

1 APPEARANCES (Continued):

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5 (For the Office of Consumer Advocate)

6 ALSO PRESENT:

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8 Staff

9 GEORGE DOWD, Member of the Commission's
10 Bureau of Consumer Services

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P R O C E E D I N G S

1 ADMINISTRATIVE LAW JUDGE JOSEPH MATUSCHAK: May I
2 have your attention, please?

3 My name is Administrative Law Judge Matuschak. I am
4 conducting the hearing in the rate increase request.

5 The Commission has set aside these public input hearings
6 so that they may have the opportunity of having your expression
7 and so that you have an opportunity to express your opinion
8 about the proposed rate increase of the company. Now, they
9 used to be called non-evidentiary hearings but they call them
10 now public input hearings. Your expressions here today are as
11 much a part of the rate case as the technical hearings that
12 are held between the experts involved in this proceeding.

13 We want you to be free and frank in making your comments
14 and expressions. By the same token, we would ask that everybody
15 here respect the rights to other people to make their expressions
16 and to make their comments and to exercise courtesy in that
17 respect.

18 Now, I want to say again that your comments here will
19 be a part of the record and will be a part of the proceedings
20 in this investigative matter. In that connection, in order
21 that your remarks be a part of the record, when you come forward
22 will you please be sworn so that your comments can be transcribed
23 into the record.

24 Before we proceed further, I want to introduce to you
25

1 Mr. Bennett, who is the Executive Assistant of Commissioner
Taliaferro.

2 Mr. Bennett.

3 MR. BENNETT: Thank you, Judge Matuschak.

4 My name is Bob Bennett. I am the Chairman's Executive
5 Assistant. She sent me here tonight to hear your comments
6 and I will be reporting directly back to her.

7 Thank you.

8 JUDGE MATUSCHAK: We also have with us here a
9 representative of the company, a representative of the
10 Office of Consumer and a representative of the Prosecutory
11 Trial Staff. First I will call on the representative of the
12 company to explain to you what the company is requesting in
13 this rate case.

14 In that connection I will ask Mr. Jerrett, who is
15 an attorney representing the Philadelphia Electric Company
16 in this proceeding, to come forward. Mr. Jerrett.

17 MR. JERRETT: My name is Jack Jerrett and I am the
18 attorney for Philadelphia Electric Company in this matter.
19 With me tonight is Mr. Raymond Williams, who is the Manager
20 of the Rate Division of Philadelphia Electric, and Mr.
21 Bill Sundermeir, who is also a member of the company's Rate
22 Division.

23 In September of last year the company filed a
24 request with the Pennsylvania Public Utility Commission to
25

1 increase its revenues and rates through this rate case.
2 Along with this request the company filed substantial
3 testimony and exhibits which in its view demonstrated the
4 justness and reasonableness of its increased rate request.

5 Following that filing the company's witnesses who
6 sponsored that testimony were cross-examined by the opposing
7 parties in the case. Those opposing parties then have had
8 an opportunity to file rebuttal testimony opposing the
9 rate increase.

10 During the last week and a half, and continuing for
11 the next week and a half, the opposing parties sponsoring
12 this rebuttal testimony will be cross-examined, after which
13 the company will be given an opportunity to file further
14 responsive testimony.

15 After that has occurred the record in this proceed-
16 ing will be closed and Judge Matuschak will be asked to
17 issue a recommended decision, making a recommendation as to
18 the level of increased revenues which should be allowed to
19 the company.

20 After the recommended decision has been issued the
21 Public Utility Commission will then issue a final order
22 determining this matter finally.

23 The purpose of this public input session is to
24 gather the input and views of the company's ratepayers and
25 of the public generally.

1 Thank you.

2 JUDGE MATUSCHAK: Thank you.

3 We now have Mr. Delaney, who is an attorney for and
4 represents the Commission Prosecutory Staff. Mr. Delaney.

5 MR. DELANEY: Good evening. My name is Dan Delaney.
6 I represent the Commission Trial Staff. By statute the
7 Trial Staff represents the public interest in proceedings
8 of this type.

9 At this point we have tested the company's evidence
10 through cross-examination. Currently at this stage of the
11 case our own witnesses are being cross-examined by the
12 company.

13 The position we have advanced and the testimony of
14 our witnesses is to say that much of the request sought by
15 the company, in our view, is unjustified.

16 The Commission has adopted rules which require that
17 statements made by the public under oath at hearings of this
18 type are to be considered as part of the record in this case.
19 So I would urge you if you have anything to contribute to
20 come forward, be sworn by Judge Matuschak, and then make
21 your statement at the podium over there. The Commission
22 and the Judge will review all your statements in the course
23 of deciding this case.

24 The Commission's decision in this matter will be
25 made in June of this year, a few months away.

1 With me tonight is George Dowd. George is in the
2 back of the room. He is a member of the Commission's
3 Bureau of Consumer Services. If you have a question about
4 this case or you have a problem with any utility matter
5 and you would like to seek some advice or guidance, both
6 of us would be glad to respond to any questions you might
7 have. The Commission has an extensive Consumer Service
8 Bureau and we would be glad to steer you to people there if
9 you are having a utility problem.

10 Thank you.

11 JUDGE MATUSCHAK: We also have with us here a
12 representative of the Office of Consumer Advocate, Susan
13 Weston.

14 MS. WESTON: Good evening. I'm with the Office of
15 Consumer Advocate. The Consumer Advocate is directed by
16 statute to represent the interests of Pennsylvania utility
17 consumers.

18 The Office of Consumer Advocate is intervening in
19 this case and we are participating actively in the litigation.
20 At this stage we have filed our direct testimony, which
21 indicates that our consultants and our witnesses believe
22 that no more than \$133 million of the rate increase which
23 the Philadelphia Electric Company has requested is
24 warranted.

25 I also would like to urge you to testify if you

1 have comments to make, and to give that testimony under
2 oath so that we may take account of your comments in our
3 further consideration of this case.

4 Thank you.

5 JUDGE MATUSCHAK: Again, I want to thank all of you
6 for your interest in this matter because the Commission
7 feels that your concerns as ratepayers are vital to this
8 investigation.

9 With your indulgence here, then, we will have an
10 opportunity to give each one of you a chance to make your
11 comments and expressions.

12 First I will call on Congressman Kostmayer.

13 Whereupon,

14 PETER H. KOSTMAYER

15 having been duly sworn, testified as follows:

16 CONGRESSMAN KOSTMAYER: Judge, thank you very much
17 for permitting me to testify. I know that you have a number
18 of witnesses who will be appearing this evening, so I will
19 be brief.

20 This rate increase is a request for 9.4 percent in
21 1986, 9.4 percent in 1987 and 9.4 percent in 1988, for a
22 cumulative total of 28.2 percent over three years.

23 Electric consumers in this region of the United States
24 already have the third highest rates in the country, the
25 third only to New York and to Boston.

1 This rate increase is essentially to pay for
2 Limerick 1, and especially its cost overruns of \$1.6
3 billion out of a total cost of \$3.8 billion.

4 In 1981 the Pennsylvania Public Utility Commission
5 stated that such delays causing these cost overruns were
6 unjustified and unnecessary, but at that time no penalties
7 were levied against the utility. We are essentially paying
8 for their mistakes.

9 These rates also will pay for a rate return on
10 equity that's about 15.7 percent. That's a little higher
11 than average. I think it's too high.

12 We have to examine what these rate increases will
13 provide. Limerick 1 will provide about 1,100 megawatts of
14 electricity. Most experts say that we need in this area
15 about 650 megawatts. So we have more than we need and we
16 are paying for the extra.

17 Limerick 2, which is about 30 percent completed, will
18 of course only add to that problem.

19 One of the aspects of this which concerns me the
20 most is the question of economic development in Bucks and
21 eastern Montgomery Counties and this entire region. By
22 1989 this rate increase will have cost this region about
23 19,000 jobs. That is in metropolitan Philadelphia. In
24 Bucks County this could mean that of our 25 largest private
25 employers, 15 would shut down. Even that doesn't equal the

1 total number. You would have to add, then, the Naval
2 Air Development Center, which is a public facility.

3 Manufacturers using large amounts of electricity
4 will have to curtail their production and they will have to
5 lay off workers. Those who are no longer competitive in
6 the area will have to move to other parts of the country
7 or, indeed, to other countries.

8 Municipal governments will have to raise their
9 taxes to pay for higher electric bills. Transit systems
10 will have to raise their fares.

11 Lukens Steel, for example, which is the largest
12 customer of Philadelphia Electric, has already asked to
13 build a transmission line to take advantage of lower rates
14 from a competing utility.

15 Staley, which is a company I represent in Morrisville,
16 Pennsylvania, has asked for lower rates. That company has
17 been closed down temporarily. Their utility rates are part
18 of the problem.

19 Scott Paper in Delaware County is now building its
20 own co-generation plant to avoid this high utility rates.

21 Essentially, I think there must be two overriding
22 considerations in dealing with the rate shock which we all
23 are going to be subjected to if these rates are approved.
24 The first is to protect the economic health and vitality
25 of the people who live in this region. The second is to

insure that the mistakes of the past, serious mistakes
1 made by Philadelphia Electric, are not repeated again.

2 First, ratepayers should be charged only for plant
3 and equipment that is used and useful. Second, benefits
4 and costs should be matched in time. One generation should
5 not subsidize another. And third and last, rates should be
6 based on the utility's cost of service.

7 I ask the Commissioners to reject this unwarranted
8 and unjustified increase in rates.

9 Thank you.

10 (Applause.)

11 JUDGE MATUSCHAK: Thank you Congressman.

12 The next person who will give his expression is
13 Richard Gore of the Department of Finance of the County.
14 Whereupon,

15 RICHARD GORE

16 having been duly sworn, testified as follows:

17 MR. GORE: Judge, I'm here this evening on behalf of
18 Carl Fonash, Chairman of the Bucks County Board of
19 Commissioners, to present a statement on his behalf. I
20 would like an opportunity to read it into the record. He
21 would have liked to be here this evening, but unfortunately
22 he could not be here.

23 I appear before you tonight as the Chairman of the
24 Bucks County Board of Commissioners. I wish to present a
25

1 brief statement on the effects of the proposed three year
2 28 percent increase on the taxpayers of Bucks County.

3 For the 12 month period ending December 31, 1985,
4 the county electric bill was almost \$1,150,000. Our two
5 largest electric consumers were the Neshaminy Manor Home
6 and the administration building, which had electric bills
7 of \$439,000 and \$330,000 respectively. In addition, the
8 Bucks County Community College had an electric bill of
9 approximately \$458,000.

10 Each one percent increase in the electric rate will
11 result in \$11,500 additional cost to the county. The total
12 proposed increase will cost the citizens of Bucks County
13 an increase of \$683,000 for the county and \$274,000 for the
14 college, assuming consumption is not increased. This means
15 that taxes will have to be raised .54 mills to cover this
16 increase.

17 This tax increase generated by the increased electric
18 rates is in addition to the increase in the individual's own
19 electric bill. Not only will taxes have to be increased, but
20 almost every service the citizens purchase is impacted by
21 electric costs. This includes mass transportation, food at
22 the supermarket, medical costs, school and municipal taxes
23 and water and sewer bills.

24 Increasing electric rates clearly impact on the
25 economic well being of this region and I strongly urge the

1 PUC to exercise extreme caution and explore all possible
2 alternatives prior to accepting this solution to PECO's
3 financial problems.

4 I thank you for allowing me to express the concern
5 and opposition of the Bucks County Commissioners to the
6 proposed hike in electric costs.

7 Carl F. Fonash.

8 (Applause.)

9 JUDGE MATUSCHAK: Thank you.

10 William J. Bryson.

11 Whereupon,

12 WILLIAM J. BRYSON

13 having been duly sworn, testified as follows:

14 MR. BRYSON: My name is Bill Bryson. I'm a 22 year
15 resident of Northampton Township here in Bucks County.
16 Without knowing exactly what to expect at a hearing of this
17 sort I called the Del-AWARE hotline a few weeks ago to get
18 an update on the issues. The taped message I received tipped
19 me off that busloads of PECO employees were to be expected
20 tonight.

21 I didn't see any buses, but I soon realized that they
22 were discretely parked off campus while the PECO squads under
23 the cover of darkness infiltrated the grounds in nondescript
24 teams of two and three. You think we don't know who you are.
25 But we do know you, even though you are hidden under an

1 assortment of disguises: parents, veterans, homeowners,
2 taxpayers, ratepayers, scout leaders, church elders, Big
3 Brothers and Sister, volunteer firemen and community
4 leaders, little league coaches and weekend warriors.
5 Frankly, with all your outside activities I wonder where
6 you find time to attend those meetings where you conspire
7 against the PECO customers.

8 But I'm straying from the subject, electric rates.
9 My electric bill is the second largest item in my family
10 budget. Taxes are first. Unlike taxes, though, there are
11 a lot more tangible benefits to my electric bill. The list
12 of things electric energy does for my family and myself on
13 a routine basis would take a lot more than the three minutes
14 allowed to read. And all of us, yes, and especially those
15 who live along the Delaware, already know and enjoy these
16 luxuries, so I won't belabor the point.

17 Is my electric bill too high? Absolutely. I'm one
18 of the small amount of people in this assembly who can claim
19 that it's higher than my mortgage. So are all my expenses
20 too high, certainly more than I would like to pay.

21 In talking about an automobile, food, clothing, fuel
22 and entertainment, examine the figures. In the last 40
23 years most things have increased in cost anywhere from
24 four to 11 times. In that same period electric rates in
25 the Delaware Valley have only doubled.

1 The bottom line is what do you get for your dollar
2 and how does this cost compare to the cost for other goods
3 and services. When you make this comparison, electric
4 energy, expensive as it is, comes out as the biggest
5 bargain in my family's budget.

6 (Applause.)

7 JUDGE MATUSCHAK: Thank you.

8 Now we have Richard G. Myers.

9 Whereupon,

10 RICHARD G. MYERS

11 having been duly sworn, testified as follows:

12 MR. MYERS: I begin by stating my complete
13 opposition to any rate increase for the purpose of allowing
14 Philadelphia Electric Company to recover costs associated
15 with the Limerick Generating Facility. The company has
16 consistently failed to accurately project the needs and
17 stubbornly refuses to make any attempt to manage peak loads
18 or engage in meaningful conservation programs.

19 The following are specific areas in which PECO has
20 consistently failed to act in the best interests of the
21 consumer and rate payers:

22 Growth projections and future demand. The company
23 insists that both Limerick 1 and 2 are urgently needed to
24 meet current and future growth. Available statistics do
25 not support this hypothesis. Actual growth in demand in

1 PECO's service area for the 11 year period from 1974
2 through September of 1985 was 9.2 percent, an annual growth
3 rate of only .84 percent. This flattening of the growth
4 curve does not even reflect the significant reductions that
5 will occur as major industrial customers turn to more
6 reasonable sources of power.

7 Several major PECO customers are considering
8 co-generation facilities and at least one, Scott Paper,
9 has already begun construction. As rates are increased to
10 pay for Limerick more large customers will break their
11 expensive ties with PECO. Lukens Steel has tried,
12 unsuccessful thus far, to be allowed to purchase power from
13 a more reasonably priced utility. Lansdale Borough in
14 Montgomery County has successfully dumped Philadelphia
15 Electric as its supplier and now purchases its electricity
16 at a significant savings from Pennsylvania Power & Light.

17 Taken to its ultimate conclusion, the effect of
18 large customers leaving PECO's service area will spell
19 disaster to the residential and small commercial customers.
20 Small consumers will pay an ever-increasing share of the
21 unjustified multi-billion dollar price tag for Limerick.

22 Rather than attempting to manage growth, PE actually
23 promotes practices that are designed to increase demand.
24 Through its own commercial programs and in conjunction with
25 area developers and the Electrical Association of Philadelphia

1 PECO advocates the all-electric home concept and then
2 rewards profligate use by slashing rates for electric heating
3 systems. Regular residential customers are forced to
4 subsidize the wasteful practice of heating with electricity.
5 Even the heat pump is a poor choice if comparisons are
6 based upon non-subsidized rates.

7 How long will PE continue to artificially depress
8 rates before the lure of quick profits makes residential
9 heating applications the next target of their need for
10 cash to continue the Limerick 2 construction program?

11 Construction delays. The ratepayers should not be
12 required to pay for the unwarranted cost of delays in
13 construction that were voluntarily instituted by PECO.
14 Since these delays were directly related to financing
15 difficulties, the stockholders should bear these costs.
16 After all, it is the stockholders who consistently received
17 the highest yields for their investment in PE stock.

18 Efficiency standards. Philadelphia Electric has
19 promised substantial savings when Limerick goes into
20 operation. Those savings must be guaranteed if we are
21 forced to pay for this facility. Once the costs associated
22 with Limerick are placed in the rate base we will pay
23 regardless of its efficiency of operation.

24 The proposed Energy Cost Rate credit proposed by
25 PE is no guarantee to ratepayers that they will actually

1 reap such savings over the long term. If Philadelphia is
2 so certain that savings will be realized let them
3 guarantee the savings by including them as a component
4 within the rate base.

5 Experience over the past several years shows that
6 PECO has frequently asked the PUC to approve rate increases
7 to cover the added cost of subpar performance of PE's
8 existing nuclear facilities. The Salem Generating Station
9 is a prime example of a grossly inefficient operation.

10 De-commissioning costs. The cost of de-commissioning
11 the Limerick facility at the end of its useful lifetime, if
12 any, will be staggering. What costs will future ratepayers
13 have to absorb to isolate and/or dispose of the radioactive
14 garbage that Limerick will produce and the facility itself
15 will become? What provisions will be made to insure that
16 Philadelphia Electric or its stockholders, who wish to reap
17 the immediate benefits of increased cash flow, will be around
18 and more responsible when the clean-up bill is due and
19 payable?

20 Perhaps we will see another taxpayer financed bailout
21 of an irresponsibly managed company.

22 Advertising and public relations. Why does a company
23 that has a monopoly within its service area need an expensive
24 and costly advertising and public relations department?

25 (Applause.)

1 THE WITNESS: Certain customers are much more
2 interested in efficient and reasonably priced power than
3 the identify of Howdie Doodie's sister. If PECO cares
4 why do they waste ratepayers's money on inane multi-
5 million dollar advertising campaigns?

6 Citizens in Bucks County have experienced PE's
7 arrogance first-hand. Not only did we have to watch PE
8 and its allies spend in excess of \$1 million in an attempt
9 to buy the voters of Bucks County in the 1983 referendum
10 on the Point Pleasant Pump, but we continue to be faced with
11 multi-million dollar legal expenditures as a result of
12 Philadelphia Electric Company's refusal to respect the
13 voters' decision to halt the Point Pleasant Project.

14 (Applause.)

15 THE WITNESS: Company management that has so little
16 regard to the ratepayers money should not be given the
17 opportunity to waste more. The company must be held
18 accountable for the public relations and legal excesses.
19 It is clear the current management team at Philadelphia
20 Electric has lost touch with reality. Not only are they
21 in the process of de-commissioning efficient, reliable
22 generating facilities in order to create the illusion of
23 need for Limerick Unit 1, but they are forging ahead with
24 Unit 2 in a mad dash to waste additional billions on an
25 unneeded facility.

1 So long as the Public Utility Commission affords
2 PE carte blanche to provide in their wasteful ways by
3 approving unjustified rate increases and allows the company
4 to proceed with unneeded construction, we, the ratepayers,
5 will continue to suffer. Please put an end to the
6 Philadelphia Electric Company's foolish behavior and
7 require them to operate in a prudent and responsible
8 manner.

9 Thank you.

10 (Applause.)

11 JUDGE MATUSCHAK: Thank you.

12 Next we will hear from David P. Snyder.

13 Whereupon,

14 DAVID P. SNYDER

15 having been duly sworn, testified as follows:

16 THE WITNESS: My name is David P. Snyder. As part
17 owner of a small business I was shocked to see that the
18 Philadelphia Electric Company wants to raise our rates by
19 such an astronomical amount. In view of the possibility
20 that 19,000 jobs could be lost from our region as a result
21 of this, I am wondering how many of them could be the jobs
22 of the people in this room.

23 The PUC must not grant this increase. Small businesses
24 in this region are getting back on their feet. If this
25 rate increase is forced upon us now, the impact will be

1 devastating. All of the products and services produced
2 here will reflect this outrageous rate. Our competition
3 in surrounding areas will do more business with our
4 customers.

5 Alternative sources of electricity are proven to be
6 much more economical. Philadelphia Electric's fossil fuel
7 plants produce electricity substantially cheaper. Why are
8 these plants being closed? Why can't they continue operation?

9 Why must the working people here pay for a nuclear
10 plant that they do not need and cannot afford?

11 (Applause.)

12 THE WITNESS: Furthermore, until there is sufficient
13 evidence that our region will require more electricity than
14 that provided by Unit 1, construction of Unit 2 must be
15 stopped.

16 (Applause.)

17 THE WITNESS: If Limerick 2 is continued it will
18 ruin our economy even more. The purpose of Limerick 2 is
19 to provide electricity for more residents, but fewer people
20 can afford to live here because of it. So it will defeat
21 its own purpose.

22 In a recent study I read that five alternative
23 sources of power will cost between four and eight cents
24 more per kilowatt. Limerick 1 will cost us 17 cents more
25 per kilowatt hour. Why aren't these alternatives being used?

1 Are we going to be forced to pay for nuclear power even
2 if we don't need it?

3 Is the goal of this Commission to provide us with
4 an economical power supply or is it the goal to provide
5 us with nuclear power whether we need it or not?

6 Is this project designed to provide us with cheaper
7 power or is it designed to be another vehicle to transfer
8 wealth from the working people to the stockholders of the
9 nuclear industry?

