where you get your reading.

21 Q. Is it possible that they did not see that the locking
22 mechanism was not there?

23 A. I believe if it was 46 months that we would have had
24 some type of report on it, so I don't know when that seal
25 was missing. I don't know when it happened.

1 Q. Okay. But it was not reported as happening until
2 Mr. Walker visited the property, correct?

3 A. That is correct.

4 Q. It wasn't reported as visually seen on any of the
5 occasions prior thereto with the meter readers, correct?

6 A. Correct.

7 Q. So you cannot say whether or not when any of the meter
8 readers were there during the 46 prior months, correct?

9 A. That is correct.

10 JUDGE SMOLEN: Now I'm going to stop. If PECO
11 says that the meter was tampered with for a period of time
12 and the back billing for a period of time, however, that's
13 recalculated, but we'll deal with that later on. Can this
14 meter or meter that the Taylor's had be tampered with with
15 the seal not in place, with the barrel lock not in place,
16 can the meter be tampered with if everything that is
17 supposed to be there is there?

18 THE WITNESS: Yes, they can.

19 JUDGE SMOLEN: They can. How is that?

20 THE WITNESS: There's a number of ways that
21 through investigation we found that somebody could easily
22 take a seal, and if that's all that's required for this type
23 of electric box and not the heavy-duty barrel lock, you can
24 actually close this seal and not push it all the way in, cut
25 it, do whatever you are going to do to tamper or whatever

1 you want to do with the meter, then close it again and push
2 it back in there tight and it will appear sealed.

3 JUDGE SMOLEN: What about the barrel lock?

4 THE WITNESS: These are barrel lock keys and
5 there's a number of individuals that have them illegally and
6 they use them. You can buy these in the wholesale supply
7 and you can buy them on the internet.

8 JUDGE SMOLEN: So your testimony is you don't
9 know whether they were there or whether they weren't there;
10 you don't know?

11 THE WITNESS: That's right. There's another
12 thing, you can cut this and put super glue on this and it
13 will stick back together.

14 JUDGE SMOLEN: Has PECO taken any action, to
15 your knowledge, to correct that possible situation?

16 THE WITNESS: Because of the AMR system and
17 the technology, meters that are in question we are able to
18 look at their current readings without even going to
19 property. And when we see an anomaly there, then we'll
20 institute an order to go out for a tech to go visit the
21 property.

22 JUDGE SMOLEN: So what you are saying is the
23 AMR program went a long way to foil any type of meter
24 tampering, because if you see an anomaly in a reading,
25 you'll institute an investigation?

1 THE WITNESS: That is correct, your Honor.
2 And there is another issue. We talked briefly about flags,
3 so one of the ways that the people stole was turn the meter
4 upside down, and when they knew the meter reader was coming
5 they put it right side up. With the module --

6 JUDGE SMOLEN: You got to educate me on that.
7 When you say turn the meter upside down, I know what it
8 means to turn it upside down, but what affect does it have?

9 THE WITNESS: It runs these dials instead of
10 going forward and getting an accurate billing, they run
11 backwards.

12 JUDGE SMOLEN: By turning it upside down?

13 THE WITNESS: The gears will run backwards
14 inside your electric meter, and once they run backwards, you
15 still have power to your house, but you are not getting the
16 proper reading for your house. It's not registering
17 properly. It's actually subtracting.

18 JUDGE SMOLEN: Has PECO done anything about
19 that?

20 THE WITNESS: The AMR sends a flag up. If
21 somebody did that today, we would have that report tomorrow
22 and we could go right out there and put the meter right side
23 up.

24 JUDGE SMOLEN: We are all being educated
25 today. I've heard people putting a nail in the meter to

1 stop the dials from going around; that's an old tactic. You
2 hear a lot of things up here. Go ahead, I'm sorry for
3 interrupting, but the Commission asked for this kind of
4 information. Go ahead.

5 BY MS. LUTZ:

6 Q. Mr. Kratzinger, in your review of the tampering that
7 was found at the property, it was indicated that it was
8 jumpers. Now, if there were any kind of jumpers, I'll ask
9 you to display that later, but is there any visible sign
10 from outside of that meter box or meter if there are jumpers
11 inside that box?