10 (Applause.)

11 THE WITNESS: Can anyone prove that we will be
12 better in the long run with nuclear power?

13 We, the people, deserve an explanation.

14 Thank you.

15 (Applause.)

16 JUDGE MATUSCHAK: Thank you.

17 Next we will hear from William Harm.

18 Whereupon,

19 WILLIAM HARM

20 having been duly sworn, testified as follows:

21 THE WITNESS: My name is Bill Harm and I'm a
22 Langhorne resident. I have a Bachelors and Master degree in
23 electrical engineering and I'm a registered professional
24 engineer within the Commonwealth of Pennsylvania.

25 I work in the Operations Planning Department of

1 the Pennsylvania-New Jersey-Maryland regional power pool.

2 I believe that the Limerick Generating Station is
3 vital to the region and should be included in PECO's rate
4 base.

5 (Applause.)

6 THE WITNESS: I have heard people say that PECO
7 has excess capacity, that the unit is not needed and,
8 besides, in times of peak demand PECO can just buy more
9 from PJM.

10 On the surface this seems like a good strategy, but
11 how secure is this power? As a person who makes his living
12 by trying to maximize import capability into the area I
13 have to question this strategy. Let me highlight the most
14 recent seasonal peak operating experiences.

15 On June 11, 1984, the peak summer load day, the
16 scheduled purchases from systems west of PJM had to be
17 curtailed due to transmission limitations west of PJM. Some
18 of the loss was recovered by buying emergency power from
19 New York and instituting a voltage reduction on the system.

20 On this day PJM had a negative internal reserve
21 situation.

22 A year ago, on January 21, 1985, an all-time winter
23 peak in excess of 33 million kilowatts was recorded. Again,
24 purchases had to be reduced due to transmission limitations
25 in systems west of PJM and a voltage reduction was again

1 initiated.

2 Last summer's peak occurred on August 15, when PJM
3 experienced a record load in excess of 37 million kilowatts,
4 a load that was estimated to occur in the year 1990. Again,
5 PJM purchases from western systems were reduced due to
6 limitations on these systems, but this time no voltage
7 reduction was needed. This is partly due to the fact that
8 Limerick was available and producing power.

9 (Applause.)

10 THE WITNESS: The story was repeated during this
11 winter's peak on January 28, just last week. With a load
12 of almost 32 million kilowatts, planned-for purchases could
13 not be delivered due to transmission limitations on other
14 systems. But again a voltage reduction was avoided with
15 Limerick at full power output.

16 During the last year PJM was operated to 95 percent
17 of its transmission capability with a split demand five
18 percent of the time. Buying power is not a simple matter of
19 picking up the telephone and having someone deliver it.
20 Your neighbors must be capable of supplying the power when
21 needed. The system must be planned for and these plans
22 include Limerick.

23 Thank you.

24 (Applause.)

25 JUDGE MATUSCHAK: Thank you.

Next we will hear from John H. Avery.

Whereupon,

JOHN H. AVERY

having been duly sworn, testified as follows:

THE WITNESS: I'm John H. Avery. I'm a consumer.

I believe in investor owned electricity. I own stock in Central and Southwest, a corporation according to Moody's that paid 8.6 yield in the most recent Moody's report. They ranged from about 9.7 to 9.6.

I own stock in Delmarva Power. According to Moody's report, they are giving a yield of approximately 8.5 percent, ranging from 14.3 percent in 1980 to currently in '83 a 9.5.

Philadelphia Electric has had the privilege of realizing an unreasonable return on investment of 14.7 percent according to Moody's. They have ranged from 10.3 percent on the low side in 1979 and have 11.5, 12.7, 13.5, 14.5, 13.5, 13.7 and are currently enjoying a very generous return on investment.

If we are to be imposed with being consumer financed power, then I suggest that the Commission direct that we become consumer financed as we are by being requested to subsidize construction of a unreasonably priced power generating station.

(Applause.)

1 THE WITNESS: We have heard that electricity is a
2 good buy. It can be a good buy but if we try to conserve
3 electricity we are imposed additional rates to make up
4 for our conversation practices.

5 (Applause.)

6 THE WITNESS: In a news release by PECO, they used
7 a figure of \$55 as a base electric bill. My most recent
8 will was \$189.91. With a 28.2 percent rate increase I
9 believe you will find that the would give me \$243 for an
10 electric bill, and that would constitute 13.67 percent of
11 my take-home pay.

12 My grocery bill is only about 16 percent of my take-
13 home pay.

14 One of the areas that we are going to be impacted
15 down the road, regardless of how this is decided, is on the
16 insurance of the nuclear industry. According to the recent
17 Congressional Quarterly, the Price Anderson Act will be
18 up for renewal in Congress.

19 At the present time we, as consumers of electricity
20 by a corporation that has nuclear capacity, each operator of
21 a licensed plant will pay an assessment of up to \$5 million
22 per plant to make up a liability claim anywhere in the
23 nuclear industry.

24 There are currently 96 plants in the United States,
25 and whether it be Clinton in Illinois or Byran out West or

1 somewhere down in the Tennessee Valley region, any nuclear
2 accident could impact upon us directly because that is
3 the way the industry is set up. The Congressional Quarterly
4 calls this liability area the engine of growth.

5 I'm very concerned that if we are allowed to receive
6 this rate increase that within a few years it will not be
7 17 cents but it's going to be such that we cannot afford
8 conventional electric power as we know it today.

9 (Applause.)

10 JUDGE MATUSCHAK: Thank you.

11 Now let's hear from Joseph F. Straka.

12 MR. STRAKA: I pass.

13 JUDGE MATUSCHAK: David Benner.

14 Whereupon,

15 DAVID BENNER

16 having been duly sworn, testified as follows:

17 THE WITNESS: My name is David Benner. I live in
18 Solebury Township, Bucks County. I was here last year on
19 the 6th of February. I got up here and spoke, and to me
20 nothing has changed since then because last year we were
21 talking about Limerick 2. The people were opposing it, and
22 you all know what happened a couple months ago with the PUC,
23 that they are going to approve Unit 2 with a cost cap despite
24 the overwhelming evidence that the people don't want it and
25 had let them know that, including the politicians in

Harrisburg.

(Applause.)

THE WITNESS: So tonight we have another meeting. We have a meeting now about an increase of 30 percent over the next three years to help get Limerick 1 built and on line, which it already is. This is to help pay for it.

I'm telling you that Limerick 1, that 30 percent increase should be paid by the stockholders and PECO, not the people.

(Applause.)

THE WITNESS: The problem is, and I'm going to say it because it's true, that we have two people on the PUC who are pro-utility and every time there's a vote the vote is in favor of the utility company. Lately it has been in favor of PECO. One way or another they give PECO what they want.

I'm also afraid that these meetings are not much more than a farce because it's just to appease the public. We speak our piece like we did last year and what happens? They go right ahead and do what they want. Where is our vote? Why doesn't our vote count?

Something is wrong. Something has got to be done.

(Applause.)

THE WITNESS: And I say there is something rotten in Pennsylvania, and what's rotten in up in Harrisburg and

1 the problem is this: there is a control of utility
2 companies like PECO over the Governor, the politicians --
3 some of the politicians -- some of the lawyers, some of the
4 judges and some of the people like you and I, the public.
5 After all, we all have to have electricity so we are
6 dependent upon the utility companies. But this control is
7 what's wrong. We don't have a voice anymore. They are just
8 telling us what to do, and I don't think that's right.

9 I say we need a change in Harrisburg now. This is
10 no democracy when two people consistently vote to go ahead
11 with two Limerick plants, Limerick 1 and 2, something the
12 people don't want, something the people don't need and some-
13 thing they can't afford. It is absolutely undemocratic
14 for two people to speak for several million people in the
15 Delaware Valley who don't want this.

16 Thank you.

17 (Applause.)

18 JUDGE MATUSCHAK: Thank you.

19 Next we will hear from Cara Simonetta.

20 Whereupon,

21 CARA SIMONETTA

22 having been duly sworn, testified as follows:

23 THE WITNESS: For those who think we need the
24 energy from Limerick, I would like to point out that in
25 the last few weeks the PUC has allowed PECO to retire 18

1 fossil fuel plants early in order for there to be a need
2 for the energy generated by Limerick. To date, Philadel-
3 phia is the fourth most expensive city in the country in
4 which to live. Philadelphia is just behind New York,
5 San Francisco and Washington, D. C. in cost of living.

6 What is making Philadelphia so expensive? Is it
7 the cost of housing? No, we are ninth or tenth in the cost
8 of housing? Is it the cost of food? No, we are ninth or
9 tenth in the cost of food. Why is Philadelphia fourth in
10 the nation? Because according to my information PECO is
11 the third most expensive utility in the country and is
12 about to become the second most expensive utility.

13 This is a crime. Because of PECO's mismanagement
14 and lack of accurate projections as far as our future energy
15 use is concerned the ratepayers like myself have to foot
16 the bill for a plant which is dangerous, expensive and
17 unnecessary.

18 I can't afford it. Last month my electric bill was
19 \$180. The house where I live is heated with oil, wood and
20 kerosene. My only reasonable alternative is to move out of
21 the PECO rate base or have someone pay my electric bill for
22 me. I have to move out of the area I was born in and have
23 lived in my whole life because I can't pay the exorbitant
24 electric bills from this runaway utility company.

25 I'm asking the PUC to stop this madness and do not

1 grant any more rate increases to this criminally
2 mismanaged company.

3 Thank you.

4 (Applause.)

5 JUDGE MATUSCHAK: Thank you.

6 Next we will hear from Bonnie McCormick.

7 Whereupon,

8 BONNIE McCORMICK

9 having been duly sworn, testified as follows:

10 THE WITNESS: I have lived in the Valley Forge area
11 for almost 30 years and I would like to quote something
12 from the media. Like Will Rogers, most of what I know is
13 from the paper.

14 At the last hearing, which I could not attend, a
15 Mr. Fred Schrader, a PE employee, said the PUC would not
16 be playing fair with the company if it failed to allow PE
17 to recover its investment in Limerick. I am quoting the
18 PE employee.

19 Mr. Fred Schrader said, "We are distorting the
20 institutional arrangement if we weigh the balance in favor
21 of the consumer."

22 I'm going to read a letter that I sent to Philadelphia
23 Electric. It is dated May 1st, 1985. It's directed to
24 James White, Supervisor, Customer Service and Accounts
25 Department in the Plymouth Meeting area.

1 "Dear Mr. White: I consider the service terminated
2 notice enclosed in your letter dated April 25, 1985, as
3 being after the fact. I believe I should have received
4 a notice before my electricity was turned off.

5 "I disagree with the balance you claim I owe.
6 However, unless I'm told by the PUC to do differently I
7 shall continue to send in my payments, as I have, and a
8 portion of my balance which is approximately \$132, as I
9 have in the past, on or before the 19th of each month, as
10 I have for the past 27 and a half years.

11 "I am enclosing to be deducted from my balance the
12 list of food that was spoiled, had to be given away or
13 consumed improperly because my refrigerator was turned off.
14 I remind you that Monday, April 22, 1985, the temperature
15 was 92 degrees.

16 "I again request, as during one of our phone conversa-
17 tions, that you send me the PUC forms for residential
18 consumers who take issue with your actions. I feel certain
19 you must be required by law to do so because you are a public
20 utility.

21 "Sincerely, Bonnie McCormick."

22 I did not receive the requested forms that you fill
23 out for the PUC and after waiting I contacted the PUC
24 directly. I found out that you had an office in Philadelphia.

25 Rather than go through the notes here if it's all right

1 I will -- because I can't document this, the phone
2 conversation, but I can document everything else: the
3 checks, the -- but not the phone conversation.

4 I spoke to a Mr. Dumbrowski that you have in your
5 office in Philadelphia. Mr. Dumbrowski was -- to make it
6 short, I explained to him what had happened, that my bills
7 were paid, that I came home and found my electricity cut
8 off, and what does a consumer do. I'm not an attorney.
9 I didn't know what to do.

10 And he said, "Well, Mrs. McCormick, are you going
11 to be home?"

12 I said, "Yes."

13 He said, "Well, I will call you right back."

14 And he called me back in about 30 minutes, a little
15 more than 30 minutes. He said, "Mrs. McCormick, I called
16 over to Philadelphia Electric and apparently you owe them."

17 And I said, "Didn't you hear our previous conversa-
18 tion? I have my checks. Aren't you hearing what I'm saying?"

19 He said, "Well, if you don't agree with me you have
20 a right to take it before the judges in the PUC."

21 And I said, "Well, of course, I have to do that."

22 He sent me the forms, the papers. But before our
23 conversation was over I asked when will this hearing be.
24 When will the hearing be so that I can present my cancelled
25 checks.

1 He said, it will probably not be before the end of
2 the year, the first of the year.

3 I said, "My gracious, that many people are having
4 this sort of problem that there is such a jam-up of
5 hearings? It sounds like Chapter 11, the bankruptcies."

6 I explained that I would be away for the summer
7 and he said don't worry. I asked if I needed an attorney.
8 He said, "No, no. You don't need an attorney." He said,
9 "The PUC, that is our business. We help the consumer."

10 So I filled out the papers and then you fill out
11 quite a few papers and then you send them in and lots of
12 copies to all sorts of people, each person with a copy. I
13 sent that.

14 I was out over the summer and when I got back I had a
15 letter. They told me that the hearing had been held in
16 Philadelphia in August. I was not there obviously. But
17 the Philadelphia lawyer was there. The representative for
18 Philadelphia Electric was there. The lawyer from Philadel-
19 phia Electric was there and they had a witness, and Mrs.
20 McCormick was not there. Mrs. McCormick was in school in
21 South Carolina.

22 I took issue with this. I said that is not right.
23 That is not right that as a consumer the Public Utility
24 Commission -- I should have been there. They favored
25 Philadelphia Electric.

1 So then I said that I don't agree with this. To
2 make a long painful -- and of course -- to make a long
3 painful thing, tonight I guess I'm here because like the
4 gentleman earlier said about this exercise that we are
5 doing tonight, this is an exercise in futility and it's a
6 scenario we all know. We know the game. We all play the
7 game. I'm getting a little smart. I know you have to come
8 and put it on record.

9 But I will tell you this: I can't afford to live
10 in the PE regional any more. I can't afford to live in the
11 PE region anymore and I have no hope that you, the PUC,
12 as an individual consumer, will ever allow me a hearing
13 where I can show you that my electric bill was paid for
14 27 and a half years.

15 I'm not finished yet. When you talk about at the
16 last hearing in Media, apparently there were a lot of
17 people that talked about the people on Welfare that can't
18 pay their bills. Well, I'm a single woman. I'm not on
19 Welfare. But if I stay within the Philadelphia Electric
20 region I might have to be on Welfare, and that frightens
21 me.

22 That frightens me, but what frightens me ever more
23 is that I don't have any more faith in the PUC than I do
24 in Philadelphia Electric.

25 (Applause.)

JUDGE MATUSCHAK: Thank you.

Walter K. Mammel.

Whereupon,

WALTER K. MAMMEL

having been duly sworn, testified as follows:

THE WITNESS: I am Walter K. Mammel of Newtown Township. My background includes degrees in electrical and metallurgical engineering and registration in Pennsylvania in mechanical engineering. Most of my career was research and development and manufacturing processes. I was awarded five U. S. patents.

I'm now retired and spend a portion of my time on public affairs where my technical background may be helpful. To this end I serve on the Township Planning Commission and the Newtown Yardley Area Solid Waste Committee.

An expanding economy is essential if all Americans are to have the opportunity to climb the economic ladder. An abundant and reliable supply of electric power is essential to this goal. Wheeling in someone else's temporary surplus does not meet this criteria.

PECo has selected the best option for Limerick, nuclear energy. It is best for the environment, best for the public safety and best for the economy.

(Applause.)

THE WITNESS: The jolt to the ratepayers when any

1 new plant comes on line is similar to but considerably
2 less than starting payments on a new car after driving a
3 paid-for car for a number of years.

4 In addition to having the lowest operating cost,
5 nuclear power has other positive effects. It's use is a
6 major factor causing the continuing sharp drop in oil
7 prices.

8 (Applause.)

9 THE WITNESS: The savings in buying auto fuel and
10 heating oil costs could largely cover the increases asked
11 by PECO.

12 Also, lower oil prices are largely responsible for --

13 MEMBER OF AUDIENCE: Does that mean you don't have
14 an electric house?

15 JUDGE MATUSCHAK: Just a minute. Just a minute, please.

16 Please let the speaker express his opinion whether you
17 agree with him or not. This is America. This is America.
18 Let's keep it America. Let's give everybody a chance.

19 (Applause.)

20 THE WITNESS: Also, lower oil prices are largely
21 responsible for continued low inflation with big benefits
22 for all Americans, and in fact most people in the world.

23 If PECO is to continue planning and building for our
24 future economic health they must be economically healthy
25 and I support granting the rate increase.

Thank you.

(Applause and boos.)

JUDGE MATUSCHAK: Thank you.

Tom Scarborough.

(No audible response.)

JUDGE MATUSCHAK: Tom Scarborough.

(No audible response.)

JUDGE MATUSCHAK: William J. Kelly.

Whereupon,

WILLIAM J. KELLY

having been duly sworn, testified as follows:

THE WITNESS: Good evening, everyone. I represent the union which represents the employees of the Philadelphia Electric Company. I stand before you tonight not to go into detail. I'm not an engineer. I have no degrees and I choose not to give you a bunch of garbage.

I'm a ratepayer. I firmly believe that PE has the right to a just return on their money, their investment, of 15 years that they put this off. There is a need now. Let's get on with the project.

It's time to address the issue for a short-term pain right now. We are all going to have to dig a little deeper but we are going to reap the benefits in the long run. That is what this whole issue is all about.

I'm sorry I forgot my baseball hat. I see a lot of

1 free ones in the audience here. The next time I will make
2 sure I bring my own.

3 I did not come on a bus, which seems to be a popular
4 statement being circulated among the group up here. There
5 never has been a busload of PE people ever delivered to a
6 site. I beg to differ with you all.

7 Thank you.

8 (Applause.)

9 JUDGE MATUSCHAK: Thank you.

10 Bob McKelvie.

11 Whereupon,

12 BOB MCKELVIE

13 having been duly sworn, testified as follows:

14 THE WITNESS: Thank you, Your Honor.

15 My name is Bob McKelvie and I'm a ratepayer and I
16 live in Bensalem Township. Please bear with me. I feel
17 very nervous.

18 Except for military service I've been a life-long
19 resident of the Philadelphia area and have lived in Bucks
20 County for 30 years.

21 As I understand the issues at these rate hearings
22 it is whether the Philadelphia Electric rate request is
23 justified or not. Although I'm not looking forward to
24 paying more for electricity over the next three years, I
25 believe that the rate request is not only justified but

1 necessary for the long-term health of the area and is in
2 the public interest and I would like to tell you why.

3 In support of my beliefs I would like to discuss
4 briefly three areas of consideration which in my opinion
5 are relevant to the PUC's deliberations and decisions.
6 The three areas are, first, the character and behavior
7 of the Philadelphia Electric Company, second, standards by
8 which that behavior and its rate request should be judged,
9 and, third, what in my opinion constitutes the irresponsible
10 nature and character of some of the opponents to this rate
11 request -- and I emphasize some.

12 First, the character and behavior of Philadelphia
13 Electric Company. As I understand it, the mission of an
14 electric company, an electric utility, is to build, maintain
15 and supply sufficient electric power to meet the needs of its
16 service area and to do so reliably. To my knowledge,
17 Philadelphia Electric Company has always done that and
18 done so superbly.

19 In order to accomplish that mission an electric utility
20 must plan far in advance of actual demand. Ten to 15 years is
21 required for planning, siting, construction and testing major
22 power plants. To my knowledge, Philadelphia Electric has
23 always done that to insure that future demand is met.

24 As a regulated public utility, Philadelphia Electric
25 is obligated to operate within a large number of constraints.

1 It's obligated to be a good corporate citizen. It must
2 follow national energy policy guidelines, as well as
3 adhere to air clean standards.

4 Anyone who knows of the incredible contributions to
5 the United Way and other civic organizations and responsi-
6 bilities of Philadelphia Electric's employees knows that
7 they are a good corporate citizens.

8 MEMBER OF AUDIENCE: Who do you work for?

9 THE WITNESS: Not Philadelphia Electric.

10 (Applause.)

11 THE WITNESS: Anyone who really knows PE is aware of
12 the millions of dollars invested in new scrubber technology
13 for its fossil fuel plants that make the air we breathe in
14 the Delaware Valley cleaner. It's pioneer technology.

15 And anyone who knows the regulations PE must live by
16 realizes that the current large rate increase -- some would
17 say shocking, although it has never been proven to have
18 adverse economic impact in the U. S. -- is due more to
19 TMI, double digit inflation and the requirement to recover
20 costs for a plant only after it is in commercial operation.
21 I submit that regulatory constraints just mentioned, changes
22 in plant requirements as a result of TMI and inflation that
23 no one could foresee resulting in 18 to 20 percent interest
24 charges on construction financing are the real culprits for
25 the size of the rate increase.

1 Even now, any alternative to Limerick would be
2 at least as expensive.

3 Therefore, I believe that the company has behaved
4 well: planned for need, built for need, cleaned our air,
5 reduced our dependence on foreign oil and behaves every day
6 as a responsible corporate citizen in its service area.
7 Its best interest is linked with the best interests of
8 this area. Unlike Mack Truck, they can not pick up and go
9 to North Carolina.

10 Second, I would like to talk about standards, the
11 standards and criteria by which the company's rate request
12 should be judged. One standard should be prudence. Did
13 the company behave with practical wisdom and good judgement
14 in constructing Limerick 1? The answer must be yes. It
15 planned properly, followed the best expert forecast demands
16 and acted in accordance with its mission and its many
17 regulatory guidelines.

18 A second criteria should be whether overall it has
19 acted in the public interest as the public interest could
20 be ascertained when the decisions were made. Again, the
21 answer any objective observer must give is in my opinion
22 yes. Clean air is in the public interest. Reduced
23 dependence on foreign oil is in the public interest. Reduced
24 mining and burning of coal is in the public interest
25 according to environmentalists. And meeting future power

needs is certainly in the public interest.

Again, I believe that any objective observer will see the company's behavior has consistently been in the public interest.

The third area I would like to address is the character and nature of some opponents to this rate increase, and I think which is particularly relevant in the Bucks County and Doylestown area. Someone might refer to them as the Bucks County gang of four: Del-AWARE, the Bucks County County Commissioners, Congressman Kostmayer and out-of-state anti-nuclear groups.

Mr. Kostmayer -- Congressman Kostmayer -- is for economic development. If Mr. Kostmayer really cared about economic development he would have had the courage to support the pump, which many area communities need for adequate water supply.

(Applause and boos.)

THE WITNESS: Congressman Kostmayer has a long history of sacrificing the public interest on the alter of political expediency.

Mr. Fonash, too, is experienced in using the pump, Limerick and the electric company as scapegoats and whipping boys, ignoring the public interest in his lust for seizing power on the County Board.

MEMBER OF AUDIENCE: Stick to the subject.

1 THE WITNESS: The new subject is Del-AWARE. They
2 thought that if the pump were stopped Limerick would not
3 go into commercial operation. Well, we see what happened.
4 As usual they were wrong and now we in Bucks County have no
5 water, lots of legal costs to pay and a bunch of politicians
6 who constantly try to justify their past mistakes.

7 (Applause and boos.)

8 THE WITNESS: I say shame on these people, shame on
9 the character assassinations and intimidation.

10 Your Honor, I request that this rate increase be
11 granted in its full. Thank you.

12 (Applause and boos.)

13 JUDGE MATUSCHAK: We will hear now from Mark
14 Dornstreich.

15 Whereupon,

16 MARK DORNSTREICH

17 having been duly sworn, testified as follows:

18 THE WITNESS: I feel compelled to say before anything
19 further that I, too, like some of the previous speakers
20 have concerns about the possible impact of any of the
21 testimony which takes place here today. The fact is it is
22 a very sad commentary. I think many of us over the course
23 of the last many months and many years have tried to make
24 our voices felt and have tried to influence the Public Utility
25 Commission since it apparently is representing or is supposed

1 to represent the public interest and that has been to no
2 avail as has been pointed out previously. Two Commissioners
3 on the Public Utility Commission in effect make decisions
4 for the whole southeastern region of Pennsylvania. Quite
5 apart from what those decisions are, that kind of situation
6 can not be allowed to persist.

7 (Applause.)

8 THE WITNESS: I think before saying about the rate
9 increase it's also necessary to state that the Public Utility
10 Commission has had a consistent record of ignoring the
11 recommendations of its own Administrative Law Judges, it
12 has had a consistent record of ignoring public input, and it
13 has had a consistent record of ignoring important political
14 representatives in the state such as the Lieutenant
15 Governor of the state.

16 (Applause.)

17 THE WITNESS: I think it's absolutely obvious that
18 the proposed rate increase will have an adverse economic
19 effect on the region. I can't see how increasing anybody's
20 costs could have any other possible effect. The very simple
21 result is that the cost of doing business for everybody is
22 higher, the cost of everybody's interactions with everybody
23 else is higher, the cost of every activity in which every
24 citizen in the southeastern part of Pennsylvania engaged is
25 higher, the cost of doing everything for everybody is higher

1 relative to other parts of the state and other parts of
2 the country, and that translates out only as adverse
3 economic impact and nothing else.

4 As a recent Philadelphia Inquirer article pointed
5 out under the headline "Who Will Pay for Limerick?", the
6 conclusion of that very long and detailed examination of how
7 much everybody's energy bills will increase is that everybody
8 will end up paying for Limerick, but not once and not twice
9 but numerous times every single day.

10 When people go to school it will be more expensive
11 because the school budget will be higher. When they ride
12 public transportation it will be more expensive because the
13 cost of the energy for transporting them will be higher.
14 When people deal with a business, as obviously everybody
15 does in thousands of ways every day, the cost of the goods
16 that they receive will be higher because those goods will
17 be passed in the form of the ultimate cost of the goods
18 purchased.

19 So it's fictitious to focus on your own individual
20 electricity bill. Of course that will be higher. Maximally
21 that will be 28.2 percent higher. But the cost will be
22 received numerous times every single day in every single
23 interaction that everybody has, just as a citizen of this
24 part of Pennsylvania.

25 I think that the three most important points that I

1 would like to underscore which have already been mentioned
2 by previous speakers but which I think are well worth
3 underscoring is that a rate increase of this dimension puts
4 everybody who uses electricity, that is to say everybody,
5 in a complete Catch-22 situation. There is a total
6 disincentive to conserve. We all have seen the bar graphs
7 on our utility bills and we know that even if our rate
8 of electricity usage goes down it matters not, our bills
9 go up.

10 (Applause.)

11 THE WITNESS: We are rapidly approaching the point,
12 as one of the previous speakers said, where energy costs
13 are the single -- electricity costs specifically -- are
14 the single highest consumer cost that we face as individuals,
15 rivaling, at this point, food costs.

16 It has been mentioned that the utility is responsible
17 in that long-range planning has been engaged in by them.
18 No one denies that long-range planning has been engaged in,
19 but it has been faulty planning.

20 And finally, higher rates mean, as we have also heard
21 from many previous speakers, that large corporate users and
22 those entities that can do so in one way or another, will try
23 to extricate themselves from the rate base, either by building
24 their own power plants, by moving from the region, by
25 co-generation or by some other methodology. And the totally

1 ironic piece of that situation is that every large
2 corporate customer that extricates themselves from the
3 rate base means that all of we who are left in the rate
4 base will have to take up the slack because the return on
5 expenditures to the utility will have been guaranteed.

6 Thank you.

7 (Applause.)

8 JUDGE MATUSCHAK: Thank you.

9 Next let us hear from Richard McNutt.

10 Whereupon,

11 RICHARD McNUTT

12 having been duly sworn, testified as follows:

13 THE WITNESS: My name is Richard McNutt and I'm an
14 industrial engineer and a business manager in Bucks County.
15 I'm a homeowner in Plumstead Township. I'm a taxpayer and
16 a PECO ratepayer.

17 I'm not happy to be here. I'm also not happy that
18 there are no Commissioners from the Public Utility Commission
19 here.

20 (Applause.)

21 THE WITNESS: The reason that I'm here is because
22 the people in business are dying because of Philadelphia
23 Electric Company's rate base. The question to the Commissioners
24 is how many people will you kill? How many businesses will
25 you kill? How many husbands will you turn into wife beaters? How

1 many communities like Point Pleasant, Pennsylvania, will
2 you destroy?

3 All of the destruction and the human misery attached
4 to this rate base to produce excess power.

5 You encourage closing down fine operating nuclear
6 power plants, stations that run cheaper and cleaner than
7 Limerick. None of this makes any rational sense. We know
8 what sense it makes and it's not rational.

9 The PUC, if they go along with this rate increase,
10 are murderers. They murder both our businesses and they
11 murder our individuals. And I notice some people out there
12 think that that's very funny. The next time you see somebody
13 freeze to death when you turn off their electricity you
14 laugh. You're a murderer.

15 If you allow Unit 2 to go on line that's premeditated
16 first degree murder because you know that people are going to
17 die when you do it and businesses are going to die when you
18 do it.

19 MEMBER OF AUDIENCE: Is he under oath?

20 THE WITNESS: Yes. Who asked that question?

21 JUDGE MATUSCHAK: Just a minute. Let's not have any
22 confrontations. Give the speaker a chance to express his
23 opinion. You will have a chance to make your expression.

24 THE WITNESS: Will the PUC and PECO stop at nothing to
25 try to revive the dead dream of fission radioactive processes

to try to generate electricity?

1 I'm only a few pages from Everett in the Who's Who
2 in the East for technical achievement. There's a big
3 difference between me and Everett. It's called social
4 responsibility.

5 Somehow the PUC is also missing their opportunity for
6 social responsibility. Somehow, and I think we all know
7 how that is happening.

8 PECO had their chance to work out their problems.
9 We paid for it. And we are sorry that their problems didn't
10 work out. We are not willing to stand by quietly and pay
11 for the rest of this mistake and I don't think that the
12 people, including Congressman Kostmayer and Fonash and all
13 these people that the gentleman so facetiously attacked,
14 also people with social responsibility -- you need to change
15 your course. The PUC needs to change it's course. The
16 people need to be represented on this issue. Get off your
17 cause. Fission doesn't work. It's dirty, it's unreliable
18 and it's expensive.

19 PUC get off your cause in representing a power
20 company that's about ready to rape the whole southeastern
21 part of Pennsylvania.

22 (Applause.)

23 THE WITNESS: It's time to take a professional perspective
24 of this problem. It's time to stop punishing the electrical
25

1 energy users in southeastern Pennsylvania for PECO's
2 profit. We can't take it anymore. The businesses, the
3 residential users, the consumers, all of the people that
4 are attached to the rising utility costs can't take it
5 anymore. PECO has broken their back.

6 PECO's Limerick project is projected somewhere around
7 \$7.5 billion for completion. That's only for construction.
8 If you take 1.3 million ratepayers, which is what PECO has
9 in their district, and divide that into \$7.5 billion, you
10 come up with a figure of somewhere around \$5,700. Then
11 you attach the cost of closing it and you're talking
12 somewhere in the neighborhood of \$12,000 per user -- for not
13 producing electricity, just to build it and to close it.
14 I wonder how much it's going to cost to run it.

15 Stop it.

16 Thank you.

17 (Applause.)

18 JUDGE MAPUSCHAK: Thank you.

19 Let's hear from Richard Torkelson.

20 Whereupon,

21 RICHARD TORKELSON

22 having been duly sworn, testified as follows:

23 THE WITNESS: My name is Richard Torkelson. I live
24 in Point Pleasant. I'm a businessman there. I work in the
25 construction trades. I want to thank you for the opportunity

1 to speak here this evening. I won't take very much of your
2 time.

3 First of all I would like to go on record as knowing
4 that the cost cap plan is totally unenforceable. Right now
5 as PECO proceeds with their plans to build Unit 2 they still
6 do not have a solution to their cooling water supply.
7 Because right now the Point Pleasant project is not being
8 built nor will it ever be built.

9 (Applause.)

10 THE WITNESS: When the PUC Commissioners meet to
11 decide on this most recent rate increase they have the chance,
12 they have the opportunity to make PECO number one. Number
13 one in electric rates for customers, number one in the
14 elimination of jobs in southeastern Pennsylvania. And
15 that's even -- and PECO even hasn't had their accident yet.

16 The speakers tonight have stated that nuclear power
17 is cheaper. If that is so why is PECO requesting this 28
18 percent increase?

19 (Applause.)

20 THE WITNESS: If this rate hike goes through there
21 are many people, many of them on fixed incomes, who will
22 have to decide whether or not to heat their homes or watch
23 their TVs or even to eat. This assault on southeastern
24 Pennsylvania cannot be tolerated. We will not stand for
25 it. We will not pay for it. And we will not allow it.

1 (Applause.)

2 JUDGE MATUSCHAK: Thank you.

3 Let's hear from Walt McRee.

4 Whereupon,

5 WALT McREE

6 having been duly sworn, testified as follows:

7 THE WITNESS: My name is Walt McRee. I'm a resident
8 of Point Pleasant, Pennsylvania. I have a couple of remarks
9 in response to the previous speaker.

10 Regarding the Point Pleasant diversion and the
11 availability of water in Bucks County and the cost of same,
12 and the claims made by an organization called Del-AWARE
13 that the Limerick facility would be stopped if the pump
14 were not built. Del-AWARE Unlimited never said that, never
15 contended that.

16 Also, the point of the cost of stopping the pump is
17 merely a fraction of what it would cost ratepayers for
18 electricity and water should the pump ever be completed.

19 As far as the scurrilous lie about the availability
20 of water in this region, it is a matter of public record
21 for the last two years that there are significant and
22 available additional alternative sources of water for this
23 region without the construction of a monstrous outdated
24 project like the Point Pleasant Pump.

25 (Applause.)

1 THE WITNESS: I would like to enter into the
2 public record a report, some information from a report,
3 that was issued by the Environmental Action Foundation
4 dealing with the subsidies for energy development and the
5 cost of same to the U. S. taxpayers.

6 It amounts to \$44 billion every year. This is from
7 a new report issued by the Center for Renewable Resources.
8 Besides costing the typical household approximately \$553
9 each year, these subsidies to the nuclear industry, in
10 particular, badly skew investments towards conventional
11 energy sources such as fossil fuels and nuclear power,
12 and it skews them away from renewables and energy efficiency
13 like conservation and co-generation.

14 Over \$30.1 billion in tax benefits provides the
15 largest portion of federal energy subsidies according to
16 the Hidden Cost of Energy, How Taxpayers Subsidize Energy
17 Development. Other taxpayer energy subsidies include
18 federal budget outlays of \$8.2 million and federal loans
19 and loan guarantees.

20 Now, what's interesting is that nuclear power
21 receives over \$15 billion in federal subsidies every year.
22 Yet it delivers only two percent of the nation's useful
23 energy. Renewable energy sources other than hydro power,
24 by comparison, receive only \$1.7 billion in annual subsidies,
25 yet deliver nearly ten percent of the nation's energy. That's

1 five times what the nukes deliver.

2 These energy subsidies, which represent one-
3 quarter of the entire federal deficit, ladies and
4 gentlemen, also waste our nation's economic resources by
5 reducing employment and stifling economic growth. Because
6 of these inequitable subsidies, the report continues,
7 energy efficiency improvements will remain largely untapped
8 leaving the United States -- and this is quoting now --
9 "leaving the United States with one of the least efficient
10 economies in the world."

11 I submit that it is the obvious travesty of injustice,
12 of in equity, which allows a corporation like Philadelphia
13 Electric Company to pursue an unneeded and tremendously
14 costly project like Limerick at the expense of the public
15 because that is simply the way that the political and the
16 power influence in our decision making process is able to
17 wield it's way.

18 (Applause.)

19 THE WITNESS: Obviously a lot of people here who are
20 citizens who have been coming to hearings of all varieties
21 for the last several years have a certain amount of laissez-
22 faire in their engagement with you tonight. There is a
23 certain distrust, a disbelief that the public can make a
24 difference. And I don't know that you gentlemen and ladies
25 will be able to make a difference about it.

1 I think some of it is a function of how the Public
2 Utility Commission is constructed and how power companies
3 get their profits based on their construction of new
4 facilities. That is something, hopefully, that the
5 Legislature will be able to make a difference about in the
6 coming years.

7 But in the meantime, the Public Utility Commission's
8 record is deplorable in its ability to protect the public
9 interest. The Public Utility Commission has shown in its
10 most recent outrageous decision about Limerick 2 that it is
11 able to ignore a massive body of evidence which shows that
12 this region, southeastern Pennsylvania, cannot afford to
13 pay for an unnecessary project like Limerick 2. And yet
14 we have two Commissioners, Ms. Taliaferro and Mr. Fischl,
15 who stand alone with the Philadelphia Electric Company on
16 one side of the room, with their two votes on the Commission,
17 and you have one other Commissioner who stands on the other
18 side of the room with the rest of us, who are not employees
19 but who are paying bills and who have families to raise and
20 a future to afford.

21 (Applause.)

22 THE WITNESS: I say it is evident to the most super-
23 ficial observer that something is drastically wrong with
24 this system which you are obliged and attempting to operate
25 under. It's evident to the citizens and businesses in

1 southeastern Pennsylvania that the Public Utility Commission
2 is unable or, perhaps, I'm sorry to say, unwilling to take
3 effective action to protect our best interests, specifically
4 providing safe and affordable energy resources to everyone
5 in our area.

6 It is evident to even the most naive of observers that
7 there is something more powerful than common sense that has
8 the final say in the determinations of the Public Utility
9 Commission on which project is allowed to be built and what
10 the cost will be. The record shows that this Commission is
11 able to make determinations favorable to a powerful private
12 interest, such as Philadelphia Electric Company, regardless
13 of the huge body of evidence which shows that both Limerick
14 1 and 2 are unnecessary and are, in fact, a cruelty that
15 is not needed and not wanted.

16 Those of us who have worked steadfastly to bring
17 forward some new information and new ways of solving problems
18 with alternatives and more contemporary problem solving
19 approaches are left to speak at meetings like this. We are
20 not able to speak inside the rooms where the decisions are
21 made.

22 Outside of a Senate hearing in December, a Senate
23 hearing room, I addressed Ms. Taliaferro about the growing
24 coalition of over 40 citizens groups in this region that
25 have for the first time come together, senior citizens

1 groups, environmental groups, businessmen, who have all
2 come together to try to make some sense in our own defense
3 about Limerick 2. And I was told that I couldn't talk to
4 her because she is the judge.

5 I respect that and I shut up. But I dare say that
6 someone else got a chance to talk to her because the
7 decision she made didn't follow on a logical course at all.

8 As you know, the Public Advocate is now suing for
9 restitution of that decision because the Commission did
10 not draw a conclusion, at least it's their claim, that
11 the Commission didn't draw a conclusion to allow Limerick
12 2 to be built with a cost cap based on the evidence.

13 So how is it that the pleadings of people throughout
14 our area who will soon likely be obliged to pay the highest
15 cost of electricity in the country don't overrule the pleadings
16 of what amounts to a power-hungry and arrogant organization
17 like the management of Philadelphia Electric Company.

18 (Applause.)

19 THE WITNESS: I want to know whether or not their
20 dollars and cents have more influence in the Harrisburg
21 circles than the common sense that only the very naive
22 would not conclude had to be part of making a decision as
23 important as this. Only the very naive would not conclude
24 that part of this disasterous course that the Commission
25 is plotting in our area is due to the unfortunate influence

1 that we think goes on in Harrisburg away from us.

2 I would want to make a distinction here for those
3 of you who are here at the behest or out of consideration
4 for the Philadelphia Electric Company. It's obvious that
5 PECO performs some pretty good service for the area. So
6 those of you guys who are linemen and get the job done out
7 in the field, our argument isn't with you. Our argument
8 is with the guys who are making the decisions that are
9 going to have to be paid for by you and your kids.

10 (Applause.)

11 THE WITNESS: It's particularly unfortunate because
12 the problems that we have are not just about the cost of
13 our power and whether or not our businesses can compete.
14 What we have in this area is a tremendous opportunity to
15 have an extraordinary region that has a very viable
16 business base but also an extraordinary environmental
17 resource. And what I see is that the synergy, the collected
18 energies around the power company and the development
19 interests in this area are standing very strongly together
20 and ignoring some of the alternatives that are available
21 to us which can make life a lot more efficient, less costly
22 and more responsive.

23 So for all the good that this public hearing does I
24 think it would not be complete unless we asked some
25 questions which should precede any decision that you make

1 about giving Philadelphia Electric any money for the
2 Limerick project. Questions like did Philadelphia Electric
3 Company ever realistically evaluate this project and the
4 impact of the cost of it in a timely way, that is,
5 evaluating year by year based on whether or not we could
6 afford the incredibly expensive and expanded costs of this
7 project.

8 It's over ten times as expensive as they said it
9 was going to be to begin with. The cost of nuclear power,
10 even from the atomic energy proponents, is now avowedly
11 higher than the cost of coal. It is not too cheap to
12 meter. In fact, it's more cheap than the available sources
13 that are available to us now.

14 Has PECO played fair with the public in building
15 this project, including it's construction?

16 MEMBER OF AUDIENCE: Twelve minutes is too much.
17 Give somebody else a chance.

18 THE WITNESS: I'm almost finished.

19 MEMBER OF AUDIENCE: You should have been done a long
20 time ago. Give somebody else a chance, Judge. It isn't
21 even fair.

22 THE WITNESS: Just a minute. I'm almost done.

23 Has PECO play fair with the public in building the
24 project, including its construction, its assessment of need,
25 its retirement of other generating facilities that it is

1 speeding up, and safety planning? For example, shouldn't
2 this Commission also consider whether or not the Limerick
3 facility should have a working evacuation plan?

4 MEMBER OF AUDIENCE: Give somebody else a chance.

5 JUDGE MATUSCHAK: Just a minute. We will ask the
6 speakers to confine their expression as much as possible
7 so that everybody in the room here who wants to speak can
8 have a chance.

9 MEMBER OF AUDIENCE: Sit him down.

10 THE WITNESS: Just a couple more points.

11 JUDGE MATUSCHAK: Let him finish, please.

12 THE WITNESS: Has this Commission demanded that PECO
13 pursue least cost alternatives in the interest of protect-
14 ing the public? Has it ever reassessed whether the Limerick
15 generator was responsibly sited given updated information
16 and lessons that we should have learned from the Three Mile
17 Island accident, for example. Has this Commission ever
18 considered whether the related impacts of the project, for
19 example, the Point Pleasant water diversion, are in fact
20 needed or acceptable or if they could be avoided?

21 I say this Commission has that obligation and you
22 have significant testimony in front of you from others that
23 suggests that a large portion of the rate request should be
24 sliced.

25 I thank you for your considerations and for your

1 time. We hope that the public will have some influence
2 on your determinations.

3 (Applause.)