12 A. There is not.

13 JUDGE SMOLEN: Let me ask you to define what a
14 jumper is?

15 THE WITNESS: A jumper if you look -- do you
16 have page seven, your Honor?

17 BY MS. LUTZ:

18 Q. Well, Mr. Kratzinger, if you would show now the inside
19 of a meter.

20 JUDGE SMOLEN: We are talking about jumpers,
21 is it like when you jump a battery in an automobile?

22 THE WITNESS: No, same principle.

23 BY MS. LUTZ:

24 Q. Now, this is inside behind the meter box, not
25 visible to anybody walking by or doing an inspection, so

1 this is a typical board. It looks like an "h" and I put
2 these in myself. They are a yellow wire and red wire, and
3 what we are doing is we are jumping from the load to the
4 line -- I'm sorry, the line to the load on both sides. What
5 this does is you don't get full registration on your meter.

6 JUDGE SMOLEN: So you are using the term
7 "jumper" and I'm trying to define what is a jumper?

8 THE WITNESS: It's a piece of wire between
9 your line side coming in and your load line coming out,
10 which doesn't give full registration to your electric meter.

11 JUDGE SMOLEN: Why doesn't it give full
12 registration?

13 THE WITNESS: Because it bypasses the meter.

14 JUDGE SMOLEN: It bypasses it?

15 THE WITNESS: Not the total usage, some of
16 the usage. This is one of the best ways to steal
17 electricity because you are not getting nothing you are
18 paying something and less likely to get caught. This is
19 just one type. This is what we call hardwiring inside the
20 meter jaws. There's another type that we use, your Honor,
21 that would find with --

22 JUDGE SMOLEN: So a jumper on the inside
23 cannot really be discovered by a meter reader because he
24 never looks inside the meter box?

25 THE WITNESS: That is correct, your Honor.

1 There are two types of jumpers for meter boards. This is
2 one and the other is the meter itself. You would have these
3 wires hooked over and there would be a jumper period here
4 and they would accomplish the same bit by not giving full
5 registrations to your meter, it bypasses it.

6 JUDGE SMOLEN: When a jumper is applied, is
7 the power in the house reduced or is it the same amount like
8 would the lights be dimmer or?

9 THE WITNESS: They would not be.

10 JUDGE SMOLEN: The power would remain the same
11 in the house with the jumper?

12 THE WITNESS: Absolutely.

13 JUDGE SMOLEN: Does it use less power in the
14 house?

15 THE WITNESS: No, you get the same amount in
16 the house but you register less usage in the house.

17 JUDGE SMOLEN: So a jumper it does not affect
18 the amount of electricity or the power of the electricity,
19 it only affects the operation of a meter, the jumper?

20 THE WITNESS: That is correct.

21 BY MS. LUTZ:

22 Q. Mr. Kratzinger, if I could follow-up with that point,
23 it actually only affects the measurement or the registration
24 of the use going into the house, correct?

25 A. That is correct.

1 Q. So it doesn't really affect the amount of electricity
2 going into the house; it only affects the measuring
3 mechanism in that meter of what's being recorded as used at
4 the property?

5 A. That is correct.

6 Q. So it's there by diverting some of the electricity
7 from that wheel that's tracking how much usage is going into
8 the house?

9 A. That is correct.

10 Q. Mr. Kratzinger, I think on page eight and nine of this
11 exhibit, on page eight it depicts a red and yellow cable.
12 Are they what you've shown us today as being the jumpers to
13 the meter board, the "h" configuration?

14 A. That is correct. That's the one I already showed you.

15 Q. On page nine, these are the jumpers that you showed
16 us on the actual back of the meter itself, the second way
17 jumpers can be added, correct?

18 A. That is correct.

19 Q. When Mr. Walker went to the property and actually
20 removed the meter, he found which type of jumpers on this
21 meter box?

22 A. He found the hard wire which is similar to this one
23 here where it is a yellow and red wire.

24 Q. So it was the yellow and red wire hardwired onto the
25 "h" configuration on that actual meter board on that meter,

1 correct?

2 A. That is correct.

3 Q. So, Mr. Kratzinger, are there other ways -- the Judge
4 has indicated about sticking holes or tools, that certainly
5 was not at this property, correct?

6 A. That is correct.

7 Q. But there are other ways that a meter can be tampered
8 with?

9 A. That is correct.

10 Q. Could you briefly explain some of those?

11 A. Yes. We have individuals who while this is energized
12 will take a drill and drill a whole through the glass and
13 they could put a straight piece of wire in there, put a
14 paint brush in there, a nail in there, anything to slow down
15 the dial or jam the gears.