4 JUDGE MATUSCHAK: Thank you.

5 Again, regardless of which position you want to
6 take we will ask all the speakers to try to confine their
7 comments. We have a lot of people who want to express their
8 opinions on this matter and we would request all the speakers
9 to try to make themselves as brief as possible. Thank you.

10 George Lauderback, Junior.

11 Whereupon,

12 GEORGE LAUDERBACK, JR.

13 having been duly sworn, testified as follows:

14 THE WITNESS: My name is George Lauderback and I'm
15 proud to say that in July I will have completed 30 years of
16 service with the Philadelphia Electric Company. I'm also
17 a shareholder. I live within 11 miles of Limerick and I
18 pay my full electric bill, just like everyone else -- no
19 discount, nothing free, no freebies.

20 For more than ten years I've been working at the
21 Limerick nuclear site, directly involved in the verification
22 of the quality of that plant. I know that we have built
23 a safe, reliable facility in Limerick Unit 1.

24 I feel that nuclear power is essential to the well
25 being of our country. I am convinced that it is safe

1 environmentally, safe from the health standpoint and cost-
2 effective.

3 I have come here of my own free will at my own
4 expense and I'm not getting paid to be here.

5 I strongly urge that you allow Philadelphia Electric
6 Company this rate increase so that they can continue to
7 provide the excellent service that they have provided for
8 so many years in the past.

9 Thank you.

10 (Applause and boos.)

11 JUDGE MATUSCHAK: Thank you.

12 Margaret Dardis.

13 Whereupon,

14 MARGARET DARDIS

15 having been duly affirmed, testified as follows:

16 MS. DARDIS: I am Margaret Dardis from Newtown
17 Township, a neighbor of Walter Mammel. I would like to say
18 something about his expertise in a moment, but first I wish
19 to say that I too have had conversations and correspondence
20 with the PUC over the past two years. These have dealt with
21 proposals for co-generation and the encouragement of
22 co-generation and of massive conservation as a viable
23 alternative to all kinds of expanding of generating capacity.

24 I share, I'm sorry to say, the feeling of some of the
25 people who have preceded me here this evening that the PUC

has not been responsive to the needs of the people and
nor to the many opportunities that actually exist for
solving some of these problems in a creative way. I am
deeply disappointed in its performance.

First, I'd like you to think about the people that
you are serving. Right now many people reaching retirement
age and doing so in the near future are in what is known
as the notch. That means that they will automatically
because of the years in which they were born receive \$500,
\$600 and even more than \$1,000 less per year than people
a couple of years older than they. Some of these elderly
who have a modest independent retirement income are also
for the first time being taxed on their Social Security
income. Medicare costs are going up. Cost of living
increases are suddenly reduced on their Social Security.

In the face of all this it is inconceivable that
the PUC would likely raise rates for PECO so that some of
these people will have to ask for help, and my bill contains
an appeal to me to contribute to PECO so that they can give
charity to the people that they are already bankrupting.

(Applause.)

THE WITNESS: That's one special point.

It seems to me that building a nuclear plant to take
care of a peak load, whether summer or winter load, is
like using a sledge hammer to swat a fly -- especially bad

1 if the fly happens to be on your forehead.

2 One strange thing is that when advocates of PECO's
3 policies, their nuclear plants and their rate load, when
4 their advocates talk about the need, supposedly, for
5 Limerick they talk about peak summer loads. And they seem
6 to assume that every one of their customers automatically
7 run central air, except for these poverty level consumers
8 who they ask us to subsidize.

9 And PECO's engineers never acknowledge that something
10 like a turbine ventilator, which uses not one watt of
11 electricity, can carry the greater part of the cooling load
12 for our residents and for many businesses as well. Instead
13 of building a nuclear plant -- and I do feel for the people
14 who think that their jobs are threatened, although nuclear
15 plants once they are operating, as long as they operate,
16 don't seem to use many people, only when they are being
17 built and then later when they are being cleaned up. But
18 instead of building a nuclear why can't PECO install
19 turbines for all their customers in the rate area, thereby
20 saving having to build a nuclear plant, saving billions of
21 dollars, putting many people to work and supplying us with
22 a nice turbine ventilator that goes around by itself and
23 runs by itself with nary a watt of electricity going into
24 it.

25 Last summer I used very little more electricity in

1 the summer than I did in the winter -- but my bill went
2 up. I called PECO and I said why does my bill go up when
3 I'm not using very much electricity. And they said it's
4 because you have to pay for the summer air conditioning.
5 I said I'm sorry but I'm not using air conditioning. You
6 have to pay for all the electricity at the summer rate
7 anyway, they said. My air conditioner is unplugged and my
8 two turbine ventilators go around and around, and I suggest
9 to Mr. Mammel and to PECO and, yes, to the PUC that this is
10 one form of the same kind of serious conservation that was
11 done on the west coast that phased out at least one proposed
12 nuclear plant.

13 (Applause.)

14 THE WITNESS: Now, my last point is the principle of
15 a cost cap. I realize that this deals much more with
16 Limerick 2 than Limerick 1, but it strikes me as an example
17 of the failure of the PUC to grasp the situation and to
18 grapple with and to cope with it.

19 The principle of a cost cap is the most alarming
20 proposal yet made. It is a prescription for disaster.
21 Look at it. If the cap is unenforceable it invites the
22 certain financial disaster which it is alleged to prevent.
23 That's if it's unenforceable. If it doesn't work then we
24 get the financial disaster.

25 But worse yet, efforts to enforce the cap can lead to

1 careless and shoddy safety practices in operating a nuclear
2 plant. Already a near carbon copy of the TMI accident last
3 June shut down the Davis-Bessie plant in Ohio. Because the
4 financially troubled utility dragged its feet for six long
5 years on replacing the same type of valve, the infamous
6 PORV that nobody at TMI ever thought would stick open, the
7 PORV that had caused the TMI accident -- well, there was one
8 at Davis-Bessie and it stuck open.

9 The NRC has since acknowledged that Davis-Bessie's
10 cost cutting was the cause of this recent accident.

11 We are thus faced with a choice which is no choice:
12 exorbitant rates for or unsafe operation of the Limerick
13 plants. Your money or your life.

14 According to the New Time this dangerous principle
15 is becoming an issue in many other parts of the nation.
16 I say again, your money or your life, or maybe both.

17 (Applause.)

18 JUDGE MATUSCHAK: Thank you.

19 Karl W. Meck

20 Whereupon,

21 KARL W. MECK

22 having been duly sworn, testified as follows:

23 THE WITNESS: My name is Karl Meck and I'm here as
24 an ordinary concerned citizen in favor of the rate increase
25 for Limerick Unit 1. The rate increase is needed to recoup

1 the investment of building Limerick Unit I which PECO made
2 in good faith. It is essential to our energy and power
3 system that utilities be allowed a reasonable rate of
4 return on their capital investment. Utility financial
5 health and a reliable system to provide electricity are
6 central to the well being of this community and this state
7 and this country. Therefore, the proposed rate increase
8 will provide long-term benefits by keeping Philadelphia
9 Electric Company healthy financially so that they may
10 continue to provide safe and reliable services to our
11 community area.

12 Thank you.

13 (Applause and boos.)

14 JUDGE MATUSCHAK: Tom Merkel.

15 Whereupon,

16 TOM MERKEL

17 having been duly sworn, testified as follows:

18 THE WITNESS: Good evening. I'm a resident of Bucks
19 County, I'm a ratepayer, I'm a stockholder. I'm here to
20 tell the Commission I vehemently object to any rate increase
21 for PECO.

22 (Applause.)

23 THE WITNESS: I cannot believe anybody would be so
24 gullible to believe people when they say please increase my
25 rates. I urge you to act responsibly, to act professionally

and listen to the people. Don't grant the rate increase.

(Applause.)

JUDGE MATUSCHAK: Thank you.

Russell Robinson.

Whereupon,

RUSSELL ROBINSON

having been duly sworn, testified as follows:

THE WITNESS: Good evening. I don't have any hats, I don't have any slogans and I don't have any buttons. I didn't come to refute statements or grind any old axes. And I didn't come to be on TV.

I come as an American, a Bucks County resident, to express my personal opinion.

I feel the rate case is in the best interests of the area served by Philadelphia Electric. If the area is going to continue to grow and enjoy today's technology we must share in the costs.

I have followed the progress of the Limerick construction and I feel that Limerick is safe and reliable. It's an investment in our future.

Thank you for the opportunity to express my opinion in favor of the rate increase.

(Applause and boos.)

JUDGE MATUSCHAK: Thank you.

Paul Beiger.

Whereupon,

PAUL BEIGER

having been duly sworn, testified as follows:

THE WITNESS: My name is Paul Beiger. I'm a resident of Bucks County. I'm a property owner, I'm a voter and my wife and I are both retired and on Social Security. So that qualifies me for the fixed income category.

What I'm here to plead to the Commission is to not allow this entirely too much of a large rate. The reason I say this is my current electric bill for the year is \$700. Now, that may sound puny to some of you people, but it's a hell of a lot of money to me because I'm on a fixed rate.

The second thing I was told was that my rates would go to over \$900 a year. Again, this sounds like a puny amount to some people, but the people who are on retirement, you heard to other speaker say how this rate would affect me. Not only the \$200, but the county taxes, the school taxes, the township taxes. The hospital has already told us that the cheap rates that they have for the Medicare people will have to go up because of increased energy costs. You can go all the way down the line. As someone told you here, all of this is intertwined.

I'm going to get to the position where I'm going to have to make a decision: whether to go to a doctor or pay my PECO electric bill. Now, I'm serious about this. Not

71
1 only are the doctors expensive, but if both of them are
2 expensive I won't have the money to go to both of them so
3 I will have to make a decision.

4 I hope I don't get to the point where I read in the
5 paper where some people in the poverty areas of Philadelphia,
6 when they come to making a decision whether they are going
7 to stay warm or eat, I hope I don't come to that. That is
8 going to be entirely up to you people here.

9 You know, the fabulous thing about being retired is
10 that I do a lot of reading. Now, I don't know whether this
11 is good or bad because some of the things I read make me
12 awful sick.

13 One of the things I read recently -- I have in my
14 folder -- is that the Philadelphia Electric Company from
15 the years 1981 to 1984 made a net profit, or their net
16 earnings were \$1,980,000,000 and of that they didn't pay a
17 God damned cent in federal taxes.

18 Not only that, they recently received \$40 million
19 in tax refunds. It's all in the paper and I have it there
20 on my seat.

21 But one of the things that bothers me the most was
22 is who gets this. Who gets this \$1,980,000,000 net
23 earnings? This is after all you guys have been paid. I
24 find that this goes to shareholders and stockholders.

25 Now, I went to school when the stock market was

1 called the casino of New York. It was before racing was
2 legitimized. It was before casino gambling was popular.
3 The stock in anybody's interpretation is a gamble. Now,
4 when you gamble with money on stocks you can either win or
5 lose.

6 But in the state of Pennsylvania because of our
7 Harrisburg administration the Public Utility Commission
8 guarantees -- guarantees -- all stockholders of Philadelphia
9 Electric you will win.

10 And honestly, and I say this in all sincerity,
11 how come? How come? What gives you the magic power?

12 Again, I read. I see that Bechtel, which is
13 building your Limerick 1 is finished. They are now going
14 up to Reading and they have already signed a contract to
15 use the clum from the coal mines to create steam to create
16 electricity. And someone said why are you up here. They
17 said there isn't a damned thing to do in the nuclear industry.
18 We've got to look for something to do.

19 That's fine. I'm happy about that.

20 But there is one other thing that makes me very very
21 sad. I read the papers and Bechtel, Mr. Weinberg and Mr.
22 Shultz, are vice-presidents of that magnificent corporation.
23 And I wonder who the hell is really putting the pressure on
24 us. Who the hell is telling us you're going to take Limerick
25 1 and 2 whether you like it or not.

1 foreign steel, finished steel, coming over to this
2 country. They are struggling for survival. And they
3 have been surviving.

4 This past year, 1985, they didn't make any money.
5 They are still staying open, rolling. But as recent as
6 today they have made a decision to roll just on weekends.
7 They are going to be rolling two 20 hour turns just
8 Saturday and Sunday. They had been rolling alternating
9 months to try to save on their electric bill and they have
10 been doing it with some success.

11 I don't own Lukens Steel but I'm one of many hundreds
12 of contractors that do business with them and like Congressman
13 Kostmayer said earlier this evening when he estimated that
14 15,000 or 19,000 jobs would be lost by higher energy costs,
15 no one could probably pin down one job that would be lost, but
16 I will tell you one thing: if Lukens closes this is one job
17 that will probably be lost in this region. Just one, and
18 about two or three people that I employ.

19 Along with that are the people I buy sandwiches off
20 of in Conshohocken when I'm working there and many many
21 other people are going to be hurt because they are dependent
22 upon people like me.

23 So if Lukens closes I will still be in business but
24 it's really going to hurt me. I work for other companies
25 also. I'm not going to go over a whole list of companies.

1 But I can tell you this: Lukens because of their utility
2 bills is in trouble right now. It may not be the only
3 thing but if this rate increase goes through I have a pretty
4 good idea that Lukens is going to go, it's going to close
5 up. That's my personal prediction.

6 And for the first time in my life personally I am
7 reassessing my life here in the Delaware Valley. Not just
8 because of Philadelphia Electric Company. We are being
9 burdened by probably a new economic way of life in the future,
10 and I'm not an economist, let me tell you that. I'm a plain
11 old laborer.

12 You can't even understand what's going to happen.
13 I believe that this place, the people of this region right
14 here, are going to be trying to get out of here while they
15 can. I think in part Philadelphia Electric Company is not
16 helping this region at all.

17 When I talk to people about the effect that I believe
18 higher utility bills will have on the economic climate of
19 this area, they say, oh, it's nothing, we will absorb it.
20 And most of the people that tell me this are people
21 affiliated with power companies, people that have a job in
22 politics that's solid as a rock, they get their money.

23 But for the people like me who have to go out -- I
24 have to leave my house every day and figure out a way to make
25 a buck. That's all I do, every day. And it's becoming

1 tougher and tougher and tougher.

2 I'm not putting the whole burden on Philadelphia
3 Electric Company, but if Philadelphia Electric Company is
4 like they say caring about this community that we all live
5 in -- all of us, Philadelphia Electric Company workers,
6 us, everyone, if we are to survive in this community then
7 we have to go at this together. And what we see tonight
8 isn't the way I would like to see things. We see division.
9 We see people saying we don't want this and Philadelphia
10 Electric Company doing everything they can to really force
11 it down our throats. And I think the bottom line is profits
12 for the stockholders.

13 I don't know how that would be broken. I guess I
14 would like to see public ownership, I suppose. My personal
15 choice would be to let's have a brownout once in a while
16 as long as the electricity bills aren't as high.

17 What we are talking about is really insuring that
18 we will never have a brownout for the mere cost of \$6 billion.

19 I'm just going to end right now. As a consumer this
20 utility hike, the rate hike, that is being requested by
21 Philadelphia Electric Company for Limerick 1, I'm wondering
22 whether I should be billed for this because I hear that we
23 the consumers of this region don't really get all of what
24 Limerick 1 puts out. I understand there's a grid that it
25 goes into. Maybe someone in Kansas City, Missouri --

1 well, forget Kansas City. Let's say Connecticut, somewhere,
2 when he turns his TV set on maybe he's getting my electricity
3 that you're asking me to pay for. Who knows? I don't know
4 where it's going. But if it were all staying here then
5 maybe it would be justified. I don't know.

6 But there are an awful lot of questions that I don't
7 know and I just cannot on the face of it, to me, this rate
8 hike.

9 That's all I have to say.

10 (Applause.)

11 JUDGE MATUSCHAK: Thank you.

12 Carol Barnshaw.

13 Whereupon,

14 **CAROL BARNSHAW**

15 having been duly sworn, testified as follows:

16 THE WITNESS: I just have one comment to make before
17 I say what I had planned to say. I just feel that an awful
18 lot of people's woes are being blamed on the utility company.

19 As a Philadelphia Electric ratepayer I don't want
20 to see the rates go up just as I don't want to see my water
21 rates, my food costs, garbage collection, my phone bills and
22 my taxes go up. But these are the unfortunate facts of
23 life. You just have to read the newspaper.

24 For instance, SEPTA has raised their fares three
25 times in one year and they have one of the highest accident

1 rates in the country. Pottstown has raised their water
2 rates 23 percent all at one time. My costs for my trash
3 collection has doubled every five years, and it goes on.
4 As you know a loaf of bread has jumped from five cents in
5 1910 to over a dollar.

6 Americans use a lot more electricity today than
7 they did 25 years ago. Modern technology has given us
8 all these wonderful appliances and gadgets that we all
9 want in life. If we want to buy them and use them and
10 pay the prices for them why does everybody yell about the
11 cost of operating them?

12 The average taxpayer according to statistics only
13 works about nine minutes a day to pay for their gas and
14 electric service. I feel that PE has had to deal with
15 some of the problems we all have, the inflation, and we
16 all have to share in the burden.

17 The law requires a utility to plan at least 20
18 years ahead so we can't wait until the minute we need
19 electricity to start building a plant. I feel that if the
20 electric rates are increased over a three year period I
21 think we all can cope with that just as we just cope with
22 all the other price increases that we have encountered.

23 (Applause.)

24 JUDGE MATUSCHAK: Thank you.
25

1 Whereupon,

2 S. W. JACQUES

3 having been duly sworn, testified as follows:

4 THE WITNESS: I'm from Montgomery County. I just
5 have a couple of points I want to make.

6 The first point I want to make is that I'm hearing
7 people saying that Limerick 1 isn't needed. I believe it
8 is needed. And the biggest and most important reason I
9 think it's needed is that it's going to allow Philadelphia
10 Electric to retire some oil units that are 35 to 40 years
11 old.

12 Now, I'm told that that's the equivalent of a 17
13 year old car. Well, back a few years I had a car that I
14 thought was going to last that long. But at 14 years it
15 died. It was getting seven miles to the gallon and using
16 two or three quarts of oil every 1,000 miles. It was hard
17 to get parts. It was costing me a fortune. That's what
18 old equipment can do.

19 This oil equipment, it scares the heck out of me
20 to think about foreign oil and the shieks and everybody
21 over there and when are they going to start again. When
22 are they going to drive the price up or maybe shut off the
23 pump entirely.

24 That does scare me. And I understand that one of the
25

1 shieks just said lately that one of the reasons why there
2 is a glut of oil right now is because so many foreign
3 countries built nuclear stations as a result of their asking
4 for too much in the late '70s.

5 The other point is I was surprised to learn this
6 the other day but of the entire rate increase if it were
7 to go through, \$600 and some odd million, \$276 million of
8 that is in taxes. They are not profits to the PE company
9 or the shareholders. They go to the government. That's
10 41 percent out of that entire rate increase.

11 Now, of the cost of the plant, \$3.8 billion, I under-
12 stand that \$1.4 billion, or over a third, is the cost of
13 financing Limerick. Once again, that doesn't come to the
14 PE shareholders. It's not profits.

15 That's it. Thank you.

16 (Applause.)

17 JUDGE MATUSCHAK: Thank you.

18 Clifford A. Crose.

19 Whereupon,

20 CLIFFORD A. CROSE

21 having been duly sworn, testified as follows:

22 THE WITNESS: My name is Clifford Alfred Crose. I'm
23 a Bucks County resident for 21 years. There are two points
24 I would like to make. One is that I'm in favor of the rate
25

increase request by the Philadelphia Electric Company.

1 The second point I would like to make is I want electric
2 rates lower, as I'm sure PE and other ratepayers do. I'm
3 a river person. I reside along the Delaware River at the
4 crossing, Washington's Crossing. I don't heat my home
5 with wood and I have an all-electric house, the same as
6 most houses along the river at the crossing today.

7 I'm keenly interested in my electric bill, which is
8 a major item in my family's budget, as it is for many
9 others.

10 One, why am I in favor of the rate increase?

11 It's my understanding that around 37 percent, \$1.4 billion,
12 of the rate increase request is interest charges accumulated
13 over the 12 years of construction. It is my understanding
14 that the utilities in this state have to pay the cost of
15 the borrowed money over the life of the construction until
16 put into service according to rule passed by the Legislature.
17 Then the accumulated interest costs can be passed on to us,
18 the ratepayers.

19 It is my understanding that around 40 percent of the
20 rate increase request is for taxes, according to the rules
21 passed by Legislature. That leaves around 23 percent under
22 management control of our local utility, as I see it.

23 With this 23 percent the utility should assure quality
24 work, quick and economic construction. But we, the ratepayers
25

1 know this wasn't allowed to happen. Activists groups with
2 their own objectives have caused delays, increasing costs.
3 Political opportunists have supported activists for
4 political gain, causing delays and increasing costs.
5 Retrofits were ordered, causing delays and increasing costs.
6 The more the delay, the higher the cost, the greater the
7 interest and the taxes.

8 If the local utility company in the Delaware Valley,
9 Lehigh Valley, or anywhere in the state, operates by these
10 rules and then at the end is not allowed to recoup the
11 cost of these rules, we the ratepayers and residents are in
12 for economic disaster. But of course if economic disaster
13 was my objective then I would have succeeded.

14 I want a strong American energy industry by approving
15 this rate request for we are not playing by the same rules.

16 Number two, I want electric rates lower. Seventy-
17 seven percent of this increase is caused by legislation
18 under the control of legislators, not utility companies.
19 Interest and taxes says it all.

20 I read recently Senator Bell was attacking the
21 utility for the rate increase. Senator Bell is Chairman
22 of the legislative committee that oversee the PUC. He
23 know that 77 percent of this increase is due to legislation.
24 Yet he elects to attack the 23 percent under the control of
25 the utility company.

1 I want the legislators, and we had one here to kick
2 the program off tonight from out of state, to lower the
3 electric rate for our ratepayers by changing the rules and
4 affecting the 80 percent of the rate request tonight.

5 Thank you.

6 (Applause and boos.)

7 JUDGE MATUSCHAK: Peter Tinsman

8 Whereupon,

9 PETER TINSMAN

10 having duly affirmed, testified as follows:

11 THE WITNESS: Your Honor, my name is Peter Tinsman.
12 I live in this service area also. My family is in our eighth
13 generation in the Delaware Valley and I'm pretty concerned
14 about what I see happening around here.

15 I run my own business and have a commercial electrical
16 hookup with the Philadelphia Electric Company. Needless to
17 say I don't need any higher rates than I already have.

18 However, I look with a purely selfish view at what
19 we are here to address tonight. I'm in favor of the current
20 rate request being passed as well as the completion of
21 Unit 2.

22 Bucks County is currently under intense pressure from
23 developers and economic pressure seems the only direct way
24 to stem that tide. Pennsylvania has already reached the
25 U. S. Census Bureau's projected 1990 growth rate -- five

1 years zero. It's actually declining a little bit already.
2 That's ranks the state 49th out of 50 in the country.

3 Philadelphia has had a declining population for
4 years and if we can keep the business climate is it is,
5 sooner or later that will take the pressure off of our
6 corn fields as far as development is concerned.

7 This is some of the best farmland around here in
8 the country.

9 (Applause.)

10 I got out of college with a guy 15 years ago who
11 has worked every since our graduation as a number cruncher
12 for the Philadelphia Electric Company. Ever since we
13 graduated he has been working as an economist with numbers
14 related to Limerick. He says that the company can never
15 carry that plant. We works for you guy, or with you guys.

16 Our electric rates are already among the highest in
17 the land and I feel, again, for very selfish reasons, that
18 we should really willingly accept the absolute number one
19 spot of the highest rates. The Philadelphia Naval Yard is
20 teetering and this rate increase could push it over the
21 edge. Ten thousand jobs would be eliminated in a single
22 swipe and transferred south.

23 This northeastern area is in trouble and it won't
24 take much more to finish it off. To save Bucks County raise
25 the rates.

(Applause.)

1 JUDGE MATUSCHAK: William A. Hathaway.

2 Whereupon,

3 WILLIAM A. HATHAWAY

4 having duly affirmed, testified as follows:

5 THE WITNESS: My name is Reverend William Hathaway from
6 the Holy Temple located in Bristol, PA. Out of the church
7 group we operate a human service center called the
8 Family Unity Center. The Family Unity Center is a non-
9 profit organization which assists needy people. Our
10 primary function is working with pregnant teens and also the
11 teen fathers.

12 We train these people to take care of their babies
13 and also we assist them to stay in school and get an
14 education so that they can get a good job and become
15 responsible parents and also responsible citizens.

16 Speaking about jobs, how are we going to create jobs
17 in this region without the proper supply of energy? How
18 are we ever going to have the proper supply of energy if
19 we are unwilling to pay for it?

20 I'm not in favor of raising any price to anything that
21 people need. But at the same token I'm not also in favor of
22 people not having the work they need. We need the energy
23 that Limerick will provide.

24 It won't be free, of course. We don't expect it to
25

1 be free. But we do not wish to create a situation in the
2 next ten years where there won't be enough electricity to
3 keep our people working.

4 It will not be a bargain to anyone in our community
5 if they get a lower rate of electric for a year or perhaps
6 a couple of years if ten to 20 years from now there will
7 not be enough electricity for our children and also for
8 our children's children.

9 Without enough energy we won't be able to do anything.
10 We must encourage a wise middle ground that let's us
11 examine all the possible sources of energy but at the same
12 time we must not allow yourself to stake our future on
13 technology that has not yet proven itself.

14 Limerick is a reality. It makes electricity. Let
15 us pay a fair price for that electricity and let us not
16 sell our children's future down the drain by bargaining
17 for lower electric rates that we might pay next year.

18 (Applause.)

19 JUDGE MATUSCHAK: Let's hear from Helene Newman.
20 Whereupon,

21 HELENE NEWMAN

22 having been duly sworn, testified as follows:

23 THE WITNESS: I'm speaking on behalf of my father
24 this evening, who is older and who is disabled. He's living
25 on Social Security. The one asset and security he has is his

1 home. He's barely making it now with the bills that he
2 pays. And the home to my father is more than just security.
3 He has spent his life reconditioning the inside of the
4 home so he also gets a feel of satisfaction through the
5 creativity that he used in that home.

6 At this point he doesn't have much going for him but
7 he has his home and I think he deserves it.

8 Thank you.

9 JUDGE MATUSCHAK: Rich Rosenblum.

10 Whereupon,

11 RICH ROSENBLUM

12 having been duly sworn, testified as follows:

13 THE WITNESS: Thank you for coming out today,
14 gentlemen. I want to just get one thing clear from the
15 start, and that is that as well-intentioned as you might
16 be in your objective of finding out the citizen's concerns
17 about Limerick 1 and 2, I do not believe and I would like
18 to state for the record that your commissioners that you
19 work for do care. I do not believe that Linda Taliaferro
20 or Frank Fischl have listened in the past, nor will they
21 listen tonight.

22 Because if they did listen they would realize that
23 granting the rate increase would be doing a disservice also
24 to Philadelphia Electric Company. The reason they would
25 be doing a disservice to Philadelphia Electric Company is

1 very simple. In the long term PECO will be priced out
2 of the energy marketplace.

3 One must realize that the way electric utilities
4 operate will no longer be the rule in the 1990's. Just as
5 deregulation in the television industry has brought a new
6 wave of communications, and just as deregulation in the
7 phone industry has brought low cost alternative services,
8 deregulation in the electric industry is on the horizon.

9 And by raising the rates to a ridiculous level that people
10 cannot afford will simply precipitate this and Philadelphia
11 will go from the city with the highest electric rates to
12 the city with the most alternative energy carriers.

13 I stand ready to assist those people to bring this
14 about. It's only a matter of time until this will happen.
15 By putting the eggs in one basket and by allowing the
16 electric company to retire the backup generators, the oil
17 sources -- which have, by the way, an excellent service
18 record with the company -- to put all the eggs in one
19 basket at Limerick is a foolhardy decision by the
20 Commission to allow this into the rate base.

21 Some of the changes that will be taking place in the
22 next few years will be plug-in model solar generators. You
23 simply go to the hardware store, you buy the solar powered
24 generator that has solar collectors and photovoltaic cells
25 and plug it into your outlet and the rest is automatic.

1 The excess utility will be subtracted from your rates.

2 Therefore, this will be an item which hopefully will
3 be produced in the United State. But it probably will come
4 from Italy or Japan first because their rates there are
5 somewhat higher than in this area, in the U. S.

6 We can expect Philadelphia to be at the forefront of
7 these alternative technologies.

8 There are small powered gas co-generation units
9 already available that operate on the lawn mower engine
10 type principle, which are by the way far more efficient than
11 nuclear energy power plants with their evaporative cooling
12 systems. You simply buy them, plug them into the wall and
13 away you go.

14 People will be buying motor energy savers which will
15 cost a few dollars to basically cut the power on motor
16 operated units, like refrigerators. These are already
17 available. The cost of such technology is coming down
18 drastically.

19 Low wattage, high efficiency light bulbs are another
20 avenue of technology which is here right now. We simply
21 will go out to the hardware store or to our own citizens
22 store, if necessary, buy these units and we will be cutting
23 our energy in every household by 15 or 20 percent simply
24 by higher efficiency lightbulbs.

25 So you get the idea that by raising the rates now

1 you are going to be affecting this change even sooner. One
2 area which most needs addressing is the municipalities'
3 power to get off the PJM grid. Up until now this has not
4 been possible. However, recent developments in Lansdale and
5 other places give a lot of encouragement and thereby will
6 stimulate competition. So PECO will not have total control
7 over the energy market -- as it should be.

8 You know, we get used to certain government-run
9 agencies, certain utility-run agencies. However, with the
10 new thinking that has come through, deregulation, the
11 electric companies are simply the next ones to, so to
12 speak, come on line, or go off the old line.

13 So we are going to create a strong community for a
14 positive future and we will be electing new politicians
15 to bring about this energy efficiency, to bring about a new
16 era of competition in the electric industry and, by the
17 way, a new era in safety because when the cost of nuclear
18 waste, nuclear disposal and nuclear insurance are taken into
19 account the nuclear power just will not pay to generate power
20 that way anymore.

21 So I look forward to all people becoming active
22 citizens, active volunteers to bring about this change
23 and hopefully the commissioners of the future will be
24 listening to us.

25 (Applause.)

JUDGE MATUSCHAK: Thank you.

Margaret Kuklinski.

(No audible response.)

JUDGE MATUSCHAK: She's not here?

Raymond Veas.

Whereupon,

RAYMOND VEES

having been duly sworn, testified as follows:

THE WITNESS: Your Honor, I'm Raymond Veas. I'm financial director of the Independent Group Association representing 5,800 Philadelphia Electric Company employees. I'm a ratepayer. Unlike some of the other testimonies we have had tonight, I am a ratepayer.

I was at the Media hearing that you had and I thought about some of the things that were said down there and I wanted to comment on some of them.

One of which was the plight of the senior citizens portrayed at Media and the plight of the needy people that cannot afford the electric rates. A lot of people down there made the inference that Philadelphia Electric Company and its employees does not care about them, and I just wanted to say that that is not true. In fact, Philadelphia Electric Company last year, our employees raised over \$1,154,000 for the United Way agencies to care for these needed people.

1 This past weekend I spent, along with approximately
2 200 other Philadelphia Electric Company employees, at
3 the Variety Club Telethon where we raised \$1.8 million.

4 The bottom line is is it the responsibility of the
5 utility company to care for the needy, to be the social
6 services of the needy. I don't think it is the proper
7 way. I think more proper would be to get these bums off
8 Welfare so that we could give it to the people that deserve
9 it.

10 I also feel that there might be a need for the
11 PUC to look at the service limiter that PE has proposed
12 in the past and which was denied by the PUC.

13 The Mayor of Chester testified that she had a
14 Welfare recipient that was spending \$75 on electric bills.
15 In testimony tonight one person who was using wood, oil
16 and kerosene was spending \$180, and another person was
17 spending \$190 a month on their electric bill. I have a
18 chart of electric rates that were effective January 1, 1986.
19 They would be over the 200,000 kilowatt hour rate and
20 7.7 cents per kilowatt hour is what the rate is. They are
21 using in excess of, in one case, 2,400 and in the other
22 case 2,500 kilowatt hours a month.

23 I have a family of five. I don't live in a phone
24 booth. I have a 2,300 square foot house. I do not heat
25 with electric but I do use oil and wood. My electric

1 bill runs around \$70 to \$80 a month.

2 My point is that these people are obviously doing
3 something drastically wrong to use that much electricity.
4 Either that or they are living in a hell of a big house
5 that maybe they shouldn't be living in. I don't know.

6 The other point was it was made testimony that PE
7 retired 18 generating stations. PE does not even own
8 18 generating station let alone retiring them.

9 Another point was made by Mr. Budinich about Lukens
10 Steel. I have had a lot of discussions with Mr. Budinich.
11 And I do consider him a friend of mine. But when he talks
12 about Lukens Steel moving out because of the cost of
13 electricity, I would just like to point out that there are
14 46,000 tons of steel in Limerick and to put that into some
15 kind of perspective, if you lined up 2,200 Greyhound buses
16 that would be the amount of the steel in there.

17 To conclude my testimony I have a proposal to make to
18 the PUC. In addition to granting the full rate increase
19 that PE is asking for I would like to see a two-tier
20 type of rate increase enacted. When the Limerick -- you
21 have said that in granting the Limerick 2 construction,
22 you put a performance proposal on with that in addition to
23 the cost cap. I would like to see that kind of performance
24 put on the rates, that performance being that if Limerick
25 Unit 1 during the past couple of years whenever we get the

1 pump on line, if it does not generate electricity because
2 of lack of water because of Bucks County's refusal to
3 honor their contracts, I would like to see that additional
4 cost of generating the electricity and that downtime that
5 the plant might be sitting idle tacked on to the ratepayers
6 of Bucks County. And in that way Philadelphia Electric
7 Company can recoup their losses without hitting us with
8 higher taxes.

9 Thank you.

10 (Applause and boos.)

11 JUDGE MATUSCHAK: Rodney Smith.

12 Whereupon,

13 **RODNEY SMITH**

14 having been duly sworn, testified as follows:

15 THE WITNESS: My name is Rod Smith. I reside in
16 Montgomery County. I live in Philadelphia Electric's
17 service territory and have for 22 years. I'm a member of
18 the largest organization in the world: the silent majority.
19 Tonight I'm giving up my membership. I cannot allow a
20 vocal, hysterical minority to determine my future and the
21 future of my family.

22 I have seen the need for growth. I have seen the
23 growth take place. In 22 years two lane roads have become
24 four lane highways. Farms have become housing developments
25 and industrial parks. Where do we get the electricity?

1 I would like to find that hardware store where we can get
2 these solar generators and plug it in your house. I have
3 been reading about that for 25 years in magazines and it
4 hasn't come about yet.

5 We must fuel the growth with an adequate, available,
6 reliable, stable supply of electricity. It's the only way
7 it can be done.

8 The missing 19,000 jobs, it's hypothetical. This is
9 a computer model, paid for by the City of Philadelphia. If
10 I paid for that computer model it had better say what I
11 want it to say.

12 Dr. Frank Clemente, a professor of economics at
13 Penn State University, has recently released a study that
14 quotes empirical data -- nothing hypothetical, but hard
15 numbers. And the ridiculous thing is the areas of the
16 United States where the rates are the highest have the
17 highest level of employment, both in numbers, quality of
18 jobs and wages, real estate values go up quicker than in
19 the so-called economical areas, Washington state and what
20 have you. So how can you make any sense out of that?
21 And they tell me 19,000 jobs are going to go like that
22 when they throw the switch.

23 I just read in the paper Saturday night that Montgomery
24 County is creating 10,000 jobs a year. Ten thousand jobs
25 a year. Hey, everybody here is quoting newspapers. That's

1 new jobs, not rehashed old ones. How are you going to
2 supply these businesses?

3 Have you taken a ride down to Philadelphia lately?
4 All those cranes you see are not tearing buildings down.
5 They are building 50 and 60 story office buildings. There
6 are people in court fighting for the right to put in
7 millions of square feet of office space. Now, either
8 they have never heard of Limerick or these people are
9 fools.

10 I tend to think that they see not the cheap electricity
11 that we would all like to have. I wish they would come out
12 and rip the meter off my house. But I'm a realist. I pay
13 for everything I get. I'm not on the public dole. They see
14 the stability, not necessarily the cheapness but the
15 stability.

16 New York City got closed one day this summer because
17 they ran out of energy. Friday afternoon at 12 o'clock,
18 go home, folks. We don't have energy to safely power your
19 elevators and air condition your buildings? Why? Because a
20 vocal minority had safely blocked the operation of a
21 perfectly viable nuclear power plant. They succeeded in
22 keeping it off line.

23 Now, most of those people that got sent home weren't
24 salaried executives. They were people that didn't get paid
25 for half a day.

1 You hear people say that evacuation is impossible.
2 They cleaned out New York City in 45 minutes. Forty-five
3 minutes. It's true.

4 They asked a traffic cop, they said, how did you do
5 it. He said it's simple, you take all these one-way roads
6 and you reverse them. No traffic coming in. Everybody
7 leaves.

8 The reliability of Philadelphia Electric's service has
9 brought me to a point of complacency in my life. I don't
10 worry about it. When I turn the light switch on I know
11 the electricity is going to be there. When I want to go out
12 and work in the yard and I plug in that extension cord so
13 I don't have to climb up a ladder anymore to clean my
14 gutters -- hey, I have a two horsepower leaf blower. I
15 do it with electricity. I'm not going to break my neck.
16 I pay for it but I know it's going to be there. I expect it,
17 I demand it because I pay the bill.

18 I didn't ask that it be as cheap as possible. That's
19 not what it's all about. We are going to pay the price for
20 doing it as cheap as possible.

21 CWIP, which is construction work in progress, and
22 we are one of 14 states that don't allow it, has raised the
23 price of that plant by 45 percent and now we are going to
24 pay for it. As the television commercial says, you can
25 pay me, you can pay me later. But as much as we would all

1 like to see it disappear, it's not going to. This is the
2 real world, absolutely the real world.

3 Only a fool would walk in here and say, Your Honor,
4 please raise my electric bill 28.2 percent. I need that.
5 That's ridiculous.

6 I don't want to see my bill go up any more than it
7 absolutely has to. But I'm sick and tired of other people
8 making my bill go up because they claim to speak on my
9 behalf.

10 (Applause.)

11 THE WITNESS: I hear the elderly brought up here,
12 trotted out and what have you. My dad is old. My dad is
13 in his very late 60's and he too is handicapped. But he's
14 not going to lose his home because his electric bill is
15 going up. That's a very insignificant part of his life
16 on the total scale of things.

17 His doctor bills have gone up, and you know why?
18 Because the doctor's malpractice insurance has gone up
19 500 percent in a year. He's got to raise his rates.

20 There are too many thing that are intertwined in this
21 whole thing to point a finger at Philadelphia Electric.
22 Society has got problems. It's not PE's job to solve them.

23 What we have to do is get after our politicians and
24 have them stop taking the expedient way out. Face facts.
25 Have stones enough to stand up and say, folks, if you

1 don't like it, but energy is jobs and energy is money;
2 you're going to have to pay for it. We all have to.

3 The bottom line is this. As much as I dislike it
4 I fully support the rate increase because on a scale of
5 one to ten it's a hell of a lot better than depending on
6 the foreign oil imports that everybody keeps talking about.
7 Anybody that has seen anything that comes out of the Middle
8 East knows what they do with your dollars. They send you
9 back dead bodies. That's what they do with them.

10 I support the rate increase.

11 JUDGE MATUSCHAK: Thank you.

12 Bob Butler.

13 Whereupon,

14 BOB BUTLER

15 having been duly sworn, testified as follows:

16 THE WITNESS: My name is Bob Butler. I'm from
17 Warminster in Bucks County.

18 I would like to comment, Your Honor, on the PUC.
19 When both sides of the group seem to be in disfavor with
20 the PUC when maybe that's an indication that you are doing
21 something right and something fair.

22 I have a hard time feeling myself when I remember
23 last year at that very table Mr. Johnson had just
24 retired and I believe it was one of the participants here
25 told him when he was protesting his bill he did not have

1 to pay his bill because Philadelphia Electric could not
2 shut him off during the cold weather. To hear that from
3 a member of the PUC I don't think was on behalf of the
4 other consumers. Somebody pays that bill.

5 You know the old proverb that the only things sure
6 in life is taxes and death. Maybe we could follow that
7 up with there's no free lunch and I kind of view that in
8 my utility bills.

9 The school district in Central Bucks, the teachers
10 received a pay raise in a three year period of 40 percent.
11 I think they deserve every penny of it. The Centennial
12 School District, the school teachers received a three year
13 pay increase of 27 percent. Again, I feel that they
14 deserve every penny of it. I hope that my pay increases
15 do as well.

16 I have had the opportunity to talk with Senator
17 Bell approximately a week or ten days ago. Senator Bell
18 seemed to be concerned about the people on fixed incomes.

19 My dad has been retired for five years. My mom just
20 retired, coming through those years to save on Social
21 Security was tough. I'm concerned about fixed incomes.

22 However, I don't believe that a social problem should
23 be put on to the utility. The bills are rough. I feel
24 towards the people on fixed incomes. But I question the
25 legality or the morality of the utility being able to

1 subsidize one segment of the society to protect another.

2 I'm sure we would have to have more meetings like this.

3 I would like to ask the PUC -- they do have that
4 right -- they are the ones that make the difference between
5 the pay raises and the pay increases.

6 I also ask the PUC to look fairly at what has gone
7 on over the years. I heard some of the speakers here
8 tonight. I wasn't aware of this 15 years interest building.
9 I was doing some rough calculations. I'm not that good at
10 it, but I know that if you borrow some money at 15 percent
11 or 18 percent, I'm sure that's going to grow into a lot.
12 I would like that looked into too.

13 I would like the PUC to look at the moral issue of
14 as th have been approved over the years in steps whether
15 we have agreed or not, if they look at what they approved
16 they must have some type of responsibility to see it through
17 to the finish.

18 Look at PP&L up the road who turns around and
19 follows all the things. Let's get off the oil, people.
20 Let's build a nuclear plant. So they do. The PUC, maybe
21 we are forgetting in the '50s and the '60s, the utilities,
22 build more, we need them. Now that the rules have been
23 followed you say tough no rate increase.

24 I'm going to admit to everybody here that I'm a
25 stockholder in PE. I don't own thousands and thousands of

1 shares. I paid \$32 a share and watched it drop to \$9.
2 The other day I was ecstatic because it hit \$19. Anybody
3 who made that investment in the '60s was probably as big a
4 fool with their money as I was.

5 I don't know why I kept it. Maybe it's faith in
6 the future. Because Philadelphia Electric Company has been
7 in the business of selling electricity for over 100 years.
8 The cost of electricity today, around 10 cents a kilowatt,
9 is about the same as it was in 1922. I'm not sure I would
10 have wanted to look at that bill in 1922.

11 Thank you, Your Honor.

12 (Applause.)

13 JUDGE MATUSCHAK: Thank you.

14 Elaine B. Graham.

15 Whereupon,

16 ELAINE B. GRAHAM

17 having been duly sworn, testified as follows:

18 THE WITNESS: I'm very happy to be here tonight
19 although I really don't want to be here. I was recently
20 down here concerning growth and the need for electrical
21 energy. It particularly interested me because I'm part of
22 an organization where we presented a program on growth.