16 Q. Mr. Kratzinger, when you say "energized" is there
17 electricity going through it?

18 A. Yes.

19 Q. So while there's electricity going through it, they
20 can't stick instruments in it or drill a hole or stick
21 something in there to press on the wheel to slow the
22 registration, correct?

23 A. Well, you want to do it energized because you want to
24 see how much you slow the wheel. Again, if you slow the
25 wheel too much, we'll know there's a problem there with AMR.

1 So they'll do this energized, and the reason they do this
2 energized is they are not breaking the seal. Is they are no
3 meter readers to visually see this, but again we get reports
4 to indicate that there's something going on at the property,
5 and we go out because of those reports.

6 Q. And the jumpers cables inside the box that Mr. Walker
7 found, he said he corrected that condition; what does that
8 mean?

9 A. In this situation here with the wires in here, all he
10 did was just remove them and restored the meter board to
11 it's proper standard.

12 Q. And then he inserts the new AMR unit, correct?

13 A. That is correct.

14 Q. And then he closes the box and makes sure it is sealed
15 at that point, correct?

16 A. That is correct.

17 Q. In summary, Mr. Kratzinger, based on your experience,
18 what meter readers have identified the type of tampering at
19 this property when they were taking the meter readings each
20 and every month?

21 A. They could not see this type tampering.

22 JUDGE SMOLEN: I did not hear.

23 THE WITNESS: They could not see this type of
24 tampering.

25 JUDGE SMOLEN: They could not see the jumper,

1 but again, I don't want to repeat -- in other words if the
2 barrel locks weren't there and the seals weren't there, they
3 could have noticed it?

4 THE WITNESS: That is correct, your Honor.

5 MS. LUTZ: Your Honor, I have no further
6 questions for Mr. Kratzinger.

7 JUDGE SMOLEN: Mr. Taylor?

8 MR. TAYLOR: Thank you, your Honor.

9 CROSS-EXAMINATION

10 BY MR. TAYLOR:

11 Q. The investigator or the technician that goes out, I'm
12 a little confused. That meter right there, is that the
13 meter that was originally at our house, the board?

14 A. Oh, no, this board?

15 Q. Right.

16 A. No. That's an example of a ringless board. That's
17 all that is.

18 Q. Right, but is that what we had? I'm a little
19 confused.

20 A. You look like you have a ringless board?

21 Q. The one that was tampered with?

22 A. Yes, I believe. I was out there Monday and I just
23 looked at it. I don't know if that's the board that was
24 there when Mr. Walker was there or not, but I just wanted to
25 verify what type of board was there now.

1 Q. So when they change the meter, they don't change the
2 board?

3 A. Oh, no. No.

4 Q. So going back to Mr. Walker or even the meter readers,
5 themselves, like you say in the report it mentions about a
6 barrel, a seal, and a heavy-duty ring, is that what it is?

7 A. Yes. I have his report right here, and I believe they
8 called it Exhibit 2.

9 Q. Right.

10 A. And it says that the meter box was unsealed, so there
11 was no seal like this at all on it and there was no barrel
12 lock. This doesn't always have to be there; this should
13 definitely be there (indicating).

14 JUDGE SMOLEN: When you say "this" you are
15 talking about the seal?

16 THE WITNESS: The seal is for all meters. It
17 should be there, some type of seal.

18 BY MR. TAYLOR:

19 Q. What about the ring, the ring that he mentioned that
20 wasn't there?

21 A. Yes. I believe he mentioned the barrel lock ring
22 because this very common with us. We always -- even myself,
23 I refer to this as the barrel lock key, and I'm referring to
24 both, not just the ring. So this is the barrel lock key
25 ring but we also use it for this type of board (indicating).

1 Q. I understand that, but that ring is only on certain
2 meters?

3 A. That is correct.

4 Q. That's a ringless meter that we have on our property;
5 is that correct?

6 A. Yes.

7 Q. So how could the technician confuse it? If he's a
8 technician, how could he not notice that that box was not
9 supposed to have a ring to it. It's in his report that a
10 ring was missing.

11 A. In his security service theft report he doesn't
12 mention the ring at all, but in his testimony, from what I'm
13 understanding, he does mention the ring. And I've talked to
14 him and he truly doesn't remember this case. He remembers
15 being here but he doesn't remember the details it was so
16 long ago. He's doing 15 of these jobs a day.