23 I live in Montgomery County. We presented a program
24 on growth and what it's impact would be in our area.

25 In light of that program I did research on what is

1 the sewer study for development in the western part of the
 2 county and also in correlation with that the service plan
 3 which is the compliment to the sewage facilities plan.
 4 This is in relationship to expansion, again, in the western
 5 part of Montgomery County.

6 The speaker referred to growth and the need for a
 7 stable electrical supply. But he didn't refer at all to
 8 the water necessary to provide that electrical supply.

9 In the water plan, the Montgomery County Water Plan
 10 of 1979, it quotes that by the year 1990 that depletive
 11 use of the county's water sources will have increased to
 12 a whopping 840 percent.

13 I would also like to remind that speaker that the
 14 Wilmington/Philadelphia area is listed in the Montgomery
 15 County Water Plan and is a critical water resource area.

16 Because I am concerned about resources I would be
 17 concerned about any incentive to promote the continued
 18 depletive use of water resources. I address that to you,
 19 Judge Matuschak. This is a great concern for me, of
 20 Limerick 1 and Limerick 2 and the people who continually
 21 promote the growth and development. It seems like they
 22 have the cart but they don't have the horse to lead it.
 23 It seems there is tunnel vision and I'm very, very concerned
 24 about the depletive use of water.

25 As much as we talk about growth, economic growth,

1 unless we have the resources there will not be economic
2 growth.

3 So I really wanted to bring that point to. And I
4 also wanted to say that for as long as I have been interested
5 in commercial nuclear power production I have been thoroughly
6 convinced that the full cycle of nuclear power generation is
7 probably a greater economic burden America has ever carried.

8 One of the organizations that is very closely tied
9 with nuclear power generation, as we all know, is the
10 Nuclear Regulatory Commission. They have a tremendously
11 big staff and you, the ordinary person, pays for their
12 support. They are an arm to the nuclear power industry,
13 but the ordinary person is paying for their services. The
14 ordinary person is going to pay when they find a place to
15 put these highly radioactive wastes. It's not just going
16 to be one of these places, there will probably be three of
17 these places in America. And they are going to cost a
18 tremendous amount of money. They are going to put a
19 tremendous burden upon our environment, and who is going
20 to pay? The ordinary person.

21 They emphasized tonight they are going to have to
22 de-commision that plant. Who is really going to pay that
23 burden? The ordinary person.

24 I'll say it again: commercial nuclear production of
25 energy is the greatest economic burden America has borne.

1 I don't want to see any incentive. I don't want to see
2 the Pennsylvania Public Utility Commission, as a precedent,
3 to give a rate increase that continues to promote this
4 very, very costly burden to ordinary people. I consider
5 that very, very immoral.

6 I would also like to say that federal funding is
7 being cut back consistently. This deficit has to be made
8 up. Ordinary people are going to be caught in that bind
9 also. Small companies, small commercials, all those folks
10 who live on the edge, are going to feel this rate increase
11 tremendously. I don't want to see the granting of this
12 rate increase mean that it would mean a disincentive toward
13 viable sources of energy production.

14 We think of going to Uranus, to the moon. They
15 think of interplanetary travel. But at whose cost and
16 whose burden? The ordinary person.

17 The earth is bleeding. It's torn. It's poisoned.
18 It needs care. Mr. Reagan now is cutting back on Super-
19 fund money to clean up poisoned water bodies. My friends,
20 it has got to stop.

21 (Applause.)

22 THE WITNESS: I urge you, Judge Matuschak, to
23 reconsider and take back to Chairman Taliaferro her decision
24 on Limerick 2. I do not consider it a responsible attitude.
25 And because of the degree of use of water and these other

1 points that I have made, I ask you not to grant this rate
2 increase.

3 Thank you.

4 (Applause.)

5 JUDGE MATUSCHAK: Thank you.

6 Heidi Hoover

7 Whereupon,

8 HEIDI HOOVER

9 having been duly sworn, testified as follows:

10 THE WITNESS: Very curiously Ms. Taliaferro told
11 PP&L some months ago that they made a decision and they had
12 to live with it. Well, we in Montgomery County, which I
13 represent, would like to know why that same admonition
14 does not apply to PECO. Is there some invisible umbilical
15 cord that we should know about?

16 The handwriting is on the wall. Limerick 2, as
17 Limerick 1, will go down as one of the worst boondoggles
18 in entire history.

19 A rule of thumb for launching a successful business
20 is to find a need and fill it. PECO, however, has seen
21 fit to operate in an exactly reverse manner: market something
22 irresponsibly which is not needed, excess generating
23 capacity, which we will not use contrary to all the people
24 who are dazzled by the fancy footwork and the hat and cane
25 work, and then attempt by every deviousness known to man

1 to make up this need with an avalanche of PR aimed at
2 school children, civic groups, et cetera, implemented to
3 conceal excess generating capacity, imprudent company-
4 ordered construction delays.

5 The activist groups are always blamed and it has been
6 consistent, the PUC found it, the NRC found it, that PECO
7 has to pay the piper because they are at fault.

8 PECO has waged an unjust and very costly war on the
9 ratepayers and the environment. The ratepayers no longer
10 will tolerate this. PECO's let them eat cake attitude
11 simply won't work anymore. Remember what happened to
12 Marie Antoinette.

13 When did it become prudent business practice to
14 continually reward and subsidize gross mismanagement and
15 monumental greed, no matter how outrageous the action,
16 no matter how the ratepayer is savaged to say nothing of
17 the environment and the water in this particular instance.

18 Limerick 1 and 2 are nuclear Edsels, obsolete before
19 the ground was broken. As they have sow, so let them reap.

20 Curiously, I have a question for the adjustment for
21 inflation. How much does three pieces of silver buy in
22 today's market?

23 Also, I would like to add that my husband's family
24 business, which is 102 years old, had two years that were
25 so. The jobbers did not bear the brunt of that. The

1 stockholders and the management took great big cuts. Now,
2 why does PECO sit at the right hand of God and not have
3 to observe the same rules? It's an inequitable situation
4 and the ratepayers will not stand for it anymore.

5 I call upon the PUC to do what is fair and equitable
6 and not grant this rate increase that will absolutely
7 damage the area.

8 In closing, I would like to ask, I'm from Montgomery
9 County. Why was there not hearings held right within my
10 county? I had to come to Bucks County.

11 JUDGE MATUSCHAK: We had all consumer groups and
12 we had the Office of Consumer Advocate, anyone that had
13 a request for a hearing, make the proper request in the
14 proper forum. Evidently, someone didn't make a request.

15 THE WITNESS: I would also like to say that France
16 is always touted as being so marvelous about their nuclear
17 activity. They are the third most indebted nation in the
18 world after Brazil and Mexico and a fifth of their debt is
19 their very prized nuclear industry.

20 (Applause.)

21 JUDGE MATUSCHAK: Thank you.

22 Chuck Yarmark.

23 Whereupon,

24 CHUCK YARMARK

25 having been duly sworn, testified as follows:

1 THE WITNESS: First of all, my name is Chuck
2 Yarmark. It has been a long wait to speak here but I'm
3 not here to entertain anybody, nor am I amused by the
4 insensitive way I feel the PUC has been conducting its
5 business in Pennsylvania.

6 I am dressed this way because every time PECO asks
7 for another rate hike appearing at these meetings is like
8 playing You Bet Your Life. Dig it, baby. The duck can't
9 come down anymore because he don't have any feathers. He's
10 been plucked. And they are still trying to pluck us.

11 That's the story here in Pennsylvania. What's the
12 secret word? It should be cancelled. It seems like rate
13 hike. I don't know. What the hell is going on, anyway?

14 Well, I have a couple questions. I would like to
15 know, first of all, what the "P" stands for in public
16 utility. Is it really public or is it PECO? Judging on
17 the performance on the last vote -- I appeared here at
18 the last hearing and you kept me here until 12:30 at night
19 and I want to say that the Judge that conducted the
20 hearings was magnificent, she was patient, she was great.
21 But what was the result? The Commissioners look at the
22 report and they go, "Yeah, that makes a lot of sense," but
23 PECO is over here saying this and that, time to rape the
24 folks, uh huh, time to pluck the feathers.

1 So anyway, a couple other things I should mention.
2 I heard that PECO is undertaking a new project in their
3 PECO Cares program. It's for people who can't pay their
4 bill. They will be able to donate vital body organs in
5 case they can't make the payment in cash.

6 I want to also add that I'm an executive of a
7 corporation in this area that employs 500 people. That's
8 a fact. It's called Tri-boro Electric. My family has
9 owned this company for 53 years. We use \$35,000 a month
10 in electricity right here in Doylestown.

11 I'm against the rate hike. It's insane. No other
12 business on earth can get away with it. Right now my dad
13 and my uncle are overseas now being product in because we
14 already can't compete with overseas people and we have to
15 sit here and get raped.

16 I agree what Kostmayer said, who came and visited us
17 about imports and all that. It looks like nobody is trying
18 to protect the people that are manufacturing here, whether
19 they are in the White House or in Harrisburg.

20 I don't know if being here really means anything
21 or whether I'm just venting my own frustrations. But I
22 want to say this: the change is here. It's alive in Bucks
23 County and it's growing. The executives of PECO will fall.
24 The PUC as it exists will change. One day we will have a
25 Citizens Utility Board of Pennsylvania. We won't be held

hostage by PECO.

1
2 Look what happened to OPEC. Everybody is talking
3 about OPEC, right? And what's going on in the far east and
4 all that shit and dumping bodies in airports in Italy.
5 Well, the boys over there, they raised the bills, we
6 couldn't pay for it, nobody was going to support it. We
7 all started buying smaller cars. Who needs the oil? The
8 price of oil comes down. The same thing is going to happen
9 with the nuke plants. You can't keep jamming people and
10 expect that it's always going to be there, man. I mean,
11 if a guy has ten bucks in his pocket and you want 11,
12 da da da da, you don't have to be a genius to figure out
13 what that means.

14 So at that tell Linda Taliaferro and Frank Fischl
15 that Charles Yarmark from Bucks County says hello and that
16 I'm really disappointed in their lack of responsibility to
17 the public and, you know, the PECO Utility Commission,
18 unfortunately, is here tonight.

19 One thing I really don't understand is why a
20 representative for the electric company's law firm is sitting
21 on this board. That is something I will never figure out.
22 How come someone from Del-AWARE or Limerick Ecology Action
23 or whatever -- how come the people aren't on there?

24 (Applause.)

25 THE WITNESS: How come Joe Smith who lives down the

1 road isn't sitting on that board?

2 The time to play You Bet Your Life is over. We're
3 not going to accept a rate hike and PECO, you're on your
4 way out anyway, man. It's just a matter of time. You
5 can't bleed a rock. You can't get blood from a stone.
6 And we are bled, man. The duck's got no more feathers.

7 Thank you.

8 (Applause.)

9 JUDGE MATUSCHAK: Nancy Manzies.

10 Whereupon,

11 NANCY MANZIES

12 having been duly sworn, testified as follows:

13 THE WITNESS: I don't know what I can say tonight to
14 add to a lot of the facts that have already been said. The
15 only thing I think that I can say is that everybody in this
16 room, whether you work for PECO or not, know that there are
17 people who can't afford to pay their electric bills. You
18 know. You know that there are kids that go to bed hearing
19 their mother cry because she doesn't have the money for the
20 bills. And that's a fact.

21 I think that the question tonight, as Paul Beiger
22 brought out, is not PECO employees versus us. It's a
23 question of how long all of us are going to work 40, 50,
24 60 hours a week to support lifestyles of people like the
25 major stockholders of Philadelphia Electric Company.

(Applause.)

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THE WITNESS: I mean, they were saying that the profits were over \$15 billion. And how many of us, whether we work for PECO or not, saw it? I think that's the question. It is a larger question than this rate hike.

Thank you.

(Applause.)

JUDGE MATUSCHAK: Thank you.

Joyce L. Thomas.

Whereupon,

JOYCE L. THOMAS

having been duly sworn, testified as follows:

THE WITNESS: My name is Joyce Thomas and I have lived in Bucks County my entire life. I am a stockholder and employee and a ratepayer of Philadelphia Electric Company. I believe my positions, all three of them, give me several viewpoints when assessing PE as a business-member of the community, as an investment for my future and a supplier of one of the most important commodities that I purchase.

I made a conscious decision to become an employee of PE. I won't lie to you and say that it was because I thought they would be the greatest employer in the world. In fact, I didn't know anything at all about the company. The bottom line was I needed a job. I had short-term goals,

1 I wanted a paycheck and PE was as good an idea as anything
else was.

2 What I did in 1969 has obviously resulted in long-
3 range employment in a career that I didn't even know
4 existed back then. Since then I have had experience in
5 several areas of PECO. I know the company pretty well,
6 I have an idea about its concerns and its practices.

7 One of the things that I learned, in very hard
8 ways sometimes, which I think ought to be important to a
9 lot of you, is the cost efficiency which has to be proven
10 to the management of Philadelphia Electric before changes
11 to policy, practices or equipment are approved. I'm talking
12 about cost benefits in terms of hard, real dollars in
13 savings before committing to any expense.

14 I have found this to be an absolutely common
15 standard at Philadelphia Electric.

16 I also made a conscious decision over ten years ago
17 to become an owner of PECO stock. I thought it would be a
18 good short and long-term investment. This stock, the
19 only stock, I use to help plan for my future and that of
20 my family. It's part of my retirement plan, which is a
21 plan that doesn't include the assumption that Social
22 Security or any other government benefits are going to be
23 around for me.

24 This conscious decision I made was based in part on
25

1 my feeling that PECO as a company, as an investment, was a
2 more reliable institution for the long-term future. I
3 don't think I would find many who would disagree with my
4 expectations as far as Social Security goes, or would
5 question the wisdom of making other plans for my future
6 based on private benefits. So I made a long-term invest-
7 ment for a long-term future based on dividends that I
8 plan on receiving the rest of my life through Philadelphia
9 Electric stock ownership.

10 I didn't make a conscious decision to become a
11 ratepayer of PE. The location of my home in Bucks County
12 made that decision for me. But I also have never felt
13 shortchanged because I'm a PECO customer. The services I
14 get from Philadelphia Electric provide me with lights,
15 cooking, hot water and heat, not to mention the monumental
16 applications besides that. There are times I get bills
17 just like you that are a lot higher than I would like them
18 to be. But in comparison to other monthly expenses I have
19 and what I really get back from them, I can honestly
20 agree with Bill Bryson, who was the first speaker here
21 tonight, and say that it is one of the best bargains that
22 I have.

23 The trouble is I don't think any of us realize how
24 valuable a resource it is to us until we don't have it
25 anymore. When Gloria hit this area in 1985 my lights went

1 out. It was the first time in the ten years we have
2 lived in our house that we had an outage.

3 It got to the point where it was funnier than
4 the Groucho Marx act we just saw when we watched each other
5 going around the house. It was absolutely comical to see
6 the way we all relied on having that electricity around.
7 I honestly plugged in a vacuum cleaner and turned it on
8 and when I didn't get anything from it I started playing
9 with the switch. That's how common we think it is to turn
10 that switch on and have that power.

11 We take such an integral part of our lives totally
12 and completely for granted. We expect things to go on
13 when we flip the switch. We expect our televisions,
14 vacuum cleaners, dishwashers, can openers, toasters,
15 hair driers, curling irons, radios, clocks, stereos,
16 refrigerators, freezers, air conditioners, heaters,
17 sewing machines, washers, driers, mixers, blenders, coffee
18 pots, ranges, ovens and probably another thousand things --

19 MEMBER OF AUDIENCE: Toasters.

20 THE WITNESS: Toasters. Okay.

21 MEMBER OF AUDIENCE: Hair driers.

22 THE WITNESS: I said that.

23 MEMBER OF AUDIENCE: Soldering irons.

24 THE WITNESS: -- to be provided with a constant and
25 adequate source of power at the touch of our fingertips.

1 In fact, we do more than expect, we demand it. We demand
2 in a very legal sense that Philadelphia Electric Company
3 provide us with adequate and constant power and that is
4 really only fair.

5 The Commonwealth of Pennsylvania gave PECO the
6 right to operate as our sole source of energy. If PECO
7 is to be guaranteed that position then it has to be
8 responsible enough to provide all of us with adequate,
9 reliable energy.

10 I'm not talking about a guarantee for today, next
11 week or next year, but for the rest of our lives.

12 As a stockholder, as an employee but mostly as a
13 customer of PECO, I'm really concerned about how reliable
14 that lifetime guarantee can be. I ask the Pennsylvania
15 Public Utility Commission to act on my behalf and to make
16 sure that that lifetime I am accustomed to will continue
17 and that the power to my home will be available any time I
18 want it.

19 I don't believe you can provide that guarantee to
20 me or to any other ratepayer if we must continue to
21 rely on imported oil for our power or if the financial
22 health of Philadelphia Electric Company is jeopardized
23 by the denial of a fair and proven rate increase.

24 I ask you to represent me by approving a fair rate
25 adjustment for Limerick 1.

Thank you.

(Applause.)

JUDGE MATUSCHAK: Thank you.

Fergus G. Castree.

Whereupon,

FERGUS G. CASTREE

having been duly sworn, testified as follows:

THE WITNESS: My name is Fergus Castree and I was born on a farm in this area and had the privilege -- or maybe not the privilege -- of traveling for the government and on the private sector as well.

I've heard testimony tonight that nuclear power is safe and viable energy. It's funny that when I was in the service, as well as when I was out of the service, I dealt with the de-classification of classified material. The federal government had surveys of what would happen in the event that what happened at TMI would occur, and the examples that were used by the federal government when I was in the service, and when I was out of the service -- I also worked at Salem and the quality of the engineering that went on in their -- I'm a thermal technician engineer dealing primarily with fossil fuels at this point -- but the quality of the craftsmanship at Salem was deplorable, the condition that they came into work, the local unions, 322, 91, 95, and I could go on -- I guess it's contradictory

1 to what I'm doing now -- but when I saw these de-classifi-
2 cations of maps of how many people would die in unpopulated
3 areas, not considering in the Delaware Valley what would
4 occur in the event of a dome or a xenon gas fracture of a
5 dome or whatever the case may be, it's interesting that
6 the people from PE are saying it's a very safe method.
7 Well, how come the federal government put out these
8 surveys that were made in 1957 -- I mean, one of the surveys
9 came out that was being de-classified in 1973 that said
10 there was enough nuclear power at that time to incinerate
11 every city in the eastern hemisphere. That was only if
12 ten percent got through. I mean, that's a little frightening
13 in my opinion.

14 As I said, the people that I saw working at Salem were
15 an example of what is controlling -- and I was a part of
16 it and I'm really not, you know, glad to say that I was, and
17 what could possibly happen. All night here everybody has
18 been talking dollars and cents and I haven't seen anybody
19 talk about the repercussions that would occur. And everyone
20 says, oh, it will never happen. Well, I guess I have fire
21 insurance on my house because I'm never going to have a
22 fire. But the fact of the matter is that this can occur.
23 And if it's probable enough that the federal government on
24 a military status is going to research it -- and even
25 though the NRC is a fragment of the federal government and

1 I, too, like speakers before me feel that this is a waste
2 of time because the recommendations that came down from
3 the Congress and the state representatives as far as
4 saying it was not beneficial to us -- Limerick 1 is there.
5 I realize that. I'm a realist. We are not going to do
6 anything about it as it stands now. As far as I'm concerned
7 if there is any capability of putting off Limerick 2 why
8 double the chances of what I saw on those charts of what
9 could happen to a population, and it is long-reaching.

10 The impact, environmentally, when you consider that
11 we are living in a megalopolis, with the amount of people
12 that we have, it's staggering.

13 Thank you.

14 (Applause.)

15 JUDGE MATUSCHAK: Thank you.

16 Mary Ellen Noble.

17 Whereupon,

18 MARY ELLEN NOBLE

19 having been duly sworn, testified as follows:

20 THE WITNESS: Thank you, Judge Matuschak, for being
21 here to hear what the people have to say. I don't know what
22 kind of decision you're going to be making in this case.
23 I'm not familiar with other decisions you have made. I have,
24 as yet, no reason to be angry with you. Indeed, I have some
25 reason not to be.

1 I read the transcript of a hearing that was held
2 recently before you where the Philadelphia Electric Company
3 came before you. There had been four earlier decisions
4 about Limerick. Two were favorable to the utility and two
5 were unfavorable to the utility. PECO came before you and
6 said we want you to relitigate, to rehear, the two unfavorable
7 decisions, and you said, well, does that mean you want us to
8 rehear the two favorable ones as well, the ones that you
9 liked? No, they didn't want to do that. They had a little
10 hard time telling you exactly why they didn't want you to
11 do that. And I was pleased to know that you followed the
12 previous decisions and determinations, which said that two
13 of the major delays, the major reasons for cost increases
14 on Limerick 1, were imprudent decisions by the utility.

15 And your Commissioners upheld you on that decision.
16 However, they didn't uphold Judge Turner's recommendation
17 cancelling Unit 2. And, indeed, they are not here tonight.
18 I wonder if, in that case, I could enter into the record,
19 or give to you to be sent to Commissioners Taliaferro and
20 Fischl to enforceable cost caps.

21 (Applause.)

22 THE WITNESS: They have told us that Limerick 2 is
23 going to cost us only \$3.2 billion. That doesn't sound
24 like a bargain to me.

25 I also want to enter into the record something that

1 you may not have seen. It's an article dated January 20,
2 1986, from the Norristown Times Herald. It's quite a
3 long, extensive article, which the writer has researched
4 what he calls other outlets, citing municipalities
5 and businesses shopping for alternatives to PE -- and these
6 are some major businesses. I would like to have this
7 entered into the record if I may.