17 Q. Okay, well, he testified to it, though?

18 A. That is correct. And I believe it's the technology we
19 use as a team that we always call the barrel lock ring key.
20 So are we referring to the barrel lock or are we just
21 referring to the key. Usually we just say both and that's
22 something I have to educate and train our guys.

23 Q. So he said all these things were missing when he got
24 there, right.

25 A. He said per his words, "The meter box was unsealed and

1 there was no barrel lock."

2 Q. No barrel lock. So that means all the meter readers
3 for those 46 months or whatever it was, all those meter
4 readers never picked up on it; they never noticed it or
5 anything?

6 A. And that's possible, but we don't know when the seal
7 was missing or this was missing (indicating). We don't
8 know.

9 Q. I understand that. So the only one that really picked
10 up on it was Mr. Walker?

11 A. That is correct, sir.

12 Q. I have another question: These AMRs, to your
13 knowledge, are they accurate?

14 A. They very accurate.

15 Q. Have you ever noticed them running faster or slower,
16 has that ever been defected?

17 A. Not to my knowledge. We've been having very good
18 success with it. And if I might add, every year the PUC
19 mandates that we test so many meters for accuracy, and it's
20 a random test and also a periodic test that we do. So we
21 are pulling thousands. And this one here as an example,
22 G.E., we might have a Landis and Gear model; we may have a
23 West Hamp model. We have to pull so many models of a
24 residential or commercial, and have them tested to make sure
25 that the accuracy in there is ninety-nine point nine nine

1 percent.

2 Q. So you take them out of the property?

3 A. Yes, we do.

4 Q. So it's something you can do from the main
5 switchboard?

6 A. No. We take it and put it into a testing machine and
7 it tests the accuracy of it.

8 Q. So in general, how many would you do per year? You
9 take some out of property and test them?

10 A. I know just for random this year we are taking 4,000
11 out of the entire system, and that's across the board
12 residential and commercial.

13 Q. Roughly all throughout, how many do we actually have?

14 A. Meters.

15 Q. Yes, roughly speaking?

16 A. Electric meters we have two million, and gas meters
17 for the suburbs is point five million.

18 Q. So out of two million meters, periodically, you take
19 roughly about 4,000 and check them to see if they are
20 accurate enough?

21 A. Four thousand every year. And then we have also a
22 number in the thousands that we change out. So there's
23 two -- I would call them checks to make sure that our
24 accuracy of the meters is correct.

25 Q. Thank you.

1 JUDGE SMOLEN: Ms. Lutz, anything further?

2 MS. LUTZ: Nothing further, your Honor. I
3 would like to move PECO Exhibits 5 and 8 into the record
4 today.

5 JUDGE SMOLEN: We are going to receive those.
6 Do you have any further witnesses today?

7 MS. LUTZ: No, I don't.

8 JUDGE SMOLEN: This witness is excused.
9 Thanks for appearing and testifying.

10 (Witness excused.)

11 (Whereupon, the documents were marked as
12 PECO's Exhibit Nos. 5 and 8 for identification
13 and received in evidence.)

14 JUDGE SMOLEN: From Ms. Lutz will there be any
15 further testimony on the issue of why the PECO employees did
16 not notice these deficiencies of the meter as reported?

17 MS. LUTZ: Your Honor, there will be no other
18 testimony. The only testimony outstanding will be the
19 billing issue.

20 JUDGE SMOLEN: Mr. Taylor, do you want to
21 testify on anything? We are going to have another hearing
22 based on the recalculation. You heard my questions of the
23 witness.

24 MR. TAYLOR: No, your Honor.

25 JUDGE SMOLEN: Okay. So right now we are

1 going to adjourn this session, and I'm going to put it down
2 for one more day?

3 MS. LUTZ: Yes, your Honor.

4 JUDGE SMOLEN: And the hearings are scheduled
5 from Harrisburg as you know, so they will be scheduling
6 another hearing to hear the rest of the testimony concerning
7 the recalculation. So I want to thank you everybody for
8 coming in today. We've been educated a great deal today,
9 and we'll see you the next time.

10 (Whereupon, at 11:30 p.m., the hearing was
11 concluded.)
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C E R T I F I C A T E

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

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