8 This speaks to an issue that is very close to my
9 heart, which is conservation. People have always said that
10 price is a great incentive to conservation. And I believe
11 that is true. This article shows how some very major
12 consumers are already, even before the rate increase comes,
13 working hard to find a way to avoid it by getting off of
14 the grid, by co-generating, by cutting back.

15 The unfortunate thing that I foresee is that those
16 who have the capital and the know-how to do so do that.
17 The rest of us, who haven't the capital and perhaps not
18 the know-how, won't be able to. And we will be left
19 shutting off the lights, conserving energy and paying more
20 as there are fewer customers to pay for an overpriced
21 utility.

22 There are a couple of issues in this case that I
23 hope you will pay particular attention to because they
24 relate, I think, to the way in which the rate increase for
25 Unit 1 helps pay for Unit 2, which should not be built.

1 One is the rate of return on investment. It's very high.
2 And I believe that the argument should be made, be allowed
3 to be made, whether out loud or by inference, that this
4 rate of return should be high in order to allow the utility
5 to build Unit 2. That is not part of this proceeding.

6 (Applause.)

7 THE WITNESS: The second is common costs. It used
8 to be that when we were talking about Unit 2 and Unit 1 they
9 split the common costs in half. I understand that they have
10 thrown them all into this rate increase -- no, it used to
11 be they put them all in -- all I can say is they have
12 shifted them around. We shouldn't be paying now for common
13 costs for Unit 2.

14 I'm still hopeful the utility, the PUC Commissioners,
15 the politicians, the ratepayers, hopefully most importantly
16 the stockholders, will wake up and will decide not to
17 build Unit 2. At that point the common costs are part of
18 the sunk costs and that's where they should be. They
19 should be applied toward Unit 2 and not be paid for ahead
20 of time.

21 One other interesting number came to me recently. I
22 think it's correct. Governor Thornburgh has urged that all
23 of southeastern Pennsylvania incinerate its trash. It's
24 part of his solid waste initiative. As I understand it
25 that represents, in terms of electricity, up to 325 megawatts.

1 I hope you will keep that in mind in terms of a clash in
2 policy when you look at the possibilities for rates for
3 Unit 1.

4 So I urge you not to let rates skyrocket -- by the
5 way, that's a real dollar bill in case anyone is interested --
6 and I hope that you will consider that however you decide
7 you're going to be bursting the ratepayers' bubble and I
8 hope you will consider also bursting the stockholders'
9 bubble.

10 (Applause.)

11 JUDGE MATUSCHAK: Sylvia Harris.

12 Whereupon,

13 SYLVIA HARRIS

14 having been duly sworn, testified as follows:

15 THE WITNESS: Judge Matuschak, members of the panel,
16 ladies and gentlemen, my name is Sylvia Harris and I am
17 testifying on behalf of SAGE, an advocacy group composed
18 of Bucks County older adults even though some dismiss of
19 very casually. We are interested in legislative and
20 administrative matters which have impact on Bucks County
21 senior citizens. Many individual members of SAGE were
22 present in this auditorium tonight. They had to leave.

23 SAGE is testifying here tonight in order to voice
24 a vehement protest to the Philadelphia Electric Company's
25 request for a 28 percent increase in consumers' electric

bills.

(Applause.)

THE WITNESS: Older adults simply cannot afford a one-third increase in the cost of their electricity.

According to the 1980 census there are approximately 4,201 persons 65 years of age and older who live in poverty in Bucks County. An even larger number of senior citizens are marginally poor, having incomes just above the poverty line. But the PECO request for a 28 percent electric rate increase is not just an issue that concerns poor and near poor senior citizens. It also concerns many seniors with average Social Security incomes who will not be able to pay for necessities if their electric bills are increased by almost one-third.

According to the Social Security Administration, the average monthly income for a retired person is \$471. Of this amount the federal government presumes that one-third, or \$157, must be spent on food, leaving \$314 of the \$471 for other monthly living expenses. If the senior citizen whose monthly income and expenses are being scrutinized spends \$200 a month for rent -- which is a very low figure for a Bucks County apartment -- he or she will have only \$114 left for everything else: utilities, heat, transportation, medical bills and incidentals.

Medical expenses for senior citizens are higher than

1 those of other age groups. Medicare health insurance
2 covers only 45 percent of medical care costs for an older
3 adult. As a result, out of pocket health care costs for
4 elderly persons average 14.6 percent of their income
5 according to a national senior citizen advocacy organization.
6 This would amount to \$68.76 a month for our senior citizens
7 and would leave only \$45.24 a month to pay for necessities
8 like a telephone, electricity and transportation.

9 It is obvious that a senior citizen who lives on an
10 average Social Security income can barely manage to make
11 ends meet now. Any sizeable increase in a monthly expense
12 like the 28 percent increase in electric rates which PECO
13 has requested will force senior citizens to choose to eat
14 less or to ignore medical needs or to do without heat in
15 the wintertime. And as a child of the depression, I know
16 what these decisions are and many of these seniors who
17 belong to the senior centers -- take a walk down to a senior
18 center and you'll see what I'm talking about. You'll under-
19 stand what a problem they have.

20 The Philadelphia Inquirer reported in a January 23rd
21 article that electricity costs in the Philadelphia area
22 increasing at triple the national average rate. This must
23 be stopped before any more individuals are plunged into
24 poverty to pay for PECO's unnecessary nuclear plant at
25 Limerick.

(Applause.)

1 THE WITNESS: Members of SAGE and many other concerned
2 Pennsylvanians rely on the Public Utility Commission to
3 protect their interests. SAGE urges you to reject
4 Philadelphia Electric Company's request for a 28 percent
5 increase.

6 Thank you for giving SAGE this opportunity to comment
7 on PECO's request.

8 (Applause.)

9 JUDGE MATUSCHAK: Thank you.

10 William Collins.

11 Whereupon,

12
13 WILLIAM COLLINS

14 having been duly sworn, testified as follows:

15 THE WITNESS: My name is William Collins. I'm live
16 in Point Pleasant, Bucks County.

17 I am opposed to PECO's proposed rate increase for
18 Limerick 1. There is no law which requires that the PUC
19 grant PECO a rate increase for Limerick 1 simply because
20 it's built. There is a law which requires that any power
21 plant in Pennsylvania be used and useful and in the public
22 interest before the ratepayers must begin to pay for its
23 costs. It is the responsibility of the Public Utility
24 Commission to enforce this law and protect the public.

25 The burden of proof that Limerick 1 is in the

1 public interest is on PECO and must consist of real proof
2 that a 30 percent rate increase over three years is in the
3 public interest.

4 The fact that Limerick 1 has reached full power
5 testing and is waiting dangerously to make PECO money is
6 still only in the stockholders' interests, not the rate-
7 payers.

8 (Applause.)

9 THE WITNESS: We don't need the surplus electricity
10 that Limerick 1 would provide. We don't want to take all
11 the risks to pay for electricity that we can recover from
12 conversation, but this Commission has failed to enforce
13 conservation.

14 (Applause.)

15 THE WITNESS: Without pausing to allow these token
16 public hearings on Limerick 1, this PUC sanctioned the
17 completion of Limerick 2, disregarding potential financial
18 harm to our regional economy from the cost of Limerick 1.
19 The PUC's Limerick 2 decision was based on fancy, not fact.
20 I was there. I heard Taliaferro's nonsense and lies.

21 The continuing drop in oil prices will ensure the
22 future of co-generation by both businesses and residential
23 communities. Indeed, a wise business decision for PECO would
24 be to restart and operate the fossil fuel generators to
25 save money. No doubt PECO has this in mind after they get

1 THE WITNESS: I regret not being at home tonight
2 to hear Channel 5 from New York City put out No. 6 in their
3 study of Shoreham. They have become responsible up in
4 New York City. They have decided that they have to pay
5 attention to something as dangerous, something as inimical,
6 as inherently and basically wrong as Shoreham.

7 (Applause.)

8 THE WITNESS: No. 6 is a lot of information. It's a
9 lot of news. It's a lot of particular information on the
10 types of degrading public activities that those utilities
11 are doing up there.

12 On that subject, I think it's interesting to note
13 that politics is about to take an environmental turn. When
14 you see Governor Cuomo of New York City -- and it's
15 interesting, that New York City is a big place and they have
16 a lot of different forces. His name is being proposed for
17 national attention, possibly even the Presidency. So when
18 he decides to take up the nuclear issue I think we should
19 all pay a little attention to it. I think we should watch
20 and see what happens there. We can find out whether they
21 are making sense out of that or whether they are all patsies
22 up there in New York City waiting to be wrecked by a nuclear
23 plant that is unsafe with an unenforceable evacuation
24 procedure.

25 I think we are headed for a major clash over the

1 subject of co-generation. I'm listening to co-generation
2 and conservation being brought forward as though that were
3 really going to happen, as if we were suddenly just going
4 to wipe out the nuclear industry and wipe out our oppressors
5 in the public utility commissions of various states, including
6 of course Pennsylvania, and just say, well, we don't need
7 you electric companies, we are just going to get off the
8 grid.

9 We're going to get off the grid? I'll bet you it
10 doesn't happen. I'll bet that major concerns are going to
11 come up on that subject. I had the opportunity to speak to
12 Commissioner Farley of Montgomery County, and I asked him
13 are you possibly leading the people of Montgomery County
14 up the garden path with your promise to make trash to
15 steam or electricity, calling that new trash to steam
16 plant a power company. Are you really, seriously proposing
17 after all you've done for Philadelphia Electric Company--
18 this was at a public meeting and I'm quoting when I said
19 this -- that after all you've done for the Philadelphia
20 Electric Company including the signing of the Bux-Mont
21 Water Agreement while your firm -- your own firm -- works
22 for them, you are proposing that you're now going to sweat
23 it out and force them out of business because you can produce
24 enough electricity with 2,000 tons of fuel a day? Oh, my
25 heavens, you're going to ruin that company that you were

so nice to.

1
2 He said, first of all, I wasn't working for them
3 and he went through a few defenses which probably hurt
4 himself. He said I will fight tooth and claw to make sure
5 that Montgomery County citizens get the advantages of the
6 trash to steam power generation.

7 You should know this and this is the point of what
8 I'm going to say. You should know that the utilities of
9 America are powerfully lobbying to get the notion of
10 co-generation out of the law. Right now because of a guy
11 with a windmill in New York City whose windmill was
12 legally -- it went through to the U. S. Supreme Court and
13 they in the decision said that they and their windmill and
14 anyone else with a windmill or anything else that co-generates
15 electricity may and as a matter of fact has a perfect right
16 to throw that right back into the grid, to reverse the
17 power stream. If you can make power, you sell it.

18 Well, the electric companies of this country have
19 decided that that's not going to work for them. And I
20 think you should think about that carefully. There are
21 the fuel cells and all the other powerful ideas that will
22 allow co-generation to happen if it can be put in the law,
23 but I will bet you any money that you are going to see that
24 co-generation is going to be fought, you're going to see a
25 political clash.

1 If you think that the political force that has been
2 applied just recently all over us, with the pump and
3 everything like, is going to just go away, wrong. They are
4 going to use our tax money, our ratepayers' money, the
5 money that you will grant to them -- not you, sir -- that
6 is going to used back against us to elect people who will
7 oppose our interests and who will try to stop co-generation.
8 And then where do we go?

9 The Consumer Advocate is suing the PUC because the
10 PUC failed to consider its own information. That's an
11 important idea.

12 (Applause.)

13 THE WITNESS: When do we get our questions answered
14 about the PUC policies? How do we put back to the PUC our
15 little feedback? This is not feedback. This is on one
16 subject. This is a foregoine conclusion. We are going to
17 be screwed.

18 (Applause.)

19 THE WTTNESS: I would like to have something where
20 you just talk to the PUC. A meeting like this one where
21 we all get in there and see how you make the policies and
22 instead of us asking the questions, we can ask the questions
23 and you people should answer them. I think it's a fair time
24 to do that. I think the people have a right to see whether
25 the system is working or not by seeing it work. Does it

1 work? Can we talk to you? If we can't talk to you it
2 doesn't work.

3 We can find a way that it will work. I think
4 Linda Taliaferro should retire. She has gone against the
5 mandate of her people. On two occasions she has absolutely
6 gone to a meeting, just like this meeting, a house full of
7 people giving their honest reactions, and what did she do
8 with it? She said I don't need that, I'll kick it out of
9 my way. I will do whatever whatever Governor Thornburgh
10 tells me to do.

11 (Applause.)

12 THE WITNESS: And please tell her I said that.

13 I'm not allowed to talk to her. She is supposed to
14 be some kind of judge, and yet I can pick up the phone and
15 call Judge Garb, who is our judge here that opposed us on
16 the pumping station and who ruled against us, and he would
17 not refuse to speak to me. He can talk to me. Why can't
18 you judges talk to me -- not you, sir.

19 The question of the pumping station is always on our
20 minds here. That pumping station was wrong from the start.
21 It was wrong because it was moved here from Newbold Island
22 where it was really wrong. A nuclear plant between Trenton
23 and Philadelphia? Just a hiccup would kill a thousand
24 people.

25 So they moved it. But when they moved it they didn't

1 change the engineering. They saved a lot of money by
2 doing new engineering. Before at Newbold Island they had
3 a huge reservoir in the estuary to get all the tidal water
4 they could ever hope to have to cool it. When they moved
5 it, where did it go? It goes over to Limerick when there
6 is barely a trickle in that little river.

7 And what do you do in place of the pumping station
8 water, which is absolutely an intolerable situation. You're
9 not going to get it.

10 (Applause.)

11 THE WITNESS: They decide they are going to go
12 another route.

13 It's crazy. It's absolutely crazy. The planet
14 we live on is alive. A lot of people don't understand that
15 this is a fact. We live on a living planet and the politics
16 is eventually going to follow that. We will eventually have
17 this stuff out of our way because if we can't live with
18 it we are not going to die from it.

19 Thank you.

20 (Applause.)

21 JUDGE MATUSCHAK: Thank you.

22 Fred M. Hofkin.

23 Whereupon,

24 FRED M. HOFKIN

25 having been duly sworn, testified as follows:

1 THE WITNESS: I'm Fred M. Hofkin, a resident of
2 Montgomery County in the Philadelphia Electric Rate area.
3 I'm an adjunct professor of physics at Thomas Jefferson
4 University in Philadelphia and I'm a professor of science
5 education at Fairleigh Dickinson University in northern
6 New Jersey.

7 You might ask, though, why would someone who is
8 apparently rational come here to have his utility bills
9 raised and even to urge you to raise these things. There
10 are three main reasons I have.

11 First, I think it's mandatory for economic health,
12 the technological growth and the industrial development
13 in the Delaware Valley, and concomitantly for all
14 Pennsylvania.

15 Two, I feel it's essential for this nation to
16 develop greater energy independence so we are no longer
17 beholdng to nations which have value systems vastly
18 different than ours.

19 Third, I think the rate increase is fair and
20 inevitable. Let's get it over with and get on with our
21 more critical business.

22 Let explicate the postulates. First, that the
23 rate increase is essential for the economic growth of the
24 Delaware Valley. I understanding one economist has
25 predicted an enormous loss of jobs and other doomsday

1 events. I don't wish to disparage economists in general.
2 They have fine academic minds and they develop
3 beautiful generalizations from past events. When it
4 comes to predicting the future their computer models are
5 just as disparate and just as likely to be wrong as the
6 soothsayer's crystal ball or the ouija boards. President
7 Harry Truman put it succinctly by saying give me one-handed
8 economists. All my economic advisors say to me, on the
9 one hand, Mr. Truman, the economic forecasts show this,
10 but on the other hand the opposite may well be true. If
11 I had one-handed economists I could make decisions.

12 Well, hindsight is a much more exact science than
13 the economists' prognostications. I'm going to give you a
14 little technological history to show you why the industry
15 and jobs we have lost here have left this area. Not long
16 ago Pennsylvania was the center of the smokestack industry
17 of the world. Steel mills, foundries, chemical plants,
18 clothing mills, energy producers worked three shifts here
19 producing goods and services and providing jobs. But they
20 became old, inefficient, impotent, incapable of competing
21 in world markets and doomed to failure. The consequences
22 were thousands of jobs lost, not because of high utility
23 costs -- electricity was dirt cheap in those days. These
24 industries failed because we did not provide them with the
25 incentive and support that we were giving to our competing

1 friends in Japan, Germany and other nations. We did not
2 look ahead, as I think Philadelphia Electric Company is
3 doing right now, to improve our area, to provide for
4 growth, to bring about greater productivity.

5 But probably less well known is the fact that we
6 were once the center of the high tech industry of the world.
7 The computer was invented here. Software began in this
8 area. And less than 20 years ago all over this area there
9 were high tech industries involving television, the
10 electronic industry, the computer industry, the software
11 industry, flourishing.

12 Most of them moved to the Silicon Valley. Why?
13 Certainly the inflated area that the Silicon Valley
14 represents can't begin to compare with the costs that we
15 have here. Did they feel that Stanford provided a more
16 supportive environment than our universities here? I think
17 primarily it's because we didn't care enough to reach out
18 and bring them back because we take this antagonistic
19 attitude towards industry in general, including that which
20 is currently being judged for a reasonable fare increase.

21 Industries indicate to us that three things will
22 bring them to any area. One, a disciplined, educated
23 workforce. Two, a supportive, non-adversarial environment.
24 And three, adequate energy supplies and water supplies at
25 predictable cost -- not at cheap cost, because that has

135
gone out with the free lunch, but at predictable cost.

1
2 The second postulate is that this nation needs to
3 develop greater energy independence. At a time when oil
4 seems available it is easy to forget that a small disruption
5 in flow will once again make us dependent on Libya's
6 Khaddafy or Iran's Khommeni. Most of the other technical
7 nations of the world, including France, Japan and even
8 Russia, are building nuclear plants far more rapidly than
9 we ever considered, realizing that they cannot depend on
10 imported oil.

11 Finally, I think the rates are reasonable and they
12 have to be paid. Our laws prohibit utilities from seeking
13 any remuneration until the generating plant is finished and
14 operating. Philadelphia Electric has had to bear all the
15 costs up to now. We ourselves have helped raise the costs
16 of Limerick by holding these meetings, which indefinitely
17 postpone the operation of these plants, and by litigation.
18 Perhaps this is the cost of the democratic process. It
19 certainly takes longer, it costs more.

20 There is no such thing as a free lunch. We should
21 pay for our justified costs and get on with the other
22 business of this region.

23 Thank you.

24 (Applause.)

25 JUDGE MATUSCHAK: Thank you.

1 Santo Gairo.

2 (No audible response.)

3 JUDGE MATUSCHAK: Robert H. Goucher.

4 Whereupon,

5 ROBERT H. GOUCHER

6 having been duly sworn, testified as follows:

7 THE WITNESS: My name is Robert H. Goucher and I'm
8 a resident of Montgomery County and I'm an engineer with
9 Philadelphia Electric Company for 30 years. I came here
10 tonight hoping that I could relate some of my experiences
11 that might shed some light on this hearing, but first I
12 would like to say that I sympathize with the Commission,
13 not only for some of the remarks made here tonight but the
14 difficult job you have because I realize you must balance
15 the concerns of the ratepayers, stockholders and the good
16 of the area as to whether there is sufficient energy, a very
17 difficult decision.

18 There were some remarks that you guarantee a return
19 to the stockholders. And I know you do not do that. But you
20 must be concerned with the stockholders.

21 Generally, many people think that stockholders are
22 very wealthy individuals, sitting in their high towers with
23 lots of money. Let me give you one specific example, because
24 it's very close to home. My mother is a widow of 15 years.
25 She's 93 years old. She's living in a retirement home. A

1 large percentage of her income comes from Philadelphia
2 Electric Company stock, and without this she would have a
3 very difficult time.

4 I don't believe she is atypical of stockholders of
5 utilities.

6 Some one earlier this evening said that we should
7 thank nuclear power for lowering the oil prices. That
8 seemed a little far out statement, but I would like for the
9 record to read a comment from, of all people, OPEC. "The
10 Organized Nations of Petroleum Exporting Countries concedes
11 that nuclear energy contributed most to their current
12 troubles." So maybe we can thank nuclear energy for
13 reducing our oil prices.

14 As I said, I would like to relate some experiences
15 I've had since I've been in the business for 30 years. I
16 think that what might best be an example of part of your
17 concerns is adequate power for the area. I was working in
18 the company back in 1967 when we did have a blackout in
19 this area. The entire system dropped down.

20 We were fortunate that it was in the middle of the
21 day, a nice sunny, clear day, Had it happened at night
22 or in bad weather it could have been a very catastrophic
23 occurrence, much more severe if it were to happen today.
24 So there was a constant fear in our design people that we
25 never let the system drop.

1 We went through a difficult period in the '60s.
 2 There were many years when it was touch and go as to whether
 3 we would meet the load requirements, the electric requirements
 4 of this area. In 1969 we had 17 voltage reductions, which
 5 means without reducing the energy output to our customers
 6 we could not have met the load. In 1970 we had 18 such
 7 reductions. In addition we went five times in 1970 to our
 8 large industrial customers and asked them to voluntarily
 9 cut back their use of electricity, which meant people were
 10 left out early to go home, plants were shut down and the
 11 like. Those kinds of things could be very serious again
 12 and they are creeping up on us.

13 I was surprised to hear from an earlier testimony by
 14 the gentleman from the PJM interconnection how close we
 15 came to that last summer even before Limerick was commercial
 16 or was just operating under its test procedures. So that day
 17 is upon us now. It doesn't take much more load growth to
 18 push us over that point where we are going to have difficulty
 19 meeting the load.

20 So again I urge the Commission to balance this need
 21 for energy, balance the rights of the stockholders and the
 22 needs of the stockholders and the rights and requirements of
 23 our customers, the ratepayers.

24 I also encourage you that you go by the record and
 25 not such documents as I picked up tonight from the Pennsylvania

1 Energy Ratepayers Coalition, where they make statements,
2 cost four to five times that of our oil plants and ten times
3 that of our coal plants. Those kinds of numbers are
4 ridiculous. I believe the real testimony in the record will
5 substantiate our claims.

6 Thank you.

7 (Applause.)

8 JUDGE MATUSCHAK: Thank you.

9 Jim McGowan.

10 (No audible response.)

11 JUDGE MATUSCHAK: Reverend William Hathaway -- I think
12 we had him once.

13 (No audible response.)

14 JUDGE MATUSCHAK: Joseph Calabrese.

15 Whereupon,

16 JOSEPH CALABRESE

17 having been duly sworn, testified as follows:

18 THE WITNESS: In the name of common sense, Your Honor,
19 I wish to voice my support of PECO's rate increase for
20 Limerick 1. Thank you.

21 JUDGE MATUSCHAK: Thank you.

22 (Applause.)

23 JUDGE MATUSCHAK: Donald Graham.

24
25

Whereupon,

DONALD GRAHAM

having been duly sworn, testified as follows:

THE WITNESS: My name is Donald Graham and I'm a resident of Northampton Township.

Your Honor, I'm not here to berate or insult the Commission, nor am I going to stage any theatrics. It's painful when rates are increased, but Limerick is necessary for the future delivery of reliable electric service to the Delaware Valley.

No one likes to face a 9.4 percent increase every three years, but what are the alternatives? No power to manufacture the goods for our childrens' consumption. No homes for our children who desire to live at the standards of housing that their parents enjoyed. No power to enjoy the numerous appliances and electrical gadgets that we have learned to enjoy and expect to continue to enjoy. Jobs will no longers exist because of a lack of additional power to compliment new manufacturing processes.

I hope the PUC will determine that this filed increase is in the best interests of present and future users of electric service. Don't let the ravings of special interest groupies who have only a self-centered vision of what our world should look like influence your decision.

Thank you.

(Applause.)

1 JUDGE MATUSCHAK: Dave McCash.

2 (No audible response.)

3 JUDGE MATUSCHAK: Patricia Eckfeldt.

4 Whereupon,

5 PATRICIA ECKFELDT

6 having duly affirmed, testified as follows:

7 THE WITNESS: I particularly appreciate electricity
8 tonight because this time last Monday I was in northern
9 Vermont where we had a 36 hour power outage at zero degrees
10 temperature.

11 I am here to support the rate increase, although I
12 am a senior citizen and I really don't look forward to
13 more electric bills. But by the same token, as a chemistry
14 and physics teacher, I have followed this project from its
15 inception in the late 1960s, really, and have seen the
16 repeated delays, a well planned project agreed by all of
17 our regulatory agencies blocked time and time again by
18 environmental concerns and this that and the other thing
19 where a power plant that can produce low pollution energy
20 and can keep us from having to use high cost, low sulphur
21 oil and can replace obsolete equipment. So the reason I
22 resent the rate increase is because of the many, many delays
23 that have taken place in this whole process.

24
25 Democracy depends upon an educated public and as a

1 science teacher I see them proposing more and more money
2 to go into science education. But I feel that it will be
3 money down the drain if our system in our state and in our
4 nation constantly allows us not to accept the wise decisions
5 of trained people and allows people who have no background
6 in technology nor economics to be making decisions for us.
7 And as they delay, inflation sets in, interest rates rise
8 and we all have to pay the costs. So I think now we are
9 paying the costs and I support the rate increase.

10 (Applause.)

11 JUDGE MATUSCHAK: Thank you.

12 Edgar Eckfeldt.

13 Whereupon,

14 EDGAR ECKFELDT

15 having been duly sworn, testified as follows:

16 THE WITNESS: Thank you for letting me speak. My
17 name is Edgar Eckfeldt. I'm a retired scientist. I'm
18 living on a fixed income and I do not like to see a rate
19 increase for electricity. However, I support the rate
20 increase because I think it's right.

21 We have heard lots of testimony about the history of
22 this project and in my opinion the rate increase is
23 honoring commitments and contracts that have been agreed
24 upon for many years by the PUC and other groups. It
25 bothers me a great deal to see the irreponsibility of great

1 numbers of people who would like now not to grant Phila-
2 delphia Electric a rate increase that I think is justified.
3 It bothers me very much to see these people come up before
4 a public microphone and as much as say they would like to
5 see Philadelphia Electric Company go belly up financially.
6 It just horrifies me to think of what would happen if our
7 utility did reach such a status. Would the Public Utility
8 Commission, the judges, the legislators, take over the
9 management? Would the Keystone Alliance get in and help
10 manage it? It's just horrifying to think about it.

11 Thank you very much.

12 (Applause.)

13 JUDGE MATUSCHAK: Thank you.

14 Lawrence McKeogh.

15 Whereupon,

16 LAWRENCE MCKEOGH

17 having been duly sworn, testified as follows:

18 THE WITNESS: I just want to say that I do support
19 the rate increase. Like everyone else I can't afford much
20 more but the realization is there. We have to pay it. It's
21 all been said so I'm not going to prolong it. I do support
22 the rate increase.

23 JUDGE MATUSCHAK: Thank you.

24 Mary Bye.

25 (No audible response.)

1 JUDGE MATUSCHAK: David Cortez.
2 (No audible response.)

3 JUDGE MATUSCHAK: John P. Bolmarcich.
4 (No audible response.)

5 JUDGE MATUSCHAK: John Morrison.
6 (No audible response.)

7 JUDGE MATUSCHAK: Mrs. Jackie Ruttenberg.
8 Whereupon,

9 JACKIE RUTTENBERG
10 having been duly sworn, testified as follows:

11 THE WITNESS: Your Honor, thank you for your patience
12 this evening. I understand that you have another hearing
13 tomorrow and I really appreciate this opportunity to speak
14 and I'm sure the citizens of Philadelphia will also
15 tomorrow.

16 The only reason I stayed so long since most of the
17 substantive points have already been addressed is that I
18 have heard a lot of myths spoken here tonight and I feel
19 that they must be debunked.

20 The first myth, and the most shocking one, is the
21 shocking assertion that democracy in one way or another
22 raises the costs of our rates. Naturally that's a little
23 misleading. The cost of these meetings go into the general
24 fund. They don't go into our rates.

25 I think everyone must realize that if no hearings

1 were ever held on rate increases they would totally and
2 simply get whatever they ask for. So we can't really
3 function in a one-sided way to save costs because what
4 would it save? It would certainly save the utility a lot
5 of money. But there is a reason for these things.

6 The second thing which I found particularly amusing
7 was the myth that activists are the cause of the high
8 cost of Limerick. This is an extraordinary statement that
9 has, of course, been rejected, thank heavens, by the PUC
10 itself, which has found that at least two of the delays
11 were imprudent and instituted by PE itself in order that the
12 plant not come into the rate base because they weren't
13 really sure they had the demand for it and they were a
14 little unsure as to whether they could get it all in the
15 rate base at that time.

16 I would like to point out for the record that no
17 activist group that I know of, whether it's the Energy
18 Ratepayers Coalition, the Keystone Alliance, which you will
19 be happy to hear, sir, is defunct, or any of the other
20 advocacy groups, including SAGE, have ever advocated that a
21 power plant be delayed. They have either advocated that it
22 be built as quickly as possible to save costs, which is
23 the position of the Staff of the PUC and sometimes that of
24 the Consumer Advocate, or that it be cancelled outright when
25 the economics became enormous.

1 Now, it is not my responsibility that the NRC, who
2 is made up of scientists and has economist professionals on
3 its staff, has seen fit to impose certain regulations on
4 the utility industry. Those are regulations that are being
5 met and I hope will be met in order to keep this plant
6 safe. They are pointed to by the industry again and again
7 to prove how safe the plants are.

8 If those regulations are what caused PECO's cost
9 increase they should have come out and they should have
10 said so in 1981 when Limerick 1 was being investigated.
11 But instead they chose to purposely deny the likely effect
12 of NRC regulations and back-fittings on Limerick Unit 1
13 and only after virtually weeks after the investigation was
14 closed and a decision handed down then they said, oh, my
15 goodness, yes, a half a billion dollars because of TMI-
16 related retrofits on this power plant.

17 Other predictions made by the Consumer Advocate
18 that would have brought the cost of both units of Limerick
19 to a total of \$6.6 billion were denied by the PUC -- excuse
20 me, not by the PUC -- but PECO during that same investigation
21 and we see the the consumer advocate is actually a little
22 conservative by about \$100 million.

23 If you take \$400 million off the total cost for the
24 delay in finishing Unit 2 it would come to about \$6.7 or
25 \$6.8 billion out of the \$7.2 billion PECO projected if that

1 plant is finished on schedule. PECO has been consistently
2 wrong in its projections of what Limerick will cost and
3 it was on those figures that the PUC gave tentative approval
4 to the completion of both units at Limerick.

5 It's also a myth that if a utility becomes bankrupt
6 horrible tragedies will happen. All bankruptcy means is a
7 transfer of ownership to people other than the stockholders.
8 If a utility fails to meet its obligations then the stock-
9 holders are sort of put in limbo. Look what happened to
10 TMI when they were not given a rate increase and were suspended
11 a certain amount of rates that they were already entitled to.
12 They didn't go into bankruptcy. The stock is even recovering.
13 Look, in fact, at Pennsylvania Power & Light. They were
14 screaming up and down -- and you, Your Honor, know this very
15 well because you were involved with the PUC at the time of
16 this case -- they were screaming up and down that they would
17 go bankrupt if they didn't get the rate increase to pay for
18 the cost of Susquehanna Units 1 and 2. Well, when Susquehanna
19 Unit 2 came on line the PUC simply said forget it, Unit 1
20 was a certain amount of excess capacity and this is really
21 excess capacity so you can go sell your power if you want
22 to but you're not going to put on in your present rate base.
23 And you know what they did? They went out and sold the
24 power to various utilities around the state and as a result
25 their stock seems to be booming. They are really not doing

1 badly at all.

2 So really it's just a question of whether this 15.75
3 rate of return is actually an intelligent and fair one for
4 the ratepayers -- excuse me -- for the stockholders. It's
5 obviously difficult and onerous for the ratepayers.

6 I think that something that yields probably around
7 14 percent, which is realistically what such an allowed
8 rate of return should be in reality, is probably pretty
9 good in an era where money markets at best are yielding
10 eight percent or so. And utilities are a very safe kind of
11 investment because they are always going to be kept in
12 operation no matter what happens. So you would think they
13 would deserve actually a lower rate of return in order to
14 maintain a fund of capital because they are regarded as
15 safe investments in general.

16 I would like also to debunk the myth that the PUC
17 ever approved the building of those plants. As a matter of
18 fact, the utilities including PP&L and PE have strongly
19 resisted any attempt of the PUC to either tell them when to
20 build or when not to build. That has been a very big point
21 with them over the years. There is no such thing as a
22 certificate of need in the state of Pennsylvania, and
23 therefore the decision to build was not only PECO's -- this
24 non-optimal plant that we have as they have said in their
25 own testimony -- it's not only PECO's decision to have built

1 that plant but also to have delayed it and to ignore the
2 available alternatives that we are now seeing to begin to
3 emerge.

4 PECO stated apropro these alternatives that in the
5 Scott Paper case that they could not give Scott Paper a
6 buyback rate for this co-generation of six cents a kilowatt
7 hour because do you know what would happen? Because that
8 would stimulate 760 megawatts of capacity in the Philadelphia
9 area. Oh, what a sin, 760 megawatts of capacity at a cost
10 of six cents per kilowatt hour as opposed to Limerick which
11 by PECO's own testimony is going to cost us 19 cents a
12 kilowatt hour. I'm not talking about fuel costs, but if
13 you take the cost of the plant and you take the cost of
14 operation and you spread it over its lifetime, that's
15 19 cents per kilowatt hour.

16 Now, why don't we go and look at the alternatives
17 like that 760 megawatts of co-generation? Why don't we
18 start looking at -- I figured it out. I used to be in the
19 solar business before the tax credits died, and I can't
20 sell solar anymore because it's, quote, too expensive.
21 But if you take the lifetime costs of solar power, just for
22 domestic hot water, and if you figure you give one solar
23 water heater to every tenth PECO customer, which is probably
24 how many would be suited for it, that would generate 236
25 megawatts of power in this area. I'm just talking the

1 most conservative amount a typical system could generate under
2 even sub-optimal conditions. That's 236 megawatts of
3 capacity and that cost would be including maintenance
4 of \$50 every four years, including all the final costs, and
5 including financing. That would be less than seven cents
6 a kilowatt hour. And I can't even sell it.

7 Now, you tell me how that compares to 19 cents a
8 kilowatt hour over the lifetime according to PECO's own
9 estimates.

10 Therefore, I think that PECO should only be granted
11 a rate increase that would be equivalent to other available
12 alternatives like that six cents a kilowatt hour co-genera-
13 tion, like the coal plant that should have been built before
14 they even got hardly started on Unit 2, when the Consumer
15 Advocate was talking about it, when they had just barely
16 gotten 30 percent of Unit 1 done. They should take off
17 \$700 million off that rate base for the delays. They should
18 knock all the common costs because it isn't even used and
19 useful. And they should take off \$195 million for the
20 containment design. And they should take off \$100 million
21 for the rate of return, the extra points that they need to
22 attract capital to build Limerick 2.

23 I don't understand why if Limerick 2 is such a
24 bargain and we need it so much and the economy is expanding
25 so much why we need stockholders to be paid 14.7 percent.

1 So, Your Honor, what I would ask you to do is to
 2 reduce the rate hike down to the amount that the Consumer
 3 Advocate has suggested, which is \$133 million because the
 4 senior citizens are not deadbeats, and I resent that myth
 5 which compares to people who are struggling to deadbeats
 6 also. That is really not fair. It's a low blow. They
 7 are having enough trouble and we are not asking PECO to
 8 solve all social ills. We are just trying to ask them to
 9 keep it as low as they can. That's all.

10 Thank you.

11 JUDGE MATUSCHAK: Thank you.

12 (Applause.)

13 JUDGE MATUSCHAK: William J. Kelly.

14 (No audible response.)

15 JUDGE MATUSCHAK: Pete Stouery.

16 (No audible response.)

17 JUDGE MATUSCHAK: Heidi J. Hoover.

18 (No audible response.)

19 JUDGE MATUSCHAK: Dean Morey.

20 (No audible response.)

21 JUDGE MATUSCHAK: Dan Shutt.

22 Whereupon,

23 DAN SHUTT

24 having been duly sworn, testified as follows:

25 THE WITNESS: If we wait another hour I could say

1 good morning, ladies and gentlemen. I appreciate the
2 people who stayed.

3 My name is Dan Shutt. I live in Montgomery County.
4 I work for the Philadelphia Electric Company. And I'm not
5 a stockholder.

6 I'm looking at my investments right now. The most
7 recent one is a house. I'm going to think about Philadelphia
8 Electric stock later. It's done pretty good recently but
9 in the next couple of years I don't know. If Limerick 2
10 comes on it might be a risky investment.

11 I came here tonight with a prepared speech. I spent
12 a lot of time working on it, clarifying the points that I
13 was going to raise. While I sat here listening virtually
14 every point here was made. So I'm going to take my time
15 instead and try and show you what I visualize from this hearing.

16 The cost of the nuclear power plant has been affected
17 by delays, unnecessary some, some unplanned. The timing
18 involved has been changed through the years. The economy
19 has taken a slump. You can always find a villain. No matter
20 where you look you can always find a villain. You're bad,
21 you're bad, the company is bad, the utility is bad, the
22 Public Utility Commission is bad, the government is bad --
23 taxes are one-third of the price. You can find a lot of
24 villains.

25 The point I would like to make is the importance of

1 a hearing like this and the appreciation I felt, even the
2 things that I knew were not true, at least I was hearing
3 them and the PUC was hearing them. That's extremely
4 important. It's important that we talk now because in the
5 past when the nuclear plants were first decided to be
6 built apparently this didn't come to light. All these
7 decisions were made, final decisions were made, financing
8 was obtained. The utility felt it was living up to its
9 obligation. Why wouldn't they? They are a solid investment.
10 The reason they are a solid investment is they are highly
11 regulated, they have to follow certain rules and they
12 provide a service and they provide it reliably and for that
13 service they will be paid. That's the bottom line. They
14 are a rock solid investment. There is no sense for a
15 utility to go out on a limb.

16 What I'm trying to say here, and this was extremely
17 clear, believe me, what I'm trying to say is that as long as
18 we continue to talk and as long as the utility is made
19 available and the Public Utility Commission is made available
20 for public hearings, we are going to move ahead. The United
21 States, I believe -- this is my opinion. I'm going to
22 state an opinion now. The United States must move ahead in
23 the nuclear industry. We must move ahead. Because I
24 personally -- and I'm not that old -- I've seen gas prices
25 five times what they were when I first started buying gas --

1 five times in a very few years. And the reason for that
2 if you remember back a few years is we had oil tankers off
3 the coast and the oil companies they are short of oil. No
4 one believed it. No one bought it. But I don't see anybody
5 up here from the OPEC countries explaining why they want to
6 raise the oil prices. That's what's important to me.

7 What we have here is we have an American public
8 utility. They are mandated by the Public Utility Commission,
9 which is a legislative body. They are ruled. We are in
10 control. We don't own the oil wells over in the Mideast.
11 We have no control over that. We do have control over our
12 own future in the nuclear industry. What we decide here,
13 whether or not we grant the full rate increase, whether or
14 not we grant it partial, whether we grant none, will affect
15 the future of the nuclear industry in the country because
16 other utilities are looking ahead to see what kind of
17 plants they want to put in and they are going to look to
18 Limerick and they are going to say look at Philadelphia
19 Electric, they built a plant, they went through the Three
20 Mile Island incident, they went through retrofit, they went
21 through a change in the economy, they went through their
22 rate case with the PUC. Did they get their money? If
23 they don't get the money, if the rate increase is not granted,
24 they are going to go another way and you're going to find
25 yourself in the same hole again years from now, two years.

1 down the road, one year, ten years. It doesn't matter.
2 If you don't have the oil, it's imported, we don't control
3 it we are in trouble.

4 That's all I have to say. Thank you for your time.

5 JUDGE MATUSCHAK: Thank you.

6 Cynthia Greb

7 Whereupon,

8 CYNTHIA GREB

9 having been duly sworn, testified as follows:

10 THE WITNESS: I would like to say that the PUC twice
11 ruled that Philadelphia Electric acted imprudently in
12 delaying construction in the past. In 1976 and 1978 they
13 delayed construction for two reasons. One, they did not
14 meet their projected load demand and, two, they had
15 difficulty raising the funds to finance Limerick.

16 It seems to me that it was a prudent decision to
17 delay construction at that time and I think PECO did a
18 wise thing. In fact, I think to cease construction at that
19 time would have been a very wise thing for both Philadelphia
20 Electric and especially for the ratepayers. It sounds like
21 a sound business decision to me.

22 I personally believe it is a vast injustice to
23 charge us consumers for a rate increase. I think that there
24 has been a lot of evidence in testimony that the plant was
25 not needed. I read that Philadelphia Electric requested

1 approval to shut down 18 small plants in Philadelphia and
2 Plymouth Meeting and that request was approved a few days
3 ago. It seems to me that we have all these extra plants
4 and we don't use them now. Perhaps we could have kept
5 those plants and not had Limerick. It might have been
6 less expensive.

7 (Applause.)

8 THE WITNESS: If we consumers had asked for this
9 plant or if we had approved the plant then it would have
10 made sense to charge us for it. But since we neither
11 requested it nor approved it it seems to me that it would
12 have been more fair for the Philadelphia Electric executives
13 and stockholders to assume the costs.

14 I think many years from now we are going to regret
15 this decision to build Limerick whether for economic or
16 environmental or when it comes time to de-commission the
17 plant. We are going to regret it.

18 I would like to ask the PUC to deny the rate increase
19 I don't think it's fair.

20 I do want to add one post-script. One thing that
21 makes me real sad when it comes to these hearing is the
22 attitudes of people applauding their side and ignoring or
23 booing the other side. I don't think that's productive.
24 I think it creates enemies and is not the way to come to a
25 solution. I wish we could set aside our biases and just

1 work together to come to a just decision for everybody.

2 Thank you.

3 (Applause.)

4 JUDGE MATUSCHAK: Thank you.

5 Before we close, is there anyone else who wishes to
6 be heard?

7 (No audible response.)

8 JUDGE MATUSCHAK: If not, we will close this meeting
9 but before we do I want to congratulate the participants
10 and the spectators, those who spoke and those who did not
11 speak, for their conduct here. I think this was a fine
12 show of democracy, where everybody had a chance to make
13 their expression whether the others agreed with it or not.
14 So I want to congratulate this group regardless of any
15 side or expression they may have had. And I also want to
16 congratulate the members of the audience who did not speak
17 for permitting the speakers in a free manner to express
18 their comments and their opinions. Again, I thank you.
19 It was a fine show of democracy.

20 Thank you.

21 (Whereupon, at 11:20 p.m., the hearing was concluded.)
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23
24
25

C E R T I F I C A T E

1
2 I hereby certify, as the stenographic reporter,
3 that the foregoing proceedings were taken stenographically
4 by me and thereafter reduced to typewriting by me or under
5 my direction; and that this transcript is a true and accurate
6 record to the best of my ability.

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